



Council of Industry Newsletter

October 2012
Volume 16
Issue 9

Hudson Valley Manufacturing Conference: Helping The New York State Manufacturing Sector Grow

The Center for Global Advanced Manufacturing (CGAM) held the second annual Hudson Valley Manufacturing Conference at Mount Saint Mary College on September 21st with a focus on workforce development, education and supply chains. Over two hundred manufacturers, educators and individuals from associated industries were in attendance at the event with sixty more watching via webcast at State University of New York Institute of Technology in Utica New York. The webcast is available for viewing by following a link on the message board of the Council of Industry home page www.councilofindustry.org.



Members participate in break out groups.

The event's keynote speaker, Willard R. Daggett, Ed.D., Founder and Chairman of the International Center for Leadership in Education, presented *Preparing Our Manufacturing Workforce : Call to Action*. His presentation focused on the need for educational reform and how manufacturers can both contribute and benefit from this.

Dr. Daggett began by stating that the jobs employers will be looking to fill in five to ten years may not even exist yet. "The world outside of school is changing four to five times faster than the world inside school," he explained, "Future technology is unimaginable." There is a need to change the way subjects, most specifically reading is taught in schools.

Continued on page 14

Annual Luncheon to be Held Nov. 13th

The Annual Luncheon & Member /Associate Member Expo will be held on **Tuesday, November 13th** starting at 11:30 am at the Powelton Club in Newburgh, NY. The Council of Industry is proud to announce the 15th graduating class in our *Manufacturing Leadership program*. The 2012 class consists of a record twenty-two individuals from nine different companies, who will be honored and receive their certificates at the luncheon.



Members network at the Expo.

The Certificate in Manufacturing Leadership is presented by the Council of Industry and Dutchess Community College to those individuals who have completed the required 70 plus hours of supervisory training this past spring. The 2012 graduates are From **Alcoa Fastening Systems** – Vince Carchidi, Claire Mullady, Rick Olund, Kali Pierson; from **Balchem Corp.** – Mike Lepes, Mike Majkowski, Chris Walicki; **The Council of Industry** – Alison Butler; **Eastern Alloys** – Jamie Negron; **FALA Technologies, Inc.** - Mike Senecal; **MPI, Inc.** – Michael Couey, Matt Dina, Dan Phillips, Aaron Phipps, Rick Schroeder; **Schatz Bearing Corp.** – John Hilal, Edward Mejorado, Baljit Singh, David Winchcombe, Sandra Zapata; **Selux** – Sarah Hendrickson; **Viking Industries** – Thorn Winter.

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Please Note:

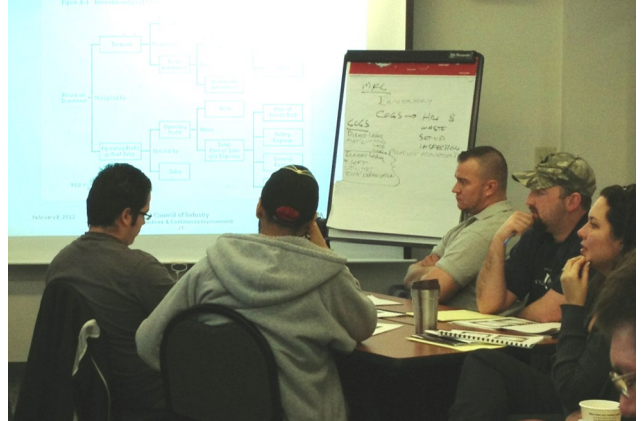
Luncheon date has changed to Tuesday, Nov. 13th. Changes were made in this issue on 10/11.



Training and Education

Time to Think About Supervisory Training

The Certificate in Manufacturing Leadership program will honor its largest class ever, twenty two members at this years Annual Luncheon. This is the fifteenth class to complete the training program for manufacturing managers and supervisors and the Council of Industry is putting the finishing touches on the program for 2013. Members can register for individual classes such as the **Human Resources Management Issues** or **Making a Profit in Manufacturing** or complete the entire program from **Fundamentals of Leadership** in January through **Environment, Safety & Health Risk Management** at the end of May.



A recent graduate of the program from Schatz Bearing Corp. said, "There are lots of 'fine tuning' techniques that are useful to all supervisors and managers."

A recent graduate of the program from Schatz Bearing Corporation said, "There are lots of 'fine tuning' techniques that are useful to all supervisors and managers."

"Beyond the learning of management styles and techniques through classes on **Positive Motivation & Discipline** and **High Performance Teamwork**, there are great networking opportunities with fellow manufacturing companies," explained a past participant from FALA Technologies in Kingston.

Training catalogs and course registration will start in November but now is the time to start looking through your company to see if there are individuals that would benefit from **Best Practices & Continuous Improvement**, **Train the Trainer** or **Effective Business Communication**. Classes begin January 16th and run on Thursdays from 9 am - 4:30 pm at Dutchess Community College, usually every other week through the end of May. A single one day course is \$200 for members, with a discount for two or more members from the same company the price drops to \$175. The full program of ten classes costs \$1,700 for a single member, or \$1,550 each for two or more from the same company.

In an effort to make this training more affordable, the Council of Industry is offering a special early bird discount for those companies that register and pay for the training by December 31, 2012. The early bird discount lowers the price of a one day class to \$185 for a single member and to \$160 each for two or more from the same company. The savings is even greater for those opting to pursue the entire program, with the early bird discount a single member will pay just \$1,600 and two or more from the same company will pay \$1,450 each. These prices are for over 70 hours of training specifically designed by the Council of Industry and Dutchess Community College for manufacturing supervisors and managers.

Please look for the Council of Industry Training catalog at the Annual Luncheon and in the mail in early November. Course descriptions and program information are also available online at www.councilofindustry.org/training/category_courses.html. For more information on the Certificate in Manufacturing Leadership program contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355.

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Welcome New Associate Members:

ADP Total Source - payroll services. Dutchess County. Contact: David Birsner.

InPhinate Potential - Human resources and health & safety consultant. West Kill NY. Contact: Ron Coons



Council News

Stormwater Regulations and Permits will be Topic of October EHS Sub-council Meeting

Topic: Stormwater Regulations and Permits
When: Friday, October 26th, 8:30—10am
Where: The Chazen Companies, Poughkeepsie, NY
Cost: None for Members



Many facilities will soon face a 90-day deadline to update or secure their Industrial Stormwater Permits. On or before September 30th, 2012, the New York State Department of Environmental Conservation (NYSDEC) is expected to release its

new 5-year Multi-Sector General Permit (MSGP) for Stormwater Discharges Associated with Industrial Activity (GP-0-12-001). The prior GP-0-06-002 permit expired in March 2012, but NYSDEC issued a 6-month interim permit period (GP-0-11-009) so they could revise the MSGP program. Assuming the permit format is finalized as planned, facilities will soon have just 90 days to obtain coverage, plus 30 days to meet their new permit requirements.

The proposed new permit format will have several major changes. These include:

- A new menu of Best Management Practices (BMPs) to select from,
- Additional monitoring requirements if benchmark or numeric effluent sampling limits are exceeded,
- Revision of the mercury monitoring requirements,
- Lower benchmark monitoring cutoff concentrations for specific industries, and
- New MSGP coverage for construction activities at mines and landfills.

Is your facility required to have an industrial stormwater permit?

Facilities engaged in any of the categories of industrial activities defined in 40 CFR 122.26 (b)(14)(i-ix) and (xi) must obtain permit coverage for stormwater discharges to waters of the United States. Copy this CFR listing into your computer browser to review the industry list and determine if you are included.

This presentation by Kim Cuppett, The Chazen Companies, will cover the changes to the permits and what companies must do to meet the new requirements. Facilities engaged in any of the categories of industrial activities defined in 40 CFR 122.26 (b)(14)(i-ix) and (xi) must obtain permit coverage for stormwater discharges to waters of the United States. Copy this CFR listing into your computer browser to review the industry list and determine if you are included.

To go to: www.councilofindustry.org/council-networks/environmental-health-safety.html or register contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355.

Preparing for a NYS DOL Audit and Not Have Them Stay for Dinner

Ken Dwyer, PHR, Staff-Line, Inc. presented “How to Prepare for a NYS DOL Audit and Not Have Them Stay for Dinner” to a crowd of 25 at the Council of Industry’s Human Resources Sub-council meeting on Friday, September 28th. Mr. Dwyer covered the forms, posters and compliance issues while answering questions and clarifications from members.

One thing that surprised a few in the audience was that completed job applications for both hires and non-hires must be kept for two years and if not in an employee folder must be filed by year, month and alphabetically. There was detailed discussion of the Wage and Acknowledgement form, Section 195. This form must be distributed when hiring and again by February 1st and if there is a wage decrease. The I-9 forms brought out several questions as well, including the fact that they may be revamped soon. Failure to post the required and current Labor Posters could result in a non-negotiable fine of \$17,000. There was also discussion of what may and may not be deducted from employees paychecks (see the article on page 7 for an update on changes to this that take effect on Nov. 7th.)

There was a great deal more information packed in the presentation, vendor compliance, unemployment and exempt vs. non-exempt employees. Many of these topics have in the past been HR sub-council meetings and will mostly be again in the near future. If you have a suggestion for an HR meeting send an email to Alison Butler at abutler@councilofindustry.org

 <p>HRInfo4U</p>	<p>Greg Chartier, Ph.D., SPHR</p>
<ul style="list-style-type: none"> • Virtual Human Resources • HR Outsourcing • Talent Acquisition • HR Planning & Forecasting • Organizational Effect 	<p>Post Office Box 04 Maryknoll, NY 10545</p> <p>914.548.1689 914.941.1667 fax</p> <p>greg@HRInfo4U.com www.HRInfo4U.com</p>



Personnel Matters

What Every Supervisor Should Know About Communicating By Email

By Joanmarie Dowling, Dowling Law, PLLC

It is easy to misunderstand (or take out of context) comments made in email. Also, if you have strong feelings on a particular issue, you may speak more forcefully than you intend.

Late one night, Sam had reached his limit. At 2 am, he fired an email off to Human Resources:

"I've had enough. Attached is an example of the kind of garbage I have been receiving from Bill. I have spent four hours rewriting this presentation for tomorrow's meeting. How much longer must I put up with this? When can we get rid of this poor performer? It's unreal to me that he can file a complaint against me and make us go through such an unnecessary investigation. Given his shoddy work product, I should be the one to file a claim against HIM."

Sam was venting and may have had some legitimate concerns about Bill's performance. What Sam failed to appreciate, however, is that email lasts forever, can be taken out of context or misunderstood, and may have to be disclosed in litigation.

Below are some guidelines I have found are useful for supervisors - especially those in a difficult employee relations matter:



- 1. Email May Be Helpful in Litigation.** It is helpful to document examples to support performance concerns. A well-drafted email can document ongoing performance deficiencies or other problems - so long as the email is written carefully and without exaggeration or editorializing. In other words, just stick to the facts!
- 2. Email May Have to Be Disclosed in Litigation and Can be Used Against You.** Assume that anything you write in email (or on Facebook, Twitter, etc) will have to be disclosed to all sides. When drafting an email, pretend that the employee (or the judge) is copied on each email!
- 3. Avoid Emotional Content in Email.** Take care if you are using email to express your frustration/anger or other emotions. It is easy to misunderstand (or take out of context) comments made in email. Also, if you have strong feelings on a particular issue, you may speak more forcefully than you intend.
- 4. Avoid Giving Constructive Feedback By Email.** Giving constructive feedback is a necessary - but delicate - act. Providing feedback in a constructive manner includes helping the employee process the feedback given to them. Email can feel cold and impersonal and could give an employee the wrong impression about the supervisor's willingness to help the employee be successful. It frequently does not encourage the discussion and clarification necessary to help the employee process the feedback in a positive way. Err on the side of a more personal medium (e.g., phone or in-person conversation) to get your point across. You can then follow up with an email to confirm the key points of your discussion.

5. Avoid Escalation. If you get an email response that seems defensive or angry - or just misses the mark - try calling or speaking to the individual personally. Personal contacts can nip misunderstandings in the bud.

6. When in Doubt, Pick Up the Phone. Phone or in-person conversations are a better way to clarify your intentions, express your concerns, or strategize on a different approach.

By following these guidelines, supervisors (and HR professionals) can help defend against employment claims and avoid missteps that may create more litigation exposure.

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More Personnel Matters

Top 5 Compliance Concerns for HR Managers

By Vanessa Johnson, ADP TotalSource, a Council of Industry Associate Member

Human resources managers should have compliance concerns in an any area in which government enforcement is increasing or specifically targeting. Here are five areas that meet those criteria.

1. Misclassification of Employees

Although the ruling in the Dukes v. Wal-Mart case has mitigated some of the class action risks in this area, the Department of Labor Wage and Hour Division's Worker Misclassification Initiative is focused on employee misclassification as independent contractors. Therefore, HR professionals should ensure proper classification of employees – employee vs. independent contractor and exempt vs. non-exempt.



2. Social Media Policy Compliance

There has been an increase in unfair labor charges against non-union employers that disciplined employees for social media comments, which have been deemed concerted activity and that have social media policies that are too broad. Therefore, HR practitioners should work with the legal team to ensure that these policies are compliant.

3. I-9 Compliance

The Department of Homeland Security's Immigration and Customs Enforcement has been conducting record numbers of worksite enforcement investigations, criminal prosecutions, audit notices of inspection and administrative fees. Therefore, even if your company doesn't have concerns about employees, who aren't authorized to work in the country, I-9 compliance is an area with significant potential financial risk employers because ICE is also reaching settlements for technical violations (completing the form incorrectly). For example, Abercrombie & Fitch, which uses an electronic system, recently reached a \$1.04 million dollar settlement that with ICE for technical violations.

4. EEOC Enforcement

A quick glance at the EEOC's press releases reveals that the agency is focusing more on pregnancy discrimination, disability discrimination, and retaliation claims.

One of the EEOC Commissioners, Chai Feldblum played a leading role in helping to draft and negotiate the ground-breaking Americans with Disabilities Act of 1990. Later, as a law professor representing the Epilepsy Foundation, she was equally instrumental in the drafting and negotiating of the ADA Amendments Act of 2008.

Consequently, ADA compliance will become increasingly important for HR professionals because it is likely that enforcement will increase further in this area. Additionally, there have been recent initiatives by the agency scrutinizing use of credit reports and criminal histories in the hiring process. The EEOC is cracking down on policies that have a disparate impact on minorities. For example, Pepsi Beverages will pay 3.1 million to settle charges of race discrimination for using criminal background checks to screen out job applicants that were arrested, but not convicted, and that were convicted of minor offenses that were not relevant to the jobs to which they applied.

5. Federal Contractors and Compensation Discrimination

Promoting equal pay is another focus of the Obama Administration. The fact that the Lily Ledbetter Act was the first piece of legislation that the President signed into law speaks to this focus.

Furthermore, final regulations are expected in mid-2012 from the Office of Federal Contract Compliance Programs, which require disclosure of significant compensation data that will be used to analyze and enforce actions reduce compensation discrimination.

Information provided by BenefitsPro Daily

ADA compliance will become increasingly important for HR professionals because it is likely that enforcement will increase further in this area. Additionally, there have been recent initiatives by the agency scrutinizing use of credit reports and criminal histories in the hiring process.

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Legislative Matters

Manufacturers Call for Bold Agenda in November Election

From the National Association of Manufacturers (NAM)

"It is my hope that this video will inspire manufacturers all across the United States to share this message with employees, colleagues and their family and friends. Manufacturing is critical to our economic future, and we can achieve greatness with the right policies out of Washington."

In a newly released video, the National Association of Manufacturers (NAM) is reminding Americans of manufacturing's legacy in the United States and the need for manufacturers' voices to be heard on Election Day. The video begins by highlighting the stark reality that the policies coming out of Washington are hurting our nation's economy but then pivots to the emphasize the potential manufacturers have to enhance our nation's competitiveness and make us the most dynamic economy in the world.

A link to the video is available on the [Council of Industry website's Manufacturing is Vital](#) page along with links to NAM's election center where manufacturers can find tools to encourage greater and more informed participation among their employees in the upcoming elections.



"America's economy is at stake. America is at stake. The success of the manufacturing economy will determine the quality of life of every American in the future," said NAM President and CEO Jay Timmons. "Voters understand that manufacturing creates jobs, makes us more globally competitive and grows our economy. This video reminds us of the connection we each share with the 12 million men and women who make things in America, and why we want policies that encourage more manufacturing investment and jobs here in the United States."

"This video has an important and strong message that we hope to deliver on Election Day—we need leaders with a bold agenda," said Kelly Johnston, vice president of government affairs for Campbell Soup Company "It is my hope that this video will inspire manufacturers all across the United States to share this message with employees, colleagues and their family and friends. Manufacturing is critical to our economic future, and we can achieve greatness with the right policies out of Washington."

This is one part of a yearlong effort to empower voters during this critical election and provide them with all the tools they need to vote for the candidates who will stand up on behalf of manufacturing here in Washington. The NAM has dedicated unprecedented resources to empower manufacturers, and our efforts will continue through Election Day, Inauguration Day and into the new Congress and administration. To learn more and become a key voice for manufacturing, visit the NAM's Election Center website by going to www.nam.org or by visiting the Council of Industry's Manufacturing is Vital page and clicking on the red, white and blue Election Center button at the top of the page.

To view the video on YouTube cut and paste this into your browser: <http://www.youtube.com/watch?v=HBefQPa4mnw>



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More Legislative Matters

Amendment to New York Wage Deduction Statute Expands Allowable Deductions

From JacksonLewis.com, an Associate Member of the Council of Industry

Expanding the scope of permissible deductions from wages under New York law, Governor Andrew Cuomo, on September 7, 2012, has signed



legislation amending New York Labor Law §193. This change was in reaction to a strict position taken by the New York State Department of Labor in recent years severely limiting the types of permissible deductions — essentially prohibiting any deductions not specifically set forth in pre-amendment Section 193. The amendment goes into effect on November 6, 2012, 60 days after it becomes law, and, unless extended, will expire and be deemed repealed three years after the effective date.

Section 193 of the New York Labor Law prohibits employers from making “any deduction from the wages of an employee,” with two exceptions: (1) deductions required by law or (2) deductions that are expressly authorized by the employee in writing and that “are for the benefit of the employee.” According to the New York State Department of Labor (NY DOL), this second exception permits deductions for insurance premiums, pension or health benefits, charitable contributions, and dues for labor organizations, as well as other limited deductions.

The amendment expands the list of categories for which deductions may be taken by employers with an employee’s written consent and allows deductions for overpayments due to clerical or mathematical errors or for repayment of advances on wages or vacations paid to employees.

The permissible deductions under the amendment include the following:

- Prepaid legal plans;
- Purchases made at events sponsored by a charitable organization affiliated with the employer;
- Discounted parking or discounted passes, tokens, fare cards, vouchers, or other items that entitle the employee to use

mass transit;

- Fitness center, health club, and/or gym membership dues;
- Cafeteria and vending machine purchases made at the employer’s place of business, and purchases made at gift shops operated by the employer, where the employer is a hospital, college, or university;
- Pharmacy purchases made at the employer’s place of business;
- Tuition, room, board, and fees for pre-school, nursery, primary, secondary, and/or post-secondary educational institutions;
- Day care, before-school and after-school care expenses;
- Payments for housing provided at no more than market rates by non-profit hospitals or affiliates thereof; and
- Similar payments for the benefit of the employee.

Significantly, the amended law also allows employers to make wage deductions to recover “an overpayment of wages where such overpayment is due to a mathematical or other clerical error by the employer” and “repayment of advances of salary or wages made by the employer to the employee.”

Written Authorization Still Required

Under the amended law, deductions still are permitted only if expressly authorized in writing by the employee and if the deductions are, generally, for the benefit of the employee.

The amendment goes into effect on November 6, 2012, 60 days after it becomes law, and, unless extended, will expire and be deemed repealed three years after the effective date.

Continued on page 15

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EHS Matters

Labor Department releases Workplace Fatalities Data

The number of on-the-job deaths in 2011--4,609 fatalities--is little changed from the prior two years, according to the preliminary 2011 Census of Fatal Occupational Injuries issued Sept. 20 by the Bureau of Labor Statistics.

In 2010 4,690 people died from workplace injuries, and in 2009 the total was 4,551.

The preliminary fatality rate for 2011 was 3.5 deaths for every 100,000 workers, compared with 3.6 in 2010 and 3.5 in 2009 (42 OSHR 381, 4/26/12).

The numbers for 2011 are likely to increase as the Bureau of Labor Statistics collects more information about employee fatalities and releases its final tally in the spring. Over the past three years, about 166 deaths were added to preliminary total each year. If that expectation holds, 2011's total would reach 4,765.

Transportation Deaths Increased

While the overall numbers were flat, there were industries with notable changes.

Fatalities in private truck transportation reached 474, an increase of 14 percent from 2010, the second consecutive year deaths grew, the BLS noted.

Construction industry fatalities declined to 721; that is 6.8 percent fewer than 2010's 774, and the fifth year of consecutive decreases. However, the construction industry's downturn since 2006 is believed to have been responsible for much of the decline, the BLS noted.

There were fewer mining and oil/gas drilling industry deaths. Fatalities for 2011 totaled 154, down 11 percent from 172 deaths in 2010. For the coal industry, alone, there were 17 deaths in 2011, compared with 43 in 2010, a total that included the 29 miners who died in the Upper Big Branch mine disaster.

Dangerous Industries.

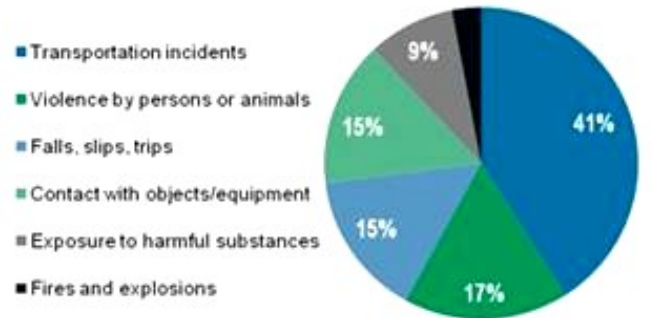
However, mining continued to be among the most dangerous industries, with a fatality rate of 15.8 deaths for every 100,000 employees. Other dangerous industries and their fatality rates were: agriculture, forestry, fishing and hunting, 24.4 (557 deaths); transportation and warehousing, 15.0 (733 deaths); and construction, 8.9 (721 deaths).

Transportation accidents continued to be the leading cause of workers' deaths, responsible for 41 percent (1,898 deaths) of 2011's fatalities. Other common accidents were falls to lower levels, 12 percent (541 deaths); struck by object or equipment, 10 percent (472 deaths); homicide, 10 percent (458 deaths); and exposure to harmful substances or environments, 9 percent (401 deaths).

Men, by far, suffered most of the fatalities, 92 percent (4,234 deaths). Of the 375 women killed, 21 percent died from homicide, making murder the second-leading cause of death of among women. Transportation accidents were the most frequent cause of death among women, 27 percent.

Deaths at Work

Percent distribution of fatal occupational injuries in 2011



Source: Labor Department

Manufacturing Job Opportunities

If you have job openings and positions to fill:

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

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



CI Calendar of Training and Events

Oct 4	<u>RCRA Hazardous Waste Training</u> – 8:30 am –12:30 pm at a location TBD. Cost to attend:\$120 single member, \$110 each two or more from the same company, \$145 for a single non-member.
Oct 18	<u>HAZWOPER Training</u> – 8:30 am – 4:30 pm at a location TBD. Cost to attend:\$240 single member, \$220 each two or more from the same company, \$260 for a single non-member. Subject to change based on availability.
Oct 26	<u>EHS Sub-council meeting: Stormwater Regulations and Permits</u> –8:30–10:00 am at the Chazen Companies, Poughkeepsie NY. No cost for members.
Nov 1,2	<u>10 Hour OSHA Course</u> – two days, 8:00 am –1:00 pm at a location TBD. Cost to attend:\$120 single member, \$110 each two or more from the same company, \$145 for a single non-member. Subject to change based on availability.
Nov 15	<u>Manage Risk in International Transactions</u> — 8:00 a.m. at SUNY New Paltz School of Business. Presented by the Council of Industry, the SUNY New Paltz School of Business and US Commerce Dept. Cost \$15, contact Harold King at
Nov 16	<u>Council of Industry’s Annual Luncheon & Member/ Associate Member Expo</u> — 11:30 am at the Powelton Club in Newburgh, NY. Seats are \$50 per person, \$350 for a table of eight. Sponsorships are available.
Dec 31	<u>Deadline for Early Bird discount on Supervisor Training</u>
Jan 16, 25	<u>Certificate in Manufacturing Leadership: Fundamentals of Leadership</u> – 9:00 am— 4:30pm at Dutchess Community College, 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.

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Manufacturing Matters

The exceeding expectations is not solely a financial measurement. It typically includes customer service metrics, logistics, optimizing technology and others variables necessary for an entity to sustain longevity.

Best In Class

By Jim Santangelo, CERTIFIED FINANCIAL PLANNER™

Congratulations! If you are reading this column in the Council of Industry newsletter your company/firm probably survived the Great Recession. For those people who were financial casualties of the last few years, I sincerely wish you a speedy recovery.

Looking back over the recent past may provide you with some insight for the future. In my opinion, one of the most important questions to ask is relatively simple. Why did some entities barely keep the door open and others appear to flourish during the current economic downturn?

The answer is fundamental to an entity's future. Some entities were capable of exceeding expectations because they aspired to the business philosophy of being "Best In Class" ("BIC").

Keep in mind, exceeding expectations is not solely a financial measurement. It typically includes customer service metrics, logistics, optimizing technology and others variables necessary for an entity to sustain longevity.

In addition, utilizing BIC metrics should be analyzed and compared to a company's competition and peers. It would be, for example, unreasonable to compare some of the financial metrics of a fast-food eatery charging \$3 for a burger to a steak house with a \$29 price for an average entrée.

An example of a company embracing the BIC philosophy is Mike's Industrial Goods (not a real company). Mike's may have chosen to sacrifice some profits during the recession of the early 2000s by not terminating any customer service representatives. This decision is likely to have strengthened customer loyalty because of the "customer experience."

Superior customer service can lead to "pricing power," which translates into higher gross profit margins and may assist a company during the next economic

downturn.

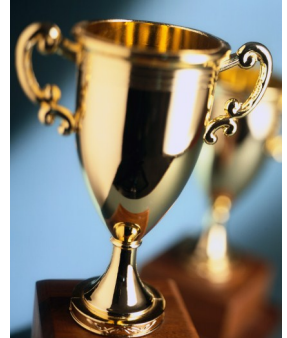
Once the Great Recession occurred in the late 2000s, is it likely that Mike's Industrial Goods may have witnessed a decrease in revenue, but gross margins were not compromised. Consequently, a combination of a surgical reduction in certain expenses, a decrease in sales and a gross profit percentage that remained constant resulted in the company experiencing a modest increase in net profit.

On a national basis, a BIC metric that is often overlooked is the increase in sales relative to the Producer Price Index (PPI). Absent this measurement, an entity's future profitability may be minimized due to inflation and other variables. After all, don't most expenses generally increase at a rate that is on par with inflation? In my opinion, sales must increase at a rate greater than the increase of PPI for one's industry. The best part of this metric is the ease of calculating the information with the PPI data available free of charge at the Bureau of Labor Statistics' website.

Sales, gross profit and net profit per employee are yet other valuable indicators of how a company may compare to its peers. Senior management should spend a considerable amount of time reviewing these metrics because a workforce that is not being optimized may not be the fault of the employees. I have witnessed entities employ hard working and smart people that have consistently underperformed many of the "human metrics." In many cases, the problems included outdated technology; repetitious or unwarranted tasks; and the entity struggled to implement change.

Conversely, I have visited clients in which the primary difficulty in exceling at profitability was the workforce and/or employee morale.

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Energy Matters

The Top Five Trends Impacting Energy Budgets

From Hess Energy Now newsletter

While there is a misconception that energy prices are fairly fixed, the reality is commercial and industrial (C&I) energy buyers contend with a number of trends that influence their ability to set and hit their budgets. The following are five of the most influential factors affecting short-term C&I energy budgets, and questions buyers should bear in mind as they enter the market. These charts and data points are designed to challenge C&I buyers to evaluate their purchasing strategy and the energy products they choose. Based on evaluating important trends in consumption and production, they should develop opinions on the future of market prices that guide their purchasing decisions.

1. SHIFTS IN SUPPLY & RESOURCE COMPOSITION - Short Term: 10-Year Low Natural Gas Prices Lead to 27% Increase in Gas Fired Generation Demand (June, 2012 YTD) Low natural gas prices = Lower energy cost for electric prices.

Key Takeaway: The increase in natural gas production has decreased the overall cost of natural gas as well as electricity. However, consumption is greater than it has been over the past four years, and if you are a conservative buyer, you may want to consider a fixed-price contract if you think demand will alter prices.

2. SHIFTS IN PRICING TRENDS - Electricity Prices Are Highly Correlated to Natural Gas.

Key Takeaway: Volatility in pricing can have a big impact on energy budgets. Because these trends can be influenced by sudden changes in weather or supply, give close added consideration to your organization's risk tolerance when choosing between fixed- and variable-cost products.

3. SHIFTS IN CONSUMPTION & DEMAND - C&I customers consume significant energy and this is expected to increase by 8.7% over the next 10 years. Will growing demand put upward pressure on prices?

Key Takeaway: If growing demand is not met or

outpaced by supply, energy prices will edge higher, placing a significant burden on high-consumption C&I customers. They may therefore wish to secure lower prices with fixed contracts. However, market intelligence that keeps tabs on production will help organizations decide whether this is necessary.

4. MARKET TRIGGERS & INDICATORS - C&I customers consume significant energy and this is expected to increase by 8.7% over the next 10 years. Will growing demand put upward pressure on prices? Natural gas wells initial production in Marcellus can decline

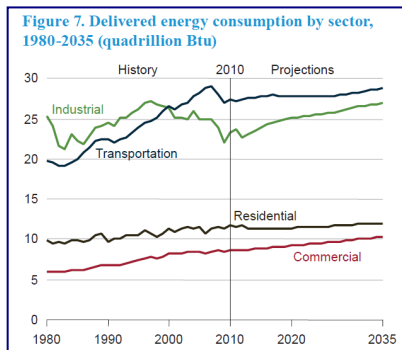
up to 73%. U.S. gas producers are not likely to keep drilling in a "below breakeven" environment, so how high will prices climb?

Key Takeaway: Although natural gas production has been increasing and has therefore caused prices to decline, prices may shift if producers cut back on production. Gas-

oriented rig counts are at 13-year lows due to gas prices that are below marginal production costs in dry gas regions of the U.S. Well depletion rates are significant in the Marcellus region, which could lead to a decline in production and a surge in prices by 2013. To be poised for price increases, consider a product that may either allow you to lock in a fixed price, or allow you to lock in a fixed price but also let you take advantage of a new price, if market prices should fall.

5. TECHNOLOGY TRENDS, WHAT DOES ALL THIS MEAN? - Technology gains related to fossil fuel extraction have increased exponentially, but are they sustainable? If not, what will be the impact on supply—and prices?

Key Takeaway: Given that technology gains may or may not be sustainable, you should consider what the effect on prices will be, and whether you have chosen a product based on your conclusions.



Based on evaluating important trends in consumption and production, C & I buyers should develop opinions on the future of market prices that guide their purchasing decisions.

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Financial Matters

To find out more about managing risk in international transactions, attend the Nov. 15 seminar on the topic presented by the Council of Industry and the US Commerce Department at the SUNY New Paltz School of Business. See the calendar for details.

Managing Trade Risk – Some Basics for Exporters

From Suncorp Bank

International trade throws up a number of risks you would not be concerned about if doing business solely inside the United State. Dealing with buyers in other countries adds a layer of complexity to trading. It's wise to be aware of potential risks and fraud, and to understand strategies that can help you protect your business.

Currency risk- Currency risk can arise due to variations in exchange rates, currencies fluctuate regularly and there may be a delay between the time of entering into a contract and the receipt of foreign payments from the buyer.

The local currency amount receivable on settlement may be lower than the amount calculated when entering the contract, due to an adverse movement in the market price of the currency

Movements in exchange rates may significantly affect the profit margin you expect to retain on your international trade transaction,

How can currency risk be mitigated?

Exporters can discuss their needs with a Treasury Specialist who will help to identify and manage this risk with a range of currency risk management solutions

Seek independent financial advice in respect to risks associated with foreign currency transactions and the financial products available to minimize that risk

Risk of non-performance- Risk of non-performance occurs when a buyer repudiates a contract.

Not being paid in terms of the sales contract and efforts to recover unpaid monies can be costly and time consuming to the exporter

How can risk of non-performance be mitigated?

Consider using conditional methods to export goods such as Export Documentary Letter of Credit or Export Documentary Collection, these products provide various degrees of protection to the exporter

Credit risk- 'Credit risk' is the risk of insolvency, default, fraud or the importer's unwillingness to accept the goods.

The buyer, or other parties in the payment chain, may become insolvent

How can credit risk be mitigated?



Confirm the status of your trading partners with a credit reference agency

Build a solid relationship with your trading partner

Request your bank to assist in obtaining commercial reports on potential/new trading partners, to help you make an informed decision on the bona fides and commercial standing of buyers

Consider use of export insurers such as Export Finance & Insurance Corporation (EFIC) or Atradius to cover and limit any potential losses in the event of your trading partners defaulting on payment

Consider exporting goods using conditional methods of payment such as Export Documentary Letter of Credit or Export Documentary Collection, to reduce the risk of non payment

Transfer risk -When your contract of sale specifies payment is to be made in a particular currency, a 'Transfer risk' may exist. The importer's country may introduce controls which prevent payment in a currency other than the importer's domestic currency.

Weakness in the economy of the importer's country, a country's low level of external reserves and balance of payments problems, may all indicate the possibility of transfer difficulties

How can transfer risk be mitigated?

Consider obtaining protection by insuring with an export credit insurer, such as Export Finance & Insurance Corporation (EFIC) or Atradius

Consult the Australian Trade Commission – Austrade – for specialist knowledge of the markets with which you trade

Try to deal with trading partners in countries with stable political environments or where the risk of unforeseen government regulation that restricts trade/foreign payments is unlikely to occur.



Member Benefits

The Website Is Where It's At

Do you need to find a specific training program for your employees? Are you looking for an address to mail a letter to your local legislator? Trying to find more information on the shipping program you read about in this newsletter? The Council of Industry's website is your answer, www.councilofindustry.org. This is the place to find what you are looking for.

The CI website has a listing of all our members and associate members, contact info for elected officials and regulatory agencies, but it is more than a directory. Members can find information on the various discounts the Council of Industry offers, from electricity to workers comp. The calendar offers links to upcoming events, training and sub-council networking meetings. There are job ads placed by members and there are short resumes of individuals looking for work.

The Manufacturing is Vital page offers information and links for members interested in the advocacy action that membership provides. This is where you can find information on the election year topics effecting manufacturers and links to the Manufacturer's Alliance of New York and the National Association of Manufacturers. Find information on hosting a tour of your facility or writing to your congressperson here. CI members are able to access the Members Only section which contains recent newsletters and member surveys.

Programs and training information is also just a click away. Training information is available by category, alphabetically and chronologically. Is there an area you are looking for training in? Just type it into the sites Google search to see if it has been offered in the past or if not, just send an e-mail to training@councilofindustry.org to see if we can put it together for you.

If you haven't looked through our website in a while now is a great time to reacquaint yourself. We are constantly updating and reworking and rewriting pages to keep the content as fresh and relevant as possible.



Consumer Price Index for August 2012

				<u>Point</u>	<u>%</u>	<u>% Increase</u>
Wage Earners & Clerical	<u>Aug '11</u>	<u>Aug '12</u>	<u>July '12</u>	<u>Increase</u>	<u>Month</u>	<u>Year</u>
1967=100	665.22	676.33	671.90	4.43	0.7	1.7
1982-84= 100	223.33	227.06	225.57	1.49	0.7	1.7
All Urban Consumers						
1967=100	678.63	690.11	686.29	3.82	0.6	1.7
1982-84=100	256.55	230.38	229.10	1.27	0.6	1.7
Hudson Valley unemployment rate for August 2012 = 7.9 %						

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**Continued from front page
Hudson Valley Manufacturing
Conference**

The reading level of the manuals used by entry level employees in most manufacturing jobs is written at a higher reading level than the English courses being taught at most colleges. The majority of the reading done after graduation is contracts, manuals, technical information which is not what is being taught in the English classes. Several states, including New York have adopted the Common Core State Standards to address this issue and to help students to be college and career ready upon graduation.

Another point that Dr. Daggett emphasized is that the perception of manufacturing careers needs to change. The jobs are no longer dirty assembly line work, but often require a specifically defined skill set and advanced training in specific areas. A hot topic in the news these days is the skills gap and this is why it exists, because



Dr. Daggett explained New York State's new Core Curriculum State Standards.

many manufacturing jobs require extensive training and experience, which just isn't happening fast enough.

The proposed solution to both problems, the lag in educational competency and the manufacturing image issue, was to have manufacturers work with schools to reconstruct the curriculum. Manufacturers deal with complicated math and science problems every day and in many ways, from finding tolerances and

designing parts to preparing budgets and maintaining inventories. These are the perfect real life homework problems that can not only better prepare students for the real world but also show kids that there are some really cool jobs out there in manufacturing.

Joanne Wright, VP of Manufacturing at IBM, spoke next with a presentation on the Modern Manufacturing Supply Chain. Ms. Wright started by reminding the audience of the early days of manufacturing when companies did it all themselves, everything



The conference brought a mix of over 240 manufacturers, educators and associated industries together to discuss the Hudson Valley's future workforce.

was "in house." In contrast the modern supply chain for many companies is often a globally integrated enterprise. The key to improving the supply chain is to make it as seamless and efficient as possible while keeping costs low, a tall order. Wright covered a variety of supply chain items including Quality Early Warning Systems, Critical Parts Management Tools, the IBAT or IBM's Buy Analysis Tool and finally left us with a vision of the future supply chain.

Following Ms. Wright's presentation Chester D. Karwatowski, Senior Technical Staff Member in the IBM CIO (Chief Information Officer) organization and Chief Business And Technology Architect For Supplier Connection, explained the Supplier Connection, a consortium of large corporations that has formed to make it easier for small businesses to become suppliers to large companies. There are opportunities for small businesses to document core business information and certification data, something large corporations require for them to be considered as suppliers. Small businesses will also be able to connect with other small businesses to collaborate on potential opportunities, access training and development related tools. More information is available at www.supplier-connection.net.

After a quick lunch, attendees broke into discussion groups to come up with feedback on the day's topics. Some groups discussed what educators can do differently to prepare students for the manufacturing workforce and suggestions included a public relations campaign, redesigning the technical education system, trying to reach students at an earlier age with information on technical training and careers in related fields. Other groups tried to define the three most important decisions their company is or will face. The feedback from this discussion looked at the labor force and the need for skilled employees, preparing for the future – i.e. retirement and who will replace them, the discrepancy of taxes versus profit margins, and the need for interpersonal skills, leadership and strategic thinking.

The conference certainly brought the educators and manufactur-

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Continued from page 5 More Personnel Matters

The employer must retain each authorization for at least six years following the termination of the employee's employment. The amendment requires that, before any deduction is made, the employee must receive "written notice of all terms and conditions of the payment and/or its benefits and the details of the manner in which deductions will be made." Further, the employer must provide the employee with information regarding deductions and an updated total of all deductions from the employee's wages. Employees have the right to revoke authorization for any or all wage deductions at any time, and employers are required to cease those deductions as soon as possible.

The NY DOL is expected to issue regulations on the timing, frequency, and notice requirements for these deductions, including a procedure that the employee may use to dispute the amount of the deduction. Employers should refrain from entering into any wage deduction agreement with employees based on the amended law until after its effective date and after the NY DOL issues its regulations.

Continued from page 10 Manufacturing Matters

Sometimes, unpleasant decisions must be made and an employee may have to be re-aligned to another position within the company or terminated.

In conclusion, many industries have associations/trade groups that compile BIC metrics. In my opinion, it is the responsibility of senior management to acquire the data and perform the necessary due diligence in order to ensure the company is being optimized. FYI, implementing changes to reach the BIC metrics does NOT occur after one meeting. The practice never ends and requires the support of senior management along with a company-wide willingness to accept change.

Continued from front page— Luncheon

The Expo portion of this event has become an excellent avenue for members and associate members to display their products and services to the local manufacturing community. Participants receive an 8 foot table to display products and information about their company and services. An expo table is free for members and associate members but we do ask that participants purchase at least two seats at the luncheon. Space is limited so sign up early.

Seats are \$50 per person or \$350 for a table of eight. Members and Associate members may also sign up for an expo table to display their products to the crowd of local manufacturers in attendance. Watch your email for further information and registration links.

It is the sponsors that make the Annual Luncheon possible and we would like to thank our TD Bank for being a Supporting Sponsors. If you would like to become either a sponsor contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355. Major sponsors (\$2,500) receive a table for eight at the luncheon, hang their banner at the event, their logo on the cover of the program, mention in two CI Newsletter articles, recognition at the luncheon for their generosity. Supporting Sponsors (\$1,500) receive a table for eight at the luncheon, their name inside the event program, mention in two CI Newsletter articles, and public acknowledgement of their generous contribution.

More information will be available on the Council of Industry website www.councilofindustry.org, in the Weekly Update and in your email inbox in the coming weeks.

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