CI NEWSLETTER

The Council of Industry of Southeastern New York

February 2009 **The Manufacturers Association of the Hudson Valley** Volume 13 Issue 2

Inside this issue:

Manufacturing Day in Albany

On February 3rd top executives from manufacturing companies across New York State are gathering in Albany to meet with their legislators and discuss the issues affecting industry. As a part of the Manufacturers Alliance of New York, many members of the Council of Industry will be in attendance. As Council of Industry Executive Vice President Harold King said, "In light of Governor Paterson's realistic and bleak outlook on New York State's fiscal status, it is imperative our sector's voice be heard. We need to let Albany know how critical our businesses are to the state's economic vitality."

The Manufacturers Alliance of New York is a group of manufacturing associations similar to the Council of Industry from throughout the state. In 2006 the Council of Industry partnered with MACNY (the manufacturing association for the Syracuse area) to form the Manufacturers Alliance of New York. Since then the Chief Executive Network for Manufacturing of the Capitol Region (CEN), the Long Island Forum for Technology (LIFT), the Manufacturers Association for the Southern Tier (MAST), and the IMA have all joined the Alliance. The Alliance unites knowledge, purchasing power and voices to help New York's manufacturers prosper and grow.

Manufacturing Day came about as a part of the Manufacturers Alliance of New York's advocacy efforts to improve the connection between New York State's manufacturing companies and the men and women who make the laws and regulations governing manufacturing and business in the state. The day consists of a number of events such as agenda briefings, lobbying visits and a legislative cocktail reception. Many members take advantage of this opportunity to meet with their elected officials and discuss their businesses needs for the future.

When asked who should attend this event, Mr. King explained, "This event is for all New York State manufacturing executives, whether they have had experience working and talking with legislators before or not. Professionals from the Manufacturers Alliance will guide you through the process. No one should feel intimidated because just by coming here and being in attendance you are making a difference."

Manufacturers Day allows our economic sector the opportunity to rally together and relay to Albany our legislative agenda for the upcoming session. The voice of manufacturers needs to be heard in Albany and our elected officials need to know that manufacturing is still the engine that drives New York's economy, and that they should want the states manufacturers to be successful. Hopefully this message will come across loud and clear on February 3rd.

Welcome New Members:

Williams Advanced Materials— Thin film products. Contact: Thomas Napoleon. Brewster, NY

C & S Companies- Engineering services. Contact: Gregory Fehrman. Syracuse, NY

TouchBionics/Livingskin – Prosthetic limb manufacturer. Contact: Philip Castore. Newburgh, NY

Training and Education

Lean Six Sigma Yellow Belt Training

By Vincenzo Buonomo, Rochester Institute of Technology (RIT)

The root of both Lean and Six Sigma reach back to the time when the greatest pressure for quality and speed were on manufacturing. Lean rose as a method for optimizing automotive manufacturing; Six Sigma evolved as a quality initiative to eliminate defects by reducing variation in processes in the semiconductor industry. It is not surprising that the earliest adopters of Lean Six Sigma arose in the service support functions of manufacturing organizations like GE Capital, Caterpillar Finance, and Lockheed Martin.

In short, what sets Lean Six Sigma apart from its individual components is the recognition that you cannot do "just quality" or "just speed," you need the balanced process that can help an organization to focus on improving service quality, as defined by the customer within a set time limit.

Lean Six Sigma is a business improvement methodology that maximizes shareholder value by achieving the fastest rate of improvement in customer satisfaction, cost, quality, process speed, and invested capital. The fusion of Lean and Six Sigma improvement methods is required because:

- Lean cannot bring a process under statistical control
- Six Sigma alone cannot dramatically improve process speed or reduce invested capital
- Both enable the reduction of the cost of complexity

At the end of the three days, the teams will present to their company management representatives the identified work area opportunity, a suggested solution and plan for implementation.

The Council of Industry will present Lean Six Sigma Yellow Belt Training
Date: April 14, 15, 16
Time: 8:30am - 4:30pm
Location: Orange Community College, Newburgh Extension Center, Newburgh, NY
Cost: $400 per person, $375 each for two or more from the same company.
Instructor: Rochester Institute of Technology (RIT)

Participants will be introduced to the Define, Measure, Analyze, Improve, Control (DMAIC) improvement process and some of the tools associated with each stage. During this highly interactive three day program led by 2 RIT instructors, participants will work in teams on specific work related problems using the first three phases of the DMAIC process. Due to the team based training, participants from both the hourly and salaried workforce ranks are encouraged to attend.

The following topics will be presented during the three day training:

- Lean Six Sigma Enterprise Approach to Improvement
- Resistance to Change
- 5-S and Visual Controls
- Team Building/Leadership
- Problem Solving Process/Tools
- Statistical Thinking

Throughout the training, the teams will identify problem opportunities within their respective work areas and will begin analyzing for improvement utilizing the Lean Six Sigma problem solving tools. At the end of the three days, the teams will present to their company management representatives the identified work area opportunity, a suggested solution and plan for implementation. This will provide the foundation of opportunities for each organization to pursue. The RIT instructors and the group will provide input and suggestions.

Feedback from previous attendees:

"Great class. It absolutely met my high expectations."
"Great program."
"Really enjoyed it; presented very well. I love problem solving."
"Good work, nice environment, objectives met/exceeded."
"Very good program, excellent strategies for bringing back to managing my future projects"

Council News

Elements of an Effective Health and Safety Program

"Everything you need to put together an effective Health and Safety program for your company is on the OSHA website.....and did I mention it's free" That is probably the most important piece of information attendees of the January meeting of the Environment Health and Safety sub-council learned. Tom McCarthy, a compliance specialist for OSHA (Occupational Safety and Health Administration), went over the many tools available to companies, all free of charge and available whenever they are needed on OSHA's website.

Attendees from Hudson Baylor Corp. listen intently about the importance of Health & Safety Programs in the workplace.

Mr. McCarthy discussed the different types of OSHA inspections and how OSHA decides who to inspect and when. He discussed the benefits of having a safety management program, benefits that include lower workers compensation costs, fewer worker days lost to injury and a generally happier and more productive workforce.

For those who have great commitment to safety and a successful safety management program, Mr. McCarthy introduced the VPP program. VPP stands for Voluntary Protection Program. This program can exempt a company from OSHA inspections because they have a exemplary record and commitment to health and safety standards.

Mr. McCarthy told attendee about a free confidential consultation service the New York State Department of Labor provides which is separate from enforcement and does not result in penalties or citations. This is an excellent resource to help get a weak Health and Safety program up to par. Several members in attendance belonged to companies that have already taken advantage of this service with very good results

Mr. McCarthy believes that the new federal government administration will place a greater emphasis on record keeping, more specifically the OSHA 300 form. This form and others that you may need are also available on OSHA's website. Anyone wishing to find out more information about the resources available should go to OSHA's website www.osha.gov or you can contact the Council of Industry and we would be glad to help you find the answers you need.

This EHS Sub Council meeting with OSHA was presented as part of the ongoing activities of the Council of Industry/OSHA Alliance – a collaboration between our 2 organizations to promote safe workplaces in the Hudson Valley.

2009 Benefit & Wage Survey Information

On February 6, 2009, the Council of Industry in conjunction with Marist College will hold a Human Resources Sub-council meeting to discuss the 2009 Wage and Benefits survey. The Council is renewing its partnership with Marist to once again bring our members a comprehensive annual wage and benefits survey. This meeting will cover the timeline, content and format of the upcoming survey and anyone wishing to provide input or make suggestions should attend.

When: Friday, February 6, from 11:00 am until 12:00pm

Where: Ulrich Conference Room, Marist College, Poughkeepsie, NY

Cost: None for members

Topic: 2009 Wage and Benefits Survey

Presenters: **Dr. Christy Huebner Caridi,** *Affiliate Assistant Professor of Economics, Director: Bureau of Economic Research at Marist College*, and **Dr. Ken Sloan**, *Marist College School of Management.*

For more information or to register contact Alison Butler at abutler@councilofindustry.org or call (845) 565—1355.

Changes to the Family and Medical Leave Act

The Human Resources Sub-committee met in January for a presentation from Devora Lindeman, Senior Counsel at Greenwald Doherty, LLP, on the changes made to the Family and Medical Leave Act (FMLA). While the changes can seem overwhelming at first glance, it is important to note that much of what was written just clarifies the more obscure sections of the act. The most relevant changes concern military family leave eligibility. Ms. Lindeman started at the beginning and went patiently through the many changes and clarifications as well as some of the rationale behind them.

The best place to start with the FMLA regulations is to determine if your company is even covered by them. At this point you need to determine which of your employees fits the criteria to be eligible for FMLA. From that point the biggest emphasis seems to be on making sure your employee that is eligible (or even if you suspect they may be eligible) is notified that there is the possibility that they are covered under FMLA once an event occurs to warrant such action. Once it is confirmed that the employee is or isn't covered under FMLA they must be notified of that status. It seems that the new regulations require a lot of written notifications.

FMLA regulations explained at the HR sub-council meeting.

For family of military personnel the amount of time allowed to care for an injured service member has been increased. Exigency leave is also available for family of military personnel in the cases of short notice deployment, military events and related activities, childcare and school activities, and to make financial and legal arrangements.

The Council of Industry members that were in attendance seemed to come away with a better understanding of the many nuances that can be a nuisance with this law.

Personnel Matters

Shared Work Program – The Layoff Alternative

By John Hausler, Associate Unemployment Insurance Review Examiner, New York State Department of Labor

Shared Work can help to maintain employee good-will, since it signals that workers' contributions are appreciated and their services are valued despite difficult business circumstances.

Maybe your company's sales are down. Maybe your firm just lost a big contract. Whatever the reason, your company is facing some tough economic times. You know the situation is temporary. But you can't afford to keep the employees you value on payroll at this difficult time.

What's a human resources manager to do?

Consider applying for the New York State Department of Labor Shared Work program. It's a smart alternative to layoffs – *and* it makes good business sense.

Under an approved Shared Work plan, you can reduce the number of hours of all workers, or just a particular group. Employees may collect an equivalent percentage of unemployment insurance benefits for up to 20 weeks. Also, under the current Federal Extended Benefits plan, the 20 weeks of Shared Work benefits may be extended to 40 weeks. For instance, if your company receives approval to reduce the number of hours of a group of workers by 40% for ten weeks, these employees could receive 40% of their weekly benefit during that time (after serving an unpaid waiting period of one week).

Shared Work can help to maintain employee good-will, since it signals that workers' contributions are appreciated and their services are valued despite difficult business circumstances. When business picks up again, they're more likely to still be around when you need them most, instead of working for your competition. You'll not only retain your skilled employees, you'll save the considerable cost of finding, hiring and training new workers.

What does the Shared Work plan require?

To apply for a Shared Work plan, you must contact the State Labor Department Liability & Determination Section at least two weeks before you want to start the program. Your firm must have at least five full-time employees that work 35-40 hours per week, and you must have paid Unemployment Insurance tax contributions for at least four consecutive calendar quarters before filing your application. The Liability & Determination Section may be contacted by phone at 518-457-2635 to request an application.

In addition, a Shared Work plan:

- must include a reduction in work hours of between 20 – 60%
- may not be used to subsidize part-time employees
- may not reduce or eliminate fringe benefits
- cannot exceed 53 weeks
- must be approved by the New York State Department of Labor Unemployment Insurance Division, Liability & Determination Section before implementation
- does not allow an employer to hire additional full- or part-time employees for the workgroup covered by the plan
- must be in lieu of a layoff of an equivalent percentage of the workforce
- must include all employees in an affected unit, and their hours must be reduced by the same extent (although different units can be reduced by different percentages)
- must have the agreement of a collective bargaining unit, if there is a collective bargaining agreement in effect, to participate in the Shared Work Program

A Shared Work plan will have an effect on your company's unemployment insurance tax rate, since the benefits will be charged against your firm's experience rating account. However, participation in Shared Work may result in a more favorable experience rating than would otherwise occur during a full layoff. The Liability & Determination Section can answer any questions you may have about how Shared Work may impact your tax rate.

To find out more about the Shared Work Program and how it might benefit your business, just call the Department of Labor at (518) 457-2635, or write to the following address: New York State Department of Labor, Unemployment Insurance Division, Liability & Determination Section, State Office Building Campus, Albany, New York 12240. You can also visit the agency web site at www.labor.ny.gov for information about Shared Work and other services that are available.

More Personnel Matters

Workers' Compensation Benefits and FMLA Leave—
Clarifying Some Complexities

By Devora L. Lindeman, Esq.

You probably know that "getting sick on the job" for Workers' Comp purposes does not include catching the flu from a co-worker, but means becoming ill from, for example, on-the-job chemicals. Did you know, however, that the Workers' Comp statute does not provide for "Workers' Comp Leave"? Rather, that statute only provides for monetary benefits—(a) salary continuation while the employee cannot work and (b) coverage of medical costs related to the injury/illness. This statute does not require companies to provide leave, or to hold a job until the employee can return to work.

Provision of such leave time may be required, however, by: (1) company policy; (2) the Family and Medical Leave Act (FMLA); and/or (3) federal or state disability discrimination laws. Leave necessitated by a work-related illness or injury should be treated no different from any other disability-related leave.

To determine how much leave must be provided when an employee is ill or injured, first, look to company policy and provide the amount of leave stated. Also determine whether the company is covered by the FMLA. (Do you have, or recently had, 50+ employees)? If so, eligible employees likely must receive up to 12 weeks of job protected leave, whether the disability is work-related or otherwise. Leave time provided under a company policy, under the FMLA, for workers' comp purposes or disability purposes should run concurrently—an employee does not get "workers comp leave," and then later go on FMLA leave.

Provision of job-protected leave may also be required as a reasonable accommodation under disability discrimination laws if the employee uses up FMLA leave and still cannot return to work, or is not entitled to FMLA leave to begin with. How can you tell how much leave is reasonable? Consider how long the company can reasonably cover for this individual, and other applicable factors. Indefinite leave, however, is not reasonable. Be sure to obtain an expected return-to-work date to determine whether the amount of leave requested is actually a "reasonable" accommodation.

The Workers' Compensation law prohibits employers from retaliating against employees for applying for Workers' Comp benefits or taking Workers' Comp leave. Consequently, carefully consider the impact of the relevant laws prior to terminating employees on "Workers' Comp leave," even if they have no anticipated return-to-work date.

Train those administering your company's various leave programs to coordinate their efforts and run leaves concurrently. Make sure they understand the nuances of administering these programs so that your company complies with the various laws applicable to employee leaves.

Devora L. Lindeman is Senior Counsel for HR Compliance & Counseling with Greenwald Doherty LLP, a labor and employment law firm exclusively representing management in relationships with employees and unions, with offices in NY, NJ, CT and PA. She provides management training to employers and employer associations and is a regular contributor to HumanResourcesIQ.com.

Leave time provided under a company policy, under the FMLA, for workers' comp purposes or disability purposes should run concurrently—an employee does not get "workers comp leave," and then later go on FMLA leave.

Consumer Price Index - Dec. 2008

				Point	%	% Increase
Wage Earners & Clerical	Dec.'07	Dec.	Nov.	Increase	Month	Year
1967=100	612.95	610.08	617.47	-7.40	-1.2	-0.5
1982-84= 100	205.78	204.81	207.30	-2.48	-1.2	-0.5
All Urban Consumers						
1967=100	629.17	629.75	636.33	-6.58	-1.0	0.1
1982-84=100	210.04	210.23	212.23	-2.20	-1.0	0.1
Hudson Valley Unemployment Rate for December 2008 = 6.0 %						

Legislative Matters

Understand New York's new WARN Act—it's tougher than federal law

By *Louis P. DiLorenzo, Esq., Bond, Schoeneck & King, PLLC*

The NYWARN Act, which takes effect Feb. 1, 2009, imposes requirements in addition to those mandated by the federal WARN Act.

The NYWARN Act is more restrictive than its federal counterpart.

New amendments to the New York Labor Law now mean New York employers face tougher lay-off notification requirements under state law than they do under federal law. Both the New York Worker Adjustment and Retraining Notification (NYWARN) Act and the federal Worker Adjustment and Retraining Notification (WARN) Act require private employers to give employees advance, written notice of impending layoffs, plant closures and relocations.

But the NYWARN Act, which takes effect Feb. 1, 2009, imposes requirements in addition to those mandated by the federal WARN Act.

Who's covered

Employers covered by the NY-WARN Act include "any business enterprise that employs fifty or more employees, excluding part-time employees, or fifty or more employees that work in the aggregate at least two thousand hours per week."

The act requires employers to provide written notice at least 90 days in advance of:

• A mass layoff resulting in employment losses during a 30-day period affecting at least 25 full-time employees representing at least 33% of the workforce, or 250 or more fulltime employees

• A plant closing in which 25 or more full-time employees will lose their jobs during a 30-day period at a single site

• A relocation involving the removal of all or substantially all of an industrial or commercial operation to another location at least 50 miles away

The 90 days' notice must be sent to affected employees, their collective bargaining representatives (where applicable), the New York State Department of Labor (NYSDOL) and local workforce agencies or partners.

New York gets tough

The NYWARN Act is more restrictive than its federal counterpart:

• **It applies to smaller employers**. The NYWARN Act requires employers with 50 or more full-time employees to provide written notice of any plant closings, mass layoffs or relocations. The federal threshold is 100 employees.

• **It requires notice when fewer employees are affected.** The New York law applies to covered employment loss due to planned plant closings or mass layoffs affecting at least 25 full-time employees or a total of 250 employees. The federal limits are 50 full-time employees or a total of 500 employees of any kind.

• **It provides more notice.** The NYWARN Act requires employers to provide at least 90 days' notice. Federal law requires 60 days.

• **It offers administrative enforcement.** New York law allows for a private right of action, but it also provides for administrative enforcement by the state Commissioner of Labor.

Flawed law, problems ahead

This statute is poorly drafted. For example, a literal reading indicates that notice isn't necessarily required for a plant closing, but employers must give advance notice if they plan to layoff just one employee.

In response to a request for technical clarification, the legislative counsel to the NYSDOL issued a letter that glossed over the drafting errors while explaining that, "All parts of a statute must be harmonized with one another, as well as the general intent of the statute as a whole."

The letter goes on to explain that the terms "employment loss" and "relocation" for which a WARN notice is required must be read in conjunction with language that requires the existence of "affected employees" upon whom to serve the notice. The term "affected employees" is defined as employees who may reasonably be expected to experience an employment loss as a consequence of a proposed plant closing or mass layoff affecting at least 25 employees. According to the letter, "employment loss" is not meant to apply to a single instance of lost employment.

Since the statute prohibits the ordering of a covered event without notice, employers contemplating a plant closing, layoff or relocation on or after Feb. 1, 2009, may wish to consider providing notice before then.

Violations of the NYWARN Act carry substantial penalties. Affected employees have six years to bring a suit to recover back pay, the value of lost benefits and possible attorneys' fees. The law caps back pay at 60 days of pay.

Employees may also file complaints with the NYSDOL and receive the same awards excluding attorneys' fees.

An employer who violates the law may also have to pay a civil penalty of $500 for each day it is in violation.

Exceptions

There are limited exceptions to the notification requirements. Among them:

• At the time the notice was required, the employer was actively seeking capital or business that would have enabled the employer to avoid the closing.

• The need for a notice was not reasonably foreseeable.

• The plant closing or mass layoff resulted from the completion of a particular project and the employees were hired with the understanding that the work had a limited duration.

• The action constituted a strike or lockout.

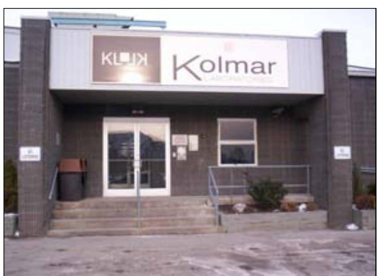
• The employment loss "is necessitated by a physical calamity or an act of terrorism or war."

Member Profile

Member Profile: Kolmar Laboratories, Inc.
Year founded: 1921
Number of Employees: Over 700
Location: Port Jervis, NY
Products: Contract manufacturer of color cosmetics and personal care products: bath, eye makeup, lipsticks, pressed and loose powders, etc.
Website: www.kolmar.com

This past year has been one of growth and change for Kolmar Laboratories, a company that has been in business since 1921 and in Port Jervis, NY since 1943. Kolmar has come a long way from its beginnings in a small store in Milwaukee. The demand for cosmetic and personal care items has grown and the variety has increased and changed dramatically over the years Kolmar has been in business. Kolmar is now one of the largest cosmetic contract manufacturers in North America.

Back in 1921 Mr. Lessing L. Kole partnered with Dr. Fredrick Marsek, who had been the Chief Chemist at Palmolive, to start a small cosmetics company in Milwaukee, Wisconsin. The name of the company was a combination of it founders names, Kolmar. The company grew enough so that in 1939 a small plant was established in New Jersey. In 1943 the facility was relocated to Skyline Drive in Port Jervis New York. In 1965 another site was opened on King Street and by 1995 the Skyline Drive site was consolidated into the King Street site. Kolmar has grown in fits and spurts throughout that time, with facilities located all over the world now.



The Kolmar Laboratories, Inc. facility in Port Jervis, NY.

In 2007 the company went through a restructuring to focus on Kolmar and Acupac Packaging, Inc., a sister company that is a full service form, fill and seal operation with unique capabilities in dissolvable film technology located in New Jersey. Then in 2008 the company was renamed Kolmar Labs Group. At the Port Jervis site Kolmar manufacturers color cosmetics (excluding cosmetic pencils and nail polish) and personal care products such as lipsticks, powders, foundations, concealers, mascaras, lotions, creams and skin care products.

As new technologies become available the health and beauty products we use are beginning to change. Ingestible "Cosmeceuticals" are a growing trend in the U.S. and Kolmar launched a new product last summer with its sister company Acupac Packaging, Inc. which provides "Beauty from Within" in the form of a dissolvable film strip to be placed on the consumers tongue. There are also topical film treatments that are applied to wet skin and rubbed in until fully absorbed. Kolmar also has products that utilize a similar patch technology in which the treatment is applied to wet skin and left on for a period of time to be absorbed and removed once the product has completed its cycle.

Kolmar is using the latest technology to help with the challenge of actually becoming an extension of many of their customers' R&D and marketing departments. They have top of the line consultants and expert chemists on hand to stay ahead of the trends and provide their customers with cutting edge products. As lead times and prices on raw materials have increased, Kolmar has had to become more innovative in their production to help customers meet their launch dates and use Kolmar's large scale buying power as leverage to keep cost increases to a minimum.

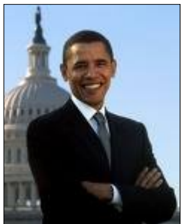
In 2008, after many changes to the company, Kolmar wanted to project a fresh, modern image while maintaining the importance of its heritage. A new logo and color cosmetic collection was re-launched at the 2008 HBA trade show. Yet despite these changes, the commitment to quality and expertise that comes with years of experience has remained. Kolmar's employees are proud of their company and their work. Some employees have worked at Kolmar for over thirty years and there are as many as three generations of the same family employed at the Port Jervis facility.

Kolmar is successful and growing because of all the reasons above. They are not just a cosmetics contract manufacturer, they are also a supply chain solution provider, and in this day and age that is what customers need.

They have top of the line consultants and expert chemists on hand to stay ahead of the trends and provide their customers with cutting edge products.

EHS Matters

Obama Suspends Rulemaking Process For Unfinished Regulations


President Obama

WASHINGTON – One of President Barack Obama's first acts Tuesday was to put the brakes on all pending regulations that the Bush administration tried to push through in its waning days.

The order went out shortly after Obama was inaugurated president, in a memorandum signed by new White House chief of staff Rahm Emanuel. "No proposed or final regulation should be sent to the Office of the Federal Register for publication unless and until it has been reviewed and approved by a department or agency head appointed or designated by the President after noon on January 20, 2009, or in the case of the Department of Defense, the Secretary of Defense," Emanuel's memo says.

Former President George W. Bush's administration moved into overdrive in the last year or so on a host of new regulatory proposals. Now the Obama administration will review everything that is still pending. In doing so, the Obama administration is taking a page out of Bush's playbook from 2001. Within hours after Bush was sworn in, Bush advisers were seeking to reverse some late-term actions of President Bill Clinton, who in his final 20 days in office issued 12 executive orders, including directives on migratory birds and the importation of diamonds from Sierra Leone.

Eight years later, the Obama White House is making a similar move. In some cases, however, the Bush administration moved too fast for the incoming administration.

For rules that have already gone into effect, the Democratic-controlled Congress might be able to help the Obama administration by using the Congressional Review Act, a legislative tool to bring new federal regulations under scrutiny.

It was not clear what specific rules would be affected, but it is highly likely that it could halt some rules affecting US oil and gas drilling, air pollutants, energy efficiency and other ongoing regulations throughout the federal government.

It was not clear what specific rules would be affected, but it is highly likely that it could halt some rules affecting US oil and gas drilling, air pollutants, energy efficiency and other ongoing regulations throughout the federal government.

Emanuel told agency heads to "consider extending for 60 days" the date when regulations are published in the Federal Register. This move gives a window of time for agencies to examine any pending rules "for the purpose of reviewing questions of law and policy by those regulations." He added that, should an extension be made, a new 30-day comment period ought to be opened up for public review.

The White House Office of Management and Budget is charged with approving all federal regulations. Emanuel told agency heads to notify OMB Director Peter Orszag of any possible rules that will have to be altered or abandoned.

"For those rules that raise substantial questions of law or policy, agencies should notify the OMB Director and take appropriate further action," Emanuel said.

Robert Dodge, a spokesman for the American Petroleum Institute, said that staff was in the early stages of examining which ongoing regulations would be of greatest concern to the industry.

"Right now we're in the discovery process," he said.

CI Calendar—What's Ahead

Feb. 3	2nd Annual Manufacturing Day in Albany- 8:30 am –6:00 pm Location: Empire Plaza, Albany, NY. Cost: $40 per attendee (includes all meals and materials)
Feb. 3	Executive Strategic Management Seminar: Business Level Strategies - 4:30 pm –8:30 pm Location: SUNY New Paltz, New Paltz, NY. Cost: $125 single member, $100 two members from same company.
Feb. 4	Certificate in Manufacturing Leadership: Making a Profit 9:00am – 4:30pm Location: Dutchess Community College, Poughkeepsie, NY. Cost $185 single participant, $160 two or more from the same company.
Feb. 6	Human Resources Sub-council—2009 Wage & Benefit Survey - 11:00 am—12:30 pm Location: Ulrich Conference Room, Marist College, Poughkeepsie, NY. No cost for members
Feb. 10	Executive Strategic Management Seminar: Human Resource Strategies - 4:30 pm –8:30 pm Location: SUNY New Paltz, New Paltz, NY. Cost: $125 single member, $100 two members from same company.
Feb. 18	Certificate in Manufacturing Leadership: Problem Solving and Decision Making - 9:00am –4:30pm Location: Dutchess Community College, Poughkeepsie, NY. Cost $185 single participant, $160 two or more from the same company.
Feb. 19	Certificate in Manufacturing Leadership: Introduction to Lean Manufacturing - 9:00am –4:30pm Location: Dutchess Community College, Poughkeepsie, NY. Cost $185 single participant, $160 two or more from the same company.
Feb. 24	Executive Strategic Management Seminar: Strategic Talent Management- 4:30 pm –8:30 pm Location: SUNY New Paltz, New Paltz, NY. Cost: $125 single member, $100 two members from same company.
Mar. 3	Lean Manufacturing: Lean Six Sigma - 8:30 am—4:30 pm Location: Orange Community College, Newburgh, NY. Cost: $125 for a single participant, $110 for two or more from the same company.
Mar. 3	Executive Strategic Management Seminar: Global Business- 4:30 pm – 8:30 pm Location: SUNY New Paltz, New Paltz, NY. Cost: $125 single member, $100 two members from same company.
Mar. 4	Certificate in Manufacturing Leadership: Positive Motivation and Discipline - 9:00am –4:30pm Location: Dutchess Community College, Poughkeepsie, NY. Cost $185 single participant, $160 two or more from the same company.
Mar. 5	Advanced Technology & Innovation: Introduction to Innovation - 9:00am – 4:30pm Location: Dutchess Community College, Poughkeepsie, NY. Cost $185 single participant, $160 two or more from the same company.
Mar. 10	Executive Strategic Management Seminar: Capital, Accounting and Finance Strategies- 4:30 pm –8:30 pm Location: SUNY New Paltz, New Paltz, NY. Cost: $125 single member, $100 two members from same company.

If you are reading our online pdf version of the Council of Industry Newsletter, you can click on any of the course titles to go straight to the course description on the Council of Industry website.

Manufacturing Matters

Lean Six Sigma - A Valuable Tool in Good Times and Bad

By Steven Bonacorsi

One popular Lean Six Sigma argument holds that Lean Six Sigma prospers in both good and bad times. In good times companies want to expand. They expand, acquire other companies, and enter new lines of business. In bad times, companies reexamine their processes and their business models to see how they can save money. In either case, they need Lean Six Sigma practitioners to help them change their processes. It's a comforting thought, and, in many cases, it is actually true.

Consider the financial meltdown that's occurred in the past few weeks. Several financial organizations have merged, willingly or otherwise. Others have changed their status, moving from investment banks to traditional banks, to acquire more government protections. Meantime, governments throughout the world seem focused on introducing new regulations to prevent practices that are presumed to have caused some of the current problems.

Mergers always result in two sets of processes that need to be merged into a common process. Changes in status also require that new processes and business rules be implemented throughout the organization. And, of course, new regulations require new practices and new business rules. All such changes require process analysis and redesign. It may be done by consultants, by process practitioners, or by line managers, but it will need to be done, and it represents a major opportunity for process professionals. Companies other than those in the financial sector probably won't face the major changes that will necessarily take place in that sector, but they will certainly face demands for cost containment and, if the recession deepens, major cost reductions.

On occasions when we have been asked how to sell Lean Six Sigma to management, we have consistently argued that you should not try to sell Lean Six Sigma - as such. In the minds of senior executives, Lean Six Sigma is just another new technology or methodology and is of little or no interest. Instead, we've always urged process professionals to sell productivity and support for whatever changes their organizations need. In the months ahead, those needs are going to be cost containment and then cost reduction. Now is the time for Lean Six Sigma professionals to present management with strategies and plans for containing and reducing costs.

Smart Lean Six Sigma planners are going to want to present a menu of options. An immediate crisis requires actions that can be undertaken quickly and that will yield immediate results. If the crisis lengthens into a long recession, then there will also be a need for changes that require more time to implement but will yield more significant savings. Let's consider these two timeframes independently.

Short Term Cost Containment

Some of the changes companies routinely make are done without much thought, such as cutting travel and training across the board. Smarter companies have a good idea of which processes are yielding the most profit - or are likely to do best in the emerging economy - and cut from those that will be less profitable, while continuing to support the lines of business or the processes that will yield the best results. If your organization has a business process architecture and a good process measurement system, then you can help prioritize intelligent cuts. If you don't, however, it is too late to develop one to help with this crisis on the short term.

Many companies will consider Lean programs to help make quick cuts. Lean vendors and consultants differ on the most effective approach. Some take a broad perspective that captures much of the philosophy contained in the Toyota Production System and they, like other Lean Six Sigma practitioners, will urge enterprise analysis and redesign and cultural change, as well as the elimination of waste in specific processes. Others, however, will focus on the elimination of waste.

Most companies have been running in an expansive mode for the past few years and a good Lean team can almost always identify some quick changes that will save 10-30% of the cost involved in any mid-size process.

The problem with the latter is that it often sub-optimizes overall performance. That is, you may get immediate savings in some areas, but subsequently discover that it is costing you more in other areas. Each company will have to decide the urgency for delivering specific savings immediately versus pursuing a course that will yield a broader and more sustainable savings.

In any case, creating some Lean Six Sigma teams that can move quickly to examine mid-sized processes and suggest quick changes to eliminate waste, is probably an item you should put right at the top of your menu of offerings.

Longer Term Cost Reductions

Broadly speaking, Lean Six Sigma puts an emphasis on broader concerns. It focuses on understanding processes throughout the enterprise and prioritizing and coordinating intervention efforts. The most powerful Lean Six Sigma efforts require trained process managers and monthly measures of process performance. In the best case, Lean Six Sigma leads to more sustainable improvements, but it requires more training and more time to implement.

Similarly Lean Six Sigma products, like most automation efforts, require more time and a larger initial investment to achieve significant ROI. Lean Six Sigma is especially powerful as a way of building agility and the capacity for rapid changes to processes, but a commitment to Lean Six Sigma will require time and experimentation to determine how best to use it.

Most companies, in the next few months, will focus on short term changes to gain immediate savings. Most companies have been running in an expansive mode for the past few years and a good Lean team can almost always identify some quick changes that will save 10-30% of the cost involved in any mid-size process. You probably won't be able to sustain all the savings for more than 6-12 months, but for many that will be an appropriate response to a call for immediate action.

Some companies, however, may not experience the need to simply focus on short term savings. And even those that do will probably not focus exclusively on savings for too long. Smart Lean Six Sigma teams will want to provide an immediate response to executive calls for savings, but will also want to lay the groundwork for more sustained efforts. Thus, even as some specific changes are made, Lean Six Sigma professionals should be pointing out to executives that side-effects and continuing changes will undermine those savings in a relatively short period. Thus, when economic times improve, or when a company is willing to launch a project that aims more at future gains than on immediate savings, the Lean Six Sigma team should refocus on establishing a business process architecture and installing a Lean Six Sigma platform that will lay the groundwork for a more systematic process effort and more reliable long term response capability.

By focusing on bloated processes that were created without much thought and/or require lots of overhead, an immediate, significant savings should be easy to provide. At the same time, however, Lean Six Sigma team ought to take advantage of any credibility it develops to push for a more sustainable and comprehensive effort as the economy improves and funds begin to flow more freely, once again.

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