

# CI NEWSLETTER

The Council of Industry of Southeastern New York

January 2008

The Manufacturers Association of the Hudson Valley

Volume 12 Issue 1

## A Message from the Executive Vice President

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***The Council of Industry would like to wish all our members, associate members, and friends health, happiness, and prosperity for 2008.***

Late in 2006 the Council of Industry partnered with MACNY, the Manufacturers Association of Central New York, to form the Manufacturers Alliance of New York State. Since then, two other organizations, the Rockland Business Association and the Chief Executives Network of Albany have joined the Alliance. The purpose of this alliance is to unite our knowledge, our purchasing power, and our voices to help New York's manufactures grow and prosper.

Toward that end The Manufacturers Alliance of New York, a partnership between the Manufacturers Association of Central New York, The Council of Industry and the Chief Executive Network, invites all manufacturers to join us in Albany for our first Manufacturing Day, January 28<sup>th</sup> in Albany. Manufacturers Day will allow our economic sector the opportunity to rally together and relay to Albany our legislative agenda for the upcoming session.

The day will consist of morning briefings, guest speakers and breakout lobbying visits in the afternoon.

The morning briefings will include a report on the results of the 2008 issues surveys that many of you completed in November. The results of the survey will be broken down by state and region and will be used to set our legislative priorities for this session. Expected to be high on the list are taxes, energy and regulations. Several speakers have been invited from key state agencies and the governor's office to address the group. The staff of MACNY and the Council of Industry are scheduling "break out" lobbying sessions with individual legislators from districts that represent our associations. Sessions will also be scheduled with key committee chairs as well.

I strongly encourage you to participate in this lobby day. Do not leave the responsibility to communicate your needs to someone else. Even if you have never visited your legislator before - even if you are not sure who your legislator is - it is important to be involved. The voice of manufacturers needs to be heard in Albany and, believe it or not, our elected

officials want to hear it. They know that manufacturing is still the engine that drives New York's economy and they want to help you be successful. There is no doubt that senior citizens, private sector labor unions, public employees, environmental groups and other advocates will spend a lot of their time and resources presenting their case in Albany. Don't miss your chance to help present yours.

Sign up and reserve your spot now!

What: Manufacturing Day  
When: January 28, 2008  
Time: 9:00 AM - 5:00 PM  
Where: Albany

More detailed information to follow soon. Please email Jordan Nott at [jnott@macny.org](mailto:jnott@macny.org) to reserve your spot.

### **Council offers "Help Wanted" Pages on its Website.**

Beginning this month the Council of Industry will have a section on its website entitled "manufacturing job opportunities."

The Council is always seeking new ways to add value for our members. Finding qualified candidates for the wide variety of positions available in manufacturing is a perpetual challenge for our members. Our hope is that this addition to our website will provide one more avenue for our members to reach qualified candidates in a targeted, cost effective manner.

The website, [www.councilofindustry.org](http://www.councilofindustry.org), receives more than 1,000 hits each month, mostly from within the Hudson Valley, but also many from throughout the United States and the world. Ads will be limited to 50 words and can contain links to your Directory Listing on the Council website, a direct link to your website and an email contact. The cost of the ad is \$75.00 for 30 days.

For more information or to place your ad contact Harold King - [hking@councilofindustry.org](mailto:hking@councilofindustry.org) or Alison Butler - [abutler@councilofindustry.org](mailto:abutler@councilofindustry.org) 845-565-1355.

Newsletter Sponsored By



## Training and Education

### ***The Council of Industry's Certificate in Manufacturing Leadership Training Begins***

#### **Fundamentals of Leadership**

Our highly successful Certificate in Manufacturing Leadership Program for 2008 begins with this two day course that is designed for the Front Line Manager/Supervisor/Leader and will include:

- The Role Of The Supervisor
- Leadership Styles
- Task Analysis
- Communications
- Problem Solving
- Delegating Responsibility
- Performance Appraisal
- Motivation and Discipline



David Johnson and Robert Charmello from Dynege after completing the program.

The instructor will be Ellen Messer and a continental breakfast and lunch are included.

**Date:** January 16 and 23

**Time:** 9:00 a.m. to 4:30 p.m.

**Place:** Dutchess Community College, Browne Hall, Poughkeepsie, NY

**Cost:** \$370 per person or \$320 for two or more from the same company.

#### **Making a Profit—Financial and Accounting Issues in Manufacturing**

This course provides participants with a fundamental understanding of managing finances in a manufacturing environment. This course will cover the basics of financial statements and simple accounting principles. Topics to be discussed include:

- Basic Financial Concepts
- Management of Costs
- Inventory Issues
- Process Issues
- Reporting Methods
- Budgeting and Planning



Matt Krutick, Scott McIntosh and Kristin Bryce from Alcoa Fastening Systems received their certificates.

**Date:** February 6

**Time:** 9:00a.m. to 4:30 p.m.

**Place:** Dutchess Community College, Browne Hall, Poughkeepsie, NY

**Cost:** \$185 per person or \$160 for two or more from the same company.

### ***Hudson Valley Consortium Training Opens with Vacuum System Design***

#### **Vacuum System Design.**

This course deals with the principal aspects of system design, including materials selection, fabrication techniques, pump selection, sizing pumps and vacuum piping to a chamber, determining pump down-time, leak rate specification, and surface preparation procedures. Methods for determining ultimate pressures are also discussed. The course demonstrates that establishing the vacuum environment is the primary criterion for designing, constructing, and operating a vacuum system. A wide range of vacuum environments are discussed, from rough to ultrahigh vacuum, with emphasis on achieving a well-defined degree of vacuum.

**Date:** January 29

**Time:** 9:00 a.m. to 4:30 p.m.

**Place:** Ulster Community College, Business Resource Center, Kingston, NY

**Cost:** \$160 per person or \$140 for two or more from the same company.

To register for any of the above classes go to our website: [www.councilofindustry.org](http://www.councilofindustry.org) or contact Ana Maria Murabito [anamaria@councilofindustry.org](mailto:anamaria@councilofindustry.org).

***Our highly successful Certificate in Manufacturing Leadership Program for 2008 begins with a Fundamentals of Leadership course that is designed for the Front Line Manager/ Supervisor/ Leader.***

## Council News

### International Business Seminar on Exporting

Neither sleet nor snow kept Council of Industry members from attending an excellent International Business Seminar on Exporting, held at the SUNY New Paltz School of Business, on December 14<sup>th</sup>. The seminar was funded through a U.S. Department of Education grant and presented by UPS Supply Chain Solutions focused on a number of key exporting areas such as the China trade lane, international terms of sale, documentation and export regulations.

The presentation on the China trade lane by Steven Emanuel, from UPS Supply Chain Solutions, was fascinating and full of insight on the future of consumerism in China. He explained the history of China's transition from an exporting economy to an increasingly growing consumer one. Mr. Emanuel also discussed the numerous regulations and licenses involved in exporting to China. He emphasized the importance of checking with the company in China that you are dealing with to determine if they hold a class A license which makes the exporting process easier.



Steven Emanuel shows key locations in the China Trade Lane.

Anabel Santos, also from UPS Supply Chain Solutions, covered in detail some of the various INCOTERMS or International Terms of Sale. She explained that these are the standard "trade terms" used in an international sale contract to allocate certain costs and risks between the seller and the buyer. It may look like alphabet soup, but it is very important to have the correct set of INCOTERMS on your documentation to make clear which party is responsible for freight charges, transportation responsibilities and procuring proper documentation for customs. Ms. Santos also covered the various documentation snags that should be avoided when exporting overseas. She discussed commercial invoices, packing lists, shipper's letter of instruction, bill of lading, certificate of origin and the shippers export declaration.

There was a portion of Ms. Santos' presentation dedicated to the U.S. export regulations and how to determine if your company needs an export license, "the who, what, where and what will it be used for" questions. She told of a part shipped to Israel for a military jet sold to China which held up production and delivery of said jet because the part was not allowed to have an end use on a Chinese jet. The part was returned to the U.S. and another part was purchased from a European company. This emphasizes the importance of being aware of all regulations that apply when exporting because of the expense involved in the return of your products should there be a documentation problem once they reach their destination.



Anabel Santos explains the various INCOTERMS.

The attendees of this seminar came away with a wealth of information and contacts that they can go to with questions. The seminar was hosted by the SUNY New Paltz School of Business, The Council of Industry and The U.S.A. Department of Commerce. Look for information on future events as it becomes available on the [Council of Industry](http://CouncilofIndustry.org) website.

### EHS Sub-council Meeting on January 18<sup>th</sup>

The next Environment, Health and Safety Sub-council meeting will be held on Friday, January 18. It will be from 8 a.m. to 9:30 a.m. at the Council of Industry Office, The Desmond Campus, Newburgh, NY. The meeting will focus on HAZCOM: Training Best Practices - ideas and materials to improve your in house HAZCOM training. To register, contact Alison Butler at [abutler@councilofindustry.org](mailto:abutler@councilofindustry.org), or (845) 565 - 1355.



*It may look like alphabet soup, but it is very important to have the correct set of INCOTERMS on your documentation to make clear which party is responsible for freight charges, transportation responsibilities and procuring proper documentation for customs.*

## Personnel Matters

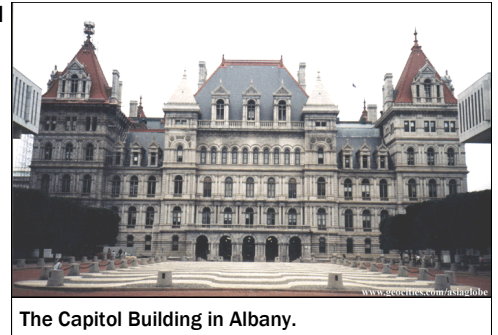
### New York Legislative Update

From Jackson Lewis

During the 2007 legislative session, the New York legislature passed and Governor Eliot Spitzer signed into law various pieces of legislation relevant to New York employers. Below are additional modifications to the New York Labor Law and amendments to the New York Human Rights Law that affect employers.

#### Necessity For Detailed Written Commission Agreements

Effective October 16, 2007, based on modifications to the definition of "Commission Salesman" in Section 191 of the Labor Law, the terms of employment (including, but not limited to, the terms under which commissions are earned during employment and upon termination of employment and the frequency of reconciliation of any recoverable draw) of a commissioned employee must be in a writing signed by both the employer and the employee, retained by the employer for at least 3 years and made available to the Commissioner of Labor, upon request. Due to this mandate, the statute now specifically states that, in the absence of a written agreement, there is a presumption that the terms of employment set forth by a commissioned employee are accurate.



The Capitol Building in Albany.

#### Protection For Those Convicted of Violations Added to Human Rights Law

Effective November 1, 2007, the New York State Human Rights Law is amended to prohibit employers from taking any adverse action against an applicant or employee due to Youthful Offender Adjudication or for a conviction for a Violation sealed pursuant to the Criminal Procedure Law. Currently, the Human Rights Law only prohibits employers from disqualifying applicants or employees based on a non-pending arrest that did not result in conviction. Since, as a practical matter, almost all Violation convictions generally are sealed, New York employers' right to disqualify individuals based on Violations will generally be proscribed. New York employers retain the right to take action based on job-related misdemeanor and felony convictions and pending arrests.

#### Change In Labor Law Definition of "Clerical and Other Worker"

Effective January 14, 2008, the exclusion from the definition of "Clerical and Other Worker" set forth in Section 190 of the Labor Law changes from exempt executive, administrative and professional employees whose earnings are in excess of \$600 per week to exempt executive, administrative and professional employees whose earnings are in excess of \$900 per week. Based on this modification, after January 14, 2008:

Exempt executive, administrative and professional employees making less than \$900 per week must be paid no less frequently than semi-monthly (currently, exempt executive, administrative and professional employees making more than \$600 per week can be paid monthly, instead of semi-monthly).

Employers only can mandate direct deposit for exempt executive, administrative and professional employees making more than \$900 per week (currently, direct deposit can be mandated for exempt executive, administrative and professional employees making more than \$600 per week).

Exempt executive, administrative and professional employees making less than \$900 per week have the right to collect wage supplements, including unpaid vacation and bonuses due under the employer's policy, under the Labor Law (currently, exempt executive, administrative and professional employees making more than \$600 per week are not entitled to collect wage supplements under the Labor Law).

This is a general summary of legislative changes of interest to employers. As always, Jackson Lewis attorneys are available to answer your questions regarding any of these legislative developments or any other issues under New York law.

**The New York State Human Rights Law is amended to prohibit employers from taking any adverse action against an applicant or employee due to Youthful Offender Adjudication or for a conviction for a Violation sealed pursuant to the Criminal Procedure Law.**

## More Personnel Matters

### Ten Top Performance Management Tips

By **Martin Haworth**

1. **Talk to Your People Often**  
By building a great relationship with your people you will bring trust, honesty and information. This gives you a head start in Performance Management of your people.
2. **Buld Feedback In**  
On the job two-way feedback processes gets rid of the nasty surprises that gives Performance Management such a bad name. By building it in as a natural activity, you take the edge away.
3. **Be Honest**  
By being frank and honest, which the preparation work in building a great relationship has afforded you, both parties treat each other with respect and see each other as working for everyone's benefit.
4. **Notice Great Performance**  
When you see good stuff, shout about it! Let people know. Celebrate successes and filter this into formal processes.
5. **Have a System**  
Performance Management is a process and needs some formality - especially for good personnel practice and record. This need not be complicated, but it needs to be organised and have timescales.
6. **Keep it Simple**  
But do keep it simple. If you have a relationship with your people that is strong anyway, you already know what they are about. Formal discussions can be friendly and simple, with formality kept to a minimum.
7. **Be Very Positive**  
Celebrate great performance! Focus on what's going well. It's about successes and building on strengths, not spending ages on their weaknesses - that serves no-one. Go with the positives!
8. **Achieve Their Needs**  
Remember that we all have needs that we want fulfilling. By working with your people to create outcomes that will do this, you will strengthen your relationships and channel effort in a constructive direction.
9. **Tackle Discipline**  
Whilst it often happens, Performance Management is not about managing indiscipline. That has to be managed in a different way. By setting clear standards in your business that everyone understands and signs up to, discipline becomes much, much easier.
10. **Learn from Mistakes**  
As part of regular on-the-job and informal review, mistakes will come to light; things will go wrong. By using the 'What went well? And 'What could you do differently?' format, the unsatisfactory performance becomes controllable and a positive step.



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## Consumer Price Index - Oct. 2007

			<u>Point</u>	<u>%</u>	<u>% Increase</u>
<b>Wage Earners &amp; Clerical</b>	<u>Oct.</u>	<u>Sept.</u>	<u>Increase</u>	<u>Month</u>	<u>Year</u>
1967=100	608.7	607.3	1.4	0.2	+3.7
1982-84= 100	204.3	203.9	0.4	0.2	+3.7
<b>All Urban Consumers</b>					
1967=100	625.9	624.5	1.4	0.2	+3.5
1982-84=100	208.9	208.5	0.4	0.2	+3.5

Hudson Valley Unemployment Rate for November 2007 = 3.8%



## Legislative Matters

### **New Index Finds New York's Economic Recent Past and Future Equally Bleak**

Claire Hazzard, NYS Business Council

ALBANY—New York's past economic performance and future economic outlook are among the bleakest in the nation, according to a new report by the American Legislative Exchange Council (ALEC), a bipartisan association of state lawmakers based in Washington D.C.

The ALEC-Laffer State Economic Competitiveness Index ranked New York's economic outlook as 49th in the nation – below only Vermont. Its rankings have been posted in the Public Policy Institute's online compendium of key economic and social indicators, Just the Facts. The Public Policy Institute is the not-for-profit research affiliate of The Business Council.

The ALEC-Laffer State economic outlook ranking was based on 16 variables, including top marginal personal and corporate income tax rates, property and sales tax burdens, debt service as a percentage of total tax revenue, and estate taxes.

In terms past performance, the Empire State ranked 47th or third worst in the nation, based upon its 10-year performance in three variables: personal income per capita, absolute domestic migration, and non-farm payroll employment.

The report pointed to a period in the mid 1990s when New York lawmakers and then-Governor George Pataki enacted tax cuts that evoked a steep increase in revenue and a resurgence in the state's economy.

"However, taxes rose again in the late 1990s and early 2000s, and the upstate region is again one of the most depressed areas in the nation," the report said.

To better its outlook and shrink the number of people moving out, New York should copy not only the moves of better-performing states, but also that of Ireland, the report said. Until recently, Ireland had one of the worst economies in Western Europe. But in the 1990s, the country "dismantled" its welfare system and drastically reduced tax rates, the report said. The nation succeeded in lowering its corporate tax rate to 12.5 percent, the lowest in the industrialized world.

"In the succeeding 10 years, for the first time in decades [Ireland's] population grew (to 5.7 million), GDP rose at twice the rate of Europe's, and more than 1,000 international companies, such as Intel, Bristol-Myers, Squibb, Microsoft, Dell, and Motorola, moved in," the report said.

### **Grants From Empire State Development Available**

Nikki Koenig Nielson Arcady Solutions.

New York State has many agencies with grant programs designed to address business needs. The overall goal is to keep businesses (and jobs!) in the state. One of those agencies is Empire State Development, with offices located throughout the state. There is a local office in New Windsor, right on the Stewart Airport campus.



Empire State Development is charged with supporting business needs. They currently offer two distinct grant opportunities for manufacturers.

The *Industrial Effectiveness Program* can assist with a myriad of needs, including product design and development, manufacturing process and quality improvement, market expansion and product commercialization, information systems upgrades, supplier development projects, project management, technical awareness seminars and assistance with environmental and other regulatory requirements. Small and mid-sized manufacturing firms are eligible to apply for up to \$50,000. This program looks for the involvement of employees, the impact that assistance will have on economic development and a demonstrated need for funds.

A second program, the *Manufacturing Assistance Program*, is designed to assist in capital projects for companies making an investment of at least \$1 million to improve productivity and/or competitiveness. Projects may involve the acquisition of machinery and equipment, changes in manufacturing process or layout, or worker training. Eligible firms are New York State manufacturers employing 50 to 1,000 workers; exporting at least 30% of supply beyond the region or supply at least 30% of production to a manufacturer that exports beyond the region. Projects will need to retain at least 85% of the current workforce for at least five years.

Key to any grant funded program is to make sure that the program you are looking at will help you meet your needs and become a better, stronger business. The ability to obtain grant money and implement it successfully will lead to more grant opportunities in the future. In either program, Empire State Development will meet with you and help determine if the grant program works for your company. The staff at Empire State Development can facilitate the process. To learn more, call 1-800-STATE-NY or visit [www.empire.state.ny.us](http://www.empire.state.ny.us).

**The ALEC-Laffer State economic outlook ranking was based on 16 variables, including top marginal personal and corporate income tax rates, property and sales tax burdens, debt service as a percentage of total tax revenue, and estate taxes.**

## Member Profile

### Zierick Manufacturing Corporation

**Year Founded:** 1919

**Location:** Mt. Kisco, NY

**Number of Employees:** 95

**Principle Product:** Electronic connectors and assembly equipment

**Council Member Since:** 1997



A machine developed by Zierick to install the components they manufacture.

electronic mechanisms to the transportation industry, and their products can be found not only in cars, but also in aircraft and even on the moon. The quality of their work is evi-

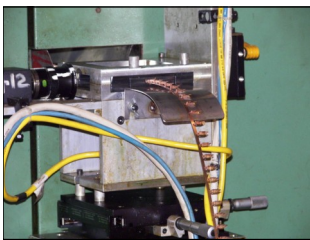
dent by the fact that an aircraft part was returned to them after working without a hitch for twenty-three years.

The world of electronics has evolved and expanded and so has Zierick. Today they are manufacturing pieces for LED panels, medical devices and even solar panels. They continue to improve on the efficiency of their products as well. As they look to the future Zierick is working with inventors as they develop and design prototypes. Ms. Zierick explained that they want to be part of the development process from the design stage on, which can take several years, but ultimately this will lead to a better end product for their customers. Zierick wants to become involved with ideas that are currently small but with potential for growth. In this way Zierick's R&D department helps small companies and innovators.

One word that comes up repeatedly when talking about Zierick Manufacturing and their products is "connections". It is their business to make electrical connections, but part of the reason they have been in business as long as they have is the connections they have made with their employees. When asked what makes Zierick special, Ray Morales, Human Resource Director, said "It is the way every decision is made with the thought put into how it will affect the entire company, including its employees." It is not easy to keep a manufacturing business going for over eighty years in Westchester County. Sometimes it really is better to do something the way it has always been done, especially when it has worked for three generations. Many people at Zierick have worked there for a very long time, and these connections may be the best ones Zierick has ever made.

When it comes to surviving and thriving in the manufacturing world, key factors in any company's success are its adaptability and making the right connections. These are just a couple of reasons Zierick Manufacturing has continued manufacturing electronic components since 1919.

The company started when the current CEO, Gretchen Zierick's grandfather, started making metal stampings for crystal radio sets. The company grew with the electronics industry, and their capabilities soon included plating and tapping. During World War II the Zierick catalog grew to include rivet terminals, lugs, clips, splices, and many other products for every sector of the electrical and electronics industry, including early circuit boards. This ingenuity is obviously a family



The final stage of transformation for a strip of metal.

trait because as the world of electronics changed so has Zierick Manufacturing, yet it still remains a family

owned and operated business after three generations. They are continually looking for ways to make more efficient connections and better circuit boards.

Ms. Zierick points out that her company manufactures the "hidden parts" of many items we use every day. Zierick's electronic circuitry is in thermostats, electronic car antennas, seat belt sensors, lighting controls, surge protectors, smoke detectors and a wide range of other products. In fact, Zierick supplies a number of

*As they look to the future Zierick is working with inventors as they develop and design prototypes. Ms. Zierick explained that they want to be part of the development process from the design stage on, which can take several years, but ultimately this will lead to a better end product for their customers.*

## EHS Matters

### Energy Independence and Security Act of 2007 (H.R. 6)

From NAM

The Energy Independence and Security Act of 2007 (H.R. 6) that passed the Senate on Dec 13, 2007 and the House of Representatives on Dec 18, 2007 will be signed by President Bush on Wednesday, December 19, 2007. This bill contains numerous provisions affecting U.S. manufacturers, which are highlighted in the sections below:

#### **What's In The Bill**

##### **Corporate Average Fuel Economy (CAFE) Standards**

Title I (Sections 101-113) contains language that requires the National Highway Traffic Safety Administration (NHTSA) beginning in 2011 to annually increase the national average fleet fuel economy standards for cars and light trucks to 35 miles per gallon by 2020. This bill raises the national fuel economy standards for passenger automobiles for the first time since 1975. For the last years of implementation (2021-2030), car and light truck fuel economy standards would increase at the maximum feasible rate. Title I includes language that would establish a program for medium-duty and heavy-duty trucks, as well as a separate program for work trucks, that would improve fuel economy standards by the maximum feasible rate.

##### **Renewable Fuel Standard**

Title II (Sections 201-234) contains language that expands the renewable fuels standard to 9 billion gallons in 2008 and progressively increases it to 36 billion gallons by 2022. It also calls for a standard of 21 billion gallons of advanced biofuels, like cellulosic ethanol, by 2022. In addition to supporting increased biofuel R&D efforts, Title II authorizes \$25 million annually in 2008-2010 for biofuels research.

##### **Energy Efficiency**

Title III (Sections 301-325) is very important to many NAM members. It promotes energy conservation through efficiency programs and increased efficiency standards. Specifically, Title III establishes programs for a wide range of appliances as well as lighting efficiency and standards. It also included key research and development incentives and a carbon sequestration demonstration project.

##### **What's Not In the Bill**

Energy legislation that passed the House and Senate earlier this summer contained several anti-growth provisions opposed by the NAM. Manufacturer lobbying was instrumental in convincing congressional leaders to remove these egregious provisions before sending a bill to the President. Included in those provisions were:

##### **Increased Taxes on Energy Producers**

The House adopted legislation earlier this month that would have ended the Sec. 199 deduction for domestic energy producers and changed depreciation rules related to energy exploration. An NAM Key Vote letter to all House offices stressed that placing \$13 billion in new taxes on U.S. energy producers would directly add to the costs of energy production, discourage new domestic oil and natural gas production and make domestic energy investments less competitive economically with foreign opportunities. The Senate blocked final action on the House-passed bill, forcing leaders to abandon these taxes.

##### **Price Gouging/Price Controls**

Language seeking to address "price gouging" was originally part of the Senate energy bill. NAM communications with both the House and Senate stressed that price gouging/controls language "would interfere with normal market force...and could set a dangerous precedent of the federal government artificially pricing goods. In fact, these bills could have unintended consequences by creating product shortages and even higher gasoline prices for U.S. companies and consumers." In the end, Congress agreed and kept the ill-advised language out of the bill.

##### **Renewable Portfolio Standards**

Language in the House-passed energy bill would have imposed a 15 percent renewable portfolio standard (RPS) mandate. While the NAM supports voluntary efforts to encourage the use of renewable fuels, we oppose federal mandates that would create winners and losers among companies and regions of the country, resulting in a transfer of wealth from one region to another. In effect, the RPS provision would have translated into a new tax on electricity, and we commend Congress for omitting it from the final bill.

##### **What Was Missing from the Energy Bill**

##### **Expanded Domestic Supplies**

U.S. manufacturers use one-third of our nation's energy, so policies that seek to expand domestic supply and lower costs are the NAM's top priorities. While H.R. 6 may have an impact on energy prices years from now, we continue to believe that immediate steps must be taken to expand domestic energy supplies through increased production of all types of energy, improved conservation and efficiency, more research on technology and alternative energy, increased access to domestic sources with continued environmental protections, and improved distribution.

**U.S.  
manufacturers  
use one-third of  
our nation's  
energy, so  
policies that  
seek to expand  
domestic supply  
and lower costs  
are the NAM's  
top priorities.**



## CI Calendar—What’s Ahead

January 16, 23	<b>Fundamentals of Leadership</b> - 9:00 a.m. — 4:30 p.m. At Dutchess Community College, Browne Hall, Poughkeepsie. Cost: \$370 for a single participant, \$320 two or more from one company, \$500 for a single non-member.
January 18	<b>EHS Sub –Council Meeting</b> - 8:00 a.m. to 9:30 a.m. at the Council of Industry Office, Desmond Campus, Newburgh, NY. Focusing on HAZCOM—Training Best Practices.
January 18	<b>Last day to purchase an ad in the Council of Industry Membership Directory!</b>
January 28	<b>Manufacturing Alliance Albany Lobby Day</b> - Join with other executives from the Council of Industry and MACNY in Albany to meet with key legislators and discuss issues of importance to manufacturers including energy policy
January 29	<b>Vacuum System Design</b> - 9:00am - 4:30pm Ulster County Community College BRC, Kingston NY \$160.00 per person/\$140.00 for 2 or more

*Of the big four sources of net generation (coal, nuclear, natural gas, and conventional hydroelectric), only hydroelectric generation showed a decrease from September 2006 to September 2007, as it was down by 14.7 percent.*

## Energy Matters

### Electricity Market Summary

Generation: The National Oceanic and Atmospheric Administration (NOAA) reported that September 2007 was the eighth warmest September on record for the contiguous United States. Cooling degree days were 24.4 percent higher than the average for September and 47.4 percent higher than September 2006. According to the Federal Reserve, industrial production was 1.9 percent higher than it had been in September 2006. The higher temperatures and rise in production led to a net generation total that was 6.9 percent higher than September 2006.

Of the big four sources of net generation (coal, nuclear, natural gas, and conventional hydroelectric), only hydroelectric generation showed a decrease from September 2006 to September 2007, as it was down by 14.7 percent. According to NOAA, “the widespread warmth and below-average rainfall in September led to an expansion of drought in the Southeast and parts of the mid-Atlantic and Ohio Valley.” Coal generation in September 2007 was 5.1 percent above September 2006 and net generation attributable to nuclear sources was 1.4 percent higher than the same period. Natural gas-fired generation was 21.2 percent higher than its September 2006 level as more peaking generation was needed in the warmer month. Wind-powered generation was 40.5 percent higher in September 2007 than it was in September 2006.

Year-to-date, net generation was 2.1 percent or 66.0 million MWh higher than the same period in 2006, as the economy continued to grow, according to the Department of Commerce’s Bureau of Economic Analysis.

Year-to-date, 48.2 percent of the Nation’s electric power was generated at coal-fired plants. Nuclear plants contributed 19.1 percent, 21.7 percent was generated at natural gas-fired plants, and 1.7 percent was generated at petroleum-fired plants. Conventional hydroelectric power provided 6.3 percent of the total, while other renewables (primarily biomass, but also geothermal, solar, and wind) and other miscellaneous energy sources generated the remaining electric power.

The average retail price of electricity for September 2007 was 9.44 cents per kilowatt hour (kWh), 2.5 percent lower than August 2007 when the average retail price of electricity was 9.68 cents per kWh; however, it was 0.12 cents per kWh or 1.3 percent higher than September 2006. Retail sales for September 2007 were 6.0 percent higher than September 2006 due to the record warmth observed throughout the country. The average price of residential electricity for September 2007 slightly decreased to 10.94 cents per kWh from 11.05 cents per kWh in August 2007 and remained unchanged from September 2006.

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## Manufacturing Matters

### Manufacturers' Risks and Rewards Accelerate in Global Supply Chain

From NAM Website

WASHINGTON, D.C., Dec. 19, 2007 – With U.S. manufacturing output at an all-time high, U.S. manufacturing productivity at record highs and a more competitive dollar making U.S. products increasingly in demand abroad, a new study by the National Association of Manufacturers shows that small and medium manufacturers must now seek new partners at every stage of the global supply chain – from research and development through manufacturing, packaging, shipment, service and support – to capitalize on new growth opportunities.

“Small and medium manufacturers account for 40 percent of U.S. production value, and their successes and failures can have a substantial impact on America’s economy,” said National Association of Manufacturers (NAM) President and CEO John Engler as he released the report.

“Manufacturers must collaborate closely with new domestic and overseas partners to survive and thrive in the global supply chain. In today’s economy, small and medium manufacturers are more than just suppliers. They are helping to create the new technologies, products, services and business models that are vital for success, both here and abroad. By connecting with outside resources – customers, government, academia – small and medium manufacturers can swiftly expand their core competencies and gain economies of scale,” he said.

The new report, “Forging New Partnerships: How to Thrive in Today’s Global Value Chain,” offers practical insights and strategies for small and medium manufacturers to optimize opportunities and minimize risks in today’s global value chain in four key areas: harnessing innovation; building a skilled workforce; exporting and overseas growth; and financing. It is cosponsored by the NAM; its research and education arm, The Manufacturing Institute; and RSM McGladrey, Inc.

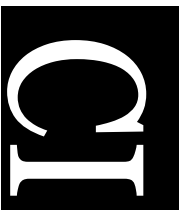
“Traditional supply chains are morphing under the pressure of a globalizing economy,” commented Thomas G. Murphy, Executive Vice President of RSM McGladrey, Inc. “Manufacturers adhering to old supply-chain rules are putting their businesses in jeopardy by not adapting to new rules. Large companies are handing off much of their innovation to small and medium companies that in the past merely built to specifications. The new global manufacturing supply chain is a whole new frontier. This increased responsibility for firms comes with increased risk that is intensified by the unprecedented movement of goods around the world.”

“Forward-looking manufacturers are taking advantage of economic changes at home and abroad by becoming more critical players in the global supply chain,” added Tony Raimondo, Chairman, Behlen Mfg. Co. in Columbus, NE. “Forging external partnerships was the key to our success. While most of our business is U.S.-based, my company entered into a joint venture for manufacturing structural steel in China to be closer to our customers there. We put in the technology and management, they put in the cash. Going global made us a stronger company, as we had to address weaknesses.” The international effort has pushed this agricultural equipment manufacturer from a \$32 million company in 1984 to more than \$200 million in sales today, of which up to 10 percent is exported annually to more than 70 countries over the years. Behlen Mfg. Co. has 1,100 U.S.-based employees.

“This new report will help manufacturers position their companies in larger, more expansive value chains and succeed in today’s global marketplace,” Engler concluded. The numerous best practices cited in the report are drawn from interviews and a roundtable discussion with NAM members, results of an annual survey by RSM McGladrey and insights from the U.S. Dept. of Commerce’s Manufacturing Extension Partnership (MEP). The report is available at [www.nam.org/supplychain](http://www.nam.org/supplychain).

***“Manufacturers must collaborate closely with new domestic and overseas partners to survive and thrive in the global supply chain. In today’s economy, small and medium manufacturers are more than just suppliers. They are helping to create the new technologies, products, services and business models that are vital for success, both here and abroad.”***

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