1910 **CI NEWSLETTER** 2010

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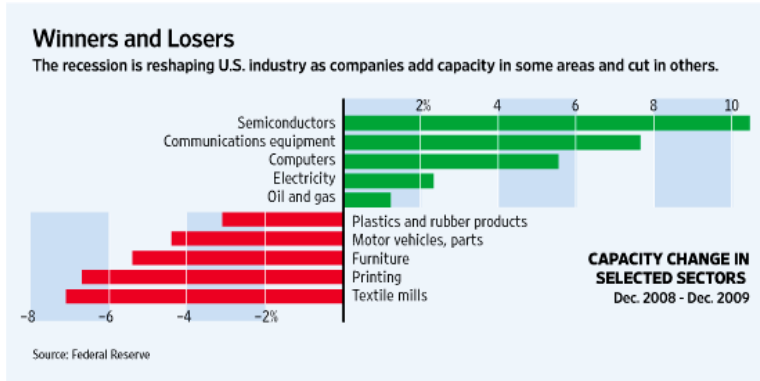
The Council of Industry of Southeastern New York

March 2010 **The Manufacturers Association of the Hudson Valley** Volume 14 Issue 3

Recession Causing Radical Restructuring of Industrial Base

By Harold King, Executive Vice President, Council of Industry



The Wall Street Journal reported in February that America's industrial base is undergoing its most radical restructuring in decades as manufacturers rethink their businesses in the wake of the recession. From Dow Chemical Co. to Intel Corp., iconic companies are telling stories of wrenching change -- both contraction and recovery -- as they reported their earnings for 2009.

Dow Chemical, for example, said it is aiming to shed some $2 billion worth of basic-chemical factories and other assets this year as it moves into more-profitable specialty chemicals. Whirlpool Corp. said it cut about 10 % of its capacity in 2009 as it struggled with a 9.6% drop in sales. Intel, by contrast, is investing billions of dollars in its U.S. plants as demand for computer gear recovers.

To manufacturers in the Hudson Valley and their followers these latest moves are no surprise. We have witnessed the manufacturing economy's longer-term shrinkage, as well as its shift away from heavy sectors, such as automobiles and basic chemicals, toward higher-tech products like super-fast computer chips. In some cases, as with auto makers, companies are stripping down to adjust to diminished U.S. demand or investing in smaller, more-efficient facilities. In other cases, as with chemical makers, they are relocating labor-intensive operations to countries where wages are cheaper. In some ways the Hudson Valley is well ahead in this transition.

During 2009, the nation's capacity to produce motor vehicles and chemicals fell 4.4% and 1.7%, respectively, the largest such declines since at least 1949, according to Federal Reserve estimates. Its capacity to produce semiconductors, by contrast, grew an estimated 10.4%. Overall, U.S. industrial capacity fell by an estimated 1% in 2009, the largest year-to-year decline on record, while goods-producing businesses shed more than 2.3 million jobs.

According to the Wall Street Journal, the restructuring now under way offers insights into what kinds of goods the U.S. should produce, and in what volumes. In industries such as automobiles, housing and appliances, the move to shed capacity is at least partly correcting distortions that built up over many years of easy credit and profligate consumer spending. Now, companies are adjusting to lower demand. The future of American manufacturing in general and Hudson Valley manufacturing in particular lies not in the high volume, low margin products. The future lies in innovative, high value added, lower volume products.

Whirlpool, for example, expects to take out more capacity in 2010, after shutting down some five million units in yearly capacity over the past 15 months. Ford Motor Co. Chief Executive, Alan Mulally, forecast total U.S. auto and truck sales at between 11.5 million and 12.5 million units in 2010, far below their recent peak of 17.5 million in 2005.

For chemical makers, the recession has intensified an exodus from the U.S. that has been going on for at least a decade, amid rising energy costs, environmental concerns and growing demand in developing countries. In the past year, Dow Chemical, has closed, or announced plans to close, six plants producing ethylene-related chemicals in Louisiana and Texas. "The chemical industry is leaving the United States, and it won't be back," said Peter Huntsman, chief executive of Texas-based chemical giant Huntsman Corp., which plans to report fourth-quarter earnings on Feb 19. "When demand picks back up, they'll build new capacity overseas -- in the Middle East, Singapore and China."

Semiconductor makers, for example, saw U.S. demand recover sharply as computer makers scrambled to catch up with a spurt of business investment toward the end of 2009. Intel, which produces chips in Chandler, Ariz., Rio Rancho, N.M. and Hillsboro, Ore., boosted its capital investments to $1.08 billion in the fourth quarter, up 15% from the previous quarter and part of a two-year, $7 billion program to upgrade its U.S. plants.

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Inside this issue:

Training and Education

This Spring, Think Lean!

The Council of Industry has several Lean training available throughout March and April options for companies interested in reducing wasted time and resources. From the Intro to Lean class that provides a great overview of the lean philosophy process tools and vocabulary as well as how to begin implementing lean practices in your work place, to the next level of lean training the yellow belt offered in April. The Yellow Belt training combined with Six Sigma uses the complimentary aspects of each approach to provide a greater impact on the process. This class is three days and includes breaking into small groups to and using the tools learned to address an actual situation from participants work experience. We are also offering a four day Lean Tools and Concepts course in March at Westchester County Community College, that will introduce companies in depth to the Lean Manufacturing process and history as well as how Lean and Six Sigma work together. Project Management (see course description below) is another course offered in April that can help reduce wasted time in the workplace by teaching participants the best way to approach, execute and access projects. For more information on these courses see the descriptions below or go to our website's training page http://www.councilofindustry.org/programs/category_courses.html. To register or if you have questions about a course, contact Ana Maria Murabito at anamaria@councilofindustry.org or call (845) 565-1355.

Lean Tools & Concepts

Dates: March 15, 16, 17 & 18, 2010 **Time**: 9:00 am - 4:00 pm **Location:** Westchester Community College

Cost: $550 Single participant; $500 Two or more from one company **Instructor:** Christopher DiMarco, Change & Response Strategies, LLC

Introduction to Lean Manufacturing

Dates: March 31, 2010 **Time**: 9:00 am - 4:00 pm **Location:** Advanced Coating Technologies, Middletown, NY

Cost: $200 Single participant; $175 Two or more from one company **Instructor:** Vincenzo Buonomo, Rochester Institute of Technology (RIT)

Lean Six Sigma & Yellow Belt

Dates: April 20, 21, 22, 2010 **Time**: 9:00 am - 4:30 pm **Location:** Dutchess Community College

Cost: $400 per participant **Instructor:** Vincenzo Buonomo & Dr. Don Baker, Rochester Institute of Technology (RIT)

A minimum group of three participants per company required

Project Management

Dates: Thursdays, April 8-15-22-29 & May 6, 2010 **Time:** 9:00am - 4:30pm **Location:** Rockland Community College

Cost: $600 Single participant - $550 Two or more from one company **Instructor:** Evadne Gianinni, HospitalityGreen

This course will introduce basic concepts including the definition of a project and the project manager's job, how to develop success criteria, and how to engage project stakeholders. Topics will include: • **Project Life Cycle**—Methodology, SOP's, Corporate Standards, Why DO projects fail? • **Project Initiation—**Project Organization, Project Office, The Project Team, Needs Analysis, Project Management Tools

• **Planning—**Objectives and Benefits, Project Charter, Scope, Deliverables, Resources and Costs, Project Schedule

• **Execution** —Budgeting and Costs, Schedule Revision, Resource Allocation, Change Control Plan, Communication Plan, Progress Reporting, Risk Management Plan, Execution of the Plan, Monitoring the Plan, Measurement and Metrics (Key performance indicators and Repetitive processes)

• **Termination**—Project Post-mortems, Lessons learned, Ideas for Improvement, Final Decision

Council News

How to Stay Union Free will be the March Human Resources Sub-council Meeting

Topic: How to Stay Union Free
When: Friday, March 19, 9:00 am - 10:30 am
Where: Advanced Coating Technologies, Middletown, NY
Cost: None for Council Members
With the EFCA (Employee Free Choice Act) looming in Congress, now more than ever it is important to know what options employers have to keep their workforce union free. This presentation by Michael Hekle from Jackson Lewis LLP, will cover the following topics:

- How to fight organizing techniques, including corporate campaigns, neutrality agreements, and card checks
- How you can make unions irrelevant to your employees — before the organizing starts
- How to develop a comprehensive plan that starts working long before the union shows up
- How to empower your supervisors to exercise their union-free rights under the law
- How to protect your company's property rights when confronted with organizing
- How to define the communications agenda and put the union on the defensive
- There will be an update on the EFCA's progress and how EFCA will affect employers

To register or for more information contact Alison Butler at abutler@councilofindustry.org or call (845) 565- 1355.

Welcome New Associate Member:

Direct Energy Business– Commercial Energy retail supplier Contact: Kelly Douvlis.

February EHS Meeting: Electrical Safety Re-scheduled for April 16th

When: Friday, April 16th, 9:00—10:30 am
Where: H.O. Penn, Poughkeepsie, NY
Cost: None for members

The next Environment Health and Safety Sub-council meeting will cover electrical safety. Steven Enright, safety engineer, will cover:

- General electrical safety
- OSHA standards
- Qualifications for working w/ electricity
- Protective measures
- Fundamental considerations
- Safety controls

There is still room if you would like to attend - **Contact Alison Butler to register or for more info—** abutler@councilofindustry.org

Human Resource Sub-council Meeting for May Announced

The Council of Industry's Human Resources Sub-council will meet on Friday, May 21st to discuss Wage & Hour law and the Fair Labor Standards Act. **Joan Marie Dowling from Bond, Schoeneck & King PLLC** will provide a presentation and answer questions on the topic. Look for more information in the Council of Industry's April Newsletter and Weekly Updates.

Topic: Wage & Hour and FLSA
When: Friday, May 21st, 9:00—10:30 am
Where: To be announced
Cost: None for members

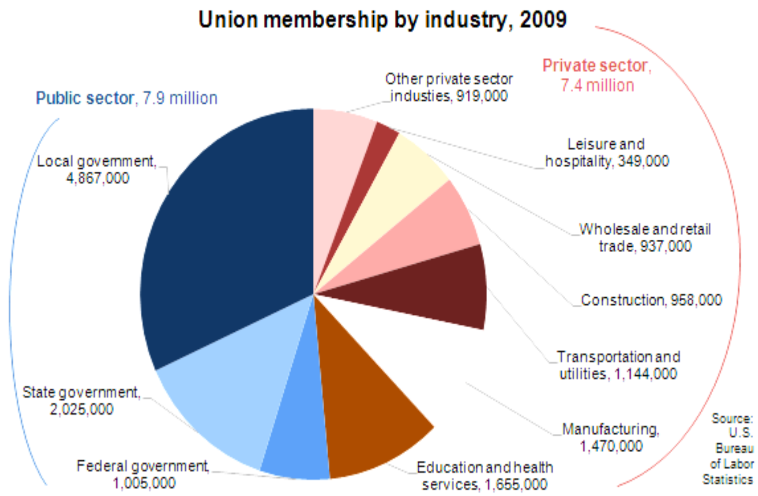
With the EFCA (Employee Free Choice Act) looming in Congress, now more than ever it is important to know what options employers have to keep their workforce union free.

Personnel Matters

The number of wage and salary workers belonging to unions declined by 771,000 to 15.3 million, largely reflecting the overall drop in employment due to the recession. In 1983, the union membership rate was 20.1 percent, and there were 17.7 million union workers.

Majority of Union Members Now Work for the Government

From The Bureau of Labor & Statistics



In 2009, the union membership rate--the percent of wage and salary workers who were members of a union--was 12.3 percent, essentially unchanged from 12.4 percent a year earlier, the U.S. Bureau of Labor Statistics reported today. The number of wage and salary workers belonging to unions declined by 771,000 to 15.3 million, largely reflecting the overall drop in employment due to the recession. In 1983, the first year for which comparable union data are available, the union membership rate was 20.1 percent, and there were 17.7 million union workers.

The data on union membership were collected as part of the Current Population Survey (CPS). The CPS is a monthly sample survey of about 60,000 households that obtains information on employment and unemployment among the nation's civilian non-institutional population age 16 and over.

Some highlights from the 2009 data are:

--More public sector employees (7.9 million) belonged to a union than did private sector employees (7.4 million), despite there being 5 times more wage and salary workers in the private sector.

--Workers in education, training, and library occupations had the highest unionization rate at 38.1 percent.

--Black workers were more likely to be union members than were white, Asian, or Hispanic workers.

--Among states, New York had the highest union membership rate (25.2 percent) and North Carolina had the lowest rate (3.1 percent).

Industry and Occupation of Union Members

In 2009, 7.9 million public sector employees belonged to a union, compared with 7.4 million union workers in the private sector. The union membership rate for public sector workers (37.4 percent) was substantially higher than the rate for private industry workers (7.2 percent). Within the public sector, local government workers had the highest union membership rate, 43.3 percent. This group includes workers in heavily unionized occupations, such as teachers, police officers, and fire fighters. Private sector industries with high unionization rates included transportation and utilities (22.2 percent), telecommunications (16.0 percent), and construction (14.5 percent). In 2009, low unionization rates occurred in agriculture and related industries (1.1 percent) and financial activities (1.8 percent).

Six states had union membership rates below 5.0 percent in 2009, with North Carolina having the lowest rate (3.1 percent). The next lowest rates were recorded in Arkansas (4.2 percent), South Carolina (4.5 percent),

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More Personnel Matters

U.S. DOT Proposes Requiring Drug Testing for Ecstasy, Lowering Cutoff for Cocaine and Amphetamines

From JacksonLewis.com

The U.S. Department of Transportation ("DOT") published a Notice of Proposed Rulemaking to make DOT's drug testing procedures consistent with new U.S. Department of Health and Human Services' ("HHS") requirements that would take effect on May 1, 2010. Highlights of the February 4, 2010, proposed changes include:

Require testing for Ecstasy (MDMA). The initial screening cut-off concentration for MDMA will be 500 ng/ml and the confirmatory cut-off concentration will be 250 ng/ml for MDMA, as well as MDA and MDEA (drugs that are chemically similar to Ecstasy).

Require testing for 6-acetylmorphine (a unique metabolite of heroin, considered to be definitive proof of heroin use).

Lower the initial test cutoff concentration for amphetamines from 1,000 ng/ml to 500 ng/ml, and lower the confirmatory test cutoff concentration from 500 ng/ml to 250 ng/ml.

Lower the initial test cutoff concentration for cocaine from 300 ng/ml to 150 ng/ml, and lower the confirmatory test cutoff concentration from 150 ng/ml to 100 ng/ml. HHS lowered the cutoff concentrations for cocaine and amphetamines to increase the window of detection for these drugs, *i.e.,* the number of hours after a drug is ingested by an individual that the concentration of the drug or drug metabolite in urine will likely remain above the cut-off concentration. HHS believes this change will increase the deterrent effect of the drug testing program and increase identification of employees using illicit drugs.

1. Allow DOT employers to choose between a full service laboratory and an Instrumental Initial Test Facilities ("IITF"). An IITF conducts initial tests only, and would only provide results to employers for negative and negative dilute specimens, as well as specimens they reject for testing. All other specimens would be forwarded to a HHS-certified laboratory. DOT intends to modify regulations to add IITFs to the laboratory section of the regulations and spell out how an IITF should conduct urine testing.

Modify some definitions and add a few new definitions to make them consistent with the HHS Guidelines for Federal Workplace Drug Testing Programs definition. Some of the proposed modifications include revisions to the definitions of "adulterated specimen," "cancelled test," "confirmatory drug test," "initial drug test," "invalid result," "laboratory" and "limit of detection." New definitions will include "Instrumental Initial Test Facility," "negative result," "positive result," "rejected for testing," and "split specimen collection," among others.

Comments to DOT's Notice of Proposed Rulemaking must be submitted within 60 days of publication in the Federal Register, *i.e.*, by April 5, 2010. All comments received will be posted to Regulations.gov.

If you should have any questions, or if you require assistance with your drug and alcohol testing program, please contact a member of our Drug Testing and Substance Abuse Management Practice Group.

Consumer Price Index - Jan. 2010

				Point	%	% Increase
Wage Earners & Clerical	**Jan.'09**	**Jan.**	**Dec 09**	**Increase**	**Month**	**Year**
1967=100	612.72	633.18	630.60	2.58	0.4	3.3
1982-84= 100	205.70	212.57	211.70	0.87	0.4	3.3
All Urban Consumers						
1967=100	632.49	649.10	646.89	2.21	0.3	2.6
1982-84=100	211.14	216.69	215.95	0.74	0.3	2.6
Hudson Valley Unemployment Rate for December 2009 = 7.2						

Legislative Matters

Manufacturers To Albany: Let Us Grow

Nearly 100 Manufacturers from across New York State traveled to Albany February 9th, to make their case to legislators that the best way to solve New York's budget crisis is to help its industry grow and prosper.

"Manufactures Day 2010" included an overview of the issues affecting manufacturing by Randall Wolken, President of the Manufacturers Association of Central New York. Mr. Wolken discussed the results of a statewide survey of manufacturers on the political issues that most affect their businesses. Not surprisingly the top issues are:

- Out of control health care costs driven by state mandated coverages, community rating and excessive taxes on health insurers.
- High taxes on corporate income, estates, energy and property.
- Workers compensation costs that remain among the highest in the nation.
- Energy cost that are among the highest in the nation.

Harold King, Executive Vice President, Council of Industry, facilitated a panel discussion with members from both the state Assembly and Senate.

The day' participants heard remarks from State Assembly Minority Leader Brian Kolb, Senate Minority Leader Dean Skelos, Assembly Majority Conference Chairman Ronald Canestrari and Lieutenant Governor Richard Ravitch. All of whom acknowledged the important role manufactures play in the state's economy. Lt. Governor Ravitch spoke of a state that is "eating its seed corn" by driving away the manufacturing businesses that fuel the state's economy and thus the government's revenues.

Council of Industry Executive Vice President Harold King facilitated a panel discussion by members of the Assembly and Senate from across the state, including Hudson Valley Assemblyman Marc Molinaro. Panelists fielded questions from the audience on issues including the lawsuit filed by the state against the workers' comp trusts, the end of the Empire Zone program, the lack of business friendly economic development, health and energy policies, and the growing financial crisis in the state.

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In the afternoon participants broke into small groups to visit their local representatives to introduce themselves and to discuss the issues. In all discussions were held with more than 60 legislators.

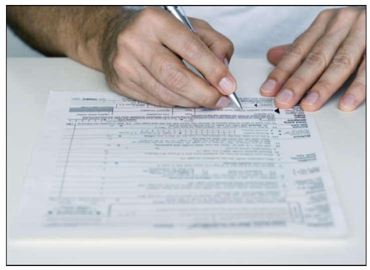
Manufacturing Day 2010 was sponsored by the Manufacturers Alliance of New York State. It is the third consecutive year the event was held with it growing in size and influence each year.

More Legislative Matters

USDOL Publishes Model CHIPRA Notice for Use By Employers

By Amy Klein From BS&K 's New York Labor & Employment Law Report

A model notice that informs employees of the availability of premium assistance for employer-provided group health plan coverage was published in the Federal Register on February 4, 2010, one year after President Obama signed the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA). Employers who offer group health plan coverage must provide this notice to employees before the beginning of the next plan year, and annually thereafter. CHIPRA's impact on employer health plans and the notice requirements are described below.



Employers who offer group health plan coverage must provide this notice to employees before the beginning of the next plan year, and annually thereafter.

CHIPRA's Impact on Employer Health Plans

CHIPRA affects employer group health plans in two ways:

- It requires most group health plans to have a special enrollment period when there is a termination of Medicaid or CHIP coverage, or when a child becomes eligible for assistance in the purchase of employment-based coverage. The employee must request coverage within 60 days of the event.

- It allows a State to offer a premium assistance subsidy for qualified employer-sponsored coverage to all targeted low-income children who are eligible for child health assistance under the plan and have access to such coverage. New York and 39 other states have chosen to offer such assistance. Election of the subsidy is voluntary on the part of the child (or the child's parent). The subsidy amount is the difference between the employee contribution required for enrollment only of the employee, and the amount required for enrollment of the employee and the child in such coverage, less any applicable premium cost-sharing applied under the State child health plan. The premium assistance may be paid either as reimbursement to an employee for out-of-pocket expenditures or directly to the employee's employer. The employer may opt out of the direct payment with notice to the State.

Notice Requirements

The model notice issued by the Department of Labor is available in modifiable, electronic form on its website, www.dol.gov/ebsa.

Employers must provide the notice, free of charge, to each employee, regardless of enrollment status. The initial copy of the notice must be provided in connection with the annual enrollment period for the first plan year that begins after the date of publication, or May 1, 2010 (if later). For employers that operate health plans on a calendar year basis, the first notice is due in advance of the plan year that begins January 1, 2011. It is also a good idea to include the notice in enrollment materials for new hires. Each year, another copy of the notice must be provided to all employees.

Although the notice must be a separate, prominent document, it may be delivered with the annual enrollment packets or the summary plan description, as long as the delivery of those documents meets the timing requirements described above. No separate mailing is required. Electronic delivery in accordance with the Department of Labor's electronic disclosure safe harbor is permitted.

EHS Matters

US Department of Labor's OSHA Proposes Recordkeeping Change to Improve Illness Data

From www.osha.gov

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) is proposing to revise its Occupational Injury and Illness Recording and Reporting (recordkeeping) regulation by restoring a column on the OSHA Form 300 to better identify work-related musculoskeletal disorders (MSDs). The rule does not change existing requirements for when and under what circumstances employers must record musculoskeletal disorders on their injury and illness logs.

Many employers are currently required to keep a record of workplace injuries and illnesses, including work-related MSDs, on the OSHA Form 300 (Log of Work-Related Injuries and Illnesses). The proposed rule would require employers to place a check mark in a column for all MSDs they have recorded.

The proposed requirements are identical to those contained in the OSHA recordkeeping regulation that was issued in 2001. Prior to 2001, OSHA's injury and illness logs contained a column for repetitive trauma disorders that included noise and MSDs. In 2001, OSHA separated noise and MSDs into two separate columns, but the MSD column was deleted in 2003 before the provision became effective. OSHA is now proposing to restore the MSD column to the OSHA Form 300 log.

"Restoring the MSD column will improve the ability of workers and employers to identify and prevent work-related musculoskeletal disorders by providing simple and easily accessible information," said Assistant Secretary of Labor for OSHA Dr. David Michaels. "It will also improve the accuracy and completeness of national work-related injury and illness data."

For more information, view OSHA's proposal at: http://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=FEDERAL_REGISTER&p_id=21314. This notice will be published in the Jan. 29 edition of the *Federal Register*.

OSHA: Employers May Require Employees to Take Flu Vaccines

From JacksonLewis.com

Employers may order employees to take seasonal and H1N1 vaccines, the nation's principal workplace safety and health agency has stated. OSHA offered this opinion in a letter of interpretation, published recently on the agency's website.

The letter is addressed to Congresswoman Marcy Kaptur (D-Ohio), who relayed to OSHA a letter from a constituent asking whether her employer could mandate that she accept a flu shot. According to the constituent, her employer had "threatened the employees with mandatory time off" if they did not accept the flu shots.

OSHA responded, first, by reiterating its guidance that healthcare employers should offer both the seasonal and H1N1 vaccines to employees and that employees should be informed of the vaccines' benefits. It added, however, that employers may require employees to take the vaccines, *even though OSHA has no published standard containing this requirement*. OSHA also provided a cautionary note: an employee who refuses to be vaccinated because of a reasonable belief that he or she has a medical condition that creates a real danger of serious illness or death may be protected from job retaliation under Section 11 (c) of the OSH Act, which prohibits discrimination against employees who exercise their safety and health rights.

The issue of whether employers can require employees to take flu vaccines has been controversial for both employers and employees. OSHA appears to be stepping directly into this controversy. Even though media attention over the H1N1 virus has subsided for the moment, the issue of mandatory vaccines for employees is one that likely will recur during the next flu outbreak.

While employers should be aware of OSHA's interpretation, they also must be mindful of other laws and regulations that may be applicable to issues affecting mandatory vaccinations. Collective bargaining agreements also may be relevant. Employers should consider all of this information before adopting any vaccination policies

CI Calendar—What's Ahead

Mar. 4	Executive Strategic Management Series: Strategic Global Engagement — 5:00 pm –9:00 pm at SUNY New Paltz, School of Business, Van den Berg Hall. Cost: $125 for a single participant, $100 for 2 or more from the same company.
Mar. 10	Certificate in Manufacturing Leadership: Problem Solving and Decision Making -9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: $200 single participant, $175 for 2 or more from the same company, $375 for a single non-member.
Mar. 15 –18	Lean Tools and Concepts—8:30 am—4:30 pm at Westchester Community College. Cost $550 for a single participant or $550 each tow or more from the same company.
Mar 17	Positive Motivation and Discipline—9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. Cost: $200 single participant, $175 for 2 or more from the same company, $375 for a single non-member.
Mar 19	Human Resources Sub-council Meeting: How to Stay Union Free —9:00–10:30 am at Advanced Coating Technologies, Middletown, NY. No cost for members.
Mar 24, 25	Facility Manager "Green" Training and Implementation— 9;00am—4:30 pm at Ulster Community College. Cost $250 for a single participant or $235 each for two or more from the same company.
Mar 25	Executive Strategic Management Series: Capital, Accounting & Finance Strategies — 5:00 pm –9:00 pm at SUNY New Paltz, School of Business, Van den Berg Hall. Cost: $125 for a single participant, $100 for 2 or more from the same company.
Mar 31	Certificate in Manufacturing Leadership: Introduction to Lean Manufacturing -9:00 am—4:30 pm at Advanced Coating Technologies, Middletown, NY. Cost: $200 single participant, $175 for 2 or more from the same company, $375 for a single non-member.
Apr 8	Executive Strategic Management: Authentic Leadership Development — 5:00 pm –9:00 pm at SUNY New Paltz, School of Business, Van den Berg Hall. Cost: $125 for a single participant, $100 for 2 or more from the same company.
Apr 8, 15, 22, 29, and May 6	Project Management— 9:00am — 4:30pm at Rockland Community College. Cost: $600 for a single participant or $550 two or more from the same company.
Apr 20, 21, 22	Lean Six Sigma Yellowbelt Training—9:00am — 4:30pm at Dutchess Community College. Cost: $400 per participant, a minimum of three participants required per company.

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

Marketing Matters

Strategic Growth – Can Marketing Help?

By James Danella, CEO & Strategist, Media Vision Advertising

In my 20+ years in the industry, the words “advertising” & “marketing” have been considered 4-letter words largely throughout the manufacturing industry. Truth be told, marketing, when at it’s best… is the key to strategic growth for every business. Great marketing could be a valuable investment whereas poor marketing is just an expense.

Sadly, marketing “at it’s best” is far & few between these days. From my perspective, one main reason is the marketing effort is not consistent with the strategic vision of the company. Many components are involved here but let’s focus on what we can change vs. elements out of our control.

We are willing to still spend money on products & services, we just want it to last and have value. Frivolous spending has gone by the wayside. It has become about “value” and “integrity” which are quickly becoming the outcry of this new consumer and it is spreading across all industries.

One area to focus is the strategy behind the marketing effort occurring to create awareness as well as bring new business through your doors.

Ask yourself these questions:

- What is the strategic vision for our company?
- Do we have a growth strategy in place?
- Is our marketing plan consistent with the business plan’s goals & objectives?
- How effective is our internal decision-making process?
- Is someone keeping a watchful eye on our P&L regularly?
- Are we receiving (and listening to) customer insights?
- Does the organization have credibility and trust, inside and outside our walls?
- Do we understand and know our targeted customers?
- Are we achieving the market share we desire?

Once you have these answers, you can create a great marketing strategy that can achieve your desired and measurable goals. Sometimes the answer may be complimenting current products with other products that add value or are deemed essential by your customer (leveraged growth). It may also denote establishing the means to educate your customer or developing a referral program. Other times it may require more traditional means of effectively reaching new business or maintaining current business.

In any event, these efforts may require “change” (another 4-letter word in some companies) and even though change is inevitable; it is rarely embraced.

Here’s a few ways to share your strategic vision, growth strategy and marketing plan with your company:

- Get alignment… as you need people on the same page.
- Encourage strategic dialogue.
- Start and lead the dialogue.
- Lay out the strategies to bridge the gap from today to tomorrow.
- Own the list of the strategic priorities involved.

Over the past 2 years, my conclusions have been consistent with the idea there is a “new consumer” now. We are willing to still spend money on products & services, we just want it to last and have value. Frivolous spending has gone by the wayside. It has become about “value” and “integrity” which are quickly becoming the outcry of this new consumer and it is spreading across all industries.

I believe consumers are ready for new kinds of relationships with companies, built more on reality and transparency than on taglines, mascots and fanfare. We need to be relevant.

Now is the opportunity for truly great companies to shine above the rest and for mediocre companies to rise to the challenge or fall by the wayside.

James Danella, CEO & Strategist, Media Vision Advertising
If you have questions or comments you can email me at jamesd@mediavisionadvertising.com

Financial Matters

Financial Outlook for 2010

By Mark A. Grimaldi, Chief Economist and Portfolio Manager for Navigator Money Management

This edition of the Council of Industry newsletter introduces a new feature from Mark A. Grimaldi. Mark is the Chief Economist and Portfolio Manager for Navigator Money Management, Inc. and the Navigator Fund (NAVFX). Navigator Money Management was selected as the Council of Industry's 401(k) Advisor by our Board of Directors in 2005. As an added Council of Industry membership benefit, beginning in April, you will receive a copy of the Fidelity Navigator newsletter – an national newsletter for mutual fund investors that is rated #1 by Hulbert Financial Digest with a clarity score of "A."

Our five year strategic partnership with the Council of Industry has been of great benefit to our organizations and several Council members that we now work with. The inclusion of this article in the Council newsletter is a great next step. Our firm advises on over $2 billion nationally; more information and my biography can be found at navigatornewsletters.com

In 2010, the asset classes I forecast to beat the markets are inflation protected securities (TIPS), gold and inverse treasuries. My "like, but not love" asset class is high yield bonds. My only change for 2010 is to bring TIPS into the trio and move high yield bonds from "love" to "like" status. I plan to give you more direction for 2010 after the fourth quarter GDP reading is released.

Here are The Navigator 2010 Outlooks:

1. The Navigator Trio will beat the S&P 500.
2. If fourth quarter GDP is negative, a double dip recession is almost a certainty.
3. Housing affordability index bottoms and starts to rise dramatically.
4. Republicans regain the majority in at least one house of congress.
5. The Federal Reserve increases the fed funds rate.
6. DJIA has first 1,000 point down day ever.
7. Inflation exceeds 4.00% annually.

Having an accurate economic and market outlook is my big key in managing money. A quick review of the Navigator 2009 Outlooks had us going eight for nine.

My current action call to our Fidelity Navigator newsletter subscribers is to "get control of your bond holdings," or "un-bond" your asset allocation.

On February 18, 2010, the Federal Reserve Board increased the discount rate by 0.25%, up to 0.75%. This means that the bond market is either at or near a top. Remember, as interest rates go up, bond prices generally go down.

Studying December 31, 2000 through June 30, 2003 lends insight into where we are in the current interest rate cycle. During that period, former Federal Reserve Chairman Allan Greepspan led the Fed to cut the Fed Funds rate 15 times, from 6% to a then unheard of 1% - which fueled the housing bubble. Remember, the recent quarter percent increase still leaves the current Fed Funds rate at less than 1%.

When the Fed is in a period of an increasing Fed Funds rate – which we will be in for the foreseeable future – bond prices will go down. It is important to note that not all bonds act the same way. When you receive the Fidelity Navigator next month, courtesy of the Council of Industry, review the model portfolios on page three to see which type of bonds will perform best during this new interest rate cycle.

My current action call to our Fidelity Navigator newsletter subscribers is to "get control of your bond holdings," or "un-bond" your asset allocation.

Manufacturing Matters

"The trend in output is up pretty solidly," Jim O'Sullivan, global chief economist at MF Global Ltd. in New York, said before the report. "Part of the strength is the inventory cycle, but final sales are improving. Consumer spending seems to be growing again."

Industrial Production in U.S. Rose 0.9% in January

By Bob Willis from Bloomberg.com

Industrial production in the U.S. rose more than forecast in January, indicating factories were leading the recovery entering the new year.

Output at factories, mines and utilities climbed 0.9 percent after a 0.7 percent increase the prior month, figures from the Federal Reserve showed today in Washington. Manufacturing gained 1 percent as factories produced more consumer goods and business equipment.

Investment in new equipment will probably be sustained in coming months as companies take advantage of the global recovery. Growing overseas demand and efforts to replenish stockpiles will help keep factories expanding and may generate the jobs needed to boost consumer spending.

"The trend in output is up pretty solidly," Jim O'Sullivan, global chief economist at MF Global Ltd. in New York, said before the report. "Part of the strength is the inventory cycle, but final sales are improving. Consumer spending seems to be growing again."

Economists forecast industrial production would increase 0.7 percent, according to the median of 78 projections in a Bloomberg News survey. Estimates in the survey ranged from gains of 0.3 percent to 1.4 percent.

An earlier report from the Commerce Department showed housing starts in January rose 2.8 percent to a 591,000 annual pace, faster than anticipated. Building permits, a sign of future construction, fell 4.9 percent to a 621,000 pace.

Stock-index futures maintained gains after the reports. Futures on the Standard & Poor's 500 Index expiring in March rose 0.5 percent to 1,098.6 at 9:21 a.m. in New York.

Plant Use

Capacity utilization, which measures the proportion of plants in use, increased to 72.6 percent, as forecast, from 71.9 percent, today's Fed report showed. The plant use rate averaged 80 percent over the past two decades and reached a record low 68.3 percent in June.

Production of business equipment increased 0.9 percent as demand for computers and electronic equipment rose, a sign investment is picking up. Output of consumer goods rose 1.1 percent, and construction supplies increased 1 percent.

Cisco Systems Inc., the biggest maker of networking equipment, is among companies planning to hire. The San Jose, California-based firm this month predicted sales will accelerate and said it will boost its workforce by as much as 3,000 as customers resume spending to deal with surging data traffic.

'More Optimistic'

"Almost every country is saying their momentum is better than it was before, and almost every business is saying it's more optimistic," Chief Executive Officer John Chambers, 60, said in a Feb. 4 interview. "It shows a capital spending trend that's hard to deny, on a global basis."

Utility output rose 0.7 percent. January temperatures were 0.3 degrees Fahrenheit above the long-term average, compared with colder-than-normal weather in December, according to the National Oceanic and Atmospheric Administration.

Mining output, which includes oil drilling, increased 0.7 percent. Motor vehicle and parts production rose 4.9 percent following a 0.3 percent decline the prior month.

Automakers are boosting production to rebuild depleted inventories, according to Rebecca Lindland, director of auto research at IHS Global Insight in Lexington, Massachusetts.

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Member Services

Find Out More About The Council of Industry’s Consulting Services

As part of the Council of Industry’s Member Discount Program, we have a stable of consultants that offer our members excellent service at reduced rates. We have consultants in a variety of fields, from Lean Manufacturing, to Sales and Marketing, to Project Implementation. We also have the Hudson Valley Technology Development Center as an associate member. They provide an assortment of training and consulting as well. Below are brief descriptions of our consultant and their fields.

HVTDC- Hudson Valley Technology Development Center

The Hudson Valley Technology Development Center (HVTDC) helps small to medium-sized manufacturers, businesses, inventors, and entrepreneurs in the seven-county Hudson Valley area to become more competitive in the marketplace. HVTDC provides direct assistance or locates outside resources to help with business development, operations, sales and marketing, workforce development, technology advancement and integration, and entrepreneurial initiatives.

Arnold Most -Lean Implementation - Most Business Improvement Solutions- Council members receive a free initial assessment and reduced rates.

Most Business Improvement Solutions specializes in assisting companies identify and implement *Lean Solutions* for their business. Services include: Statistical Process Control, Value Stream Mapping, 5S Efficiency, Setup Time Reduction, Empowered Employees, and Plant Layout.

Debra Pearlman - Customer Service and Sales Training - DP Sales Pro

DP Sales Pro will work directly with CEO's interested in increasing their sales revenue and motivating their sales and customer service reps. Focusing on customer feedback, satisfaction levels and referral rates allows for customized training sessions. Evaluating the skill level of individual sales and/or customer service agents enhances the one-on-one sales coaching benefits. As a result, clients enjoy long lasting profitable ROI, as well as substantially increased customer satisfaction and referral levels.

Strategically design sales training programs providing clients measurable results and high ROI. Identify areas in need of concentration; establish customized presentations and one-on-one coaching sessions; provide direction and leadership; support and empower team leaders and Sales Managers; and, provide ongoing training as necessary ensuring sales cycle continues to generate high profits and revenue.

Paul Campanella-Project Management - Training, Implementation, Mentoring - Action Plus Project Management,Inc.

Paul Campanella of Action Plus Project Management Inc. offers project management disciplines that can be integrated within a company’s strategic plan and can significantly increase the company’s growth and profit. Services include: Contract Project Management, Training, Consulting/Mentoring/Auditing, and Guided Work Sessions.

Continued from page 13— Manufacturing Matters

Auto Production

Ford Motor Co., the only major U.S. automaker to avoid bankruptcy, plans to boost first-quarter North American production by 58 percent from a year earlier to 550,000 vehicles.

Eaton Corp., the maker of hydraulics and automotive valves, is seeing demand increase in its auto and trucks unit, as is typical early in an economic cycle, Chief Executive Officer Sandy Cutler said last week in an interview from company headquarters in Cleveland.

The company forecasts it will capture about $1 billion in stimulus funds as the federal government rebuilds housing on military bases and aims to improve efficiency in federal buildings. The Obama administration’s $787 billion stimulus program is boosting infrastructure and green energy spending, and the government says it has funded as many as 2 million jobs.

Private surveys have also signaled manufacturing is recovering. The Institute for Supply Management’s factory index on Feb. 1 showed the fastest pace of expansion in January since 2004.

Inventories Stabilize

Efforts to stabilize inventories accounted for 3.4 percentage points of the fourth quarter’s 5.7 percent pace of economic growth, according to figures from the Commerce Department. Factories are also benefiting from rising exports as global demand recovers after the worst slump since World War II ended. A 10 percent drop in the value of the dollar from a four-year high on March 3 against its major trading partners is making American goods more competitive. Exports have risen for eight consecutive months since reaching a three-year low in April.

More Manufacturing Matters

"Personally, I don't think it's a failure of the Toyota Way," said Liker, who also works as a consultant, helping other companies adopt Toyota's production and product development systems.

"I wouldn't damn the whole company because of something they didn't do any more than if a bomb fell on your house I'd blame you for it."

What Do Toyota's Troubles Mean For Lean?

From Reuters

The cascading crisis at Toyota Motor Corp stemming from the massive recall of some of its vehicles is prompting other manufacturers that adopted its production system to ask whether the incident reveals a fundamental flaw in the "Toyota Way."

The early consensus emerging from that re-examination is that the automaker's manufacturing philosophy remains the industry's gold standard, one that rivals reject at their peril. Far from invalidating Toyota's approach, the Japanese company's current woes -- the thinking goes -- only show that it lost sight of its own core principle of "kaizen," or continuous improvement, when it responded to snowballing quality and safety concerns in Europe and North America. "There's been a breakdown in a few processes but I just don't think overall that the model will be repudiated as a result," said Tom Murphy, head of of the manufacturing consulting practice at RSM McGladrey.

"Toyota will be fine." According to Jim Womak of the Lean Enterprise Institute. He believes that around the turn of this century the company made a very human error "by deciding it wanted to become the biggest auto maker quickly, a goal of no interest to any customer. Then it worked backward to do what it took to rapidly become the biggest, surpassing the "do not exceed" speed that every organization has on its instrument panel." The term lean means simply creating ever more value for customers with ever fewer resources. Toyota's growth strategy ran afoul of its commitment to its own principles.

FEWER SUPPLIERS

Jeff Liker, a professor of industrial and operations engineering at the University of Michigan and the author of several books about Toyota, agrees. He says that problems with a single supplier -- like CTS, the Indiana-based company that made the gas pedals in question -- or with the Japanese software writers who may be behind the problems with the Prius's anti-lock braking system do not invalidate the company's production philosophy.

"Personally, I don't think it's a failure of the Toyota Way," said Liker, who also works as a consultant, helping other companies adopt Toyota's production and product development systems.

"I wouldn't damn the whole company because of something they didn't do any more than if a bomb fell on your house I'd blame you for it."

But that sanguine conclusion may come back to haunt Toyota's admirers in manufacturing. That is because the automaker's woes -- like recent production issues at Boeing Co and Caterpillar Inc -- highlight an often overlooked problem with its obsessive focus on hyper efficient supply chains. Sure, fewer parts and fewer suppliers can drive down material costs and radically simplify operations. But when a strategic supplier of a critical part encounters a hiccup, it can have crippling and costly implications for the enterprise.

DARWIN VERSUS KAIZEN

For decades now, top US companies like jetmaker Boeing and machinery-maker Caterpillar have repeatedly rebuilt their plants -- and re-engineered their processes -- to make them more like those of Toyota, which was regarded as the paragon of efficient production and quality control. The reason was simple: By adopting Toyota's approach to manufacturing -- especially its emphasis on eliminating waste and increasing productivity -- manufacturers made themselves more dramatically more profitable and nimble.

Indeed, in the most recent global downturn, Caterpillar was able to ratchet back worldwide production almost instantaneously -- and retain its profitability despite the worst drop in demand for its equipment since the Great Depression -- because of its adoption of Toyota's lean approach to manufacturing.

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Still, the crisis at Toyota highlights a risk associated with that approach. By slashing suppliers and cutting other fat from their operations, manufacturers have left themselves terribly exposed to supply chain surprises -- as Boeing learned when supplier issues delayed the maiden flight of its 787 Dreamliner by two years and as Caterpillar saw when parts shortages made it impossible to meet demand for its giant mining vehicles during the height of the recent commodities boom.

Alex Blanton, an analyst at Ingalls and Snyder who has covered the US industrial space for four decades, says that in this respect, companies that adopt Toyota's lean principles are ignoring the lessons of evolution. "One of the ways Toyota has reduced costs in their lean program was commonality of parts," he said. "Well, if that part has a problem, then it effects many more models. If they'd been using a lot of different gas pedals for these models, and they had problems with one, they wouldn't have to shut down the company. "That's why humans aren't lean." Blanton said. "It's a Darwinian thing. The purpose of fat is to carry you over periods when you don't have food."

Still, most US companies seem to believe the rewards of lean production outweigh the risks. Caterpillar, which has cut the number of companies that supply it by 40% since 2006 and wants to reduce that by another 25 percent over the next few years, has been working with Liker for five years to bring Toyota's product development system in-house.

"Caterpillar still views Toyota as the company to learn from," Liker said.

Continued from page 4

Georgia (4.6 percent), Virginia (4.7 percent), and Mississippi (4.8 percent). Four states had union membership rates over 20.0 percent in 2009--New York (25.2 percent), Hawaii (23.5 percent), Alaska (22.3 percent), and Washington (20.2 percent).

State union membership levels depend on both the employment level and union membership rate. The largest numbers of union members lived in

California (2.5 million) and New York (2.0 million). About half of the 15.3 million union members in the U.S. lived in just 6 states (California, 2.5 million; New York, 2.0 million; Illinois, 1.0 million; Pennsylvania, 0.8 million; and Michigan and New Jersey, 0.7 million each), though these states accounted for only one-third of wage and salary employment nationally.

Continued from front page

A large chunk of semiconductor production takes place abroad, but many companies still prefer to produce in the U.S., particularly if their manufacturing entails little human labor or is highly complex. Being close to the U.S.-based design centers of major chip users like computer maker Dell Inc. and consumer-electronics maker Apple Inc. is an advantage. "This is a kind of manufacturing that will make sense to do in the U.S. for a long time to come," said Tim Peddecord, chief executive of privately held memory-module producer Avant Technology, which recently opened a new 50,000-square-foot plant in Pflugerville, Texas. The new plant will boost the company's capacity to 800,000 modules a month from 500,000.

Mr. Peddecord said his company is bulking up after a shakeout that drove many rivals out of business. Manufacturing in the U.S., he said, allows Avant to turn around U.S. orders in 24 hours, an advantage in an industry where demand is volatile and clients try to keep inventories low. In addition, the reduced freight costs, compared with shipping goods from China, can offset the added cost of U.S. labor, since labor accounts for less than a hundredth of his average sales price.

Manufacturing in the United States is not dead and it is not dying. It is, however, changing. For the most part, and out of a necessity born from New York State's cost structure, Hudson Valley manufacturers learned these lessons years ago and may well be positioned to succeed in the decades ahead. Let's hope so.

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