CI NEWSLETTER

The Council of Industry of Southeastern New York

October 2008 | **The Manufacturers Association of the Hudson Valley** | Volume 12 Issue 9

Inside this issue:

Save the Date: Friday, November 14, 2008

The Council of Industry will hold its 98th Annual Luncheon and Member/Associate Member Expo at the Powelton Club in Newburgh, NY on Nov. 14. Festivities begin at 11:30 am. Sponsorships are available. For more information contact Ana Maria Murabito at ana-maria@councilofindustry.org or (845) 565-1355

Subprime Mortgage Crises Leads to Tighter Capital Access for Manufacturers

From Industry Week August 2008

Oh, the toll the subprime mortgage crisis has taken. Not only on the former home owners who defaulted on their subprime mortgages when the housing market took a dive, or on the financial institutions that suffered huge losses as people grew unable, or unwilling, to make housing payments, but also on manufacturers and other businesses in need of capital.

That's because the subprime mortgage crisis, combined with an already stagnant U.S. economy, has resulted in a credit crunch that has made obtaining capital for plant expansion, for equipment purchases and for acquisitions a much different ballgame than it was even 12 months ago.

"It's like night and day," says Nick Chini, director and principal with Bainbridge, a management consulting and mergers-and-acquisitions advisory firm. "[Investors] are looking at the P&L and the projections for companies with a very different set of projections and assumptions about the future than before," he continues. "You have to work harder to get capital; you have to work harder to get debt."

Still, what the tumultuous capital environment does mean is that small to mid-sized manufacturers likely face fewer options in their search for financial assistance, as well as greater scrutiny.

What does this environment mean for small to mid-sized manufacturers in search of capital to grow or improve their businesses? It doesn't mean that capital can't be found. Indeed, "It's still out there. You can still fund large equipment or a process or expansion," Chini says. "[But] you have to work harder. You can still fund an acquisition; you have to put a little more time and effort into it."

Deals are happening. For example, earlier this year QPM Aerospace, a manufacturer of precision machined parts for the aerospace industry, received a $15 million investment from Key Principal Partners, a private-equity and mezzanine firm that invests in growing middle-market companies. In May, Bank of America Business Capital provided a $120 million credit facility to Sauder Woodworking, a privately held ready-to-assemble furniture manufacturer. The secured credit facility was used to refinance existing debt and for working capital purposes, according to a press statement.

Still, what the tumultuous capital environment does mean is that small to mid-sized manufacturers likely face fewer options in their search for financial assistance, as well as greater scrutiny. They can take steps, however, to improve their likelihood of achieving success.

"The one advantage for the manufacturing arena is they have fixed assets, which always makes it a little more advantageous from a lending perspective," says Richard Bradshaw, senior managing director at UPS Capital, the financial services business unit of United Parcel Service of America. Within manufacturing, there is particular interest by investors in clean manufacturing, green manufacturing and power-saving technologies. And manufacturers with a strong international customer base, who are thus able to capitalize on the cheap U.S. dollar.

Largely, however, attributes other than industry sector play a more significant role in determining whether a small to mid-sized manufacturer makes an attractive customer for a lending institution, experts agree. It's all in how they run the company. "It's the operating company that will pay you back," notes Bradshaw. "Certainly the collateral is very positive if they don't pay you back, but in the end it's the operating business that will pay you back." What's important for manufacturers seeking financing solutions to refinance debt or purchase equipment, Bradshaw says, is to have a well-thought-out business strategy going forward. *(Continued on Page 3)*

Training and Education

Regulatory Refresher Trainings

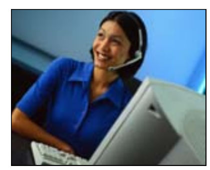
If you are an Environment Health and Safety coordinator the trainings below may be of interest to you. These are refresher courses that are required by law for people that handle various chemicals or other hazardous materials. The courses are taught by experienced instructors and offered at very reasonable rates. If you need more information or would like to register, Ana Maria Murabito at the Council of Industry would be happy to help you. You can send her an e-mail at ana-maria@councilofindustry.org or call her at (845) 565-1355.

DOT Hazardous Materials Training
When: Oct. 8, 8:30am–12:30pm
Where: Orange County Community College, Newburgh Extension Center, Room 111.
Cost:$100 single member, $85 two or more from the same company.
Presented by HRP Associates, Inc.

Blood Borne Pathogens
When: Oct. 10, Time TBA
Where: The Council of Industry Office, Desmond Campus, Newburgh, NY.
Cost:$50 single member, $45 two or more from the same company.
Presented by Kleinfelder.

HAZWOPER
When: Oct. 22, 8:30am–4:30pm
Where: Orange County Community College, Newburgh Extension Center, Room 111.
Cost: $150 single member, $135 two or more from the same company.
Presented by HRP Associates, Inc.

Customer Service & Sales Training *presented by* **Debra Pearlman, DP Sales Pro**



The importance of delivering an excellent customer experience is clearly understood by today's successful business owners. It is the path to increased market share and profitability, as well as the only way in which to earn customer loyalty. Consumer expectations have always been high and will continue to be even more so in the midst of a down turned economy. Delivering a consistent, memorable customer service experience is the only true sustainable competitive advantage.

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The theme throughout the following workshops is tailored for the Manufacturing Industry. Customer service and sales challenges are an inherent part of doing business in any industry. Difficulties with vendor/supplier quality; shipping delays; inventory challenges; and resource limitations are addressed and proactive solutions are generated through participant discussion.

Empathetic and Effective Listening Skills
When: Oct. 16, 8:30 am – 12:30 pm
Where: Orange County Community College, Newburgh Extension Center, Room 111.
Cost: $85 per person, $75 for two or more from the same company.

Taking Your Customer Service & Sales Cycles For a Spin
When: Oct. 30, 8:30 am – 12:30 pm
Where: Orange County Community College, Newburgh Extension Center, Room 111.
Cost: $85 per person, $75 for two or more from the same company.

Attributes of a Critical Thinker
When: Nov.13, 8:30 am – 12:30 pm
Where: Orange County Community College, Newburgh Extension Center, Room 111.
Cost: $85 per person, $75 for two or more.

For more information or to register go to our website www.councilofindustry.org or contact Ana Maria Murabito at anamaria@councilofindustry.org or (845)565-1355.

Council News

Tighter Capitol

(*Continued from page one*)

"For instance," he says, "you've got a company doing okay, but they're looking at buying this new piece of equipment. We want to know, 'What is the story? What is that new piece of equipment going to do for them in the business?'"

Strong Leadership

Approximately two-thirds of Key Principal Partners' investments are in manufacturing, explains managing partner Tim Fay. "When we began we generally found the U.S. middle market, in particular, had an abundance of interesting and quite often very profitable middle-market manufacturing companies," Fay says. "And despite what you read, manufacturing is still here in the U.S. in a very big way."

Avoid These Mistakes

Even as there are many tactics a small to mid-sized manufacturer can employ to improve its ability to obtain capital, or at least obtain less expensive capital, there also are moves to avoid. A common mistake otherwise successful small entrepreneurs make is failing to establish business credit as soon as possible.

An error Bainbridge's Chini has observed is the mid-sized manufacturer that waits too long to begin the process of finding capital. Companies are not taking into consideration the length of time it takes to complete a deal. "It's taking much longer now than ever before," he says. It may be the wrong move, but it's understandable. "These guys are smart guys; they've been around a long time. They're generally pretty frugal guys who didn't make their company into what it is by suffering fools or being foolish with their money," Fay says. They tend to be debt-averse, don't want to be leveraged and try to finance themselves with internally generated cash flow as long as possible. "Quite often the demand curve is such that they can't wait much longer."

Another obvious error would be not shopping around for the best cost of capital, Chini notes. Competition can dramatically reduce the overall costs of capital. Beyond that, multiple funding sources give a company a back-up plan should the proposed funding institution or the company reconsider the financing, he adds. The competition also provides the company an opportunity to learn from meeting with different institutions, and may make a firm's current lender try harder to retain the business.

All that said, Chini tells manufacturers not to be discouraged as they seek out capital in today's turbulent markets. "The sky's not falling. Export growth is stronger than ever. And there's still a good demand base here in North America," he says. The lending has simply become more rational.

What is the Employee Free Choice Act and How Will It Affect Your Company?

Learn more about the EFCA (Employee Free Choice Act) proposal that is pending in Congress from **Richard Landau** an attorney with **Jackson Lewis LLP.**

EFCA passed the House with a strong majority and enjoys majority support in the Senate. The Labor movement has made this the #1 item on its agenda for the new Congress in January and Senator Obama has promised to sign it into law if he is elected.

If signed into law, EFCA could have a devastating effect on all union free employers.

- Find out how the EFCA could effectively do away with NLRB elections.
- Learn more about how the EFCA could possibly provide for an outside arbitrator to write your collective bargaining agreement if the parties cannot reach agreement in 120 days.
- Get the facts about why the EFCA could introduce, for the first time, fines against employers, but not unions, for the commission of unfair labor practices.

To find out more, see the article in this Newsletter on *page 6* and please attend the Council of Industry's next
Human Resources Sub-council meeting on The Employee Free Choice Act

When: Friday, October 31st from 8:00 am to 9:30 am.

Where: The Council of Industry Office.

Cost: None for members

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

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Personnel Matters

Jerks at Work: Dealing With Difficult People

By Lauren Supraner, CAL Learning

Every workplace has them–the chronic complainer; the chatterbox; the verbal abuser; the nay-sayer; the boundaries invader-the list goes on and on. Often, dealing with difficult people at work is the hardest part of your job. Hoping the problem will just go away on its own is unrealistic-you need to take control of the situation and create a plan of action. Here are 5 steps to dealing with difficult people while keeping your cool.

1. Be Prepared

Be very clear on your goals before you confront the difficult person. This will help you stay focused when you feel like losing your temper. Identify a few key points you want to address and what specific outcomes you want. Confronting a difficult person should be about resolving problems, not just venting. Getting your opinion off your chest feels good, but does it get you to your ultimate goal?

2. Keep Your Cool

Keep your emotions in check. Keep your voice tone and volume low. Be aware of your breathing, and take slow deep breaths. A low voice and slow breathing will help you stay calm. If you raise your voice, it sends the message that it is acceptable behavior, and the difficult person will do the same. If you keep your voice low and calm when the other person is yelling, it becomes clear who is being the difficult person. Don't fight for the last word and when all else fails, excuse yourself and walk away.

3. Be Assertive, Not Aggressive

You can make your feelings and needs known without being hostile. You can disagree without antagonizing. An assertive person stands up for herself while being respectful. When confronting a difficult person, be direct and to the point. Don't be self-deprecating, and don't offer disclaimers. You can project confidence by eliminating filler words (um/you know/well/etc.) and by using assertive body language (maintain eye contact; calm, erect body posture). Be prepared to interrupt and take control of a conversation that gets off focus. Maintain your positive attitude and focus on solving the problem.

4. Set and Maintain Boundaries

Set up clear and explicit boundaries of what you will accept and what you won't. If someone is yelling at you, you have the right to say, "I won't talk to you when you yell at me. I will walk away and we can discuss this when you stop yelling." Tell the chatterbox "I need to get to work. I'll see you later" and then break eye contact and get back to work. Choose definitive statements. Keep refocusing on the outcome you want and not the person.

5. Make "I" Statements

Making "I" statements personalizes the experience for the listener. Making "you" statements can sound like blame. The listener is less likely to feel attacked or go on the defensive if you say, "I don't feel comfortable talking about my coworkers when they're not present," instead of "you gossip about everyone!" Make sure to connect your "I" statement to a specific issue or example, and then say what you would like to happen. "I don't feel comfortable talking about my coworkers when they're not present, and I'd rather not hear things about them," will get your message across loud and clear, without using words that pass judgment or blame.

Whenever you come across a difficult person, try your best to empathize. Understanding their perspective may help you see the problem in a new light, or help you come up with a new solution. Be proactive. Seize the problem, don't simply react to it. No matter how difficult a person is, stay calm and don't yell.

Whenever you come across a difficult person, try your best to empathize. Understanding their perspective may help you see the problem in a new light, or help you come up with a new solution. Be proactive. Seize the problem, don't simply react to it. No matter how difficult a person is, stay calm and don't yell.

Lauren Supraner is the president of CAL Learning, an intercultural communication and language training company based in Monroe, NY. You can contact her at lsupraner@callearning.com.

More Council News

Its Time For The Councils 98th Annual Luncheon and Member/ Associate Member Expo

It is that time of year again! The leaves are turning, there is a chill in the air and the Council of Industry is making plans for its 98th Annual Luncheon and Member/ Associate Member Expo. The Council is proud to welcome our keynote speaker, Tim Lugbill, Assistant Vice President of Government Relations for the National Association of Manufacturers (NAM). Mr. Lugbill will discuss the November 4th election results and potential impact they will have on Hudson Valley Manufacturers.

Cornell Associates was one of several displays at last year's Expo.

Please be sure to save the date, Friday, November 14th. The event will begin with the Expo at 11:30 am as guests enjoy cocktails and hors d'oeuvres followed by a delicious luncheon provided once again by the Powelton Club in Newburgh, NY.

During the Luncheon, Mr. Lugbill will address the current political climate and explore the effects on manufacturing related legislation that can be expected following the November elections. As many of you know, NAM is the leading advocate of a pro-growth, pro-manufacturing agenda in Washington and has been around since 1895 promoting manufacturing through out the country.

This is the fifth year of our very successful Member/ Associate Member Expo which gives our members and associate members a chance to display their products and services to the one hundred plus attendees. There is no charge to participate in the Expo, however, participation is limited to members and associate members in good standing or Luncheon sponsors. We also ask that at least two individuals from each company participating in the Expo purchase a seat and join us at the luncheon.

The Council of Industry is also proud to honor eighteen individuals who completed the Certificate in Manufacturing Leadership. This achievement represents the successful completion of over forty hours of comprehensive training in leadership and management. Please join us as we pay tribute to them.

If you would like to attend the Council of Industry's Annual Luncheon, the cost is $50 per person or $350 for a table of eight. Various levels of sponsorship are also available. To become a Luncheon sponsor, an Expo participant or to purchase seats, please contact Ana Maria Murabito at ana-maria@councilofindustry.org or call (845) 565-1355.

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Consumer Price Index - August 2008

				Point	%	% Increase
Wage Earners & Clerical	**Aug.'07**	**Aug**	**July**	**Increase**	**Month**	**Year**
1967=100	605.27	641.16	644.30	-3.15	-0.5	+5.9
1982-84= 100	203.2	215.25	216.30	-1.06	-0.5	+5.9
All Urban Consumers						
1967=100	622.83	656.28	658.92	-2.63	-0.4	+5.4
1982-84=100	207.92	219.09	219.96	-0.88	-0.4	+5.4
Hudson Valley Unemployment Rate for August 2008 = 5.5%						

Legislative Matters

"If such a law were in effect over the past few years, any number of the Council's members might well be living under collective bargaining agreements right now. Needless to say, Council members may wish to think about some prevention tactics now to be prepared in the event this law is passed," explains Richard Landau, Jackson Lewis LLP.

The Employee Free Choice Act Proposal is Pending in Congress

From Jackson Lewis

"EFCA", the Employee Free Choice Act proposal is pending in Congress. It passed the House with a strong majority and enjoys majority support in the Senate. The Labor movement has made this the #1 item on its agenda for the new Congress in January and Senator Obama has promised to sign it into law if he is elected.

EFCA would have a devastating effect on all union free employers. It would effectively do away with NLRB elections. It would allow unions to engage in an underground campaign of card signing or use some of the coercive tactics we saw in the Fishkill, New York campaign to get cards signed. Once they had a majority, they would be entitled to automatic recognition and certification without an election. Under this procedure, employees would never get a chance to vote. They would never get a chance to hear from management about the downsides of unionization while at the same time, they would be subject to intimidation and union generated misinformation.

"If such a law were in effect over the past few years, any number of the Council's members might well be living under collective bargaining agreements right now. Needless to say, Council members may wish to think about some prevention tactics now to be prepared in the event this law is passed," explains Richard Landau, Jackson Lewis LLP.

EFCA also provides for an outside arbitrator to write your collective bargaining agreement if the parties cannot reach agreement in 120 days. As you know from your experience, negotiating a contract, particularly a first contract, often takes months if not years. This arbitrator mandated agreement would dictate exactly what an employer would have to pay in wages and benefits whether the employer can afford to do so or not. Budgeting goes out the window. Competition will be destroyed as arbitrators effectively all adopt a 'top dollar' industry standard for all employers in the same industry… e.g. the prevailing wage (union rate) concept in the construction industry. And, there is no way an employer can appeal the arbitrator's decision.

EFCA would also introduce, for the first time, fines against employers (but not unions) for the commission of unfair labor practices. As proposed, each violation could cost an employer $20,000. For example, it is possible that if you spoke, as many Gap managers did, before an audience of 300 employees and made a statement which was found to be a violation of the law, you the employer could be fined 300 X $20,000 or $6,000,000. As you can image this would effectively silence management and drive them into a posture of neutrality while the union went about getting its cards and get automatic recognition.

More Federal Legislation Under Consideration

From The CAI Management Newsletter

H.R.1644, the **Re-Empowerment of Skilled and Professional Employees and Construction Trade Workers Act**, or RESPECT Act, seeks to amend the **National Labor Relations Act** (NLRA) by revising the sixty-year old definition of "supervisor" in an effort to limit which workers the NLRA classifies as supervisors. This bill would narrow the definition of "supervisor" under the act to the extent that many "first-line supervisors" would be added to the "appropriate" voting unit in a union election. The latest major action regarding HR 1644 was on 9/19/2007, the House Committee/Subcommittee ordered to be reported/amended by the Yeas and Nays, 26-20.

H.R. 2660, the **2007 Civil Rights Pay Fairness Act** seeks to amend the **Civil Rights Act of 1964** to increase the length of time an aggrieved person has to file charges of discrimination which would be in violation of an alleged unlawful employment. This legislation would reset the statutory limitations periods upon receipt of any paycheck that is affected by a discriminatory decision no matter the length of time elapsed from which the allegedly underlying act of discrimination occurred. This bill would also amend Title VII to extend the EEOC filing period from 180 days to 360 days and from 300 days to 480 days for states with fair employment agencies. On 7/24/2007 H.R.2660 was referred to the House Subcommittee on Health, Employment, Labor and Pensions.

There are other workplace bills in the works nationally. The November elections will likely determine how many of these bills "move" or "stall". It is a very interesting time to be an employer!

CAI monitors federal legislation through active participation in the National Association of Manufacturers (NAM).

Member Profile

Member Profile: Maar Printing Service
Year Founded: 1896
Location: Poughkeepsie, NY
Number of Employees:
Principle Product: Maar is a full service commercial printer.
Website:
www.maarprinting.com

If you have seen the 2008 Council of Industry Member Directory, you have seen the excellent product Maar Printing Service produces. Maar has been in the print business for over 100 years, yet remains on the cutting edge through the use of the latest print screening technology. Maar also makes sure the paper it uses comes from environmentally responsible sources, whether it is recycled or from a Forest Stewardship Council certified source. As a full service commercial printer, Maar has a lot to offer Hudson Valley manufacturers.

Maar Printing Service began in 1896 and was bought by the Gropper family in the 1950s. The current CEO Howard Gropper took over for his father in 1985 and has kept Maar a family run business to this day. Maar has been a Council of Industry member since 1968 and has printed the Council's Member Directory since 2006.

While Maar is like many other printing companies in that it offers full service commercial printing from pamphlets and full color brochures to annual reports and marketing materials, it is the attention to detail that makes them special. Maar uses cutting edge FM screening or staccato printing as opposed to the standard rosette pattern that is used by most other printers. The rosette pattern uses a repeated pattern of the four color printing dots (in cyan, magenta, yellow and key or black) to produce an image, while a staccato printing format uses a random pattern in the printing process which allows lines and angles to come out crisper and the overall picture to be more continuous looking. In comparision to the rosette pattern method, the staccato method provides a resolution that is incredible. This translates into life-like images that leap off the pages that Maar prints.

Another aspect of Maar Printing Service that sets them apart from their competition is their dedication to being a *responsible* printer. This is not a term to be used lightly; being a responsible printer means using recycled paper products or ones that are certified by the Forest Stewardship Council.

Maar was "green" well before it became the latest fad. For the past several years, Maar has offered an affordable line of recycled paper products to its customers. More recently, Maar has become a member of the Forest Stewardship Council, a group whose mission is to promote environmentally appropriate, socially beneficial methods of viable forest management. This mission is accomplished through the certification of paper products insuring that they come from a well managed forest that is continually replacing the trees harvested with new saplings. There is in fact a chain of custody report for these FSC certified paper products.

The FSC certified products used by Maar Printing Services ensure that they were produced with as little impact on the environment as possible.

Maar would like to encourage the use of FSC certified products and tries to make it an affordable option for their customers. Mr. Gropper explains that Maar aspires to be an environmentally responsible manufacturer and has been pushing for others to be (at least in their printing needs) as well. The Council of Industry is proud to say that their 2008 Member Directory was printed on FSC paper.

For 112 years Maar Printing Service has been serving those in need of commercial printing. Throughout this time Maar has shown a dedication to quality and craftsmanship and a dedication to being environmentally responsible. It is this combination that will ensure Maar's continued success in a future that is green and ready to be written, er, printed.

Maar has become a member of the Forest Stewardship Council, a group whose mission is to promote environmentally appropriate, socially beneficial methods of viable forest management.

EHS Matters

OSHA's proposal on "risk assessment," published in the Federal Register on August 29, if made final, would affect employers whose employees work with hazardous substances and may afford them a greater chance to assure that OSHA's requirements have a sound factual and scientific basis.

Proposed Risk Assessment Rule

From Jackson Lewis at jacksonlewis.com

A rule proposed by the U.S. Department of Labor would change the way the Occupational Safety and Health Administration assesses the risks posed to employees from toxic chemicals and hazardous substances, such as lead, silica, asbestos, and beryllium, in issuing its occupational health standards. The measure is intended to give the public, including employers and their industry organizations, earlier and greater input into agency rulemaking and lend greater transparency to the process. OSHA's proposal on "risk assessment," published in the Federal Register on August 29, if made final, would affect employers whose employees work with hazardous substances and may afford them a greater chance to assure that OSHA's requirements have a sound factual and scientific basis. The proposed rule would make several major changes to the way OSHA conducts risk assessments:

• The proposal would require OSHA to give an advance opportunity for stakeholders to provide information and comments to the Agency on the risks posed by a hazardous substance *before* OSHA publishes a Notice of Proposed Rulemaking. This provides employers the opportunity to educate the Agency early in the rulemaking process about whether certain substances pose risks to employees, and if so, how the Agency should consider those risks.

•The proposal would require OSHA in assessing risk to utilize "the latest available scientific data in the field, including industry-by-industry evidence relating to working life exposure." Thus, for example, when analyzing the risks posed by a hazardous substance, OSHA would need to explore evidence that employees in a particular industry only work in that industry for a short period of time, which would reduce the risks posed by the hazardous substance. OSHA currently assumes in its risk assessments that employees work in a job for 45 years and are exposed to a hazardous substance throughout this time period.

•The proposal would require OSHA to make available electronically – and in an organized manner – all the studies and information it relies on in assessing risk. This requirement will ensure greater transparency in rulemaking.

•The proposal would require OSHA to comply with internal DOL information quality guidelines. These guidelines, which contain numerous substantive and procedural provisions related to assessing risk, are currently non-mandatory.

This rulemaking is extremely controversial and organized labor is expected to submit comments strenuously objecting to it. Employers and their industry associations who may be affected by OSHA's hazardous substance standards should review the proposed rule carefully to see whether it provides a timely means for them to offer OSHA important information and comment in prospective agency rulemakings. Jackson Lewis is available to assist employers and industry groups with any questions they may have about the proposed rule or comments they may wish to submit.

New National Emphasis Program-Targeting Lead Exposures

From Jackson Lewis at jacksonlewis.com

A new National Emphasis Program (NEP) issued by the Occupational Safety and Health Administration will direct OSHA's inspection resources at employers with lead exposures in their workplaces. Employers in industries targeted in the NEP face the prospects of a comprehensive lead inspection by OSHA. Jackson Lewis encourages employers in the targeted industries to start preparing now for the NEP inspections. The NEP became effective on August 14, 2008.

The NEP supersedes OSHA's previous enforcement program related to lead, which was issued in 2001. It contains two major components. First, it creates a new list of industries for lead inspections based upon the Adult Blood Lead Epidemiological Surveillance (ABLES) database for 2002, which was provided to OSHA by the National Institute for Occupational Safety and Health. The list of targeted industries by Standard Industrial Classification (SIC) is provided below and OSHA Regional and Area Offices must use this list as a basis for conducting inspections under the NEP.

Second, the NEP describes the conduct of the inspections, which will be comprehensive. Employers subject to an NEP lead inspection should expect that OSHA compliance officers will look at their:

•medical surveillance program for lead and all available blood lead information;
•hazard communication program as it relates to lead exposures, including a Material Safety Data Sheet (MSDS) review;
•engineering and administrative controls to prevent over-exposure to lead;
•personal protective equipment and respiratory protection programs; and
•hygiene program to determine if hand-to-mouth contact may be contributing to employee exposure to lead.

Compliance officers are also instructed to conduct personal air monitoring and collect wipe samples, where appropriate, to document exposures.

CI Calendar—What's Ahead

Oct. 8	**Refresher Training — DOT Hazardous Materials Training -** 8:30am - 12:30pm Location: Orange Community College, Newburgh Extension Center –Rm 111, Newburgh, NY. Cost: $100 single member, $85 two members from same company, $135 non-members.
Oct. 10	**Refresher Training — Blood Borne Pathogens -** Time TBA Location: Alcoa Fastening Systems, Kingston, NY. Cost: $50 single member, $45 two members from same company, $75 non-members.
Oct. 16	**Customer Service & Sales Training - Empathetic & Effective Listening Skills** 8:30am –12:30pm Location: Orange Community College, Newburgh Extension Center –Rm 111, Newburgh, NY. Cost: $85 Single participant, $75 two or more from the same company.
Oct. 22	**Refresher Training — HAZWOPER -** 8:30am –4:30pm Location: Orange Community College, Newburgh Extension Center –Rm 111, Newburgh, NY. Cost: $150 single member, $135 two members from same company, $190non-members.
Oct. 30	**Customer Service & Sales Training - Taking Your Customer Service & Sales Cycle for a Spin** 8:30am –12:30pm Location: Orange Community College, Newburgh Extension Center –Rm 111, Newburgh, NY. Cost: $85 Single participant, $75 two or more from the same company.

Energy Matters

IEA Report: Overcome Investment Uncertainties, Cost Increases and Delays in Natural Gas Markets to Maintain Security of Supply

The last 18 months have been tumultuous not only for the energy sector in general, but for natural gas markets in particular. Gas prices were high and volatile in all regional markets, with demand continuously growing and a dramatic increase of liquefied natural gas (LNG) output, further interlinking markets on a global scale.

"High natural gas prices are not only a reflection of higher demand, but also a delayed supply response", said Nobuo Tanaka, Executive Director of the International Energy Agency (IEA) last month in Paris at the launch of the Natural Gas Market Review 2008. "Past gas market reviews expressed concern about insufficient investment, and these concerns remain. Investment uncertainties, cost increases and delays continue to be a major problem in most gas markets and are continuing to constitute a threat to long-term security of supply." In the Hudson Valley region and across New York state Natural Gas prices directly influence electricity prices.

Gas prices in all world regional markets continued to climb in 2007 and through the first half of 2008. "In the United States, gas rose to more than USD 7 per Million BTU in 2007, and looks set to average around USD 10 this year, even with the recent sharp price falls" explained Mr. Tanaka. A number of factors, including higher oil prices, weather conditions and supply and demand imbalance, all played a role during the price increases in the past 18 months.

Despite rising gas prices, gas demand for power generation is growing, particularly in IEA member countries but also in a number of major producing and consuming non-OECD countries. High gas prices can and are quickly translating into higher electricity prices. Thus consumers are being hit with high oil, gas and electricity prices in quick succession, states the review.

"Progress on major pipeline projects is slow," warned Mr Tanaka. To address this, both IEA member and non-member governments need to streamline regulation, improve market functioning through, for example, greater transparency, and increase domestic production.

"Past gas market reviews expressed concern about insufficient investment, and these concerns remain. Investment uncertainties, cost increases and delays continue to be a major problem in most gas markets and are continuing to constitute a threat to long-term security of supply." - Nobuo Tanaka, Executive Director of the International Energy Agency

Manufacturing Matters

Supplier Contract Management or Value Stream Improvement?

James P. Womack, Founder and Chairman, The Lean Enterprise Institute

It has been a while since I've walked along the complex value streams shared by customer firms and their suppliers. So when several firms recently offered a chance to take multi-organization walks – from the point of customer use back to the beginning of supplier manufacture – I was delighted to put on my walking shoes and stride along with teams from the customer and supplier organizations.

As I walked I was quickly reminded of how easy it is for all of us to focus on formal measures of value-stream performance as written in contracts: Defects delivered to customers per million opportunities. Price per piece, often without reference to what is happening either to customer volumes or upstream materials costs. Delivery performance, often to a Material Requirements Planning (MRP) schedule that has little relation to actual customer needs at the point of use. These indicators can be useful but they measure results after the fact, when mistakes have already been made. More important, they say nothing about causes of problems or how to eliminate them.

As I walked I was also reminded how hard it is for customer purchasing organizations and the supplier sales organizations they usually interact with to talk in specifics about their shared value-creation process and the root causes of problems, ideally before they occur. In the current time of gyrating customer volumes and raw materials costs for suppliers, the result is often a zero-sum ritual of customers making threats (based on penalty clauses in contracts) and suppliers making promises to do better (based at most on a hope and a prayer.)

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It is actually all shadow boxing because without careful attention to the shared design and production processes, little improvement in performance is possible. In the short term, the customers have nowhere else to go and the suppliers can't do any better. So both sides get the satisfaction of some cathartic mud wrestling while nothing actually changes.

How can we all do better? Well, first, we can't instantly. The short-term future is determined by decisions made long ago. So contracts with their penalty clauses rule. But we can do better in the intermediate and long term if we shift our focus from wrangling over contracts (reflecting arms-length, abstract legal relationships) to managing shared value streams by jointly observing the actual supply process.

To do this the customer needs to take the first step. The supply base and the performance of value streams shared with suppliers are a clear reflection of the customer's purchasing management. A brilliant supply base with superior prices, quality, delivery, flexibility, and product performance doesn't happen magically. And it can't be bought off the shelf instantly by visiting some virtual "supplier supermarket." It is created over time by a brilliant purchasing organization. Indeed, creating a brilliant supply base is the real (and only?) value created by purchasing.

So how do we begin the transition from managing contracts to improving value streams? First, the customer needs a "plan for every supplier", just as Toyota has a plan for every part, every machine, every employee, and … every supplier. This means determining the right suppliers to work with over the long term and then understanding the current state of every supplier's design and production process for the items supplied.

In practice, this means continually determining the performance gap between what the supplier's value stream is capable of delivering and what the customer needs. Then it requires a future-state plan explaining who will do what when - both at the customer and at the supplier – to achieve a future-state value stream adequate to the customer's current and future needs.

But creating a lean supply stream also means that purchasing needs to look inward for a bit of organizational hansei (critical self-reflection) inside its own company walls. Why are schedules from production control so erratic and inaccurate? Why aren't orders to suppliers leveled? Why are the logistics to get items from suppliers to the point of use so loosely managed? Why are design requirements for supplied items frozen so late in the development process? Why is the customer's production process so poorly designed and in need of immediate kaizen after launch, upsetting the production process at the supplier (whose process is also poorly designed, in part due to the lack of customer attention)?

The typical reaction of purchasing organizations when I make these points is to say, "Wait a minute. We just obtain needed items from available suppliers and bargain hard to get good terms in contracts that we can enforce. We have no mandate to look downstream into our organization or upstream into what suppliers actually do in their value streams to meet our needs. And we certainly can't afford to build long-term, stable relationships with suppliers as markets continually gyrate." And I respond, "Well fine. But you will always have a lousy supply base with poor performance and you will spend your time chasing parts."

So it's really a matter of what purchasing organizations think they should do and what they think they can do.

In today's world we know that vertical integration won't work. De-integration is here to stay and for most organizations purchased items account for half or more of their total costs plus a large fraction of their quality, delivery, and responsiveness problems. So we all need to think that purchasing organizations can create and sustain brilliant supply bases. Doing this will take time and upfront investment but the cost of not acting is far greater over time. So wherever you are in your organization and whatever your organization's current relation to its suppliers, I hope you will lend a hand to help with the critical transformation to lean supply.

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