

CI NEWSLETTER

The Council of Industry of Southeastern New York

September 2008

The Manufacturers Association of the Hudson Valley

Volume 12 Issue 8

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Electricity Aggregation Participants Save \$1 million (20%) Through August 2008

Participants in the Council of Industry's electricity aggregation will have saved \$1million this year by the end of August compared with the market rates for electricity.

Since 2006, When PES became the Energy Service Company for the Council of Industry Aggregation, the company and the Council have been working together to help the association's members, mostly manufacturing firms, manage their electricity costs in New York State's deregulated market. Last Fall, 25 Council of Industry members signed fixed priced supply contracts with Pepco Energy Services to collectively purchase 80,000 megawatt hours of electricity annually. Over the first seven months of 2008, the Council of Industry aggregation has saved \$885,000 and is projected to save over \$1 Million by the end of August compared to the applicable utility rates.

Based on current market conditions, Pepco Energy Services estimates that the Council of Industry aggregation will save an additional \$504,000 for a total savings of over \$1.5 million for the 2008 calendar year. That translates into about a 18% savings

In 2005, the first year of the aggregation the savings were 24%, in 2006 and 2007 the savings were less than 2%.

"By working together with Pepco Energy Services, the Council of Industry was able to help our members take a proactive approach toward their managing electricity costs. PES kept us well informed and helped us understand our options. The result was a tremendous savings for our members." Stated Harold King, Executive Vice President of the Council of Industry.

Energy costs are generally a big portion of the overall costs for manufacturing companies. These costs, like so many others, are higher in New York State than they are in other parts of the nation and the world putting our members at a competitive disadvantage. If the Council can help its members manage those costs - even a little - we are mitigating that disadvantage and providing them with a valuable service.

Energy markets in general and the electricity market in particular are very volatile. Supply and demand of energy are shaped by everything from national and international politics, economic growth both at home and around the world and even the weather. No one really understands or can accurately predict short term movements. We can, however keep members focused on their individual situations and help them find a price and product that meets their needs.

"With the help of Pepco and the Council we were able to lock in a price for 2008 and 2009 that fit nicely into our facility budget and we were pleased. When we saw what happened to energy prices in the first part of 2008 we were ecstatic." Commented Russell Yeager, President of Alcoa Fastening Systems in Kinston.

"Pepco Energy Services is pleased to have saved \$1 million for the members of the Council of Industry electricity aggregation," said John Huffman, President and Chief Operating Officer of Pepco Energy Services.

Already we are at work trying to find the best opportunity for participants for 2009 and beyond.

Golf Outing a Success

The Council would like to thank the following sponsors for making the outing a success:

Lunch Sponsor - **Joe Pietryka, Inc.**
Cocktails - **Pepco Energy Services**
Hole-In-One - **Alcoa Fastening Systems**
Prize - **Package Pavement**
Prize - **Kolmar Labs**
Tee - **Eastern Alloys**
Tee - **Riverside Bank**
Tee - **Jabil Circuit, Inc.**
Tee - **Hess Companies**
Tee - **Central Hudson**
Tee - **Ryan Insurance**
Tee - **Cornell Associates**
Tee - **Jackson Lewis LLP**
Tee - **Dynegy Northeast Generation**
Tee - **Energy Solutions**
Tee - **HRP Associates**

More on page 3

Welcome New Member:

Ditron Inc. - Precision stamping and electronic connectors.
President: John Goulding,
Stormville.

Welcome New Associate Member:

Tanzco Management - Training and consulting, Lean, TQM, RoHS, REACH. Contact: Glenn Tanzman, Poughkeepsie.

Newsletter Sponsored By



Training and Education

Have You Registered for Our Fall Training Yet?

Regulatory Refresher Trainings

RCRA Hazardous Waste Training

Federal and State regulation require that individuals at facilities classified as Large Quantity Generators of hazardous waste (>1,000 kg/month) involved with the management and handling of hazardous waste (i.e. label drums, transport, etc.) must receive RCRA hazardous waste training on an annual basis.

When: Sept. 10, 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

The content of Blood borne Pathogens will include: An accessible copy and explanation of OSHA's §1910.1030. A general explanation of the epidemiology and symptoms of blood borne diseases; and much more.

When: Sept. 24, 9:00am-11:00am

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.

DOT Hazardous Materials Training

-DOT regulation 49 CFR 172.700 requires that all "hazmat employees" be trained or re-trained every 3 years. "Hazmat employees" include anyone who labels, marks, loads/unloads, prepares shipping papers or transports hazardous materials by road, water, rail or air.

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.

HAZWOPER

The training will consist of four hours of classroom sessions including presentations, question and answer and video presentations, as well as four hours of hands-on training.

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**

Completely Outstanding Customer Service

It costs approximately five to six times more to find a new customer than to keep your existing customers. New customers may be viewed as the lifeblood of your business, but your current customers are the heartbeat needed to keep the blood flowing.

When: Sept. 18, 8:30 am - 4:30 pm

Where: Orange County Community College, Newburgh Extension Center, Room 111.

Cost: \$160 per person, \$150 for two or more from the same company.

How to Handle Difficult or Irate Customers

In this workshop you will learn several techniques and tips for effectively and successfully dealing with customers.

When: Oct. 2, 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.

Empathetic and Effective Listening Skills

According to communications specialists, approximately 10% of our communication is through our words, 30% is the way in we say our message and 60% is body language.

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

This workshop focuses on prospecting; customer modeling; cold vs. warm calling; how to ask for referrals; and much more.

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

A critically thinking customer service rep or sales agent will think out of the box and offer alternatives to meet the needs of the customer without forfeiting quality, price or service.

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.

"It costs approximately five to six times more to find a new customer than to keep your existing customers. New customers may be viewed as the lifeblood of your business, but your current customers are the heartbeat needed to keep the blood flowing." Debra Pearlman, DP Sales Pro.

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

HR Sub-council Meeting: Wellness Initiative

This seminar presented by Rose & Kiernan, Inc. will discuss the merits of Wellness Responsibility programs.

Wellness Responsibility makes employees responsible for maintaining or improving those aspects of their health that they have control over. This is done through creating meaningful financial incentives for participation and meeting certain biometric standards or participation in e-learning modules and programs.

The Wellness Responsibility program is presented along with a brief overview of Health Savings Account and Health Reimbursement Agreement programs.

When: Friday, Sept. 26, 8:00 to 9:45 am

Where: The Council of Industry Office, Desmond Campus, Newburgh, NY

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

Golf Outing *(Continued from page one)*

The seventy-two golfers that attended the Council of Industry's Annual Golf Outing enjoyed wonderful weather, fabulous food and great golf.

Team Pawling Corporation once again won the best ball title with the four some of Roger Smith, Jason Smith, John Rickert and Craig Busby. This is their third year winning the title.



Pawling Corp. Best Ball Title Winners.

The "Yellow Ball" game was won by Team Kolmar (Bill Matos, Rob Theroux, Tom Hinkley and Tom Drennan.)

Eileen Larocca (Alcoa Fastening Systems) won the longest drive for the women.

David Volkman (M&T Bank) won longest drive for the men. Bob Heiferman (Jackson Lewis LLC) won closest to the pin.



The 2008 Yellow Ball Champs - Team Kolmar.

EHS Sub-council Meeting: REACH Requirements— Are You Up to Speed?

The next Environment Health and Safety Sub-council meeting will be on Registration, Evaluation and Authorization of Chemicals (REACH) and presented by Tom Seguljic P.E. from HRP Associates.

Who Does REACH Impact? If you or your customers produce or export chemical substances, preparations (mixture or solution composed of two or more substances) or articles (e.g. manufactured goods such as textiles, electronic chips, furniture, books, toys, kitchen equipment), to any of the 27 European Union (EU) Member States, you may be subject to REACH.



Substances and articles subject to registration must be pre-registered between June 1, 2008 and November 30, 2008 to take advantage of the extended registration deadlines noted below. As of January 2009, items not pre-registered cannot be marketed without a full registration.

When: Friday, Sept. 19, from 8:00 am to 9:30 am

Where: Council of Industry Office

Cost: \$15 per person

For more information or to register contact Alison Butler by e-mail at abutler@councilofindustry.org or call (845)

Add The Council of Industry to Your E-mail Address Book

Please be sure to add our e-mail domain—councilofindustry.org to your accepted senders list to ensure that you are receiving all of our e-mailings.

We rely on e-mail to get the most up-to-date manufacturing information out to our members. Occasionally our bulk mailings end up getting stuck in the your spam or quarantine folder.

If you haven't been receiving e-mail from the Council of Industry, please let us know. Contact Alison Butler at abutler@councilofindustry.org or call (845)565-1355.

If you or your customers produce or export chemical substances, preparations (mixture or solution composed of two or more substances) or articles (e.g. manufactured goods such as textiles, electronic chips, furniture, books, toys, kitchen equipment), to any of the 27 European Union (EU) Member States, you may be subject to REACH.

Personnel Matters

The 5Cs of Excellent Business Writing

By Lauren Supraner, CAL Learning

By following the 5C's of excellent writing, the writing process will become easier and faster, and you will be much more successful in connecting with your audience and getting the results you want.

Do you dread writing letters, emails, reports or memos? Do you find yourself spending more time than you would like trying to compose, edit and revise, only to have people write back asking for clarification or more information? By following the 5C's of excellent writing, the writing process will become easier and faster, and you will be much more successful in connecting with your audience and getting the results you want.

The 5Cs of Excellent Business Writing

Customized – Excellent writers write for their audience. To whom are you writing and for what purpose? A reader who is new to you may require more background information than someone you already know. Is the reader a supervisor? Customer? Coworker? Be aware of your audience and adjust your style and tone accordingly. An email to supervisors, for example, may require a more formal tone than one to a coworker. Technical language and jargon may be appropriate in an email to a team member, but not to a new customer.



Clear – When you write, state your purpose clearly, early, and directly. Why are you writing and what is your goal? Do you want to inquire, reply, refuse, persuade, complain, inform, remind, report? Let the readers know, explicitly, why you are writing and what you want from them. Don't make the reader interpret or read between the lines to understand you. Be sure to include any next step action you want the reader to take, including any specific timelines or deadlines. If you come from a culture that communicates indirectly, this style may be contrary to what you believe about writing. For Americans, however, a direct approach is greatly appreciated by the reader.

Concise – Cut to the chase. What are the two or three main topics? Choose a few key points that support your purpose and stick to them. What important details should be mentioned? Don't write about everything, don't digress off topic, don't give endless amounts of information. Keep sentences and paragraphs short, and the organization linear.

Compelling – State your case. Why should the reader continue reading? Provide your reader with benefits and reasons to continue reading, or WIIFM (what's in it for me?) Provide supporting evidence for your goal and purpose that is quantifiable and specific. How will this help the reader? How will the reader be hurt by not taking action? What are key words that best convey the message? Remember—a compelling argument is rarely understated and indirect.

Correct – When you have finished writing, check again for grammar and punctuation. Mistakes in these areas make the writer look sloppy and unprofessional. Always spell check your documents, but be sure to proof read it as well. **It's** and **its** are both spelled correctly, but they mean different things.

When you look over your final document, ask yourself:

- Is it brief and the point?
- Is the most important point obvious?
- Is the tone appropriate for the audience?
- Is the language simple and without unnecessary jargon?
- Are sentences and paragraphs short?
- Are the spelling, grammar, and punctuation correct?
- Will the reader know what to do next?

By following the 5C's, you will speed up the writing process, have more success in getting your message across, and suffer fewer misunderstandings and missed opportunities.

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 Personnel Matters

10 HR Secrets That Will Boost Any Business

By Cynthia "Cy" Wakeman

1. Work with the willing! The average manager spends 80 hours a year on an individual who's resisting a change or not buying into the organization – and the odds of that employee changing are only 3%! Not a great return on your investment. Ask the employee about his or her plan to join, and if it's not a plan you can invest in, transition the employee out of the company.

2. When should you fire someone? When HOPE becomes your only development strategy for the person's improvement. If you are just hoping he or she will improve but aren't actively requesting a plan and a commitment you can work on together, move the employee outside the organization.

3. Lead first, manage second! Leading is capturing the hearts and minds of your employees. Leading is creating and communicating a compelling vision that others can see, taste, smell and be inspired to buy into. Leading is investing in developing people so that they grow in both confidence and competence. Call your employees to greatness – expect great things and hold them accountable. Managing is dealing with complexity, logistics, the "how to." Hire great people, lead them well and they will take care of the complexities.

4. When you are judging, you are not leading. Forgive your employees for what you have not yet taught them. If you are judging, forgive and move into teaching.

5. The average entrepreneur spends two hours a day arguing with reality by telling themselves "this is not how it should be." You can argue with reality, but you will just be wrong 100% of the time. Instead, identify the facts, and focus on doing the next right thing – that which would add the most value regardless of your opinion or feelings about the situation. The quicker you accept that "it is what it is," the

more energy you conserve to have actual impact.

6. Business owners want to be liked and they want others to like working for them. They confuse morale with motivation. Morale is feeling great about working here; motivation is turning talent into productivity. To get people motivated, build an engaging workplace and hold employees highly accountable for their results.

7. Don't work to change employees' circumstances – work to change the way they see their circumstances so that they can, in turn, impact their own reality. As a leader working to develop others, it is vital to ensure that your employees are viewing their circumstances from a place of personal accountability and reality.

8. Many entrepreneurs believe that if they thought it, they must have said it. To ensure clarity, alignment, buy-in and engagement, it is vital to hold consistent one-on-one meetings with each direct report. In the meetings, spend 15 minutes checking in with them on morale, motivation and progress on work initiatives, 15 minutes on giving feedback, 15 minutes on coaching and 15 minutes on goal setting. If the meeting doesn't end in goal setting, it didn't happen.

9. When giving feedback, begin with a sincere acknowledgement of the work or character of the individual. Talk about what isn't working, yet seek to understand what might be missing – and end the discussion with what is possible.

10. Make recognition stick. When your employees are not valuing your recognition, it may be because you haven't been up-front with giving improvement feedback to them or their peers. If they can't trust that you will tell them when they need to improve, they can't trust that your positive feedback is sincere and quickly dismiss it.

Leading is investing in developing people so that they grow in both confidence and competence. Managing is dealing with complexity, logistics, the "how to." Hire great people, lead them well and they will take care of the complexities.

Consumer Price Index - July 2008

				<u>Point</u>	<u>%</u>	<u>% Increase</u>
Wage Earners & Clerical	July, '07	July	June	Increase	Month	Year
1967=100	606.8	644.3	641.1	3.2	0.5	+6.2
1982-84= 100	203.7	216.3	215.2	1.1	0.5	+6.2
All Urban Consumers						
1967=100	624.0	658.9	655.5	3.4	0.5	+5.6
1982-84=100	208.3	220.0	218.8	1.2	0.5	+5.6
Hudson Valley Unemployment Rate for June 2008 = 5.4%						

Legislative Matters

New York State residents already pay some of the highest electricity rates in the country, approximately 68% higher than consumers in other states. These energy and environmental initiatives would add staggering additional costs to these already astronomical rates.

What Does the Regional Greenhouse Gas Initiative Mean to New York State Manufacturers?

On August 11, the New York State Environmental Board approved regulations to implement the Regional Greenhouse Gas Initiative



(RGGI). This is a market based, mandatory cap-and-trade program to reduce greenhouse gas emissions. New York and other RGGI states have committed to cap and then reduce the amount of carbon dioxide (CO₂) that power plants in their region are allowed to emit. RGGI is an initiative begun in 2005 by ten Northeastern and Mid-Atlantic States to regulate and significantly reduce carbon dioxide emissions from power plants.

RGGI is different from previous cap-and-trade programs in that the state will not automatically give away CO₂ allowances to power plant owners. The power plant companies will have to buy the allowances through an auction or in a secondary market to "cover" every ton of carbon dioxide they emit.

The Manufacturers Alliance, of which the Council of Industry is a founding member, is adamantly opposed to these proposed regulations based on the financial ramifications RGGI would have on the business community and consumers. New York State residents already pay some of the highest electricity rates in the country, approximately 68% higher than consumers in other states. These energy and environmental initiatives would add staggering additional costs to these already astronomical rates.

The DEC and NYSERDA's estimates of RGGI's electricity bill impacts are based on assumed fuel prices (i.e., \$7 natural gas and \$35 oil) that are far below actual market prices (e.g., \$10 natural gas and \$120 oil), resulting in unrealistically low projected prices for CO₂ allowances. With the more realistic assumptions for CO₂ prices it becomes apparent that a significant cost increase in the price of electricity will occur, possibly up to 17 percent for businesses.

In addition to the increase in cost from RGGI, the Public Service Commission (PSC), is moving forward with the Energy Efficiency Portfolio Standard (EEPS) which will cost consumers more than \$172 million per year through 2011

and is expected to ultimately cost consumers approximately \$330 million per year when fully implemented. This will mean a potential electricity bill increase of more than 3% for businesses.

While New York State manufacturers maintain a strong support for cost-effective energy efficiency and environmental measures, the cumulative cost impact of these proposed initiatives on economic development should not be ignored. The combined increase from these initiatives could mean a possible increase in electricity bills of up to 10% for consumers and 20% for businesses.

The manufacturers Alliance is calling for further studies to be done by state agencies into these processes and the impact on consumers as well as a cost/benefit analyses.

New State Laws for Plant Closings and Layoffs

By Robert Heiferman, Jackson Lewis LLP

On August 5, New York Governor Patterson signed into law legislation greatly expanding worker rights and employer responsibilities in dealing with plant closings and mass layoffs. The new state law, which takes effect February 1, 2009, applies to employers with 50 or more employees (the current federal law, commonly known as WARN, only applies to employers with 100 or more employees) and requires 90 days notice (the federal law only requires 60 days notice) to employees, their representatives (i.e., unions) and the State Department of Labor. While the law contains certain exceptions, it generally applies to either a plant closing where 25 employees lose their jobs over a 30-day period or "mass layoff" impacting 25 or more full-time employees who constitute at least one third of the workforce.

The law also applies to situations where an employer relocates substantially all of its operations to a location 50 or more miles from its current location. As with the federal law, the state law requires an analysis of whether a single site or multiple sites within the state are the relevant pool to be considered.

There are significant penalties for violating the statute (i.e., civil penalties, back pay and benefits to employees) and significant differences between the state and federal laws. Therefore, please consult counsel prior to implementing any significant layoff or plant closing within the state.

Member Profile

Member Profile: Fryer Machine Systems, Inc.

Year Founded: 1982

Location: Patterson, NY

Number of Employees: 40

Principle Product: CNC machining centers and lathes designed for tool room, prototype and mold making uses.

Website:

www.fryermachine.com

Fryer Machine Systems, Inc. is the manufacturer's manufacturer; they are the company that designs, engineers and builds the machines that various other manufacturing companies need to create their parts and pieces. Fryer manufactures machine tools, more specifically CNC (computerized numerical control) machining centers, bed mills, lathes and customized machining centers.

Larry Fryer started out as a machine tool salesman and eventually became a partner in a machine tool company called Milltronics. He decided he could build a better machine and thus went from engineering and retrofitting machines to manufacturing machine tools of his own. Fryer produced its first bed type

mill (MB-14) in 1994. It was a three axis bed mill, with handles and a quill for manual use, but which could also be used automatically for CNC use. Today, Fryer Machine produces 50 different models of machine tools in their facility in Patterson, NY, and that original machine has evolved over the years and undergone many improvements and is still one of their best selling machines today.

The success of Fryer machines is simple; they care about each machine they build. The process begins when a customer meets with one of the Fryer Machine team members to determine what is needed in the machine and how to get the machine to accomplish its task in the most efficient way possible with the least amount of



waste. Customers are able to decide what options and specifications they need and which ones they don't want. Often, customers meet with Larry Fryer and his engineering team to design a machine to fit a custom process. The machines are built one at a time by individuals who are doing continual quality checks along the way. The process reflects the Fryer philosophy: "Build a quality product, price it fairly and provide quality service."

These testimonials from the Fryer Machine website are an excellent example of why Fryer is one of the fastest growing machine tool companies in the country. "This is probably the best machine we have purchased in the last few years," says Bill Clark, Engis Corporation, Wheeling, IL.

Tom from WiscTMT in Sheboygan, WI says "Choosing Fryer was easy. It was the best value for the money."

It takes dedication to constantly staying at the front of the curve to get feedback like this. "The machine tool industry is an evolutionary process," says Sue Ostrander, Sales Manager for Fryer

Machine Systems. "There are always advances in robotics and other areas." She explained that Fryer also creates customized machines for the aerospace and automotive industry.

Fryer Machine Systems has definitely been living up to its mission statement, they offer user friendly, high quality, affordable machine tools. They assist their customers' growth by providing innovative solutions to their manufacturing problems. They offer a consistently high level of customer support to their distributors and users alike. Fryer Machine Systems provide their employees with a rewarding work environment that emphasizes team work, skill development, and career growth.



A view of the shop floor at Fryer Machine Systems, Inc.

Today, Fryer Machine produces 50 different models of machine tools in their facility in Patterson, NY, and that original machine has evolved over the years and undergone many improvements and is still one of their best selling machines today.

EHS Matters

OSHA Seeks Changes to Personal Protective Equipment Rules to Greatly Increase Penalties

From [Jackson Lewis LLP](#)

According to OSHA, confusion has arisen over whether OSHA may cite and seek to penalize employers for each employee affected by a standard violation. To help resolve this question, OSHA is proposing amendments on a global basis.

New rules proposed by the Occupational Safety and Health Administration could significantly increase the number and size of employer penalties for citations under the agency's personal protective equipment (PPE) standards in general industry, construction and other industries subject to OSHA authority. In proposed rules published August 19, OSHA seeks to clarify that it has the right to cite and penalize employers on an instance-by-instance (including per affected employee) basis for violation of PPE standards. According to OSHA, as a result of some Occupational Safety and Health Review Commission decisions (in some cases approved by the courts) in contested citation cases, confusion has arisen over whether OSHA may cite and seek to penalize employers for each employee affected by a standard violation.

To help resolve this question, OSHA is proposing amendments on a global basis. Standards dealing with respirators and other PPE would state that employers may be cited and penalized on a per-employee basis for:



- the failure to provide proper PPE, including respirators, to each employee that requires it, in violation of an applicable standard; and
- the failure to provide proper PPE training (or institute or implement training programs) as to each employee that requires it, in violation of an applicable standard.

While a number of OSHA standards already contain language that have been or may be interpreted in such a manner, OSHA has grown frustrated with OSHRC parsing the different wording of its rules to find that only a single penalty may be assessed in cases OSHA finds to be severe. OSHA seeks to leverage its limited resources to make a greater impact on offenders where it feels such sanctions are needed.

Of course, the agency would retain discretion to issue a more modest citation and proposed penalty for PPE omissions or mistakes involving more than one employee, as it often does now. However, these amendments, if made final, certainly would give OSHA a big club to wield. It could make negotiations of settlements of some citations more difficult and encourage OSHA to seek further concessions beyond the mere abatement of the violations. The publicity attending the issuance of a final rule, and the likely field instruction to compliance officers that would follow, could increase the frequency of such increased proposed penalties, especially in the near term. OSHA has set September 18, 2008, as the closing date for the submission of comments on its proposed rules.

The lessons for employers seem clear, especially if the amendments become final. First, all employees requiring PPE, including respirators, under present OSHA standards should be given the proper equipment. Second, all employee information and training requirements involving PPE, including any for remedial instruction or periodic refresher training, should be followed. Third, measures required under the rules should be documented; records should be reviewed regularly for currency and completeness and kept readily available in the event of an inspection. (The technology of recording and retrieving necessary information by computer should be reviewed and updated, as necessary.) Finally, employers should check between the cracks. Someone or something always falls into them. Employees who have been inadvertently omitted from required training, because they were absent during group instruction and have not received the training upon their return to work, often are fodder for OSHA citations. Make-up sessions may be necessary to assure everyone has been covered.

CI Calendar—What's Ahead

Sept. 10	<u>Regulatory Refresher Training - RCRA Hazardous Waste Training</u> - 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.
Sept 18	<u>Customer Service & Sales Training — Completely Outstanding Customer Service</u> 8:30am -4:30pm Location: Orange Community College, Newburgh Extension Center -Rm 111, Newburgh, NY. Cost: \$160 Single participant, \$150 two or more from the same company.
Sept. 19	<u>EHS Sub-council Meeting: REACH Requirments</u> - 8:00am -9:30am Location: The Council of Industry Office, Desmond Campus, Newburgh, NY. Cost \$15 per person.
Sept. 24	<u>Refresher Training — Blood Borne Pathogens</u> - 9:00am -11:00am Location: The Council of Industry Office, Desmond Campus, Newburgh, NY. Cost: \$100 single member, \$85 two members from same company,
Sept. 26	<u>HR Sub-council Meeting: HRA/HAS Wellness Initiative</u> - 8:00am-9:45am Location: Council of Industry Office, Desmond Campus, Newburgh, NY.
Oct. 2	<u>Customer Service & Sales Training - How To Handle Difficult or Irate Customers</u> 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

The Volatility of the Energy Market

After a steady decline through the first three weeks of August, natural gas prices increased 6% in the final week of the month. This increase was due in large part to the projected path of tropical storm Gustav through the production region of the Gulf of Mexico and that it may strike the Louisiana or Mississippi coast in the next few days. (By the time you are reading this you will know what actual impact the storm had on production.)

The impact of the mere threat to supply that Gustav posed underscores the volatility of energy markets. Last week – with energy prices at their lowest point in 6 months, the Council of Industry Electricity Aggregation presented pricing to its members for 2009 and beyond. Members of the aggregation work with energy market experts, and with each other to manage their exposure to the risks associated with volatile energy markets. Several companies in the aggregation took that opportunity to lock in their pricing with the majority locking in for 36 months.

Aggregation partner energy services company (ESCO) Pepco Energy Services expects that energy prices will continue to increase based upon uncertainty regarding the potential impact of Gustav and other hurricanes this season, much as they did in 2005 following Katrina. All consumers risk exposure to significant increases in both electricity and natural gas prices in the coming months. Should you have questions about the energy markets or want information on how to manage your energy risk please contact Harold King at the Council of Industry office 845-565-1355.

Manufacturers Electricity Aggregation

An Opportunity to Manage Your Electricity Costs

845-897-3661
845-565-1355



Last week – with energy prices at their lowest point in 6 months, the Council of Industry Electricity Aggregation presented pricing to its members for 2009 and beyond. Members of the aggregation work with energy market experts, and with each other to manage their exposure to the risks associated with volatile energy markets.



Business Banking the way it should be.

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Manufacturing Matters

On Shore or Off Shore

By Arnold L. Most, MOST Business Improvement Solutions mostbis@aol.com.

In past years the smart move by manufacturers seemed to be to move their manufacturing operations off shore to take advantage of developing country's lower labor cost. These lower costs outweighed the disadvantages of long supply lines and the large inventories required to sustain customer delivery.

Is this picture described above changing? I quote from an article by Jonathan Katz in the current issue of Industrial Week magazine

"Aug. 1, 2008 – The falling dollar, high fuel and energy prices, and rising labor costs in traditionally low-wage markets have some manufacturers rethinking how far they're willing to extend their supply chains. Over the past year, a handful of companies have publicly acknowledged that cost pressures factored into their decisions to move production back home."

Case in point: The cost of shipping residential heaters from China to Bowling Green, Ky., became too high for Desa LLC. In October 2007 the company's retail heating unit shifted manufacturing operations for the product back to the United States after shipping costs spiraled out of control. "



If Mr. Katz is correct this could be an opportunity for manufacturers here in the Hudson Valley. The economic indicators to date with high transportation cost and a poor dollar value indicates that this trend may continue for a period of time into the future. If on shoring replaces off shoring are you ready?

Another factor not mentioned in the article was covered in the NBC nightly news this week. The labor cost in China is rising. This is having a devastating effect on many Chinese factories and they are closing down and looking to move their work to the next developing country.

To become a viable alternative to a manufacturer's off shore vendor, you need to determine if your plant is truly operating as a world class manufacturing facility. Many of the off shore manufacturers that you will be competing with implemented lean manufacturing principles from the beginning of their operations. To be competitive you must not just learn the lean principles but you must practice them in your operations. Many member of the Council of Industry (COI) have taken the lean manufacturing courses offered by the COI. How many of these companies have implementing these tools into their day to day operations?

A good test is to look at your manufacturing metrics. Do you see year to year improvements in the following metrics since taking the lean manufacturing courses?

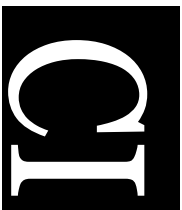
- Inventory turns increased
- Cycle time decreased
- Outgoing quality improved
- On time delivery to customers improved
- Expediting was reduced
- Unit cost was reducing

If the answer is no to some or all of these metrics, you may need to reexamine your lean implementation plan. The first step is to start measuring your manufacturing metrics against your past year's accomplishments. In addition, I recommend you measure against world class standards for your industry. The next step is to pick the metric that needs the most improvement and use a lean tool to help improve that metric.

If you need help in either further training or implementing the lean tools please call on Harold King at the Council of Industry, (845) 565-1355. Harold has the training classes that can help your team in learning lean and the consulting team to help you with your implementation.

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