

# CHALLENGES AND GROWTH

BY SERENA CASCARANO

## What Is Your Biggest Challenge?

### Issues Facing Hudson Valley Manufacturers



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**M**anufacturing in the Hudson Valley is alive and thriving but that doesn't mean our members aren't continuously facing challenges. We wanted to get a better understanding of what those challenges are and we thought our readers would be interested to learn about them as well. To find out we reached out to a handful of companies that represent a cross section of our membership and asked them this simple question – “What's the biggest challenge you face in growing your business.” While the answers were not entirely surprising we learned quite a bit about the issues facing Hudson Valley Manufacturers.

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## CSS: DEVELOPING THE WORKFORCE

Elisha Tropper, CEO of Cambridge Security Seals (CSS) in Rockland county, spoke to us about their current struggles with workforce. In order to remain competitive, it's now a necessity to continually upgrade and develop their employees. "With the continuous enhancements to our automation and production equipment our employees must be able to work with a higher caliber of technology than was previously required."

As many manufacturers in the Hudson Valley are aware it's difficult to find employees that already possess these skills. The challenge now is finding people who are capable and willing to train and grow within the company. Cambridge Security Seals is working to develop their employees from within and provide them with the tools they



need to quickly move beyond entry level positions. This can be a long process, but worth it for the employees who are willing to embrace this opportunity.

Due to the uniqueness of their products, CSS prefers to keep their training internal. It would be a challenge to find

an external trainer with the necessary skills to train their employees. However, Tropper noted the benefit that trade schools can provide.

Due to technology advances, skills learned today can become obsolete tomorrow. The future will require skilled workers that are willing to continuously learn and adapt but CSS is building their pipeline from within in preparation for the future.



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## MICROMOLD: DEVELOPING A POSITIVE CULTURE

Justin Lukach, President of Micromold Products, offered a unique perspective on this question by sharing a story about a challenge that the organization was able to recently overcome. Lukach became President of Micromold in 2010 with the goal of creating a culture where employees were excited and inspired to come to work every day. However, he found there were certain cultural and strategic changes necessary to make that goal a reality.

Personal and professional development were key components to making this change. Matching employees to the right jobs and updating job responsibilities allowed the company to operate more efficiently. Lukach noted the unlimited potential that



comes with filling positions with the appropriate employees. “Until you have a skilled and motivated employee in the right position for them, you don’t realize the potential that you were missing out on.”

Lukach also freed himself to focus on big-picture issues by creating a team of directors to concentrate on day-to-day business activities. This team has helped create stability throughout the organization, which provides Lukach with the freedom to focus on where Micromold should go in the future.

All of these changes: getting the right people into the right positions, making good hiring choices and finding people who can help grow the culture in the future, has transformed Micromold. Lukach is proud to see his vision for the company coming into focus.

Employees with soft skills, ambition and mechanical aptitude are worth the time spent on training to get them to the necessary skill level.

## CATSMO: MANAGING RAPID GROWTH

The steady growth of Catsmo Corporation, a gourmet food manufacturer of smoked salmon in Wallkill, is certainly a positive for the company but it’s also creating some challenges. CFO, Frederic Pothier, shared with us some of the difficulties that come with doubling their business in only four years.

Food manufacturers have heightened regulations, as well as increased health and safety standards. Maintaining those high levels of production can become challenging in times of rapid growth, which is where production management and technology upgrades came into play for Catsmo. Bringing in new technology improved the flow of operations and helped Catsmo keep up with demand.



Introducing this new flow of production is also forcing employees to adapt, which isn’t always a simple task. Employees who are used to a certain way of doing things can often reject change. Inspiring people to embrace the changes and adapt a new mindset is a challenge that Catsmo hopes to overcome in the upcoming years.

Looking to the future, Catsmo has plans to expand. They’ve outgrown their facility in Wallkill and need more space to successfully keep up with demand as it continues to increase. Pothier told us about Catsmo’s plan to expand off their existing building and stressed the importance of productivity and efficiency moving forward. “Productivity is key! We’re working hard to keep the same level of quality and adapt to this new level of production.”

## ORANGE PACKAGING: THE COST OF REGULATION



Michael Esposito, Vice President of Orange Pkg, spoke to us about New York State’s current labor laws and mandates and how combined they’ve managed to inhibit the company’s growth. In New York the high cost of health insurance, workers compensation insurance and complying with things like the paycheck fairness act and the newly mandated harassment training, all add up to make it very expensive to employ people in the state. Now, increases to minimum wage are rippling through and making it even more expensive – a trend likely to continue into the future.

On December 31, 2018 the minimum wage was increased to \$11.10 in the Hudson Valley. It’s set to increase by 70 cents per year until it reaches \$12.50 at the end of 2020, and then to increase on an indexed schedule until it hits \$15 an hour. This will present challenges to many businesses throughout the state.

Esposito spoke to us about how the total cost of employing people is heavily impacting their decisions to take on new projects. “We’ve become accustomed to taking on any new work that’s presented to us, however, recently we’ve found ourselves needing to limit the amount of work we’re accepting because we don’t have the workforce to complete certain jobs.”

They’ve worked with State officials to find ways to stay in New York and continue to expand their business. However, with the current taxes and labor laws they’re finding it difficult. In the future Orange Pkg is going to do what is most financially beneficial for the company, even if that means moving some operations to a different state.

## SCHATZ BEARING: RECRUITING A SKILLED WORKFORCE

President of Schatz Bearing Corporation, Stephen Pomeroy, spoke to us about their recruiting struggles and how they relate to the current labor shortage. Discussions of the nationwide skills gap and labor shortage are prominent, and it was no surprise to us that multiple members discussed this as an issue they're currently facing. Business orders are coming in very strong for Schatz and the challenge now is having the workforce to keep up with it.



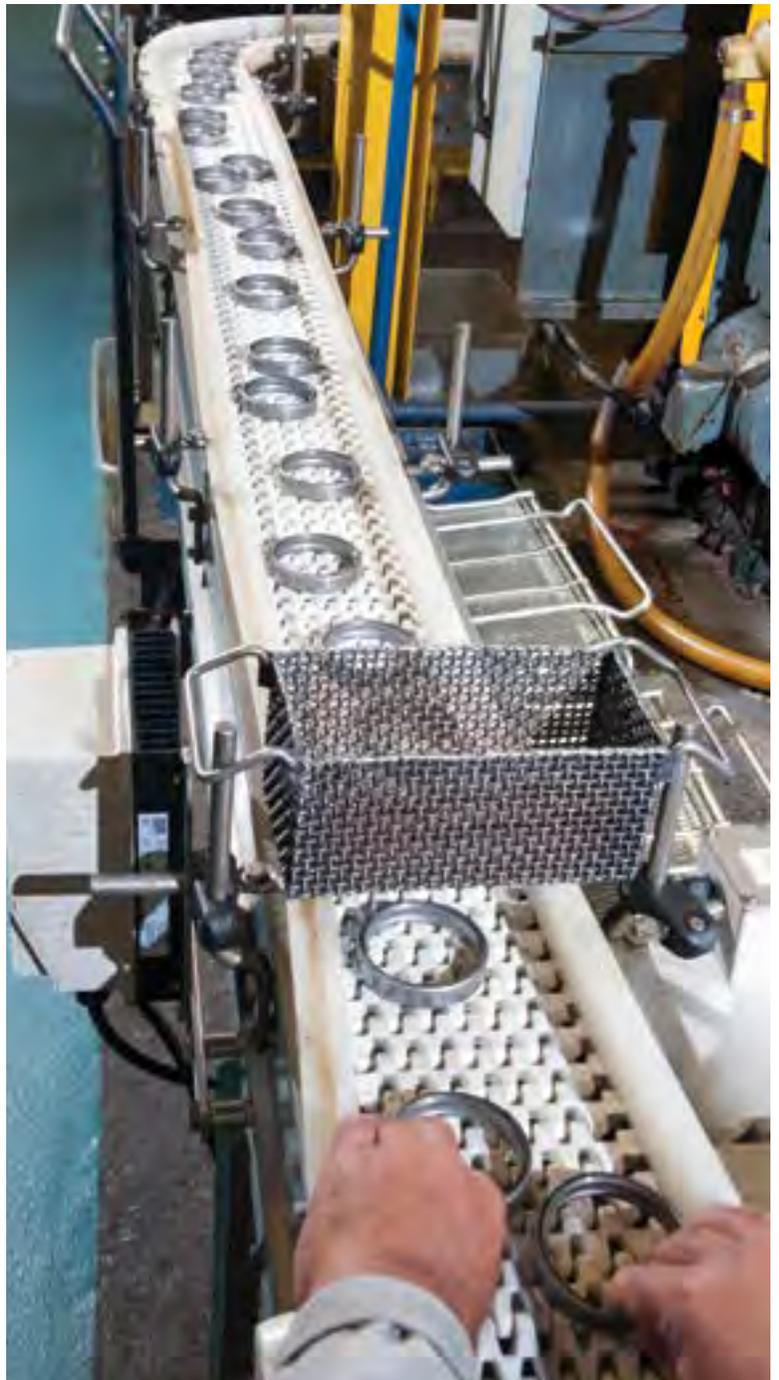
The specific and specialized skills needed at Schatz are difficult to find in potential employees, and it's hard to hire employees and train them internally because of the company's smaller size. Schatz's current employees are busy and often don't have the time to train and develop new hires. This is where Schatz relies on prior career experience to help reduce the amount of training required for a new employee. Having prior experience and years in the industry can significantly reduce the learning curve.

Schatz is also actively looking for ways to be more creative in their recruiting and even hired a new Human Resources employee to focus primarily on hiring. "We decided to also take advantage of the Council of Industry's Collaborative Recruiting Initiative to help us find the quality candidates we need. It's been a beneficial tool that's aided in the attraction and retention of new hires."

It's now more important to find potential employees that are worth the investment. Employees with soft skills, ambition and mechanical aptitude are worth the time spent on training to get them to the necessary skill level.



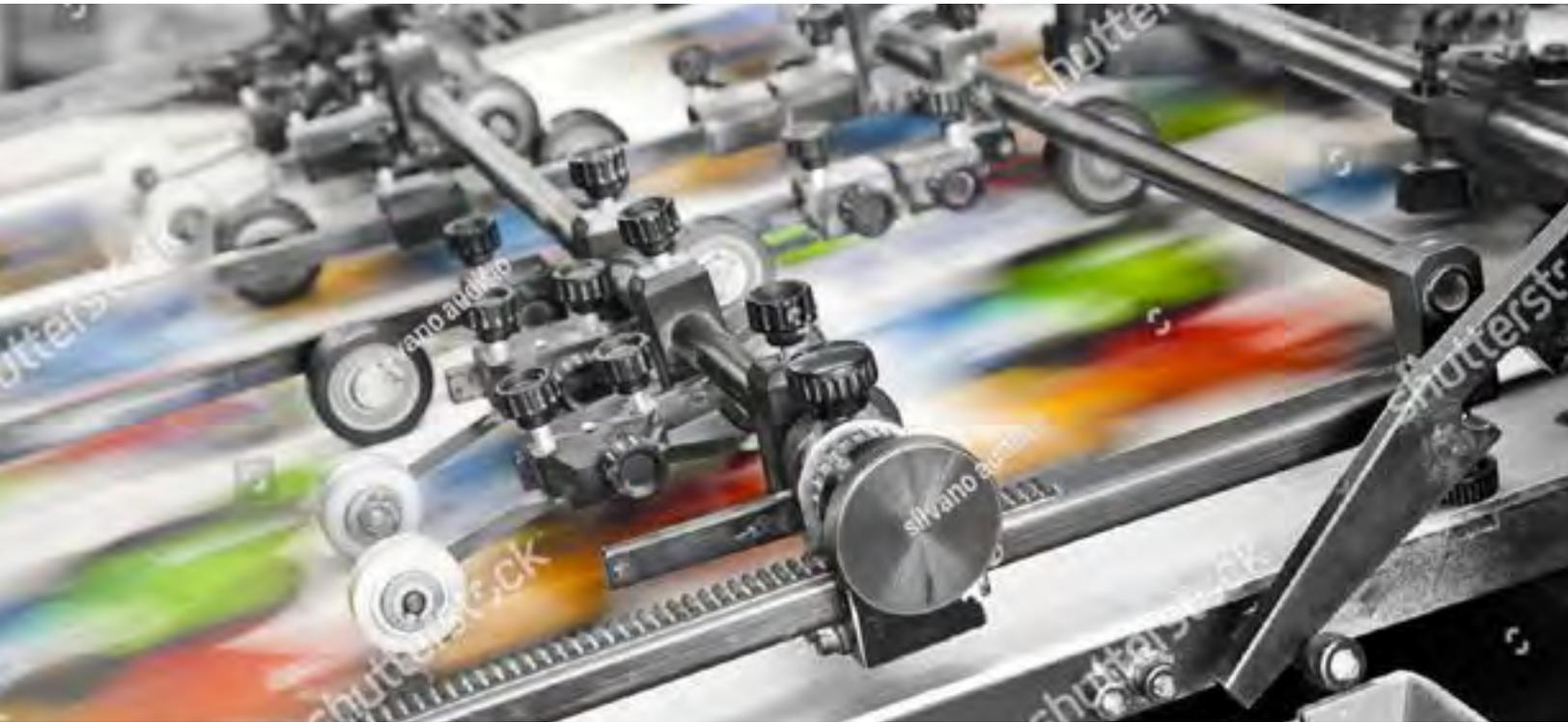
*Serena Cascarano,  
Administrative Marketing Assistant  
at the Council of Industry.*



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