



# Council of Industry Newsletter

April 2014  
Volume 18  
Issue 3

## The 2014 New York State Budget

On March 30th an agreement was reached on the 2014-15 New York State budget, which holds spending growth below 2 percent for the fourth consecutive year, and extends the manufacturer’s tax cut to include counties in the “MTA region.” which includes all the counties in the Hudson Valley.



Gov. Cuomo’s original budget proposal included a plan to eliminate the corporate income tax on upstate manufacturers, but manufacturers in MTA region counties such as Dutchess, Orange, Putnam, Rockland, Westchester, Nassau, Suffolk and New York City, would have had to continue to pay the tax. Friday’s budget agreement eliminates the tax for the entire state. What remains to be seen is exactly how the budget defines a manufacturer, including whether or not there are restrictions on the size in terms of assets or revenue.

“This is a win for jobs in the Hudson Valley, Long Island, and New York City,” said state Assemblyman Kieran Michael Lalor (R,C,I – Fishkill), who spearheaded to movement to include MTA region communities in the tax cut. “The governor’s original proposal would have shifted jobs out of our communities. It would have been a disaster for Dutchess and Orange counties, where businesses could move just a few miles down the road to pay no tax. We organized almost two dozen municipalities to pass resolutions calling on Albany to expand the tax cut to the whole state. Our local leaders knew this was a bad deal and Albany finally listened to us.”

**Continued on page 7**

### May 14th— Save the Date and Come Celebrate the 2014 Manufacturing Champions!

The Council of Industry is proud to announce the 2014 Manufacturing Champions. The private sector champion is Bruce Phipps, President of MPI, Inc., the public sector champion is Congressman Chris Gibson (NY-19) and the organization champion is SUNY Ulster’s Continuing Education Program. We invite you to attend the Manufacturing Champions Award Breakfast on Wednesday, May 14th at Novella’s in New Paltz, NY to celebrate this year’s champions and their contributions to Hudson Valley manufacturing. Seats are \$30 per person or \$215 for a table of 8. Sponsorship opportunities are available. Contact Alison Butler at [abutler@councilofindustry.org](mailto:abutler@councilofindustry.org) or (845) 565-1355 for more

### Inside this Issue

2	Training & Education
3	Networks & Council News
4	Personnel Matters
5	More Personnel Matters
6	Legislative Matters
7	More Legislative Matters
8	EHS Matters
9	CI Calendar
10	Energy Matters
11	Manufacturing Matters
12	Financial Matters
13	Member Benefits
13	Consumer Price Index



# Training and Education

*Each participant will leave with foundational work completed as well as a detailed action plan in order to begin implementing CEI at their respective facility.*

## Materials Science Training

**When:** Wednesdays, 5/28, 6/4, 6/11 from 10:00 am - 3:30 pm (includes 30 mins for lunch)

**Where:** Westchester Community College, Technology Building, Room T-148

**Instructor:** Len Spina, Department Chair of Mechanical Technology Department at Westchester Community College

**Cost:** \$105 Single participant - \$95 each two or more from the same company

**To Register:** Online <http://www.councilofindustry.org/?p=1003> Call (845) 565-1355  
Or email [Training@councilofindustry.org](mailto:Training@councilofindustry.org)

This course will cover the following topics and will include scientific and practical applications as they relate to manufacturing:

- Structure of Materials
- Materials Properties & Testing
- Ferrous Metals
- Non Ferrous Metals
- Plastics
- Glass and Ceramics
- Composites
- Heat Treatment
- Properties Modification

## Upcoming Training

The Council of Industry is working with the consortium of community colleges in the Hudson Valley to coordinate training programs requested by our members. Watch our Weekly Update emails for the latest training programs. Upcoming possibilities include PLCs and Project Management. If there is a training program you are looking for contact the Council to see if we can help make it happen. Look at the training section of our website for a wide variety of trainings that we have coordinated for our members in the past.



There are still a couple of seats available in the remainder of the Certificate in Manufacturing Leadership courses.

- April 9 - Effective Business Communication
- April 30 - Train the Trainer
- May 7 - Making a Profit in Manufacturing
- May 21 - Environment, Health & Safety Risk Management

For more info go to <http://www.councilofindustry.org/training/course-list/>

 <ul style="list-style-type: none"> <li>• Virtual Human Resources</li> <li>• HR Outsourcing</li> <li>• Talent Acquisition</li> <li>• HR Planning &amp; Forecasting</li> <li>• Organizational Effect</li> </ul>	<p><b>Greg Chartier, Ph.D., SPHR</b></p> <p>Post Office Box 04 Maryknoll, NY 10545</p> <p>914.548.1689 914.941.1667 fax</p> <p><a href="mailto:greg@HRinfo4U.com">greg@HRinfo4U.com</a> <a href="http://www.HRinfo4U.com">www.HRinfo4U.com</a></p>
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## Network & Council News

### 2014 Wage & Benefit Survey will Be Digital



For many years the Council of Industry has partnered with Marist College’s School of Management to survey members about employee wages and benefits packages. On March 27th, HR directors from several CI member companies met with Ken Sloan, survey administrator and Associate Professor of Management at Marist, to discuss ways to improve the survey going forward. The Dean of Marist’s School of Management, Lawrence Singleton, was in attendance to announce the most welcomed improvement - new software that will allow the 2014 survey to be completed online with more detailed breakdowns of data available as a result.

Joining the discussion were a few Marist students, one of which demonstrated the new survey program that will give a completion bar on each page, have question logic so if the answer is no the follow up questions can be skipped and provides the capability to save and return to the survey as needed. Suggestions from CI members included having job descriptions available to view if needed near questions, revision of job descriptions. Suggestions for additional surveys in lieu of the employment practices survey included: a recruitment survey, healthcare options, and a business confidence survey.

Ken Coletti, director of Internship Programs at Marist School of Management, also met with the group and discussed the availability of Marist students to be interns at companies. By working with Marist, companies can create internships where students will receive college credit for their work. There is also the possibility of group projects if a company has something a group of student could work on for a set amount of time. This is a resource that local manufacturers can find out more about by contacting the Council of Industry.

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### Affordable Care Act Update Seminar on May 15th

**When:** Thursday, May 15th, 8am registration, 8:30—10:30 am program

**Where:** Rose & Kiernan, 60 Merritt Blvd. Fishkill, NY

**Cost:** None for members

**Registration:** online at: <http://www.councilofindustry.org/?p=1618>

Or email [abutler@councilofindustry.org](mailto:abutler@councilofindustry.org) or call (845) 565-1355

There has been a lot in the news recently about the Affordable Care Act’s deadlines and provisions. For New York employers some things have stayed the same and some things have changed. Find out what’s what at this ACA Update Seminar featuring presentations from:



- ◇ Legal aspects covered by Keith Dropkin, Jackson Lewis LLP
- ◇ Insurance programs covered by Dan Colacino, VP of Regulatory Affairs, Rose & Kiernan
- ◇ The financial and accounting perspective covered by Jason T. Giordano, CPA, MST, from Judelson, Giordano & Siegel, CPA, PC.

*For New York employers some things have stayed the same and some things have changed. Find out what’s what at this ACA Update Seminar*

**Welcome New Members:**  
**NBT Bank** - Personal and commercial banking products. Insurance is also available through NBT Insurance Agency, LLC. Contact: Scott Lemmerman

## Personnel Matters

### Military Downsizing Presents Opportunity, Challenge for Employers

By Tammy Binford, HRHero.com

*Employers that are federal contractors—a major subset of all employers—are being required to bring in veterans, and all other civilian employers are expected to step up and help new veterans find their place in the world of work, too.*

A thread running through a succession of news stories is sending a clear message to employers: The military is shrinking its ranks and the pressure is on civilian employers to hire more veterans.

U.S. Secretary of Defense Chuck Hagel announced new downsizing plans for the nation’s armed forces in February, explaining that budget cuts are going so deep and coming so quickly that “we cannot shrink the size of our military fast enough.”

On the heels of that announcement, comes news of the March 24 deadline for compliance with some provisions of new regulations pertaining to the Vietnam Era Veterans’ Readjustment Assistance Act.

The new regulations mean employers that are federal contractors will be required to adopt annual benchmarks for hiring veterans based either on the percentage of veterans in the national workforce—currently 8 percent—or on their own benchmark based on the best available data.

Even though the new regulation’s effective date is March 24, employers won’t have to alter current affirmative action plans. The new requirements will take effect with an employer’s next affirmative action plan cycle. Even with a temporary reprieve on the deadline, contractors are being encouraged to begin updating their computer systems and employment practices right away so they can come into compliance as soon as possible.

The handwriting is on the wall. Employers that are federal contractors—a major subset of all employers—are being required to bring in veterans, and all other civilian employers are expected to step up and help new veterans find their place in the world of work, too.

#### A look at the numbers

The unemployment rate for veterans has seen some improvement over the last couple of years, but the picture for the newest veterans—those termed Gulf War-

era II veterans—is still worse than that of the population as a whole.

The U.S. Bureau of Labor Statistics released information March 7 showing that the nation’s overall unemployment rate stood at 6.7 percent in February. The unemployment rate for all veterans at least 18 years old was slightly lower than the overall rate—6.3 percent.

But the statistics aren’t so rosy for the Gulf War-era II veterans. Their jobless rate was considerably higher—9.2 percent in February. The February jobless rate for Gulf War-era II male veterans was 9.0 percent and it was 9.9 percent for female veterans.

Even though the jobless rate for the newest veterans is higher than that of other groups of veterans and the population as a whole, the figures are better than they were a year ago, when the unemployment rate in February 2013 for the nation as a whole was 7.7 percent and the rate for Gulf War-era II veterans was 9.4 percent.

#### Tips for employers

As more veterans become jobseekers, employers have a variety of ways to find veterans eager to become employees. The U.S. Department of Labor’s CareerOneStop website advises employers ready to reach out to veterans to post their openings with their state job bank and then contact a Veterans Employment Representative at an American Job Center, who will help identify qualified veterans.

The CareerOneStop’s Hire a Vet Web page also offers a civilian-to-military occupation translator to help employers link skills developed through military service to civilian jobs.

The Department of Veterans Affairs offers the vet-success.va.gov website that allows employers to post jobs and search resumes an offers information on incentives for employers that hire veterans.

The White house also offers a website with resources for employers through their program Joining Forces.





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**Continued on page 14**





## More Personnel Matters

### Thinking Beyond the Resume

By Ed Kowalski, Ethan Allen Personnel Group, a Council of Industry Associate Member

A traditional resume (or a LinkedIn profile) may be necessary for anyone who's looking for a job, but I wouldn't recommend relying solely on either one to hire.

Part of the problem is that it's human nature to exaggerate or even glorify a simple role. But the bigger issue is that there are a lot of things resumes can't tell you about a candidate—like whether he's the type of person you want to work with or whether she'll fit in with your company's style.

Instead, I've used a few non-traditional techniques that help me look beyond the resume to find great employees. Here are some tips for finding the best hires for your business without relying solely on a piece of paper or virtual profile.



#### Pay Extra Attention to the Application

The first step in the hiring process often involves an application. I pay close attention to how people handle this initial interaction. Do applicants craft a personalized and interesting cover letter and follow up with an email or phone call a week later? Or do they simply fire off their resume without taking the time to interact beyond that? Someone who doesn't take the time to be "remembered" not only seems less eager, but is less likely to be a serious candidate.

One sneaky way to weed out the candidates who are just blasting out their cover letters is to add a special code or a hashtag to your application. I've been known to say something like "be sure to include #iactuallyreadthis on your cover letter." I know immediately that the people who don't put my special code in their letter aren't paying attention to detail. And that fact alone tells me they probably aren't right for us.

#### Do More Than Ask Questions at the Interview

When you bring your narrowed-down bunch of candidates in for interviews, you'll definitely want to sit down with them and ask all the standard

questions, including soliciting specific examples from their previous work experience. But I also like to see how people perform on the job, rather than just have them tell me.

For example, if you're hiring someone to answer phones, have candidates answer a mock phone call and see how they do. If you're looking for developers, have them prepare some code. Even if you're looking for something less task-based, like a project manager, you can have the candidate

look at a current project outline and see what kind of questions or suggestions he or she might have.

You'll also want to look beyond the skills and experience to make sure the candidate fits well with your company culture.

#### Use References Right

You probably already ask your applicants to provide references (and if you don't, you should), but you want to make sure you're using these contacts to their fullest potential to get the information you want.

For example, I'll ask references about the candidate's work performance, but I'll also ask what the person's sense of humor is like. This can tell you a lot. If the person's more of a serious type—or on the other end of the spectrum, the office joker—he or she might not be a good fit for your organization.

*Here are some tips for finding the best hires for your business without relying solely on a piece of paper or virtual profile.*

### Continued on page 15

*Ed Kowalski is the HR Director of the Ethan Allen Personnel Group. Since 1969, Ethan Allen Personnel has been matching the energetic and hard-working jobseekers of the Hudson Valley with the career opportunities provided by the diverse community of employers in the area.*

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## Legislative Matters

### Manufacturing Days in Albany - Working to Improve the Business Climate in New York State

*"Creating a state wide alliance is just one of many steps needed to push for reform that will improve the business climate for manufacturing in New York State, and I believe we achieved that objective at this event." - Karyn Burns, Vice President of Communications and Government Relations for MANY*

The Manufacturers Alliance of New York (MANY), a statewide coalition of more than 1000 manufacturing firms held Manufacturing Lobby Days on March 17th and 18th. The several Council of Industry members were in attendance to support and participate in this annual effort to promote a pro-growth agenda that will benefit all of the Empire State's manufacturers.

Over 85 Presidents and manufacturing executives from across the state participated in Manufacturing Days this year. This year's event took place at the Hilton Albany and included an introduction from Manufacturer's Alliance President Randy Wolken, a 2014 public policy briefing, followed by a keynote address from the Lieutenant Governor Robert Duffy. The first day also included a legislative panel and a panel of the Business Coalition, culminating in a legislative reception that evening. Day two of the event consisted of lobby visits with elected officials.



Lt. Governor Robert Duffy addresses New York State manufacturers at Manufacturing Days in Albany on March 17th.



Harold King, Executive Vice President of the Council of Industry led a panel discussion at Manufacturing Days in Albany.

Karyn Burns, Vice President of Communications and Government Relations for MANY, said, "Creating a state wide alliance is just one of many steps needed to push for reform that will improve the business climate for manufacturing in New York State, and I believe we achieved that objective at this event."

The goal of Manufacturing Days is to allow our economic sector the opportunity to rally together and relay to Albany our legislative agenda for 2014. "In addition to the individual meetings with legislators it's also good to hear from senior level administration officials and legislative leaders about their commitment to, and

understanding of, the needs of the manufacturing sector. It seemed to me that Lt. Governor Duffy, Assembly Majority Leader Morelle and Assembly Minority Leader Kolb all appreciate the importance of manufacturing to New York's economic health. Getting them to take meaningful action is the next step," said Harold King, Council of Industry Executive Vice President. This event will give attendees an opportunity to not only learn more about the Alliance's upcoming legislative agenda, but it also gave our members an opportunity to meet with their elected officials to brief them on their businesses and discuss any legislation that is important to Hudson Valley manufacturers.



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## More Legislative Matters

### 2014 New York State Budget Continued from front page

Business groups across the region also mobilized against the governor's plan. Organizations such as the Rockland Business Association (RBA) the Westchester Business Council and, of course the Council of Industry worked to extend the breaks to the entire state. "The Governor is right to acknowledge the vital role manufacturing plays in our economy and we commend him for recognizing that a growing manufacturing sector will mean a healthier economy for all of New York," said Harold King, Executive Vice President of the Council of Industry. "That said, however, excluding all manufacturing downstate, and defining a manufacturer in such a narrow way as to exclude many upstate as well, the proposal appeared to be mostly window-dressing. What's in the budget is far from perfect, but it is a step in the right direction."

Highlights of the 2014-15 budget of interest to manufacturers include:

**\$1.5 Billion in property tax relief** – The budget includes a new Property Tax Credit to provide relief to New York homeowners and address one of the primary drivers of the State's high property taxes – the outsized number of local governments. The property tax relief package is designed to incentivize local governments to share services and reduce their financial burden on the taxpayer.

**Accelerated phase-out of 18-A utility surcharge** -The Budget accelerates the phase-out of the 18-a temporary assessment for all customers. New Yorkers pay some of the highest energy bills in the nation and the temporary utility assessment exacerbates this burden on struggling businesses and families. The budget will save businesses and residents \$600 million over the next three years.

**School aid** - The Budget includes a \$1.1 billion – or 5.3 percent – increase in education aid for the 2014-15 school year. High-needs school districts will receive nearly 70 percent of the 2014-15 allocated increase.

**Reform Common Core implementation** – The budget puts into law a series of recommendations to immediately improve the implementation of the Common Core Standards in New York, including banning standardized "bubble tests" for young children, protecting students from high stakes testing based on unfair results, ensuring instructional time is used for teaching and learning and not over-testing, and protecting the privacy of students.

**Estate Taxes** -The final version of the 2014-15 New York state budget includes raises the threshold for triggering estate taxes, something conservatives, farmers and others have lobbied for for years.

The new legislation sets new exemption amounts. If a person dies between:

- April 1 and March 31, 2015, an estate of \$2,062,500 is exempt.
- April 1, 2015 and March 31, 2016, an estate of \$3,125,000 is exempt.
- April 1, 2016 and March 31, 2017, an estate of \$4,187,500 is exempt.
- April 1, 2017 and Dec. 31, 2019, an estate of \$5,250,000.

The changes are meant to bring the state estate tax requirements in line with federal ones.

**Statewide universal full-day pre-kindergarten** -The budget builds upon the success of the first-ever state-funded full-day pre-kindergarten program by committing to invest \$1.5 billion over five years to support the phase-in of a Statewide Universal Full-Day Pre-Kindergarten program.

**Protect charter schools** - The budget increases tuition funding for charter school students over three years: \$250 per student the first year, \$350 the second, and \$500 in the third. The budget will also promote the growth of charter schools by addressing their facility needs. Charter schools will be eligible for pre-K funding.

**Reforming public trust** - The budget includes more reforms in an attempt to boost New Yorkers' confidence that their elected officials are serving honestly and with transparency. The proposals include tough new anti-bribery and anti-corruption laws, a test of public financing of elections at the state level using the 2014 comptroller's race, the establishment of an independent enforcement counsel at the Board of Elections, increased transparency of political contributors to independent expenditure committees and disclosure of the outside clients or customers of State Legislators who had been referred by registered lobbyists.

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## EHS Matters

### Leading Safety by Example: Walking the Walk Saves Lives

By Sandy Smith, EHS Today

One of the questions on the application for EHS Today’s America’s Safest Companies asks about management engagement in safety. Companies with extraordinary safety programs have leaders that are engaged in safety, who recognize the importance of EHS performance to the bottom line and support EHS efforts as part of their goal to be a world-class operation.

Just as at any work site, leadership is critical to establishing safety on the construction job site. Workers who believe that both corporate leaders and the field supervisors take occupational safety seriously are more likely to take the time and effort to work safely.

We know that leadership can take many forms. Which are most important when engaging employees?

Transactional leadership aligns the interests and preferences of team members with the organization of which they are a part, while transformational leadership encourages employees to work towards a unified purpose. Both have been associated with numerous positive safety outcomes, such as improved safety climate, increased safety behaviors and decreased accidents and injuries. But it still is unclear how these dimensions of leadership differentially relate to safety outcomes.

Over the past five years, the Center for Construction Research and Training (CPWR) has sponsored a world-class research team from the fields of psychology and occupational health to investigate safety leadership in the construction industry. A survey of more than 1,000 plumbers and pipefitters uncovered some important clues.

Researchers Krista Hoffmeister, Alyssa M. Gibbons, Stefanie K. Johnson and John C. Rosecrance from the University of Colorado, Konstantin P. Cigularov from Old Dominion University and Peter Y. Chen from the University of South Australia surveyed 1,167 construction pipefitters and plumbers to link their perceptions of leadership with their assessment of safety culture and practices on the job.

The Differential Effects of Transformational Leadership Facets on Employee Safety, which appears in the February 2014 edition



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of Safety Science, found that although most facets of transactional or transformational leadership were related to at least one

safety outcome, idealized influence – where members admire the qualities and imitate the actions of workplace leaders – accounted for the most variance. Other key findings include:

Taken together, the seven facets of leadership accounted for 40-45 percent of the variation in safety climate, 15-18 percent of safety compliance and participation behaviors, and 3-6 percent of the workplace injury and pain outcomes reported by mechanical apprentices and journeymen.

Idealized influence, consisting of attributes (i.e. characteristics) and behaviors, consistently emerged as the most important leadership behaviors associated with workplace safety. Leaders acquire idealized influence when their employees admire their actions and integrity, and adopt them as role models.

The most important leader behaviors for developing a positive safety climate were, in order: idealized influence, inspirational motivation, intellectual stimulation, individualized consideration and contingent reward.

Although leadership overall was a significant predictor of workplace pain and injuries, no single leadership behavior contributed significantly by itself. This suggests that although leaders may be able to engage in one behavior or another to promote safety climate and safety behaviors, ultimately, to reduce injuries, they have to be holistically good leaders.

“When supervisors reward safe behavior or punish unsafe behavior, they engage in what psychologists call ‘transactional leadership,’” said Pete Stafford, executive director, CPWR. “They are striking a deal with employees: if I get something I want, you will get something you want. This kind of leadership did lead to some improvements, but it wasn’t the most important kind.”

According to Stafford, “Supervisors whom workers admired for their character, intelligence and skills could exercise much more powerful ‘transformational leadership.’ That is, when trades employees saw a foreman they admired making safety a top priority, the workers began to make safety a higher priority as well.”

Stafford noted that other CPWR studies have shown that incentive programs that reward crews with prizes for safe work actually discourages workers from reporting injuries when they happen. This new study suggests that construction workers are motivated better by role models than by rewards for accident-free days.







## CI Calendar of Training and Events

<b>Apr 8,9,10, &amp; 15,16</b>	<b><u>Solidworks Essentials</u></b> — 9am—5pm at SUNY Dutchess, Poughkeepsie, NY. Cost: \$375 per person. Class size limited to 12 seats.
<b>Apr 9</b>	<b><u>Certificate in Manufacturing Leadership: Effective Business Communication</u></b> —9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY
<b>Apr 30</b>	<b><u>Certificate in Manufacturing Leadership: Train the Trainer</u></b> —9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY
<b>May 7</b>	<b><u>Certificate in Manufacturing Leadership: Making a Profit in Manufacturing</u></b> —9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY
<b>May 14</b>	<b><u>Manufacturing Champions Award Breakfast</u></b> —7:30— 9:30 am at Novella’s, 2 Terwilliger Lane, New Paltz, NY. Seats are \$30 per person or \$215 for a table of 8. Sponsorship opportunities are available. Contact Alison Butler at <a href="mailto:abutler@councilofindustry.org">abutler@councilofindustry.org</a> or (845) 565-1355 for more information.
<b>May 15</b>	<b><u>Affordable Care Act Update Seminar</u></b> –8 am registration, 8:30 –10:30 am program at Rose & Kiernan, 60 Merritt Blvd., Fishkill, NY. No cost for members.
<b>May 21</b>	<b><u>Certificate in Manufacturing Leadership: Environment, Health and Safety Risk Management</u></b> —9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY
<b>May 28, June 4, 11</b>	<b><u>Materials Science Training</u></b> -10:00 am - 3:30 pm at Westchester Community College, Technology Building, Room T-148. Cost: \$105 for single attendee, \$95 each for two or more from the same company.

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

### Manufacturing Job Opportunities

*If you have job openings and positions to fill:*

- Post it on the Council of Industry Website [www.councilofindustry.org](http://www.councilofindustry.org)
- Look at resumes from our member recommended **For Hire page**

Contact Alison at [abutler@councilofindustry.org](mailto:abutler@councilofindustry.org) for more info.

## Energy Matters

*Estimates of the impact of the plan vary. Schumer said it would raise prices by between 5 and 12 percent but would not guarantee that any power plants were built. Even if so, it could be five years of higher bills before it happens, he said.*

### FERC Rule Adding New Capacity Zone Will Mean Higher Electric Bills for Hudson Valley Businesses and Residents

The Federal Energy Regulatory Commission last year issued new rules fashioned by the New York Independent System Operator (NYISO) that are meant to govern how power plants get built in the region, which “crucially serves major population centers in downstate New York.” The rules create what’s called a “generation capacity zone” in the Lower Hudson Valley in an attempt to attract more investment to the sector.

To those who favor the capacity zone, it is a necessary step to account for the loss of coal and, according to some environmental groups, the potential sunset of 2,000 MW at the Indian Point nuclear plant. FERC’s justification for the Lower Hudson Valley zone was to establish that the cost of entry in the region is much higher than the rest of the state, so the zone would need its own installed capacity demand curve separate from upstate.



Creation of the zone, FERC has said, would reflect the region’s “higher cost of new entry, in order to send the necessary price signals over the long run and provide the higher capacity revenue over the long run needed to encourage new investment.”

But then, under pressure from politicians, utilities and business groups, the New York Public Service Commission began to fear that the zone, which is set to take effect in May, would lead to price spikes amounting to hundreds of millions of dollars. The commission is concerned installed capacity costs charged to wholesale purchasers in the NYISO

market will hit them too hard and end up hurting consumers. NYSOI now favors a phase in over 3 years of the new zone. FERC, as yet, has not changed its rule.

Estimates of the impact of the plan vary. Schumer said it would raise prices by between 5 and 12 percent but would not guarantee that any power plants were built. Even if so, it could be five years of higher bills before it happens, he said.

Central Hudson Gas & Electric Corp. has come out against the plan, estimating it would raise costs ranging from 6 percent to 10 percent. The company favors transmission improvements such as the TRANSCO project.

U.S. Rep. Sean Patrick Maloney, D-Cold Spring, on Thursday issued a call for FERC to roll back its “reckless decision to approve a new capacity zone which could lead to unreasonable and drastic energy rate hikes.”

One unintended consequence of the rule is the possibility of “re-commissioning” the mothballed coal fired Danskammer plant in Orange County. In a letter dated Jan. 15 to the PSC, attorneys for the Independent Power Producers of New York (IPPNY) called the October 2012 emergency order closing Danskammer flawed for a

handful of reasons, among them that the plant was uneconomical. The letter said reversing the previous decision to mothball the plant could “undermine FERC’s goals to ensure that the competitive electricity markets produce efficient price signals in this area of the state to encourage the development of new, and the maintenance of needed existing, resources.”

Whatever the outcome Council members and indeed all consumers in the mid and lower Hudson Valley should prepare themselves for higher electricity bills beginning in May.

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# Manufacturing Matters

## Maximize Your Company's Profit Potential - Don't Ignore the Cost of Inappropriate Workplace Behavior

By Grant Lewis, Executive Coach, Certified SCCP Coach, Full Contact Leadership Development, LLC



In articles, I have discussed the effects of leadership and employee behavior on morale, productivity, profitability. Now that these behaviors have been identified in leadership management, it is time to work towards a meaningful reversal of these "worst" practices within employee bases.

outlines his 8-step model for change leadership, which many of the world's leading organizations have looked to when deep fundamental shifts are required. Regardless of the focus—be it innovation, growth, culture, cost or technology—this groundbreaking methodology provides an actionable framework for any business of any size.

When the focus shifts towards corrective procedures, several areas must be addressed.

First, to improve workplace behavior, high level coalition of stakeholders—senior management, owners and other core decision-makers—must be wholly committed to the proposed changes. These endeavors are, likely, a significant cultural shift for your organization, and will require management's total attention over an extended period in order to accomplish your end goals.

Many of us have worked in organizations where programs come and go—and the enthusiasm, focus and discipline for these "Programs on the Month" never seem to drive towards long-term successes. Why? Because the seemingly transient nature of these initiatives simply does not convert the initial program awareness to a routine and, ultimately, into "habit" territory.

Another common pitfall is complacency within the upper rankings of an organization. With complacency comes a failure to truly come together, a lack of strong communication and a lacking a deep integration within the architecture of the business. Employees of all levels will almost immediately notice these inconsistencies—and it's these cracks in the armor that lead to a lack of buy-in and waning fervor across all tiers of the organization.

Second, in orchestrating successful change, management must embrace that change is an ongoing, in-flux process. Dr. John Kotter, Professor of Leadership at the Harvard Business School,

**Continued on page 15**

### Dr. John Kotter's 8-Step Process for Change

1. Creating Urgency—Emotional and financial impact on company profit
2. Forming a Guiding Coalition—High level stakeholders-owners sr management and other core decision makers
3. Develop Vision & Strategy—Coalition need to develop a clear, concise vision of a civil workplace, and develop, simple plan for execution
4. Communicating Vision & Strategy—Coalition must continually communicate the new message over years
5. Enable Action and Remove Obstacles—Owners and Coalition must develop and publish behavioral standards; develop means of monitoring standards and develop means of enforcing accountability
6. Generate Short-Term Wins—Execution or implementation plan should be broken into small milestones to be monitored and results widely communicated
7. Hold the Gains & Build on the Changes—Publish and celebrate gains in civility as measured through emp. Performance
8. Anchor Changes in Company Culture—HR Guidelines

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## Financial Matters

### How Exposure's Affects Business Insurance Premium

By Scott Lemmerman CIC, CRM, NBT Insurance Agency, Council of Industry Associate Member

Insurance is the transfer of risk from one party to an insurance company. Exposure of your business is the risk that an insurance company is taking by providing you insurance. Your exposure is evaluated and a base premium rate is determined. Exposure is affected by:

- Your Sic Code
- How long you have been in business
- Number of employee; how experienced they are; what they do
- Safety procedures in place
- Sales and payroll
- Where your business is located
- The age and construction class of your building; does it have a sprinkler system; is there an alarm; the size of the building; occupants of the building
- The overall condition of your building and the equipment that you use
- The vehicles that you have; their driving radius; their size and what they are used for; driving records



- Purchase agreements and contracts you use
- Does your name appear on the product you make or sell
- Do you design your product or does your customer
- If your product or service failed what is the worst thing that could happen

Here are some things you can do to lower your products liability exposure:

- Providing customers instructions and safety signs on your products
- Having a written product recall plan
- Retain extensive records for your products
- Maintain a reliable quality control program
- Industry certifications help improve reliability and increase efficiency

Your loss ratio significantly impacts your exposure. Loss ratio is the percentage of claims dollars that are paid out in relation to premium paid in. A lower loss ratio can help you with your Workers Compensation Mod and your Business Insurance Rate. A low loss ratio can help lower premium and it may give your company access to more competitive insurance carriers that offer better rates for superior exposures.

At the end of the day becoming a good risk or exposure can help contribute to your business becoming more successful. Therefore, your reputation for safety, integrity and reliability are crucial. In today's highly competitive world economy, businesses that have a well run risk management plan tend to be more successful. A good risk management plan must have these three things: First, participation at all levels, especially senior management support; Second, a coherent plan that is achievable and understood at all levels of the organization; Third and highly critical, an open line of communication without fear of retaliation. An efficient risk management plan allows you to monitor your exposures affectively.

Some other key components that affect your business premium are the limits on your policy and the coverage's that your policy contains. We will address these factors in the upcoming months.

Scott Lemmerman CIC, CRM, NBT Insurance Agency, [Scott.Lemmerman@nbtinsurance.com](mailto:Scott.Lemmerman@nbtinsurance.com)

*At the end of the day becoming a good risk or exposure can help contribute to your business becoming more successful.*

Every risk has exposures unique to its own business operations. Some things that may help to get a better rate on your insurance:

- Put equipment on a regular maintenance schedule
- Put a fence around your facility
- Vehicles are garaged at night
- First aid supplies are maintained and readily available
- Formal hiring and training program
- Safety policy and rules communicated to all employees
- Updates to the roof, electrical and plumbing as needed

The product you make or the service you provide is one of your most critical exposures:

- Who is the end user
- How is it made, installed and serviced
- Your sales and payroll



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## Member Benefits

### HV Mfg's Spring Issue with the Member/ Associate Member Directory is Available Online and in Print

The Spring 2014 issue of HV Mfg is on it's way to your mailbox and is also available online at [www.councilofindustry.org](http://www.councilofindustry.org). This issue has many great articles on the new P-Tech program, the scoop on tax breaks for manufacturers and the state budget, Lean Six Sigma, robots and automation in manufacturing. Find out how the Council's Energy Consortium was formed and what it does. There is a leadership profile of Russ Yeager, President of Alcoa Fastening Systems in Kingston, NY and an article on how Fryer Machine's can-do attitude has gotten the company to where it is today.

The Spring issue also contains the Council of Industry's Member and Associate Member Directory. Members are listed by name and by product categories. Listings contain contact information for companies along with brief descriptions.

Over 4,000 copies of the Spring 2014 issue of HV Mfg will be distributed throughout the Hudson Valley to manufacturers, their associate industries, educators, business associations and other community groups. The Council of Industry produces HV Mfg to promote manufacturing in the Hudson Valley throughout the valley. If you have not recieved a copy or would like extra copies, contact Alison Butler at (845) 565-1355 or [abutler@councilofindustry.org](mailto:abutler@councilofindustry.org).



## Consumer Price Index for Feb. 2014

				<u>Point</u>	<u>%</u>	<u>% Increase</u>
<b>Wage Earners</b>	<b>Feb '13</b>	<b>Feb. '14</b>	<b>Jan. '14</b>	<b>Increase</b>	<b>Month</b>	<b>Year</b>
1967=100	681.16	687.70	685.70	2.00	0.3	1.0
1982-84= 100	228.68	230.87	230.04	0.83	0.4	1.0
<b>All Urban</b>						
1967=100	695.47	703.30	700.71	2.59	0.4	1.1
1982-84=100	232.17	234.78	233.92	0.87	0.4	1.1
Hudson Valley unemployment rate for January 2014 = 6.3%						

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The Council of Industry's monthly newsletter has a mailing circulation of 250 manufacturers and an online circulation of hundreds more.

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[abutler@councilofindustry.org](mailto:abutler@councilofindustry.org)  
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 for more information.

## Continued from page 4 Personnel Matters

A March 10 entry on the DOL's official blog tells of increased funding provided to the department's Veterans' Employment and Training Service that will support employment efforts through Disabled Veterans' Outreach Program specialists who assist disabled veterans and those who are most in need of intensive services.

The private sector also offers information for employers interested in hiring veterans. For example, the U.S. Chamber of Commerce Foundation has its Hiring Our Heroes program that includes a guide to hiring veterans. The program also includes the Hiring 500,000 Heroes initiative, which asks employers to pledge to help meet a commitment to hire 500,000 veterans and military spouses by the end of 2014.

### Tax credit limbo

Employers have been able to take advantage of tax credits for hiring veterans, but the future of that program is now uncertain. The Work Opportunity Tax Credit (WOTC) has been available to employers that hired individuals from certain groups, including unemployed veterans. But that program expired on December 31, 2013.

Guidance from the DOL states that although the legislative authority for the program has expired, employers should continue to submit WOTC applications because in the past, Congress has retroactively reauthorized the program back to the date of expiration.

On January 2, 2014, the DOL instructed state workforce agencies to continue to accept WOTC applications for hires made on or after January 1, 2014, but not to issue certifications for those applications unless the program is reauthorized.

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**Continued from page 5  
More Personnel Matters**

I also like to ask if a candidate’s work area was clean or messy, how he or she interacted with the rest of the staff, and if he or she participated in any external activities, such as softball or volunteering. Think of what matters to you and your company culture, and use that as a guide for questions.

**Use Trial Periods**

I know this isn’t possible with all positions but, if possible, take the potential employee for a test drive before hiring full-time. Trial periods are almost like internships, but better paid and more serious. They can last for a few weeks or a few months, but can give you a good idea of whether the person is the right fit for your office.

For example, we give potential candidates a few (paid) freelance projects to start with and then see if they have the skills we’re looking for. Look at it from an investment standpoint: If the salary is \$60,000 and you invest \$1,000 in a freelance project and discover that the person isn’t the right fit, you’re not out \$1,000—you just saved yourself \$59,000!

It’s also important to pay from a legal standpoint. The person could have a great idea that you want to move forward with, but if he or she wasn’t paid and you don’t end up making a full-time offer, you could run into legal issues if you end up using the idea.

If you do go down this path, try not to mention the possibility of a full-time position so if the person doesn’t work out, it’s easier to move on to the next candidate. Make sure to clearly state that the period of work-for-hire is for a certain number of weeks and includes specific responsibilities.

The next time you’re looking to hire, think beyond the resume. Resumes are great for providing a list of skills, but building a successful team requires more than a list of traits on paper.

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**Continued from page 11  
Manufacturing Matters**

Keep in mind, though, that Dr. Kotter believes that, for change to be successful, 75% of a company's management must wholly support the change in question.

In addition to embracing change, management must set a goal to work top down to spread a message—both in their words and in their own behavior—of mutual respect and civility. As outlined above, employees look to their management for appropriate workplace behaviors, and so true change must follow this downhill flow. Consistent, healthy interactions between management and employees leads to healthy employee-to-employee engagement and, in turn, optimal relationships among staff and external clientele—the ultimate goal of most change-based programs.

To ensure consistent adhere to these changes, organizations must make these behavioral standards highly public, noting the zero-tolerance for disrespectful, demeaning and otherwise inappropriate behavior. To ensure all managerial and subordinate stakeholders are on the same page, behavior standards content must be

disseminated through a variety of high-profile platforms and channels, including:

- Initial employee interviews
- Employee handbook
- Employee orientations
- Operations manuals
- Job descriptions
- Performance evaluations
- Personnel development plans
- Staff meeting announcements

Content must also highlight how policy adherence will be monitored and enforced and, moreover, what consequences will be for those not integrating these changes. In the same vein, management must clearly and continuously communicate these expectations over and over in both the initial “onboarding” stages as well as in the weeks, months and even years to come, always with an eye on how policies will be enforced as well as the positive benefits to working in an efficient, effective and supportive corporate environment.



# **Council of Industry**

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