

APPRENTICESHIP TRAINING/WORKFORCE DEVELOPMENT PROGRAM

The NTMA officially kicks off a formal apprenticeship training/workforce development program on January 18th 2012. —p3

INDUSTRY AND ECONOMIC UPDATE

Beginning with this edition of *The Record*, I'll be writing a quarterly update on the key indicators that affect our industry and your business. —p8

MANUFACTURING YOUR WAY TO LOWER TAXES

With yet another year coming to a close, you will soon be doing a review of the 2011 year and assessing your business results. —p16

FEDEX AND UPS TO RAISE SMALL PACKAGE RATES FOR 2012

The NTMA Shipping Program, managed by PartnerShip, today announced that FedEx Corp. and UPS will increase envelope and small package shipping rates for 2012. —p19



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PLANS ARE ALREADY UNDER WAY FOR
THE 2012 MFG MEETING.—p12

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APPRENTICESHIP TRAINING/WORKFORCE DEVELOPMENT PROGRAM

The NTMA officially kicks off a formal apprenticeship training/workforce development program on January 18th 2012. In response to meeting our members' training needs. The NTMA Education Team undertook the coursework development by honing in on NIMS guidelines, as well as a focus on key industry standards. The NTMA offered a beta test of this training and it is highly successful with outstanding overall student/employee performance.

Why is workforce development so terribly important? The Bureau of Labor Statistics predicted that, repetitive manufacturing career pathways as a share of the total workforce is going to decline by 10.6 percent,

"The On-line course offered by NTMA is a great way for people working full time to obtain their apprenticeship in machining. In conjunction with books, multiple videos, On-line research, and constant input from the instructors, I feel a person can achieve the same level of education that you would expect from traditional schooling."

Randy Glover, Fredon Corp., Mentor, OH

while employment in advanced manufacturing, has risen by 37 percent. The aerospace and defense industry has a backlog of production that extends to 2030, requiring continuous upkeep of their workforce.

The 2009 Skills Gap Report stated that more than 80 percent of U.S. manufacturers report an overall shortage of qualified

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CHAIRMAN'S CORNER

GRADY COPE / NTMA CHAIRMAN OF THE BOARD

Another year is behind us. I trust everyone had a wonderful Holiday Season and is back to work looking forward to another good business year. 2012 will be an interesting year with regards to many things as business, politics, global economics, and manufacturing return to the everyday conversation. Well that last one may be a little over the top on my part, but the reality of the situation is it's really happening!

In December the Wall Street Journal ran an article that led with the following, "One of the things showing up in Christmas stockings in the U.S. this year: higher prices, courtesy of China, where soaring wages are driving costs higher." Now it can be argued that wages in China have a long way to go to equal ours. Yet the headline is what got the public's attention. Isn't it interesting that last year was full of positive headlines about U.S. manufacturing and many of those headlines can be attributed to the grass root efforts made by NTMA members? Yes, each and every one of you that reached out to the schools, the media, government officials, and the American public deserves a hand for your efforts. However, now is not the time to rest on our laurels.

In fact, this is our banner year and with all that is going on, opportunities abound!

In making your New Years Resolutions did you resolve to spend more time working on your business than in it? If not, it's not too late to add it. One of the easiest ways to work on your business is to take advantage of a few of the many things NTMA has to offer. It has been said that if you want to get any value out of something, it requires some input. I could relate this to Newton's 3 Laws of Motion, but the third law says that for every action (input) there is an equal and opposite reaction; NTMA violates that law, in that for every input (action) there is a proportionally larger output (reaction) in a desired positive direction! I'm not joking about this. If you give NTMA a little attention, the amount you get out will be enormous. If you don't believe me, feel free to contact me and I will put you in touch with several hundred people who will give you actual examples of what NTMA has done for them and their business.

Here are just a few of the things you can do to work on your business using NTMA:

- Start participating at the local Chapter level

- Attend at least one national conference
- Attend at least one Purchasing Fair
- Attend the Legislative Conference
- Join one of the NTMA teams
- Get involved with or start a local NRL (National Robotics League)
- Enroll your employees in NTMA-U
- Visit the NTMA website www.ntma.org
- Read *The Record* and One Voice
- Call Customer Service and ask them about the many tools NTMA has to offer your business

You don't have to do all of these, just pick one or two to get you started and violate Newton's 3rd Law!

For example, I would look at getting involved in our legislative efforts. I mentioned last month that I did not expect the Committee of 12 to show any leadership and come up with the beginnings of a solution for the nation's debt crisis. As expected, our elected officials let us down once again. As small business owners and manufacturers we all understand how important it is to get this problem out in the forefront and

begin working on the solution. We are dealing with two huge problems; the first being the lack of skilled labor; the second and biggest is the uncertain impact of the debt crisis on business. It is imperative for us as an organization and as individuals to let our elected officials know that in order to solve this problem someone has to make the hard decisions. Yes, there might be a political price to pay for doing the right thing, but in the end that is why they were elected. History is much kinder to those who stand up and cause change than it is to those who stand by and watch Rome burn! NTMA and its members need to be the leaders in letting Congress know that it's time to act, and if they act, not only will we support them, we will do what small businesses do: employ more people, pay our taxes, and create the necessary innovation that causes "real" growth and sustainability! With this being an election year, I can't think of a better time to start than this January.

GRADY COPE / CHAIRMAN

THE RECORD

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employees. As an industry, we really need to grow our own talent base, and many of our members do not have training centers in their region. That's what NTMA-U offers.

NTMA-U has lecture style You-Tube videos (over 63 in all) that provide practical information about the how to's of Shop Theory, Practical Math and Blueprint reading with well over 50 Tooling-U training modules as well.

NTMA-U is designed to be taken over a period of 3 years in order to make it more manageable while continuing to work a full time job, as well as affordable to do with low membership tuition fees. Students will gain the knowledge of the new technologies in

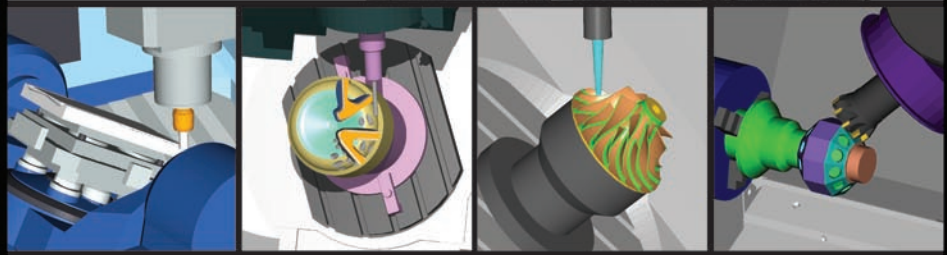

"NTMA-U doesn't just skim over the related coursework, as some training programs may do, NTMA-U offers the how's and why's in each manufacturing related topic, that leads to a better understanding of each manufacturing process."

David Zimmerman, Southern Machine Works, Duncan, OK

manufacturing, as well as an understanding on how to apply those skills in roles that are being developed in the highly skilled trade of manufacturing. This is a great opportunity for new employees, or those within your shop that need to update and enhance their skills to take a step toward preparing for future roles within your company. Upon completion, graduates will have articulated college

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WHAT'S MY INVESTMENT?

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"NTMA-U has inspired me to work harder towards advancement within my place of work, and to acquire more hands on experience that will pave a pathway to achieving my career goals."

Eric Wilson, Homeyer Tool & Die, Marthasville, MO

"Phoenix Manufacturing has three apprentices enrolled into NTMA-U, and we have found that the coursework is a very detailed coverage of related machining practices."

Martha Paluch, Phoenix Manufacturing, Enfield, CT

industry, this course is specially priced for NTMA members. The total price for the program is \$449.00 per semester. There is a textbook fee as well.

WHAT'S NEXT?

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Please contact Ken McCreight – NTMA Vice President at (216) 264-2834 or e-mail at kmccreight@ntma.org



BUSINESS OWNER MARK ROMANCHUK ANNOUNCES CANDIDACY FOR OHIO HOUSE

This press release, issued on December 8, announces NTMA Member Mark Romanchuk's candidacy for the Ohio House of Representatives.

Local business owner and long-time resident of the community Mark Romanchuk today officially announced his candidacy to serve

as state representative of the 2nd Ohio House District, which will include all of Richland County.

"At this point in my life, I am ready to take the next step into the very noble profession of public service at the state level," said Romanchuk. "I love our community and all the values that Richland County stands for, and I would be honored and humbled to represent our families and neighbors in Columbus. There is much work to be done to put Ohio back on the map and bring jobs back to our borders, and I genuinely hope to play a role in that effort and believe I have a lot to contribute."

Romanchuk says that his top priority in Columbus will be to make Ohio a better climate for businesses to expand and prosper. "As a long-time business owner myself, I understand the struggles that many small business owners and entrepreneurs face, especially in terms of taxation and regulation," he said. "I will work tirelessly to ensure that Ohio's government does not stand in the way of our businesses' success or hinder our ability to create jobs for our citizens. This is my main focus moving forward, and I hope you will join me in this effort."

Romanchuk has nearly 30 years of experience in small business, systems engineering and management. He is the owner and president of PR Machine Works, Inc., a contract manufacturer providing precision machining, fabrication, and assembly services. He is also the vice-president of Slick Automated Solutions, an engineer-

ing and project management firm that designs custom automation equipment.

Prior to purchasing PR Machine Works, Romanchuk was a supervisor and engineer for the Hughes Aircraft Company. While at Hughes, he worked as a U.S. diplomat to the former Soviet Union in support of the historic Intermediate Range Nuclear Forces (INF) Treaty. He was responsible for the installation, start-up, and operation of the first and only permanent U.S. Portal Monitoring Facility, located in Votkinsk, Russia. Before being assigned to his position in the former U.S.S.R., he was based in Japan as a team leader and technical advisor to the U.S. Navy in support of the F/A – 18 aircraft.

Romanchuk is a member of the National Tooling and Machining Association (NTMA) and is a former NTMA Next Generation Team Leader. He served as Economic Region 6's team leader for the state of Ohio's "Ohio Skills Bank," developing regional manufacturing career pathways.

Currently, Romanchuk is the president of the Regional Manufacturing Coalition and serves on the Richland Area Chamber of Commerce Board of Directors, serving as the Board's 2011 chairman. He serves on the Board of Governors of the Richland Community Development Group, the city of Ontario's Vision Team for economic development, the North Central State College Foundation, and FirstMerit Bank's local advisory board. He is an active member of the National Federation of Independent Business and The Ohio Manufacturers' Association. He is a graduate of Ontario High School, earned a B.S. in electronic engineering technology from DeVry University and an M.B.A. from Vanderbilt University.

Romanchuk resides in Ontario, Ohio with his wife, Zoi, a trained translator who speaks five languages, and their dog, Gizmo.



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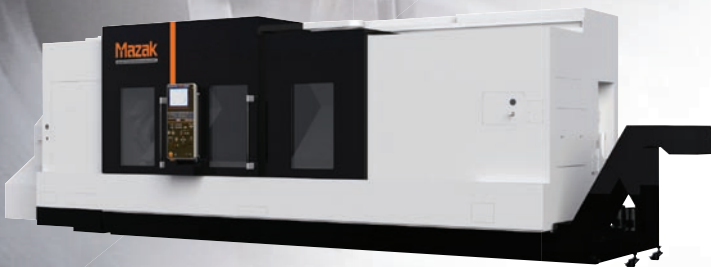
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INDUSTRY AND ECONOMIC UPDATE

BY DAVE TILSTONE, NTMA PRESIDENT

Beginning with this edition of *The Record*, I'll be writing a quarterly update on the key indicators that affect our industry and your business.

In this article, I've also included a summary of the semi-annual NTMA Business Conditions survey which can be viewed in its entirety on the NTMA website. I have also included published data on the overall manufacturing sector and a summary of the Business Conditions Reports from ISTMA (International Special Tooling and Machining Association). The ISTMA data was distributed in November at the ISTMA World and ISTMA Europe Board meetings held in Wiesbaden, Germany and includes Canada and European countries.

Overall, the economic recovery in the US, Canada and Europe is being lead by manufacturing. Although the press and some economists continue to mention the threat of another recession in 2012, members from the NTMA, CTMA (Canadian Tooling and Machining Association) and ISTMA continue to be optimistic about the first half of 2012 and have enjoyed significant growth in their businesses in 2011.

In the US, the ISM (Institute of Supply Management) recently published their 2012 forecast at 5% growth versus 7.2% for 2011. They also reported that the data for November showed that manufacturing expanded for the 28th consecutive month. The PMI (Purchasing Managers

Index) supported this with an increase in their index by 1.9 percentage points in November to 52.9 compared to 50.8 for October (a figure greater than 50 generally indicates an expansion in manufacturing). The bottom line; manufacturing continues to expand and is a good place to be!

If you haven't reviewed the Business Conditions Report at www.ntma.org, the survey data is very encouraging. The data collected for the first half of 2011 from 236 NTMA members continues to be one of the most relevant of our industry. If you haven't had a chance to review the summary, it follows:

Business conditions for NTMA member companies showed improvement through the first half of 2011 and optimism is evident as manufacturers pace themselves for a continuing level of productivity for the remainder of the year.

This NTMA Report covers the first half of 2011 and is a geographical "snapshot" of business trends and conditions in the special tooling and machining industry. Of our reporting companies, 76% reported business conditions as good, very good, or excellent for the first half of 2011 – up from 74% for the second half of 2010 and higher than the same period a year prior. 91% of survey

respondents projected business conditions will either remain the same or improve during the second half of this year, with a majority indicating a moderate increase or better for business; a more confident assessment than provided in our last report.

In nearly every region and industry segment, our manufacturers are seeing improved business conditions and growing confidence for the year. Quoting, Shipping, Order Backlog, Profits, and Employment have all increased over the prior reporting period and are expected to stay the same or increase through the next quarter.

Other business condition indicators were as follows:

- Future Work on Books (Average) – 14 weeks; up from 13 weeks in December 2010
- Average Workweek per Skilled Employee – 44.8 hours; up from 44.3 hours in June 2010
- Number of Employees (% Change) – 7% improvement from December 2010 levels.

As many of you know, the majority of ISTMA Europe member associations are representing the die and mold tooling segment. Like in the US, the die and mold makers have been challenged with competition from offshore lower cost producers. Since the economic recovery began in late 2009, they have seen a significant surge in new orders. Germany continues to be the major consumer of tooling in the EU primarily due to the strong growth in automotive driven by new model introductions. Countries like Portugal continue to benefit not only from the strong German industrial recovery but also from Brazil where many European car manufacturers have established themselves. Similarly, Slovenia has seen significant growth come from their exports of tooling to Russia.

The Business Conditions report for Europe included the countries

of Germany, France, Italy, Portugal, Finland, Slovenia, Switzerland and Hungary.

With the exception of Hungary, all ISTMA Europe countries reported double digit sales growth in the die and mold industry year to date through September. The VDMA, which represents the German tooling makers, reported sales increases of 15% consisting of increases in domestic sales of 16% and 7% for exports. This reflects the large 30% increase in orders received in 2010 when compared to 2009. Orders so far this year have only risen 4% for the first 9 months versus the same period last year. As mentioned earlier, German car manufacturers, especially Audi were the primary reason for the large order increases in Germany. Audi, unlike other car manufacturers provide much of their own tooling. It was reported by an Audi director that they have invested heavily in their tool shops over the past several years with over 1300 employees that produce tooling with a reported value of 506,000,000 euros (\$708,400,000) in 2010.

Portuguese tooling suppliers are export focused with most of their tooling sold to German customers. Sales are 15% in 2011. Many Portuguese tooling suppliers are at capacity and are refusing orders. They are cautiously optimistic about 2012 because most of their tooling is used in the automotive industry and growth is closely tied to new model introductions; most of which have already taken place. Aside from the constraints in manufacturing capacity, the availability of engineers has also curtailed their growth. Brazilian companies are also contributing to the strong demand. The strengthening of the Brazilian real has made imports very attractive. As an aside, it was reported that San Paulo has over 6,000 tool shops in the greater metropolitan area.

Switzerland has seen sales grow by 11.6% with orders increasing


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3.7% year over year. The major issue facing toolmakers in Switzerland is the strengthening of the Swiss franc. Their business volume is high but profit margins are low because most orders are denominated in euros. Being net exporters, the 30% increase in the Swiss franc versus the euro has also put growth for 2012 in question. Because of the large orders received in 2010, sales grew in excess of 20% to Germany with similar results for Austria. The strong Swiss franc has also impacted orders from China, Italy and the US.

French toolmakers have realized the first year over year growth in 10 years. French toolmakers are serving the mold industry with most of the larger automotive mold makers out of business as a result the 2008 "depression". A majority of the mold makers are smaller 5 to 10 person shops. To help them survive, the French government provides R&D incentives coupled with low interest bearing loans. It was reported that almost all domestic automotive tooling business has been lost to foreign competitors. Their outlook for 2012 is cautiously optimistic. Like the US, the French are pushing their government very hard for the Chinese to devalue their currency and make all importers abide by the WTO tariff agreements.

The Czech Republic, Slovenia and Finland like Portugal and Switzerland are dependent upon exports. The Czech association reported sales growth of 8.5%. Similarly, Slovenia has enjoyed growth primarily from exports to Russia and the old Eastern Block. Slovenia is also plagued with their debt issue that has impacted the funding they had been using to attract new companies and businesses to their country. Their debt is currently 38% of GDP and expected to rise to 45% in the next few years. The number of new orders in Finland has significantly declined and the outlook is very uncertain for 2012. Business in Finland has not rebounded to 2008

levels and it's not expected to in the near term. The current order intake for 2011 is still 20% lower than 2008. Finland is also seeing a dramatic quarter over quarter decline in 2011.

Hungary which successfully attracted many European and US based companies in the 90's reported the worst results. The Hungarian tool makers were the most pessimistic for 2012. Their tooling business has only increased 5% year to date. Inflation is rising to over 4% and their government increased the VAT to 27%, the highest in Europe. The trending of the Hungarian GDP forecasts a decline in 2011 versus 2010. The growth in the tooling business is primarily driven by automotive, especially the German manufacturers. In this case the automotive manufacturers such as VW and Audi have established large engine plants, so tooling suppliers have not benefited from new model car sales.

Canada, like the US, CTMA members continue to be optimistic. Although they don't have the debt issues of the US or Europe, there is growing concern with the strengthening of the Canadian dollar resulting in downward revisions to their 2012 forecast. The Canadian companies serving the automotive industry are the most concerned with the impact on exports to the US. Aside from their strong currency, their members reported very similar responses as NTMA members.

In summary, manufacturing is a good place to be these days. I hope you found this information informative and helpful. I would appreciate your feedback so please email me at dtlstone@ntma.org.

Have a Happy and Prosperous New Year!





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Seco has released another advancement for the square shoulder milling process with its new Turbo 10 cutting tool that is suitable for most roughing, semi-finishing and finishing operations. The cutter offers improved tool life and precision by optimizing cutting properties that reduce heat generation and cutting forces.

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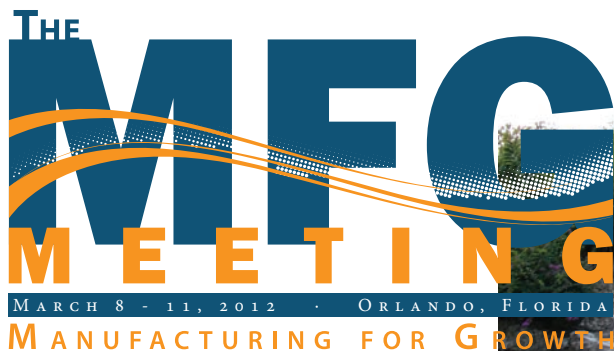
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WHAT OPPORTUNITIES AWAIT YOU AT MFG?

Plans are already under way for the 2012 MFG Meeting. You won't want to miss the exciting speakers, great networking opportunities, and fun activities that you'll only find at this event!

Four great manufacturing trade associations will come together in March 7-12, 2012, to host the 2nd Manufacturing for Growth (MFG) Meeting, in Orlando, Florida. The four trade associations include AMT, AMTDA, NTMA, and PMA. Last year's inaugural event had over 800 persons in attendance with manufacturing technology, government, and industry leaders roaring with success of the new information shared and relationships built.

NTMA had over 238 attendees participating in last year's event. Ask anyone who attended what the experience was like. No one can deny the energy and excitement that happened while we were all in Chandler, AZ. That's why we cannot wait for this year's meeting.

The NTMA has planned round table sessions, team meetings and all of the traditional activities that take place at an "NTMA" only event. However, the networking opportunities and the speakers that will be present exceed everyone's expectations.

In the meantime, you can get a taste of MFG by watching some great video's from the 2011 event. You'll find interviews with speakers and other industry experts, plus other MFG highlights at www.themfgmeeting.com/

The MFG Meeting (Manufacturing For Growth) brings together a broad spectrum of manufacturing business owners and top industry executives for a 4-day forum on how we can work together to restore manufacturing to its rightful place as an engine that drives the U.S. economy.

The following speakers will be participating in The MFG Meeting.

- Alan Beaulieu, President, Institute for Trend Research
- Adrian Cooper, CEO, Oxford Economics
- Don English, President, English & Associates
- Representative Chaka Fattah
- Joe Gibbs, Owner & Founder, Joe Gibbs Racing
- Brad Hams, President, Ownership Thinking, LLC
- Darren Hardy, Publisher and Editorial Director, *SUCCESS* Magazine
- Rick Kline, Jr., Gardner Publications
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MAKE INVOLVEMENT IN ONE VOICE YOUR NEW YEAR'S RESOLUTION

Any reader knows that a reoccurring message of this column is that when it comes to government, "if you don't have a seat at the table, you're on the menu." Your participation in NTMA's government relations activities will be essential for manufacturers to have a voice in 2012 on issues such as tax reform, environmental, labor and OSHA regulations and other policies that directly impact your ability to do business.

Thanks to the active involvement of NTMA members, NTMA and its members continued to make an impact in Washington, D.C. in 2011. For example, following intense pressure from One Voice members and other manufacturers, OSHA withdrew its proposed change in the interpretation of noise standard rules. NTMA member Mike Mittler testified before Congress about new directives coming from the NLRB. Subsequently, the Administration announced it was delaying the "Poster Rule" until January 31, 2012, requiring all private employers to post a sign listing the rights of an employee to join a union. The One Voice Team is working in Congress to stop the NLRB from moving forward with its poster rule and other regulations that harm manufacturers. One Voice, in addition to working on overall tax reform, focused on extending and making permanent tax credits and deductions that are critical to manufacturers, particularly those to support purchasing of capital equipment.

These are just a few examples of the work being done in Washington. This month, the NTMA/PMA Government Affairs Team (GAT) is meeting in Cleveland to determine One Voice's priority issues for 2012. The GAT will be guided by the results of the annual advocacy issues survey distributed to all NTMA and PMA members at the end of 2011.

One of the most important ways for NTMA members to participate in these government relations efforts is to attend the 2012 One Voice Legislative Conference to be held in Washington, DC on May 8-9, 2012. This is your chance to look your elected representatives in the eye and ask them to support pro-manufacturing positions on our most important issues. The events kick off with lunch and a presentation and briefings by Washington insiders. The following day, NTMA and PMA members head to Capitol Hill for a full day of meetings with members of Congress and their staffs to rally support for policies that strengthen manufacturing in America. More information can be found at www.metalworkingadvocate.org.

Finally, congratulations to NTMA Member Mark Romanchuk, who has taken the call to get involved in government relations activities to a new level. Mark has announced his candidacy to serve as state representative of the 2nd Ohio House District. Good luck Mark!

Manufacturers can make a difference in Washington, but only if they participate in the process. NTMA members can give unlimited corporate or individual contributions to the NTMA Government Affairs Administrative Fund which supports the work done by The Franklin Partnership and Bracewell & Giuliani LLP. Additionally, NTMA members can make limited personal donations to the Committee for a Strong Economy (CFASE) PAC which supports pro-manufacturing Congressional candidates. Also, please consider participating in the 2012 Legislative Conference and other Government Affairs activities.





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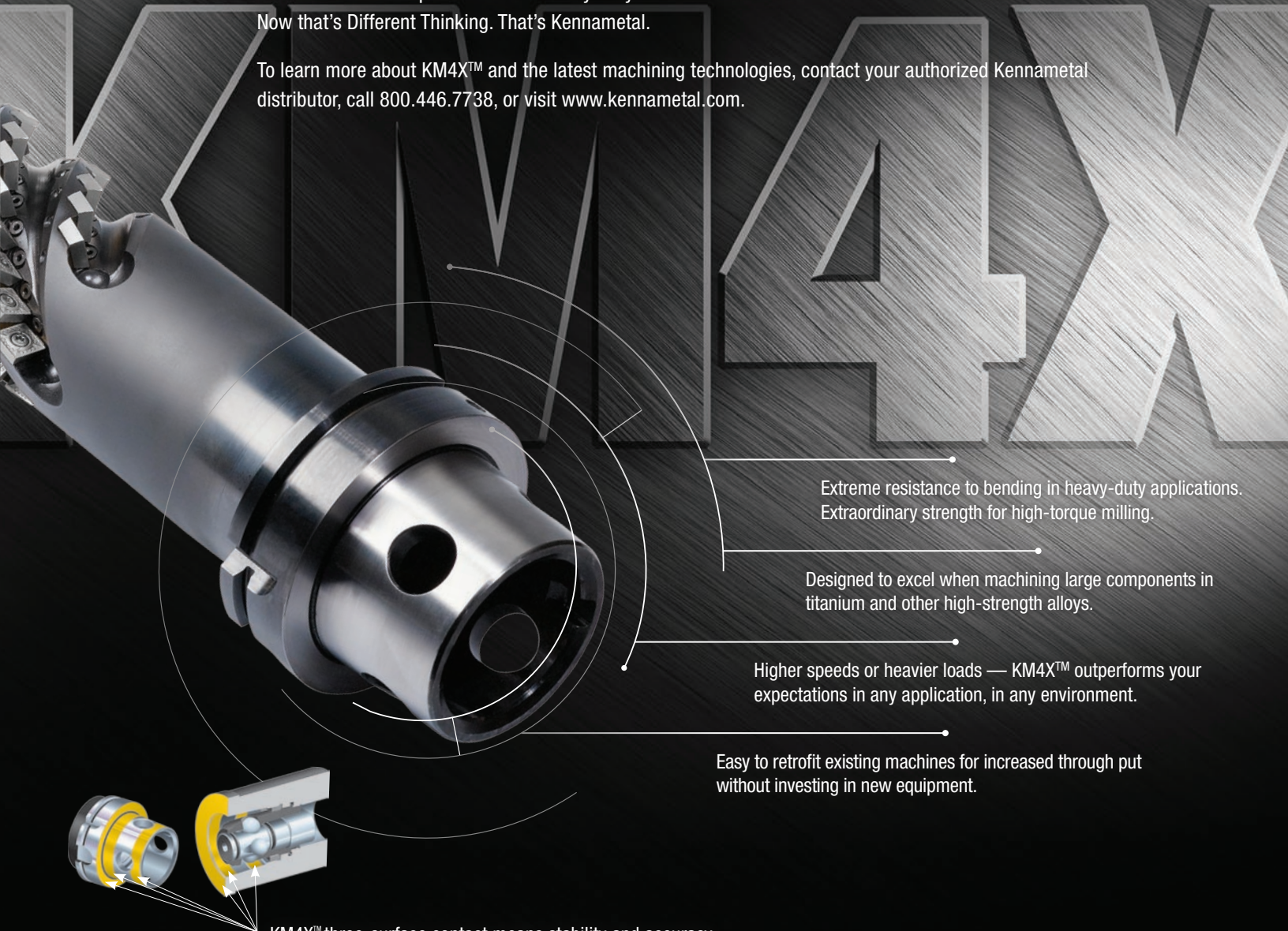


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MANUFACTURING YOUR WAY TO LOWER TAXES

BY SCOTT SCHMIDT – BLACK LINE GROUP, AN NTMA NATIONAL ASSOCIATE MEMBER

With the 2012 year under way, you will soon be doing a review and assessing your 2011 business results. Just like an engineer or programmer applies a keen eye to their design work, a similar discipline can be applied to the bottom line of your company.

One tax benefit available to businesses and their shareholders that is often overlooked, especially in the “Job Shop/Contract Manufacturing” environment, is the Research and Development (R&D) Tax Credit. This specialized and underutilized part of the tax code, is a dollar for dollar reduction of a company’s or its shareholder’s tax liability. The credit is a benefit to incentivize and encourage innovation and investment so that U.S. companies can compete more effectively on a global basis.

Because they typically don’t have their own product line and are making parts for other companies, it’s widely believed that “Job Shops” do not perform Research and Development (R&D). “We get a drawing from our customer and we just make the part” is a common response from people that don’t understand how broad the definition of R&D is for tax credit purposes. However, what these companies don’t realize is that much of what takes place on a day-to-day basis may qualify for the R&D Tax Credit. This mistaken belief is causing many precision machining companies to leave money on the table. For companies that have not taken advantage of the R&D Tax Credit in the past, this can potentially mean the cre-

ation of immediate and substantial amounts of cash, minimally into the many tens of thousands of dollars annually, and occasionally \$100,000 or more. In addition, companies can reduce future tax liabilities and improve cash flow.

R&D doesn’t just take place in a lab with scientists in white coats. At a high level, activities associated with developing and/or improving a product or process can qualify for the R&D Tax Credit. In the machining environment, much of the R&D taking place will be “process” R&D. In some cases, you may be given a drawing by your customer. You will still have to figure out if you can make the part, how to make the part, and if you can make a profit. In many of these instances, just because you are provided with a drawing doesn’t mean you are ready to go right to production. Often there are adjustments or changes to the initial design. This requires back and forth communication between you and your customer about how to improve and manufacture the part according to specifications. In other cases, customers may come to you with only a concept. They look to your company to do the entire design/engineering of that part. Unfortunately, sometimes you are not able to meet your customer’s request. The key thing to understand about the R&D Tax Credit in the “Job Shop” environment is that it’s okay to be confident that you can meet a customer’s request and/or make a part. What determines if you are doing R&D is if

it’s “not readily known” at the outset HOW you will make that part. If you are doing repeat work on a part that you have already produced in the past, then you are not doing R&D. However, if you are working on a new part or making modifications to an existing part, and in doing the designing/modeling/prototyping of the part, you have multiple options you have to filter through, or you just don’t know how you are going to make the part, you are doing R&D! There’s a difference between being confident you will ultimately figure something out, and having to go through a process of experimentation to get there.

Additionally, research and development can also be taking place when you are improving your manufacturing processes through automation and technology. When deciding to purchase and implement new equipment, presumably it is being done because of increased performance/efficiencies and output that will be realized. Other times it will be because of new capabilities you want to offer. While the cost of the equipment is not a qualified expense because it is being depreciated, the time spent by employees evaluating and implementing the new equipment/manufacturing process is another example of R&D.

Effective use of the R&D Tax Credit in “Job Shops” includes understanding what activities qualify, identifying everyone in a company that is touching R&D (it’s not just the engineers), and how much time they are spending on these activities. Being able to document the projects and time allocations of people is also an important aspect for successfully claiming R&D Tax Credits. Finally, understanding when you are no longer doing R&D is equally important. Once you have figured something out and are ready to go to production, that’s when the R&D stops.

With tax season upon us, now is a great time to evaluate whether your company would benefit from the R&D Tax Credit in a meaningful way.” For more information about if/how your company can benefit from the R&D Tax Credit, contact Scott Schmidt at NTMA National Associate Member Black Line Group, a company that focuses solely on assisting companies utilize the R&D Tax Credit, at 763-550-0111, via email at scott@blacklinegrp.com, or online at www.blacklinegrp.com.



THREE PITTSBURGH COMPANIES NAMED AS FINALISTS IN MANUFACTURER OF THE YEAR, ONE TAKES TOP HONORS

BY MOLLY P. WEST

For the past nine years, The Pittsburgh Business Times has been recognizing area manufacturers with their "Manufacturer of the Year" award. Consistently, NTMA member companies make the finals, and this year is no exception. Three NTMA member companies ranked as finalists with Alle-Kiski Industries winning in the "under 50 employees" category.

According to Richard Cerilli, Marketing Director of the Pittsburgh Business Times, the award is given to companies with manufacturing operations in southwestern Pennsylvania with a "good story to tell" about the direction of manufacturing. A panel of independent judges review nominations in search of companies that employ unique and innovative strategies to become, and stay, successful in a competitive industry. "The real key here is that this is not an industry award. This is the business community honoring manufacturers for their efforts," says Cerilli.

This year's winner, Alle-Kiski Industries, is a precision machining and fabrication shop that helps defense, energy, industrial and transportation customers solve problems.

Kevin Hartford president of Alle-Kiski says when they started the business, they really didn't know what to expect. "I knew we had done our homework and had put together a solid business plan. I knew my partner, Ed Newell, had at the time, almost three decades of invaluable experience and was widely respected throughout the industry. We knew we had a strong team ready to work hard. The trepidation was with the marketplace. What could we expect? You think you know but as with any new venture there's always that fear that the unexpected lurked around the next corner."

He says hard work and perseverance are the key to success for their company. "It's been an amazing six years and we'd like to thank our 30 plus incredibly loyal employees who have made this happen with their dedication, professionalism and skill sets which are second to none," says the Allegheny Township-based business man. According to Hartford, a very special thank you goes out to four key employees who believed in the company enough to invest in Alle-Kiski Industries. "We'd also like to thank our financial partners (Enterprise Bank & Bridgeway Capital) who believed in us and the NTMA for giving us an immediate network of likeminded sister shops who we could talk to, learn from and do business with." Speaking more about the company's NTMA involvement Hartford says, "I'd especially like to thank the NTMA Pittsburgh Chapter board who has taught me so much about the industry and have put their trust in me as their chapter president. It's a great team made up of tremendous individuals all of whom have the best interest of the chapter and the industry at heart."

Also finalists in this year's competition: Jennison Manufacturing Group of Carnegie, PA in the 50-99 employee category and Accrotool located in New Kensington, PA in the category for companies with 100-299 employees.

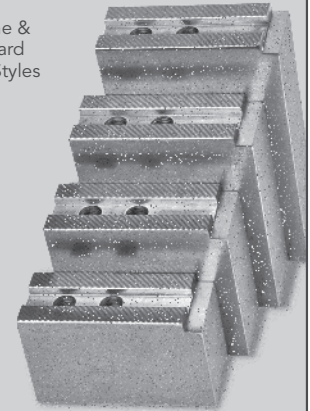
Kurt J. Lesker Company was named the 2010 Manufacturer of the Year in the large company category. The company is a long standing member of the Pittsburgh Chapter NTMA as well.

The winning companies were honored at an event December 1, 2011 at the Omni William Penn Hotel in downtown Pittsburgh.



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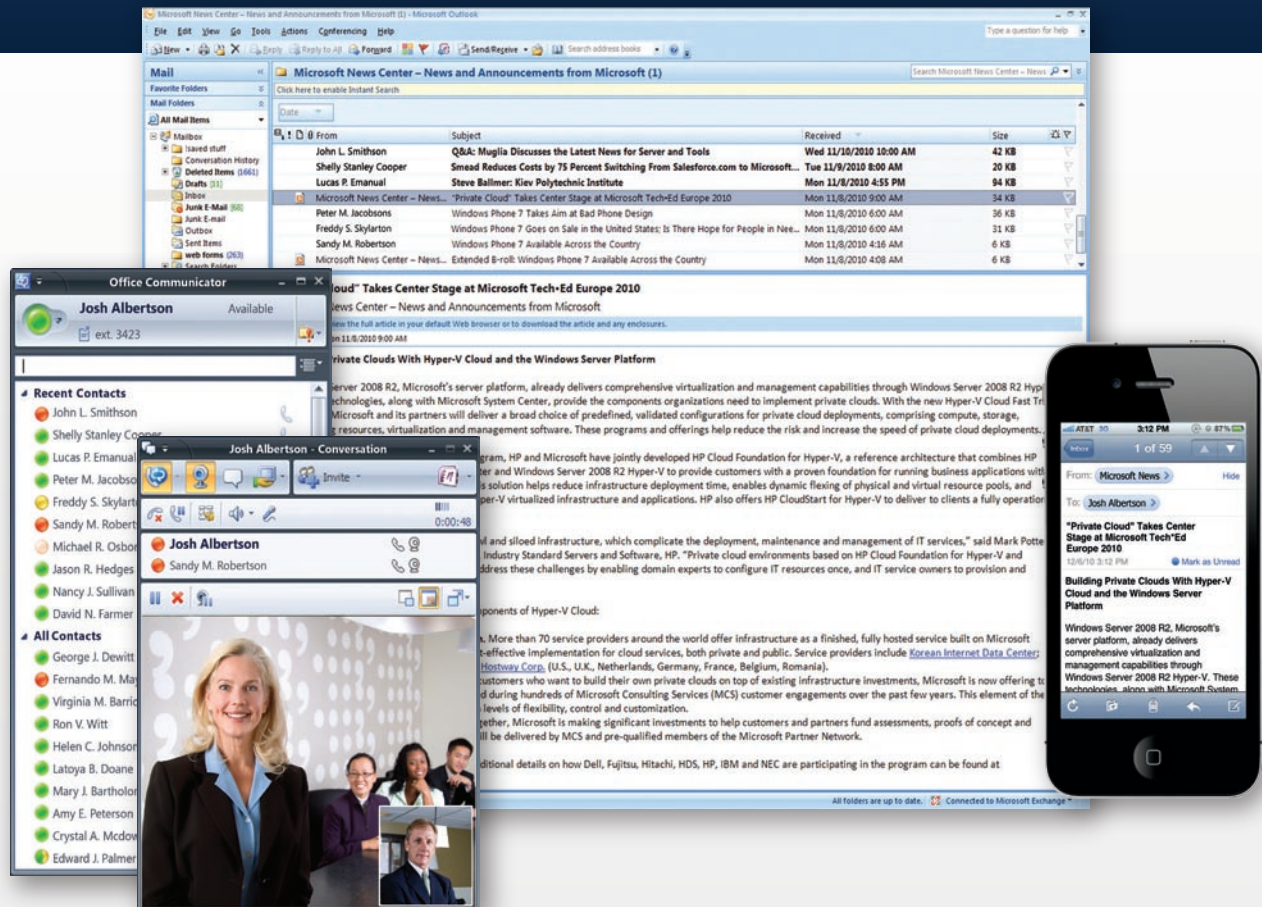
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a net average 4.9%. The full average rate increase of 5.9% will be partially offset by adjusting the fuel price threshold at which the fuel surcharge begins, reducing the fuel surcharge by 1%. UPS ground shipping will also increase by a net average 4.9% for U.S. domestic services, achieved through a 5.9% increase in the base rate, less a 1% reduction to the index-based ground fuel surcharge.

Additionally, UPS Next Day Air Freight and UPS 2nd Day Air Freight rates for shipments within and between the U.S., Canada and Puerto Rico will increase 5.9%. UPS 3 Day Freight rates will remain unchanged.

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FEDEX AND UPS TO RAISE SMALL PACKAGE RATES FOR 2012

The National Tooling and Machining Association Shipping Program, managed by PartnerShip, today announced that FedEx Corp. (NYSE: FDX) and UPS (NYSE: UPS) will increase envelope and small package shipping rates for 2012.

AIR SHIPPING COSTS TO INCREASE

Effective January 2, 2012, the cost to ship an overnight envelope with Memphis-based FedEx Express will increase by a net average of 3.9%. The full average rate increase of 5.9% will be partially offset by adjusting the

fuel price threshold at which the fuel surcharge begins, reducing the fuel surcharge by 2%. Air packages shipped with Atlanta-based UPS will increase by a net average 4.9% beginning January 2, 2012. The rate increase for UPS air and international shipments is based on a 6.9% increase in the base rate, less a 2% reduction to the index-based air and international fuel surcharge.

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Registration is now open for The MFG Meeting, March 8 - 11, 2012, Orlando, Florida. Be sure to mark your calendar and make plans to join AMT, AMTDA, NTMA and PMA to tackle the issues that affect the entire realm of manufacturing.



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