



# RECORD

National Tooling & Machining Association



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The editorial content of the NTMA Record does not necessarily reflect the opinion of the National Tooling & Machining Association or its Chapter affiliates.

## Marketing Manufacturing to America

**Inaugural Speech by Grady Cope**  
NTMA 2011 Chairman of the Board

My theme for 2011 – “Marketing Manufacturing to America” – is not about foreign competition or creating another “buy American” campaign. It’s about making U.S. manufacturing relevant to the American public.

Ayn Rand published the philosophical novel *Atlas Shrugged* in 1957. I know many of you have read it and understand its relationship to our industry.

For me the most poignant part of the book was when Francisco D’Anconia spoke about money.

*“If you ask me to name the proudest distinction of Americans, I would choose ... the fact that they were the people who created the phrase ‘to make money’. No other language or nation had ever used these words before; men had always thought of wealth as a static quantity – to be seized, begged, inherited, shared, looted, or obtained as a favor. Americans were the first to understand that wealth has to be created. The words ‘to make money’ hold the essence of human morality. ... **Money is made possible only by the men who produce.**”*

I think much of this is lost in American society today; we have forgotten how money is made. In a recent study of Apple and Goldman-Sachs financials by John Cassidy of *The New Yorker*, it was estimated that the average Apple employee makes \$46,000 per year. That same study concluded that at Goldman-Sachs the average salary is \$430,700 per year. It is interesting to note, that one of those companies “makes” a product that is sold and the other manages money. Is it just me or is there something amiss here? New York City, the city in which Wall Street resides, was built on the backs of manufacturing,

agriculture, and mining – all industries that make something, which in turn make money or create wealth. New York City, as well as the huge cities being created overseas, was not built on the backs of a service economy – it was built and financed through a production economy. Don’t believe me? Look at the cities that are prospering in Asia. What is Asia’s strength? How is Asia able to invest in the U.S. and world economies? Ger-

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2009 Chairman Ron Overton administers the oath of office to Grady Cope, 2011 Chairman of the Board.

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(continued from page 1)

many embraced manufacturing and is financing Europe's debt. Why do they have money? Oh, that's right they are making it with production! They are "making money." Let's look at what manufacturing in the U.S. does.

The U.S. is the World's largest manufacturing economy. It produces 21% of global manufactured goods, Japan is 2nd at 13%, and China is 3rd at 12%. U.S. manufacturing produces \$1.6 trillion of value each year, which is 11.2% of U.S. GDP. Manufacturing supports 18.6 million jobs in the U.S. – 1 in 6 private sector jobs. U.S. manufacturers are the most productive in the world – twice as productive as workers in the 10 leading manufacturing economies. U.S. manufacturers perform half of all R&D in the nation, driving more innovation than any other sector. The Wall Street Journal recently reported: "U.S. manufacturing, viewed as a lost cause by many Americans, has begun creating more jobs than it eliminates for the first time in more than a decade." You don't hear these statistics everyday, in fact you hear a much different story if you listen to the average U.S. citizen.

The following are statements that I have personally had the pleasure of hearing:

- "Oh, they make all that stuff in China."
- Recently, I was on a committee interviewing high school students for the Youth of the Year and one of the young ladies told us she was taking a course in Chinese at a local Community College. When I asked her why she picked that language to learn, her reply was quick and direct – "Because that is where everything is made."
- While giving a tour of our shop to a local college alumni group the following comment was made to me – "I thought you just bought these types of things in a

hardware store." That part was for a hydraulic control system on a 737 jet!

- And, my all time favorite – "I thought your manufacturing plant would have smoke stacks."

In order for us to grow our industry and attract talent to our shops we have to change the public's perception of our industry. To exist as an industry you have to exist in other people's minds! This includes our neighbors, schoolteachers and

counselors, as well as our local, state, and federal public officials. If we want to be relevant, it is time we market ourselves to our Nation. Think about the Beef Industry. If I say "Beef" most of you will repeat to me – "it's what's for dinner." Folks, that's Marketing 101. If I say, "Manufacturing" most of the American public will say, "It's what they do in other countries." Really? Is that what the data shows?

(continued on page 4)

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It's time we ask the American public, if they want to be a nation of Baristas or a nation of Engineers and Machinists? Manufacturing sector jobs pay an average of \$22 per hour, while service sector jobs pay an average \$11 per hour. We need to let the public know that you have to have a manufacturing base to be relevant as a nation; by not embracing manufacturing you lose the ability to innovate. We have to market ourselves, not to ourselves, but to the Nation. The data tells the story! Let our nation hear your story. Please don't tell me your story; I know it, tell the American public.

How will we do it? We will start with a grassroots effort. Many of you will say we aren't big enough. Again I say, really? NTMA has an affinity partner that is an \$8 billion public corporation and collectively we are their largest customer. Do you think we are relevant to them? You have much more power than you think. It is time we stopped feeling sorry for ourselves; time to step up and start telling people how much we contribute and how important we are to the Nation's economy!

How can we make a difference? First your association, NTMA, will lead the charge by marketing what we do, by telling the public officials how much we matter, and by attracting young talent to our industry. While our Association works for us, we need to help by participating in the efforts of the Association. Get involved with one of the leadership teams, attend conferences, participate in the legislative efforts, and support the National Robotics League (NRL) to attract youth to our industry. Start marketing yourself and your company to the public. Start a blog, sign up for Twitter and start tweeting about U.S. manufacturing. Get involved with your local schools and colleges; they want and need local advisors. Give plant tours to the

public and schools, show them what you do and point out that there are no smoke stacks! Everyone in our industry is creative. Let us know what you're doing to promote U.S. manufacturing so we can get the word out and participate with you. Collectively we are a force to be reckoned with!

One last thing we need to make sure the Nation understands: Government doesn't make it easy on manufacturing. We pay our own and much of the nation's way. With that said, the most important thing we can let the public know is that we can manufacture America's debt away.

Want to solve the nation's debt crisis? Manufacturing can do that. Want to employ people in highly technical, well paying jobs? Manufacturing can do that. Want to create a sustainable economy with fewer bubbles? Manufacturing can do that. Want to have innovation and success in the market place? Manufacturing can do that. Want thriving and productive cities? Manufacturing can do that, too. Tell me why anyone wouldn't support manufacturing? Do you want to return the U.S. to making money? Then make yourself relevant to the American public! Manufacturing, agriculture and mining create wealth. They make a product; therefore, they "make money."

Let's show America how to make money!

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Grady Cope  
NTMA 2011 Chairman of the Board  
Reata Engineering & Machine Works  
Englewood, CO



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Robert Mosey  
Treasurer  
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Anaheim, Calif.

Theodore O. Toth, Jr.  
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Ron Overton  
Past Chairman of the Board  
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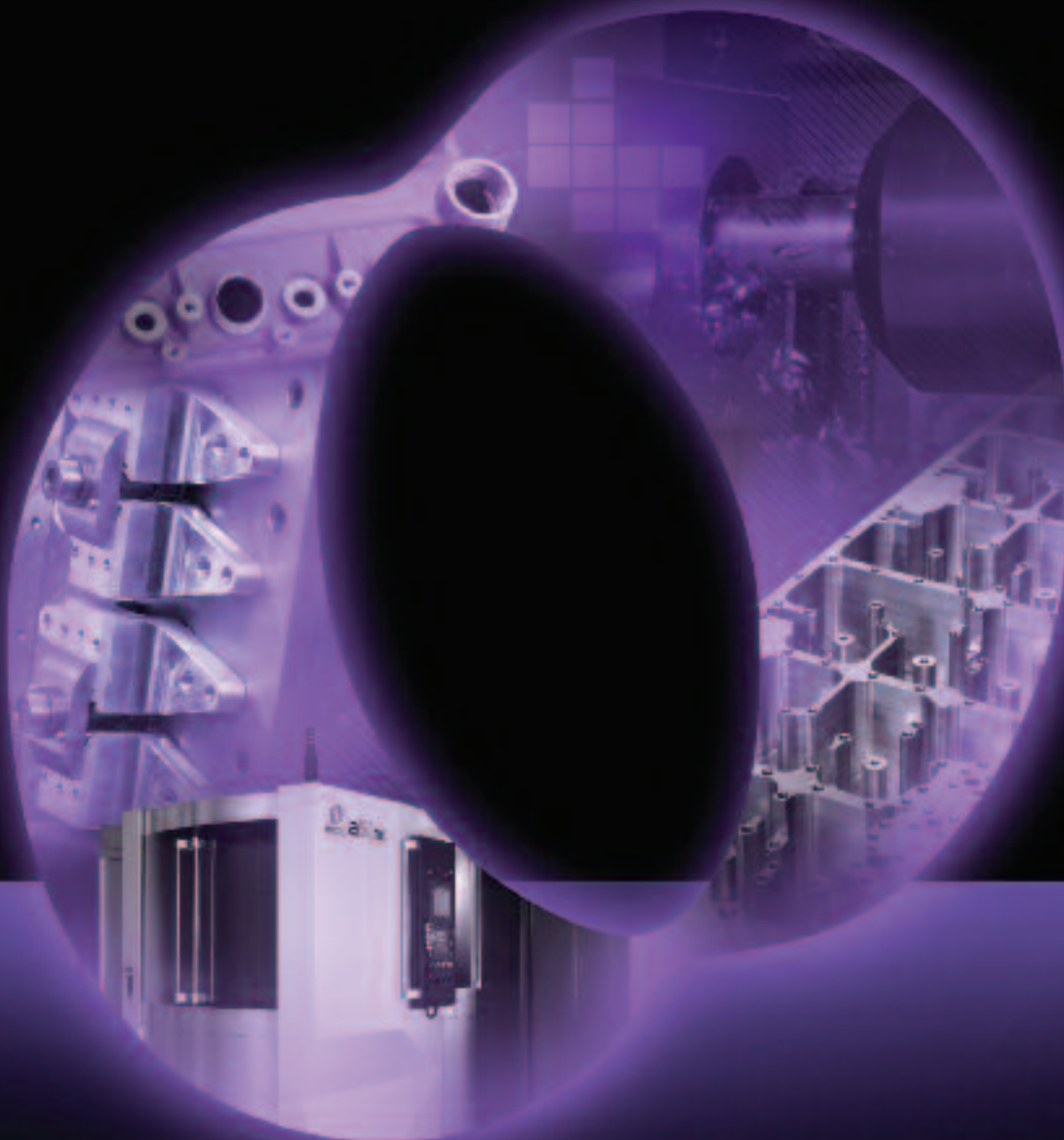
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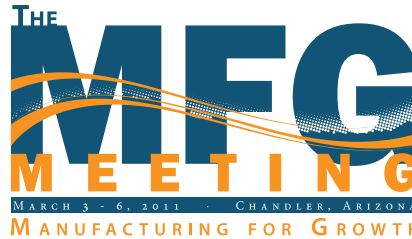
It expands the cutting envelope by 14%, boosts spindle torque 19%, and improves rigidity for higher metal-removal rates and reduced vibration. Its 1G linear axis acceleration and one-second 90-degree table indexing significantly reduce non-cut time. The reliability of the a51nx expands on the industry-leading performance of Makino's 1-Series. Most of all, the a51nx enables you to expand your ability to make lower-cost parts faster. See how at [makino.com/a51nx](http://makino.com/a51nx).



# The Manufacturing For Growth Meeting Big Success!

The first ever Manufacturing for Growth Meeting is history! For those that were there we want to offer big thanks! For those that weren't there – you missed a lot! The four organizations that partnered in this effort; NTMA, AMT, AMTDA and PMA worked like a team to pull the event together. As one NTMA member said, "Thanks to those that didn't attend because now I am one step ahead of you!"

The event was designed to show that U.S. manufacturing isn't dead. It is alive and it has good, high-paying careers, not just jobs. It became much more, as representatives of different companies started to network and share ideas. From all surveys, those present came away with a very positive outlook and new ideas about how to better network to help the



The "U.S. Outlook for Manufacturing" gave a positive and humorous way to look at how the future looks for those that plan. There were talks on how to "Make Money in a Tough Market". The groups heard from Peter Perez, newly appointed Deputy Assistant Secretary for Manufacturing. This position within the Department of Commerce is one that the NTMA and other manufacturing trade groups fought to establish for many years. Small manufacturing now has a manufacturing person in a key role

industry with some concentration from a prime contractor point of view. The group also got some guidance from the auto industry, both here and internationally. The combined group heard insights about how trade associations can help members understand the global market and from a speaker involved in the health industry from a manufacturing side and from a strategic planning viewpoint.

Executive Roundtables were held to hear about how to better communicate in the business world that can be carried forward in to each person's personal life. The group heard about how to deal with "technology transfer" as we try to grow and compete globally. Everyone heard ideas about how to deal with change and the chaos it can bring to any business. Several case studies were presented on building a "SMARTFORCE" and how U.S. manufacturing is going to compete with a smarter, well-trained workforce. The roundtables got to ask more questions about and discuss "Making Money in a Tough Market" and a "Materials Update" about the current and future market conditions for raw materials the industry needs. The final one dealt with HR and labor issues and suggestions on how the issues can become an enhancement, rather than a bottom line barrier.

The combined group also got to see a demonstration event for the NTMA's National Robotics League (NRL) [www.gonrl.org](http://www.gonrl.org). The AZ chapter's entry in to the 2010 event became national champions. This program teams Educational Institutions with mentoring manufacturing companies and sponsors to build robots that compete to dominate the other team's robot. It teaches team work, problem solv-

*"I've been coming to NTMA national meetings since 1995, missing only two of them. Each of them has something different to offer and there's always a nugget or two that I'm able to bring back. This particular one had lots of nuggets! The combination meeting really made the event that much more enjoyable for me. The "Manufacturing For Growth" meeting in Arizona is one of the very best events that NTMA has helped put on. I am blown away by the people I have heard talk and the networking that has gone on among the four groups. This meeting has representatives from all the groups that make the machines, the technical guys that sell the machines to guys like me make the parts that make everything anyone uses. I hope we have this kind of meeting every year and I encourage the four groups to keep working together. I also encourage those that couldn't attend this one to make sure they come to the next one. We have to work together to help us all to succeed."*

*Eric Hagopian, Hoppe Technologies Inc., Chicopee MA*

entire industry grow and support each other, now and in to the future.

Each organization had it's own agendas, but came together at General Sessions to hear speakers discuss such key issues as "The Age Curve" and how demographics will play a key role in U.S. manufacturing and how the industry, as a team must look at it and plans.

that has held positions at and worked in manufacturing. The NTMA/PMA coalition "One Voice" is working with Mr. Perez in many areas. He presented ideas on how exporting more U.S. made goods will help all.

There was a panel discussion open to all to hear from and ask questions of experts from the aircraft and defense





On Saturday, March 5 NTMA's 2011 Executive Officers were officially installed during a luncheon ceremony. (Left to right): Robert Mosey, Treasurer from Moseys' Production Machinists, Anaheim, CA; Roger Atkins, Vice Chairman from MIC Group, Brenham, TX; Grady Cope, Chairman of the Board from Reata Engineering & Machine Works, Englewood, CO; Ted Toth, Secretary from Toth Technologies, Pennsauken, NJ; and Ron Overton, 2009 Past Chairman from Overton Industries, Mooresville, IN.

ing and that people with careers in U.S. manufacturing need math skills and mechanical aptitude in order to succeed. NRL makes it fun to learn!

Attendees also got to watch a 20 minute video about how NTMA member Center Rock Inc., Berlin PA used very high technology, Made in the USA parts and know how, in a very high

stress situation to save 33 miners in Chile. Center Rock's team redesigned parts and systems in a few days and their system drilled a 26" diameter hole through 2000 feet of hard rock to save the miners 2-1/2 months earlier than expected. What a great day for the families in Chile, but for Center Rock and all U.S. manufacturing!



Eight past chairmen joined in congratulating Grady Cope on his inauguration. Left to right: Roger Sustar, Fredon Corp., Mentor, OH (2000); John Razzano, Fulton Industries, Rochester, IN (2001); Roy Sweatman, SMT, Tampa, FL (2008); Grady Cope, Reata Engineering & Machine Works, Englewood, CO (2011); Jeff Kelly, Hamill Manufacturing, Trafford, PA (2007); John Belzer, TCI Precision Metals, Gardena, CA (2002); Mike Mittler, Mittler Brothers Machine & Tool, Foristell, MO (2006); David Dysinger, Dysinger Incorporated, Dayton, OH (2005) and Dan Yahraus, Modern Industries, Phoenix, AZ (2004).

Of course, the NTMA inaugurated the 2011 NTMA Chairman Grady Cope, Reata Engineering, (Englewood CO). His Executive Team of Vice Chairman Roger Atkins, MIC Group (Brenham TX), Treasurer Robert Mosey (Mosey's Production Machinists Inc (Anaheim CA), Secretary Theodore O.

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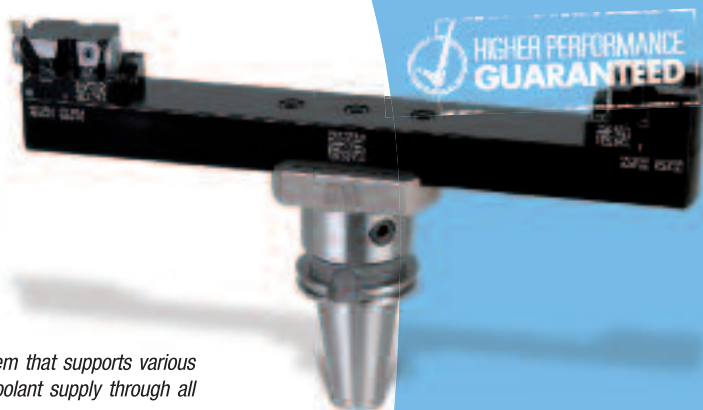
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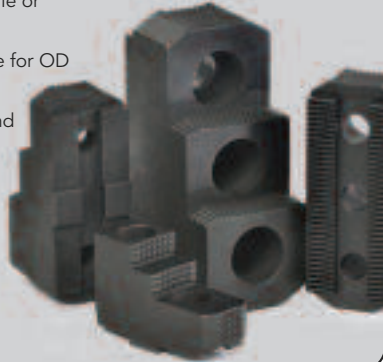
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Toth, Toth Technologies (Pennsauken NJ) and Past Chairman Ron Overton, Overton Industries, (Mooresville IN) We thank these men for serving their organization and industry.

The NTMA leadership teams met to reveal the current status of and future plans of each team. The Industry Advocacy team got briefings from our Government Advocacy team in DC and how our One Voice success and momentum of 2010 is carrying forward in 2011. The Workforce Development Team gave a briefing on

*"I've been to many NTMA national meetings and we always end up talking about issues that affect all of us and getting advice from other members. I went to the 2010 Fall Conference and some of the talk was about how our current federal government had become more interested in collecting fees, attacking small business, raising taxes and doing more regulating, just to collect money. One member had been hit with some fines. The response from the group was to be better prepared and know your rights. At the meeting we got an update on how we should handle the situation. I went back home and within a few weeks, I was facing the same issue. I followed the advice I got from the NTMA and it saved me thousands of dollars. I was happy to let the NTMA know that they were "right on" with what they suggested I do. There is so much to learn when you take the time to come to a national meeting. You never know when that "investment" in time is going to do so much."*

John Lewis, Lewis Aerospace, Phoenix AZ

national efforts to create and benchmark training programs around the country, including the NRL and improving the educational materials and choices the NTMA provides. NTMA's Member Value team discussed how the NTMA, is working to increase the "value" that every NTMA member has access to and make sure every member knows and understands it.

The NTMA Chapter Executive Group sponsored a speaker to discuss association management and exchange ideas with each other about how things are different in each chapter and what works in each chapter. By sharing and exchanging ideas, they want to improve operations and value for all. We thank those chapters that send these highly valuable local staff to these meetings to share. They are a "most valued" member of the entire national effort!

Dave Tilstone, NTMA President spoke about his world-wind trip around the association. He talked about what he sees now and his goals for the immediate future! The week was short and full of helpful networking for all that attended.

Many in attendance said they thought it was a great meeting and would plan to attend the next one March 7-11, 2012, Orlando FL. Will you be there to support U.S. manufacturing?

The next NTMA Fall Conference will be October 13-16,



Colorado Springs CO. The NTMA National conferences are held to help members network, learn and support each other by sharing ideas. Members tell us, "I learn a little more each time I come to a conference. We are given access to knowledge to help our business grow." It is time for you to come to one and see how it helps you and your business?

**NTMA**

## Members in the News! NTMA Member Helps Rescue Miners!

In October 2010 International news was centered on a mine in Chile where 33 men were trapped 2000 feet below ground. NTMA member, Center Rock Inc, Berlin, PA was called on to help find a solution. Center Rock manufactures drilling equipment such as high-tech bits for all kinds of operations. The team at Center Rock started working on how to get to the miners and their plan was "Plan B." At the Manufacturing Meeting in AZ, attendees got to watch a video about the story. The Center Rock team in PA had to redesign some of their manufacturing systems on the fly and do what would have normally taken 2-3 months and finish in 3 days to get parts on a plane to Chile.

The parts, designed and manufactured in PA, drilled a hole 26" in diameter, 2000 feet deep through extremely hard rock. Center Rock's "Plan B" broke through to the miners 2-1/2 months earlier than they thought they could and saved the miners.

Parts designed and manufactured in the U.S. using a high level of technology and a massive team effort showed the world that "Made in the USA" still means something.

Congratulations to the team at Center Rock, led by President Brandon Fisher on such a great job and setting a great example for the world to see.

**NTMA**

### NTMA Customer Value Proposition

*"Your membership in the National Tooling & Machining Association will position your company amongst the best in the industry by providing the resources and tools necessary for world class performance."*

*"Your return on investment is immediate as you leverage the vast knowledge that resides within the Association and apply it to your business."*

*"An advocate for our industry, NTMA leads the charge for precision manufacturing through networking, lobbying, education, procurement, advice and assistance, and focused cost savings programs."*



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# NTMA Recognizes Members for Their Long-term Membership Loyalty and Support

Welcome to the 2011 Annual Convention General Membership Assembly and Awards Presentations.

Susan Cirocki, Arrow Sheetmetal Products, Co. presented Grady Cope with a horsehair mecate on behalf of the Rocky Mountain Chapter. One of the old Buckaroo traditions is twisting horses' mane hair into ropes. The horsehair is twisted into beautiful and colorful ropes that are literally "one of a kind" pieces of art. These ropes are called "Mecates" a Spanish derived word that means twisted rope.



Phyllis Miller, Hamill Manufacturing, Trafford, PA was honored with the William E. Hardman Award for Excellence in Training. Phyllis has devoted her time and talents to the BotsIQ Program of Southwestern Pennsylvania, the implementation of NIMS credentials, and participating in the Pittsburgh Chapter's Apprenticeship Steering Committee and Board of Directors.



Jerry Busse, (right) Rockford Toolcraft, Rockford, IL was recognized for 35 years of NTMA Membership.



Jim Trecokas (left), Trec Industries, Brooklyn Heights, OH, was recognized for 30 years of NTMA membership and John Belzer (right), TCI Precision Metals, Gardena, CA for 35 years of NTMA membership.



Michael C. Mittler (left), Mittler Brothers Machine & Tool, Foristell, MO, was presented with the L.A. Sommer Memorial Award in recognition of his many years of exceptional service, dedication and leadership to the industry and the Association. Mike served as NTMA Chairman of the Board in 2006 and is currently chairman of the NTMA Insurance Board. He is also a past president of the St. Louis Chapter, NTMA.



Five NTMA members were recognized for their personal "Gold Level" donations to the NTMA PAC. Left to right: Grady Cope, Reata Engineering & Machine Works, Englewood, CO; Ron Overton, Overton Industries, Mooresville, IN; Roy Sweatman, SMT, Tampa, FL; and Robert Mosey, Mosey's Production Machinists, Inc., Anaheim, CA.



Eric Hagopian, Hoppe Technologies Inc. Chicopee, MA, also received his "Gold Level" certificate from Government Affairs Team Leader Patricia Szczuka, Computed Tool & Engineering, Anaheim, CA.





Retiring team leaders were presented with a crystal flame award in recognition of their leadership. From left, NTMA Chairman Grady Cope; Eric Kurzhal, Manufacturing Technology Team, 2009-2010; John Dalrymple, Industry Marketing, Meetings & Business Development Team, 2008-2010; Ted Toth, Precision Jobs for Manufacturing, 2009-2010; Brenda Baker, Chapter Executives Team, 2006-2010; Frank Dworak, Membership Growth & Retention Team, 2009-2010; Ben Belzer, Website Team, 2009-2010; and Harry Moser, National Associate Member Team, 2009-2010.



Members of the Northwest PA Chapter celebrate being named "Chapter of the Year" for 2010. Left to right: John Watkins, JMB Technologies; Lon Sippy, Highpoint Tool & Die; Chapter Executive Tami Adams; Ken Kuhn, Kuhn Tool & Die; and Mark Sippy, Highpoint Tool & Die. The Chapter received a check for \$500 in addition to the traveling trophy.



Mike Retzer, W.H. Strohwig Industries, Richfield, WI, (left) encourages the crowd to support NRL during the demonstration robotics matches at The MFG Meeting. Student teams from Los Angeles, CA and Williams, AZ competed under the direction of Mark Weather (right), Excaliber Precision Machining, Peoria, AZ.

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# Legislative Strides on Healthcare Overhaul, a Major Manufacturing Meeting in Arizona, and One Voice Gathers in Washington, D.C.

The One Voice team in Washington made significant progress in March toward the repeal of the 1099 reporting rule that had been part of the new healthcare law. On March 3, the House of Representatives echoed the early February actions of the Senate and passed H.R. 4, the Small Business Paperwork Mandate Elimination Act of 2011, by an overwhelming vote of 314-112. The bill, offered by Representative Dan Lungren (R-CA), repeals language in Section 9006 of the healthcare law, which mandated an onerous paperwork obligation requiring businesses to file an Internal Revenue Service (IRS) form 1099 for all

purchases of \$600 or more.

The One Voice lobbying team actively engaged Members of Congress to explain how this provision is particularly burdensome for small businesses and greatly appreciates the e-mails to Congress by NTMA and PMA members that helped persuade Members to repeal the provision. There is more work to do as the House and Senate now must reconcile the differences between the bills passed by the each chamber. Building on the success of the expected repeal, One Voice will continue to work with Members of Congress to target other egregious provisions of the healthcare

law for modification or repeal.

NTMA joined with the Precision Metalforming Association, The Association for Manufacturing Technology and the American Machine Tool Distributors' Association (AMTDA) to host the first "Manufacturing for Growth" conference in Chandler Arizona on March 3-6. The conference was a great success with more than 600 manufacturing executives from small and medium-sized companies in attendance. The four associations announced plans today to hold a second conference next year on March 7-11, 2012, at the Hyatt Regency Grand Cypress in Orlando, FL.

The One Voice Washington team attended the conference and had an opportunity to meet with NTMA members and participate in Committee meetings. Another highlight of the meeting was a presentation from NTMA member Dan Bagley of Center Rock Inc., Berlin, PA, which made the rock drills that cut the 2,000-foot hole to help rescue the Chilean miners. Center Rock was cited by President Barak Obama in his State of the Union address. The event also featured numerous dynamic business sessions, roundtable discussions on key manufacturing issues and social events for participants to network with their peers.

The One Voice Legislative Conference was held on April 5-6, 2011. The annual conference provides an opportunity for NTMA members' to have their voices heard in Washington. More than 100 One Voice members met with their elected representatives to talk about their businesses and to urge policies that strengthen U.S. manufacturing. The conference featured remarks by The

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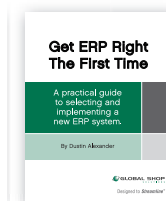
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## Brock Babb Memorial Scholarship

Wall Street Journal's Elizabeth Williamson. Additionally, several Members of Congress were expected to speak, including Senator Lindsey Graham (R-SC) who has been an ally in the fight against Chinese currency manipulation. On April 6, One Voice members headed to Capitol Hill for a day of meetings with Members of Congress and Congressional staff. A full report on the Legislative Conference will be provided in next month's Washington update

These early victories enjoyed by One Voice are a direct result of the efforts of One Voice's members and Washington-based advocacy partners. As a reminder, members can give unlimited corporate or individual contributions to the NTMA Government Affairs Administrative Fund which supports the work done on behalf of NTMA 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. **NTMA**

## Welcome New Members

**National Aviation**  
Tempe, AZ  
Phillip A. LoCascio

**JD Tool Technology**  
Warwick, RI  
Richard D. Edwards, Jr.

**Custom Gear & Machine, Inc.**  
Livermore, CA  
Anthony M. Castruccio

**Varney Manufacturing, Inc.**  
Medford, OR  
Gary Varney

**Creative Blow Mold Tooling**  
Lee's Summit, MO  
Michael Bohning

**Plasidyne Engineering and Manufacturing, Inc.**  
Long Beach, CA  
Mr. Ryan Brown

**Mountain View Machine & Welding, Inc.**  
Logan, UT  
Jason Crook

**American EDM & Tool, Inc.**  
Harrisburg, NC  
David Fry

**ADEM, LLC**  
Santa Clara, CA  
Boris Kesil

**Alloy Metal Products**  
Livermore, CA  
Fred Matter

The Brock Babb Memorial Scholarship is an annual tuition scholarship created by the National Tooling and Machining Association in support of students advancing their education, and pursuing careers in manufacturing. Successful scholarship applicants will receive a minimum award of \$1,000.

The NTMA Education Team shall serve as the selection committee. Only applicants that meet the eligibility requirements will be considered.

### Eligibility Requirements:

1. 18 years of age at the time of class start
2. Be a member of a high school class, and plan to attend an accredited educational facility as a full time student; or be a high school graduate enrolled to continue his / her education in a manufacturing industry related discipline. For purposes of this scholarship, a full time student is defined as a minimum of twelve (12) credit hours per semester.
3. Be the son or daughter of an employee of an NTMA Member Company in Good Standing (Owner's family not eligible to apply.)
4. Reside within the United States, and attend an accredited college, or University in the United States.
5. Hold a minimum High School GPA of 2.5
6. Submit a scholarship application and supporting documentation by June 1st of applicable year.
7. Must be nominated by an NTMA Member Company that is in good standing.
8. Provide a written essay stating career goals and why they should receive the scholarship.
9. Provide a resume describing interests, classes, and any work related activities voluntary or paid.
10. Provide two letters of recommendation from business professionals who are aware of their desire to pursue a career in manufacturing.

Applicants are requested to read carefully all of the above conditions of this program and submit a fully executed Application by June 1, 2011.

The NTMA Brock Babb Scholarship Fund will be paid upon proof of acceptance into appropriate educational facility as defined above.

Submit all information to: Mr. Ken McCreight, [kmccreight@ntma.org](mailto:kmccreight@ntma.org), Vice President, NTMA Education Team Staff Liaison, National Tooling and Machining Association, 6363 Oak Tree Boulevard, Independence, Ohio 44131. **NTMA**

# Benefiting from a “Pro-Business” Congress

By Scott Schmidt, Principal, Black Line Group

## More Companies to Utilize the R&D Tax Credit for 2010

Calling on the need for greater Innovation and R&D in the U.S., a decidedly more “Pro-Business” Congress has taken some very positive legislative actions that will greatly benefit U.S.-based manufacturers. One area that is set to benefit more companies and its shareholders is the Research and Development (R&D) Tax Credit.

With tax time upon us, now is the time to evaluate whether the R&D Tax Credit warrants a look, or re-look, and if you can drop additional cash to your company’s bottom line!

As an incentive for companies to innovate, implement automation and technology, and take the steps necessary to compete more effectively on a global basis, the R&D Tax Credit was extended for two years – retroactive to January 1, 2010 and through December 31, 2011 – as part of the Tax Extenders Package signed by President Obama in November

2010. Yet, because of the specialized nature of the R&D Tax Credit, companies often mistakenly believe that they do not qualify or they do not get the advice that they do qualify.

The definition of Research and Development (R&D) is much broader than people realize. R&D does not just take place in a lab with a scientist in a white lab coat. Activities and costs associated with developing and/or improving a product or process can potentially generate R&D Tax Credits. Companies that design and develop their own products, such as those in the medical device, aerospace, cleantech, technology, software, and food industries, can see the more obvious R&D Tax Credit opportunities that exist. However, significant numbers of job shops/contract manufacturers are not utilizing the R&D Tax Credit. This includes among others, metal stampers and fabricators, precision machinists, mold builders and plastic injection molders, and toolmakers. While these companies manufacture parts and components for their larger OEM customers, they often downplay that they are doing any R&D. They often respond by saying, “We just get a drawing, and we make the part.” However, in reality they still have to determine if they can make the part, what is the best or most efficient way to make the part, and to make it profitably. The time spent on evaluating and resolving these uncertainties through activities like prototyping, testing, modeling, and simulating can qualify for the R&D Tax Credit. In addition, while the OEM’s sometimes do provide an initial drawing, they often look to their vendors for design and engineering support on concepts. It is not until a company begins assessing how people are spending their time that they realize quite a bit of that time can qualify for the R&D Tax Credit.

Additional and significant legislation also has a large impact, such as the Small Business Jobs Act of 2010, which allows for general business credits, such as the R&D Tax Credit, to be

*(continued on page 15)*



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applied against the Alternative Minimum Tax (AMT) in 2010. In recent years, many S-corporation and partnership shareholders have been prevented from immediately using the R&D Tax Credits that they could generate because of the AMT.

Also, many companies may have not paid much attention to the R&D Tax Credit as the economy slowed, and rightfully so, because they may not have had a tax liability to apply tax credits against, and/or they were more focused on crucial business activities like finding new customers and staying in business. Now, due to an improving economy and business picking up, more of these profitable companies and their shareholders will immediately benefit by using the R&D Tax Credit, which is a

dollar-for-dollar reduction of a tax liability. This found money can be invested into even more R&D initiatives to expand your business.

**NTMA**

*This article has been reprinted with permission. Scott Schmidt @ NTMA Member Black Line Group ([www.blackgrp.com](http://www.blackgrp.com)) is an expert in the R&D Tax Credit arena and has been working closely with the NTMA/PMA "One Voice" coalition to get the R&D Tax credit made a permanent credit and advised many NTMA members how to qualify for the little-known credit. If any member would like to know more specifics about how they may apply for the credit, please contact Scott, [scott@blacklinegrp.com](mailto:scott@blacklinegrp.com) or call 763-550-0111.*

## Tax Tip: Payroll Tax Developments

Marni J. Spence, CPA, LarsonAllen LLP

As we begin 2011 tax compliance, there are a number of important payroll tax changes to be aware of:

**2011 Social Security Rate Cut.** For calendar year 2011, the employee portion of the base social security rate was reduced from 6.2% to 4.2%. The employer rate on the first \$106,800 of payroll remains unchanged at 6.2%. If you have issued any payrolls early in 2011 without using the reduced rate, the IRS requires that you correct it for the employee by March 31, so that their year-to-date payroll tax withholding is correct before you file the first quarter payroll tax returns.

**2011 Income Tax Withholding Tables.** Please be sure that you are using the new 2011 tax tables for federal withholding. They can be found at [www.irs.gov](http://www.irs.gov). The withholding tables were revised for 2011 because the Making Work Pay credit expired at the end of 2010. As a result, federal withholding will increase for many employees.

**2010 HIRE Act Payroll Tax Waiver.** As you may recall, there was a waiver of

the employer 6.2% share of social security tax if an unemployed individual was hired after February 3, 2010 and on or before December 31, 2010. In general, a new hire was eligible for this payroll tax waiver if the worker could certify on Form W-11 that he or she had been generally unemployed in the 60 days preceding hire. If you may have missed this opportunity, guidance on the IRS website states that the W-11 can be secured now, and amended payroll tax claims filed for refund of 2010 payroll taxes. This payroll tax waiver applies to both for-profit and non-profit employers. Please contact us if you need assistance in this matter.

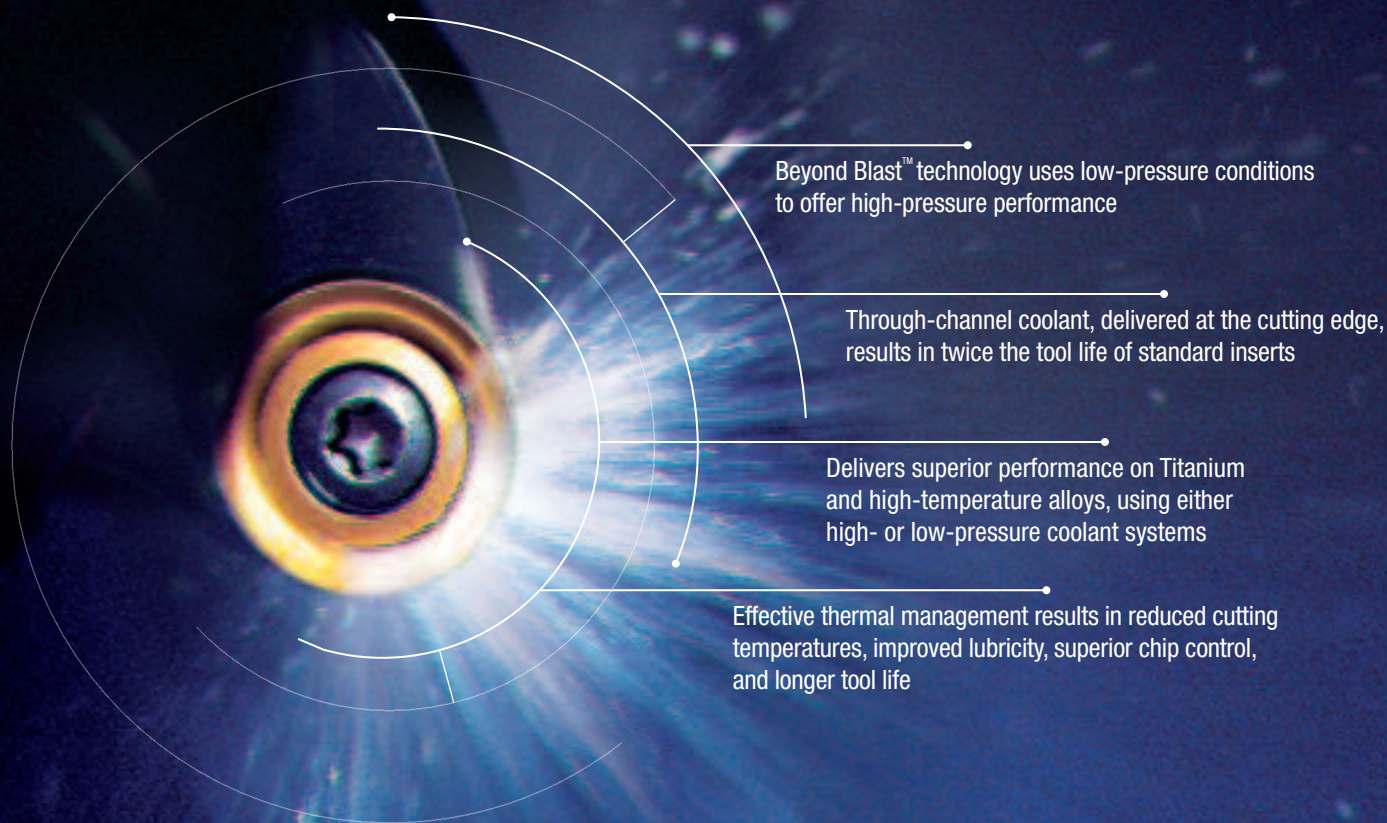
**2011 HIRE Act Retention Credit.** A second incentive of the HIRE Act provides a tax credit of up to \$1,000 per worker to a business for each qualifying new-hire retained for at least 52 weeks. The retention credit applies to the same employees who qualified for the 2010 HIRE Act payroll tax waiver and signed Form W-11. The earliest this credit can be claimed is February 2011 (52 weeks after an eligible hiring that occurred



from Feb. 4, 2010 through Dec. 31, 2010). This credit is a business tax credit that is claimed on the employer's income tax return.

**Discontinuance of Form 8109 Coupons.** The IRS is no longer accepting paper-based 8109 coupons for payroll tax deposits. Employers who are required to deposit payroll taxes must now do so over the phone or online through the EFTPS system. As an employer, you should have received information from the IRS and EFTPS regarding this change. Also, information may be found at [www.eftps.gov](http://www.eftps.gov). Again, please contact our office if you need assistance with registration or using this electronic payment system.

Please contact Marni J. Spence at LarsonAllen LLP, with any questions, [Mspence@larsonallen.com](mailto:Mspence@larsonallen.com). **NTMA**



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