Health Care: What it Means for the People and their Politicians

After 12 straight months of intra-party bickering and political posturing, House and Senate Democrats sent President Obama the largest overhaul of the nation’s health care system since 1965. As the dust settles following many late night votes, we have an opportunity to pause and reflect on what Democrats included in their proposal and what is next for health care in this election year and beyond. Sifting through 2,310 pages of health care legislation is no small task and few in their right minds even tried.

However, few laws touch the everyday lives of each American as this one does. The Congressional Budget Office (CBO) estimates that the new system will reduce the number of uninsured non-elderly people by 32 million, leaving roughly 23 million without insurance – thus covering 94 percent of Americans. Those who lack coverage provided through their employer or family member would face an individual mandate to purchase coverage by 2014 through one of 50 health insurance exchanges established and administered by the states, or pay a penalty ($695/individual, or 2.5 percent of income, whichever is greater in 2016).

Within those exchanges, people may choose among 4 categories of coverage, plus a “young invincible” plan for those under 21 years old.

The impact on the employer is less clear since it will affect each business differently depending on its size. Policymakers did heed the political winds by extending some relief to small businesses by exempting companies with fewer than 50 employees from the plan. They also went a step further, offering a tax credit of up to 50 percent for businesses with fewer than 25 workers and an average wage under $50,000. Small businesses with 100 or fewer employees are permitted to participate in alternate state exchanges for employers, however, they may not pool across state lines, despite the fact that insurance companies can sell coverage in any state.

While no official mandate exists on employers, businesses with more than 50 employees will pay a penalty of $2,000 per person if one of their workers lacks coverage (exempts first 30 employees when calculating the tax). For example, a company with 51 employees would pay 21 times $2,000, for a total of $42,000 penalty. Let us now put that in perspective: the average manufacturing worker receives $2.92 per hour of health care coverage, and 91 percent of manufacturers have access to employer-provided coverage. We often hear from manufacturing companies that they spend roughly $9,000 per individual on health care, meaning that...
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The Authority on Shop Floor Control.
same company with 51 workers is currently paying $459,000 per year to provide coverage to its employees.

So now what happens if or when companies start canceling coverage and their employees enter the state exchanges en masse? Indeed, officials believe between 8-9 million such people will lose employer coverage – and as that number grows, the penalties will likely increase as well to help pay the costs.

Which brings up an important point; people often ask, who and how will we pay for this and will it reduce costs or bankrupt the system? The CBO estimates the package would cost $940 billion during the next 10 years, reduce the deficit by $130 billion between 2010 and 2019, and potentially reduce the deficit by more than $1 trillion from 2019 to 2029. To reach these projections, the bill imposes a number of cuts and “revenue raisers” (read, taxes).

The most controversial of these is the excise tax on the so-called “Cadillac plans” beginning in 2018. For individuals with annual coverage exceeding $10,200 per year and $27,500 for a family, anything in excess of those amounts is subject to a 40 percent tax. It also limits the use of Flexible Spending Accounts (FSA) to $2,500 per year, with its usage counting toward the total that triggers the excise tax. The measure also extends the 2.9 percent Medicare payroll tax to apply to unearned income of couples making more than $250,000 a year. One revenue raiser specifically targets manufacturers by imposing a 2.3 percent tax on sales of medical devices beginning in 2013. This and other fees on certain manufacturers and insurers will generate $107 billion during 10 years to help pay for health care reform.

Twelve months and more than 2,000 pages later, President Obama and Congressional Democrats have achieved health care reform – for now. Republicans are still working to obstruct enacting the law by withholding funding to implement the plan, and states are filing lawsuits claiming an individual mandate is unconstitutional. Most doubt they will have much success.

Many questions remain about the short and long-term impact this overhaul will have on employees and their employers. Yet one point is undisputed: the votes cast for and against the health care bills will have a significant impact on the outcome of congressional elections on November 2. Thirty-four Democrats in the House of Representatives joined a unified Republican party to oppose the bill during the vote at 11:36 p.m. on March 21, 2010 – Speaker Pelosi could not afford to lose more than 37 Democrats.

Most political observers believe at least 30 Senate and House Democrats face serious challenges in the elections and their fate could hang on how they voted on health care. Members of Congress made historic decisions these past few months that affect the lives of every American, the immediate question, is whether voters will thank them or rebel in November.
“Biography” is one of my favorite TV shows because it pays tribute to the accomplishments of well-known, successful men and women. I gain insight and inspiration from their stories of achievement and personal triumph over adversity. I find it interesting to note that successful people clearly understand the value of a role model and the power of a mentor’s guidance. Each of these high-achievers is quick to express sincere praise for their mentors and the positive impact they had on their lives. They’re grateful that someone recognized their talent and believed in them enough to help them develop their full potential.

There are two kinds of people in this world, those that build bridges and those that don’t. Bridge builders are mentors who understand the power of a kind word and the importance of sincere praise. They’re always available to share their talent and experience. Mentors are team players all the way and lead by example. These unselfish people invest their time and energy helping others avoid pitfalls along their chosen path. Bridge builders mentor without concern for personal gain or credit. They don’t build bridges for the sake of recognition or tribute; they build because it’s in their nature to encourage and support others.

As a boy, I remember reading a poem under the glass on my father’s desk entitled The Bridge Builder. This insightful verse and its message of mentorship has served me well through the years and is a great example for all of us to emulate. If you’re a bridge builder, congratulations, the world is a far better place because of the difference you make in the lives of others. How many bridges have you built lately?

The Bridge Builder
By Will Allen Dromgoole

An old man, going a lone highway,
Came, at the evening, cold and gray,
To a chasm, vast, and deep, and wide,
Through which was flowing a sullen tide.

The old man crossed in the twilight dim;
The sullen stream had no fear for him;
But he turned, when safe on the other side,
And built a bridge to span the tide.

“Old man,” said a fellow pilgrim, near,
“You are wasting strength with building here;
Your journey will end with the ending day;
You never again will pass this way;
You’ve crossed the chasm, deep and wide—
Why build you this bridge at the evening tide?”

The builder lifted his old gray head:
“Good friend, in the path I have come,” he said,
“There followeth after me today,
A youth, whose feet must pass this way.
This chasm, that has been naught to me,
To that fair-haired youth may a pitfall be.
He, too, must cross in the twilight dim;
Good friend, I am building this bridge for him.”
This is my first Chairman’s Corner and I haven’t a clue what to write about, but I am sure that it will come to me as I go along.

By the time you read this, the Annual Convention in St. Thomas will be a distant memory – but what a great memory. We learned that the life blood of our businesses is the next generation of employees who are working for us today. Keynote speaker Les Banwart provided insight and some of the tools to make the transition from one generation to the next. Turnaround specialist Dan Pring gave us his take on the industry today and what is needed to stop the erosion of our bottom lines and deal with the new face of our customers.

Snow in the Midwest also is a distant memory. Robins and the Red-winged Blackbirds have laid their first brood and flowers are coming out of their long winter sleep. According to poet Alexander Pope, “hope springs eternal in the human breast.” I know hope is not a strategy, but many of our companies are looking for hope and reinvigoration of our bottom lines this year. As I mentioned in St. Thomas, we must have the “Determination to Succeed” in our businesses, and that seems to come on the wings of warm weather and abundant sunshine.

In April we went to Capitol Hill and met with our respective (not respected) elected government officials and asked them again to listen to the heart and soul of American Manufacturing. I can’t stress enough the need for all of us to get involved with our local, state and federal officials and let them know that we are not pleased with them. And, if they continue on their current course, come November they will be part of the unemployment statistics that they have helped create. Despite their attempts to quell our “One Voice” they will not succeed. Remember the old song from the ’60s “United We Stand Divided We Fall.”

**Upcoming Events**

We’ve had some great national press coverage of the NTMA/PMA Contract Manufacturing Purchasing Fair and are having success in getting major OEM’s to come to Irvine, Calif. So mark your calendar for May 12th and plan to attend to get your share of the work being brought back into the United States.

The NTMA/NIMS National Apprentices Competition will be held in Indianapolis, Ind., June 9-12, along with the NTMA Team Leaders conference. (I have it on very good authority that it “Never rains in Indianapolis in the Summertime.”) The Canadian Tooling and Machining Association also is invited to participate in this year’s competition. As I said in my inaugural speech, we cannot let this next generation of employees be the last.

**Update on NTMA Search**

After a long and thorough search, I am pleased to announce that NTMA has hired Ken McCreight as a Vice President. Ken will be the first employee to be positioned at the new Cleveland office. His duties will include working with current staff and eventually the new President to organize and implement the move to Cleveland, Ohio. He will be working on and providing leadership on all Education and Workforce Development initiatives at NTMA, including National Apprentice Contest, PJAM and the National Robotics League (NRL).

Ken comes to the NTMA from North Central State College, where he was the Dean of Technology and Workforce Development. He also worked for Fredon Corp. and has owned his own metalworking company.

On a personal note, Joy and I would like to thank the Connecticut, Florida West Coast, Detroit and Western PA chapters for opening their homes and businesses to us and showing their pride ownership in their companies and our NTMA.

Sincerely,
Russ Reschke
2010 Chairman of the Board
GINA: New Anti-Bias Law


Title II of GINA prohibits the use of genetic information in employment and the intentional acquisition of genetic information about applicants and employees. Genetic information includes information about an individual's genetic tests, genetic tests of a family member and family medical history, according to the Equal Employment Opportunity Commission (EEOC).

Genetic information does not include information about the sex or age of an individual or the individual's family members, or information that an individual currently has a disease or disorder, says the EEOC. Genetic information also does not include tests for alcohol or drug use.

In addition, the law prohibits employers from requesting or requiring individuals to undergo genetic testing. GINA has confidentiality requirements for any genetic information that an employer lawfully possesses.

The law also requires employers to post a notice with GINA information. The Equal Employment Opportunity Commission has released a poster to help employers comply with the notice requirements. Employers are prohibited from requesting or requiring individuals to undergo genetic testing.

In addition to posting the revised poster, employers should update their nondiscrimination policies to reflect GINA's employment-related provisions.

Members in the News

Yarde Metals Inc. is pleased to announce its Pelham, N.H. and Southington, Conn., branches have received Cobham Sensor Systems, Microwave Components "World Class" supplier rating for 2009. The Cobham supplier scorecard is comprised of 4 key business metrics: on-time delivery, quality measured in DPM's (Defects per Million), cost reduction and customer service.

Yarde Metals is one of 5 suppliers to receive “World Class” designation by Cobham for 2009.

“We are pleased to be recognized by Cobham as a premier supplier,” said Matt Smith, President and COO of Yarde Metals. “On-time delivery, quality, customer service and cost control are metrics we live by. Yarde Metals is successful in delivering outstanding service to our customers due to the dedication of our associates. The recognition by Cobham validates our commitment to being a stand-out supplier. We look forward to our continued partnership.”

Yarde Metals, a metals service center, is headquartered in Southington, Conn., with 14 branch locations throughout the Northeast, Mid-Atlantic, Midwest and Southern United States. The company's international division is located at its branch in Hauppauge, N.Y. Yarde Metals stocks and offers processing of aluminum, stainless, carbon steel and brass product and is ISO 9001:2008 and AS 9100:2004 certified.

Jergens Inc., a global leader in workholding, lifting and fastening solutions, is pleased to announce the launch of its new Web site at www.jergensinc.com. The new Web site was designed to be a user-friendly resource to site visitors, allowing them instant access to a wide variety of information in one convenient place.

In addition to comprehensive product information, including technical specs,
line drawings and product literature, visitors to the new www.jergensinc.com can expect to find:

- A new, user-friendly interface that saves time and effort
- One-click e-commerce capabilities, including stock and price check
- 2-D and 3-D CAD drawings available for download in more than a dozen formats
- Interactive Kwik-Lok Pin Selector to choose the right size and style for your particular application
- Cost-saving calculators and rich, solution-based content for a wide variety of industries
- Additional resources, including a self-service video library and a competitor part number conversion program
- Helpful insights on industry trends and lean manufacturing in the Jergens corporate blog

Founded in 1942 to help American manufacturers operate efficiently, Jergens Inc. is comprised of three distinct business units: Workholding Solutions, Lifting and Specialty Fasteners. Jergens Inc. is committed to helping its customers achieve leaner, more profitable manufacturing, and continues to add products and engineered solutions for an integrated approach to “Manufacturing Efficiency.” Jergens Inc. is an ISO certified company. For more information, please contact Jergens Inc. at 15700 S. Waterloo Road, Cleveland, OH 44110-3898. Phone: 877-486-1454; Fax: 216-481-6193. On the Web: www.jergensinc.com. E-mail: info@jergensinc.com.

Okuma America Corp. is pleased to announce that KUKA Robotics, a leading supplier of industrial robots, has joined Partners in THINC.

KUKA Robotics’ core competencies include the development, production and sales of industrial robots, controllers, software, linear units and omniMoves. KUKA robots are utilized in a diverse range of industries, including appliance, automotive, aerospace, consumer goods, logistics, food, pharmaceutical, medical, foundry and plastics industries.

As a member of Partners in THINC, KUKA Robotics’ mission is helping companies develop and implement ideas – optimizing their production to be quicker, more efficient and more accurate. In conjunction with the KUKA System Partner Network and KUKA’s unrivaled range of industrial robots spanning payloads from 5 kg-1,300 kg, any integrated solution or application conceivable is possible. All KUKA Robots utilize a common PC-based control platform, enabling them to easily connect to and communicate with the Okuma THINC control. KUKA Robotics products can be seen and demonstrated at the Partners in THINC facility in Charlotte, N.C.

**Hot off the Press**

**NTMA – Gerstner Partnership**

The NTMA has partnered with H. Gerstner & Sons, the world’s finest manufacturer of precision tool chests to provide Gerstner® Tool Chests to NTMA members at tremendous savings.

Two ways to save …

1. Virtually every tool chest in the Gerstner Line is available to NTMA members and their employees (factory direct only) from H. Gerstner & Sons at a savings of:

   **25% off list price**

   To view these chests go to www.GerstnerUSA.com

2. Available only to members of the NTMA, H. Gerstner & Sons is proud to announce the unveiling the new USA built Gerstner Tool-Tech® Series oak chest (*only available factory direct) which includes the NTMA logo mirror.

![Gerstner Tool-Tech Chest](image)

26” Gerstner Tool-Tech Chest
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**Introductory Price $399**

To place an order, contact the Gerstner Order Line at 800-888-5269.
For more information, e-mail ntma-info@gerstnerusa.com or info@ntma.org

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Maximizing the Web’s convenience, accuracy and speed, www.irs.gov, the IRS Web site, now assists millions of individual taxpayers, tax professionals and small business owners to better understand and meet their tax responsibilities.

**Updated Virtual Small Business Tax Workshop**

The IRS’s Virtual Small Business Tax Workshop is an interactive resource to help small business owners learn about their federal tax rights and responsibilities. This dynamic educational product, available online and on CD 24/7 from your computer, consists of 9 stand-alone lessons that can be selected and viewed in any sequence. A bookmark feature makes it possible to leave and return to a specific point within the lesson. Users also have access to a list of useful online references that enhance the learning experience by allowing them to view references and the video lessons simultaneously.

The Virtual Small Business Tax Workshop is the first of a series of video products designed exclusively for small business taxpayers. A new companion series called, “Your Guide to an IRS Audit” is in development with plans for a summer 2010 launch.

The IRS also is testing social media. They have launched YouTube – irsvideos’s Channel (www.youtube.com/irsvideos) and an iTunes podcast to help taxpayers take full advantage of the 2009 tax provisions in the American Recovery and Reinvestment Act.

The IRS YouTube channel debuted with 7 Recovery videos in English and American Sign Language and 8 in Spanish plus other languages. People without an iTunes account can hear those same podcasts, in English and Spanish, at www.irs.gov multimedia center. People can also visit the audio site at iTunes to listen to IRS podcasts about ARRA tax credits.

Every company owner wants to keep the workplace safe for all employees. NTMA members are reporting drop-in visits from OSHA officials. This article is intended to inform and educate members on some of their rights if OSHA shows up at your door.

The first thing to know is that just because an employee of a government agency comes to your place of work, doesn’t mean they have the right to walk in and take over, unless they have a warrant. It is your property and they have to abide by the law, just as we do.

The first thing any company owner should do is to appoint a safety and health manager in advance to serve as the one and only contact person for any attempted OSHA inspection. All personnel, especially in the front office, should be trained to immediately notify this contact person if an OSHA officer comes in the door. This person is the only company staff person that can give permission for the OSHA official to enter the building. The first thing the company official should do is to ask to see proper identification and ask for an opening conference.

There are three main reasons any company will get an OSHA visit. A drop-by or unsolicited visit, an accident has occurred or a complaint has been filed. The second two cases will usually be with warrants or other paperwork, and the visit cannot be stopped. The first one, while it’s not highly recom...
IMTS elevates our thinking. We can see and compare production improvement technology from the best minds in manufacturing. Purchases from the 08 show have yielded high-precision probing and scanning capabilities that eliminate error; real-time, paperless control of inventory, orders and shipments; and new ways to expedite on-floor questions and customer communications. Good times or bad, you need an edge. Seamless accountability now sets us apart.

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mended, can be refused. A decision to deny entry should not be made lightly. Experience has shown that if the OSHA official is forced to leave and get a warrant, the subsequent inspection could be greater and more intense than it might have been otherwise. While a warrant can only be issued based on probable cause, it should not be assumed that OSHA can’t get a warrant. If it is a general schedule inspection, the official has a right to a “wall to wall” inspection looking through the entire operation.

During the opening conference, the company official can ask for the reason for the visit. If there was a complaint, the company has a right to see a written copy of the complaint, but it won’t contain the name of the complainant. Once the reason for the visit is determined, the company official should determine the most direct route to the area to be inspected. The OSHA official should be escorted on the most direct route to and from the area to be inspected. Any area the inspector can see or violations viewed can be inspected and fines assessed. The company official should carry a camera and take pictures of any violations that are cited. If any violation is noted during the inspection process and immediate corrections or repairs can be made to eliminate the violation, they should be made.

If the visit will interfere with necessary production operations or is expected to take more than a day, a request to come back at a more convenient time can be made, but might be seen as a denial of entry. They are not allowed to interfere with regular production, but are allowed to speak with employees. If that interferes with production, it can be requested that the questions be made at the end of the shift or phone numbers provided to them so they can call them later. An official will not continue an inspection once they have been specifically advised that the employer has withdrawn consent to visit. The company can request to talk to the inspector’s supervisor to explain a legitimate reason for stopping or refusing a visit, but there are no guarantees that the inspector will not come back and conduct a much broader inspection.

Finally, a closing conference should be conducted to go through the findings. The company staff person should be the only one to discuss the findings and they should avoid making any admissions of violations, but should be prepared to furnish or obtain information to answer questions, clear up misunderstandings and demonstrate compliance.

One way to help avoid issues is to call your state safety office and seek advice before a visit from a federal official ever takes place. Most states have a state office that will come in and point out problem areas. Again, in most states, these officials are legally bound not to notify federal officials of any findings, but are there to help. If they do find anything, changes have to be made to take care of the issues, but no fines would be assessed. Before doing anything, check with state officials to make sure your state has laws to protect you.

For questions on this issue, or to stay current on OSHA rules, members can login to the NTMA Web site and view the online Safety Resource Center for additional advice.
Many NTMA members have asked that we publish some of the rules the NTMA and other non-profits must abide by in order to raise money for the NTMA PAC fund, Committee for a Strong Economy (CFASE). Monies from the PAC go to candidates that have helped the NTMA Government Advocacy efforts in our attempts to support U.S. manufacturing. Candidates are picked by the Government Affairs team with advice from the One Voice team. While it may not seem logical, in order to be able to get involved with most Federal elected officials, a group must be on their mailing or call list and the group gets there by providing candidates with contributions to their campaigns. While the NTMA PAC fund isn’t large, it is used judiciously in order to get the best return on investment and get in as many doors as possible. As a One Voice team member put it, “If you are not at the table, you’re probably on the menu!”

The Federal Election Commission (FEC) oversees PAC funds and how the money is raised. They have instituted many rules to slow down how non-profit organizations raise money for candidates they support. While the rules the FEC makes non-profits abide by are many, below is a short synopsis:

- Non-profits cannot solicit money from a member company employee without having a “Approval to Solicit” form signed by a company owner or senior manager. The form states that the company is a member of the organization and can give the non-profit organization up to 5 years of approval.
- Only member companies can give the non-profit approval to solicit funds. Anyone can donate money to any PAC, but only those member companies can be “solicited” that have given approval.
- Any monies donated to the PAC must come from personal funds and can’t be from corporate funds.
- Contributions are not tax deductible for Federal income tax.
- The non-profit must keep records of any contributions more than $199.

If any member would like to make a contribution to the NTMA PAC or has questions about it, please contact Jim Grosmann, NTMA Marketing and Sales Director at jgrosmann@ntma.org for more information.
Membership Awards

Five companies were recognized for their longstanding NTMA membership. From left: Kelly Schneider, K Mold & Engineering, Granger, Ind., 25 years; Adolf Eisenloeffel, Valco Valley Tool & Die, North Royalton, Ohio, 40 years; Jared Katt, Chelar Tool & Die Inc., Belleville, Ill., 45 years; and Doug and Eric Hagoppanian, Hoppe Tool Inc., Chicopee, Mass., 65 years(!). Also recognized, but not available for the photo: Patrick O’Connell, Laneko Roll Form, Hatfield, Pa., 25 years.

NTMA L.A. Sommer Memorial Award

NTMA’s most prestigious award, the L.A. Sommer Memorial Award, was presented to David W. Dysinger, Dysinger Inc., Dayton, Ohio, for his exceptional service, dedication and leadership in the industry and the Association. Dave joined NTMA in 1978 and served on numerous committees through the years. He was elected to the NTMA Executive Team in 2002 and served as Chairman of the Board in 2005. Today Dave serves on the National Tooling & Machining Foundation Board of Directors. In presenting the award, Russ Reschke noted the significant amount of time and energy that Dave has devoted to workforce development. In 2007 Dave donated $100,000 to the Dayton Tooling & Manufacturing Association to underwrite the startup costs of the BotsIQ program in the Dayton area.

NTMA Distinguished Service Award

Mark McCall (at left) from Tucker, Johnson & Smelzer, Pittsburgh, Pa., was honored with the NTMA Distinguished Service Award for his work on the NTMA insurance program. Mark was responsible for drafting specifications that allowed the program to be marketed to prospective insurance fronting companies. All of Mark’s work, including travel, was done without reimbursement or any conditions that would give his firm special standing with the NTMA program. He worked with the MWIL Board and the NTMA Insurance Team to determine the best approach for marketing the NTMA insurance program to the insurance community and to NTMA members. NTMA Chairman Russ Reschke presented Mark with a beautiful Steuben vase as a token of our appreciation.

NTMA wishes to thank our 2010 Annual Convention Sponsors for their generous financial support and participation.

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Meet Your Team Leaders! – Chapter Executive Team

For 2010, the Chapter Executive Team has chosen Los Angeles Chapter Executive Director Brenda Baker as their team leader. The Executive Directors manage the staff positions at the Chapter level and perform many administrative functions.

Brenda is President of ATD Management Inc., an Association Management firm. She has 16 years of experience in Association Management & Event Planning. ATD represents other client organizations in various industries, including the Construction Specifications Institute, Petroleum Packaging Council and the Western Packaging Association. Brenda became the Los Angeles Chapter Executive after working with NTMA member Mike Kartsonis of Dynamic Fabrication at another association.

Brenda said she is very fortunate to have a strong Board of Directors who is very supportive of her efforts locally and nationally.

When Brenda was asked how her participation at meetings assists her members, she replied, “At the National Meetings we are educated through the Chapter Development sessions and industry seminars. The ability to network and learn from other Chapter Executives and NTMA members is invaluable. These experiences help me to better serve my Chapter on a daily basis.”

Chapter Executives met in St. Thomas to network and learn. Pictured, front row: Chris Mignella, Arizona Chapter; Daryl Ott, Connecticut Chapter; Lisa Ellard, North Texas Chapter; Tami Adams, NW Pennsylvania Chapter; Brenda Baker, Los Angeles Chapter; Alida Berman, NTMA Director, Chapter Development. Back row: Ted Toth, Philadelphia Delaware Valley Chapter; Ed Sikora, Pittsburgh Chapter; Troy Nix, Indiana Chapter; and Frank Dworak, Membership Growth & Retention Team Leader.

When away from work, Brenda remains active. Her interests involve animal rescue, racing cars, gourmet cooking, country dancing and traveling.

The Los Angeles Chapter is lucky to have Brenda as their Executive Director and her contributions also benefit National NTMA in moving the Association forward.

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Designed to Streamline™
We have worked with companies around the globe implementing Theory of Constraints, Lean and Six Sigma, and the constraint is always the same. It’s how we think. In particular, it’s how the business owner or leader of the company thinks.

You buy the same equipment as your competitors. You hire from the same labor pool. The only difference is how you think. Unfortunately, your competitors also think the same way. So you are left to compete in a market where, from your customers’ perspective, you’re all the same. This means they make decisions based primarily on price.

Let me explain some of the common ways our thinking goes wrong and the negative effect it can have on your business.

First, at a very young age we are taught to be efficient. And to be efficient, we need to keep everyone busy all the time. After all, our people are the most expensive resources that we have. So we think that in order to maximize our profits we must maximize the use of our resources – people and/or equipment.

Now, if you think about it, this really doesn’t make sense. On the one hand if you agree that bottlenecks or constraints exist, then you must also agree that we can’t keep all resources busy all the time. In fact, we can only work at the rate of the constraint. This was a key lesson in Goldratt’s book on Theory of Constraints, “The Goal.”

However, this does not keep us from trying to be efficient everywhere. To be efficient everywhere in the presence of a constraint requires that we put all the work (except what the office is processing) that we have in-house on the floor. Doing this increases the likelihood that everybody, of every skill type, will have something to do and our key equipment will be fully utilized.

The end result, however, is that we end up with a large amount of work in process (WIP). And we all know that the more we have to work on, the longer it takes to get any one job done. This means we are hindering our ability to reduce our lead time and we are making it much more difficult to be on-time.

Want to think differently and get a leg up on the competition? Instead of focusing on efficiency, focus on flow. Focus on finishing what you’ve started.

In the Velocity Scheduling System (VSS) Coaching Program the first thing we do is cut the WIP. This reduces the number of jobs available to work on.

Let me show you an example of what happens when you stop concentrating on efficiency. One of my VSS clients sent me an e-mail that said “The shipping log will show you what happened after cutting the WIP …” And here is the data from his shipping log:

![Graph showing increased pieces shipped](chart.png)

So, once they stopped worrying about keeping everyone and all their equipment busy, they shipped 2.6 times more! And if you ran the equipment utilization numbers, or output per employee, you would find that a nice side effect was that they become more efficient by focusing on flow.

When your flow and velocity improves, you have a better chance at meeting your due dates. In addition, the time through your shop decreases – which means you can respond faster than the competition. This faster response can be used to actually differentiate you from the competition.

Now THAT’s thinking differently!

But before you go off and start decreasing your WIP, may I suggest that you get the coaching you need to understand all the “watch outs” and get guidance on how to customize it for your situation? If you’ve read “The Goal” or any other Theory of Constraints books, you also know that it is tough to implement without a mentor.

So, if you’re willing to think differently and risk differentiating yourself from the competition, just head over to www.VelocitySchedulingSystem.com. If we are currently filling a course, you can sign up. If not, then make sure you get on the waiting list.

Next time we will tackle another one of the ways our thinking is just plain WRONG.

If you have questions or feedback, please post your comments on the VSS blog at http://velocityschedulingsystem.wordpress.com.

The Science of Business (www.ScienceofBusiness.com) helps companies rapidly increase sales and profitability by implementing the Theory of Constraints (TOC), Lean, and Six Sigma. Ask about our Mafia Offer!

“Dr. Lisa” Lang is President of the Science of Business. She recently served as Dr. Goldratt’s Global Marketing Director, and is a member of the Board of TOCICO. She can be reached at DrLisa@ScienceofBusiness.com and 303-909-3343. Brad Stillahn is a business owner who successfully implemented TOC in his own business, exited his business on his terms, and is now helping other business owners do the same. Set up a TOC Advisory Board for your company! Brad can be reached at Brad@ScienceofBusiness.com and 303-886-9939.
Members attending the 2010 Annual Convention were in a generous mood during the Networking Dinner on Wednesday, March 3.

Earlier in the week, Ron Overton urged members to support the Brock Babb Memorial Scholarship Fund, an annual tuition scholarship created by the National Tooling & Machining Foundation in support of students advancing their education and pursuing careers in manufacturing. The Scholarship Fund was named in honor and memory of Sergeant Brock A. Babb, who gave his life defending our country and our freedom.

Simple bid sheets were posted at the NTMA registration desk for members to make their cash pledges and bid on an Indy Racing Experience and two one-week stays at a Panama City Condo donated by Ron Overton.

During the Networking Dinner the announcement was made that nearly $5,000 had been pledged or bid. That led to a few members upping their pledges/bids and challenging others to do so as well. By the end of the evening a total of $16,500 was pledged for the Brock Babb Memorial Scholarship Fund.

The NTMA/NIMS National Apprentice Competition also benefited from some serious bidding on a Gerstner Tool Box Package that included Serial No. 1 of the new Gerstner Tool-Tech Series oak chest with custom name plate, NTMA logo mirror, NTMA/Gerstner Cover and signed by the craftsman, Joe O’Dell, of Plano Machine in Gainesville, Texas, was the high bidder at $5,000!

Our thanks to all those who generously supported these fundraising efforts.

**How you can contribute:**
Brock Babb Memorial Scholarship Fund
Make checks payable to “National Tooling & Machining Foundation” with a memo note to Brock Babb Memorial Scholarship. Mail to NTMF, 9300 Livingston Road, Ft. Washington, MD 20744

NTMA/NIMS National Apprentice Contest
Make checks payable to “National Tooling & Machining Association” with a memo note to NTMA/NIMS National Apprentice Contest. Mail to NTMA, 9300 Livingston Road, Ft. Washington, MD 20744.

**Calendar of Events**

**NTMA/PMA Contract Manufacturing Purchasing Fair: Bringing Work Back to the U.S.A.**
Hyatt Regency Irvine
Irvine, Calif.
May 12, 2010

**38th Annual NTMA/NIMS National Apprentice Competition**
Indianapolis, Ind.
Hosted by Indiana Chapter, NTMA
June 9-12, 2010

**13th ISTMA World Conference**
Caesar’s Windsor
Windsor, Ontario, Canada
June 20-24, 2010

**Joint NTMA Fall Conference & PMA Annual Meeting**
Amelia Island Plantation
Amelia Island, Fla.
October 6-10, 2010

**NTMA/PMA Contract Manufacturing Purchasing Fair: Bringing Work Back to the U.S.A.**
MGM Grand at Foxwoods
Mashantucket, Conn.
October 29, 2010

**NTMA 2011 Annual Convention**
(Super Meeting in conjunction with AMT, AMTDA and PMA)
March 3-6, 2011
Sheraton Wild Horse Pass Resort
Chandler, Ariz.
Makino Engineering Services has an unmatched history of creating robust production-ready processes—including machinery, fixtures, tools, programs and documentation—for parts with complex geometries, demanding deadlines, challenging budget constraints and Six Sigma standards. We’ve solved production challenges and engineered tightly integrated manufacturing systems for hundreds of manufacturers. All with a guaranteed cycle time, lower cost per part and improved quality. Don’t be afraid of the part. Visit us at www.makino.com/engineering or call 1-800-552-3288.

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What is Your True Value in Membership?

What is the value of being an NTMA member?

The answer is different for everyone. Maybe it’s an intangible benefit or perhaps a cost savings to the bottom line. Here is a brief description of some of the many programs and benefits available to you as an NTMA member. Most are just a “click” away at www.ntma.org.

“Successful company owners can’t work in their business. They have to work on their business. By going to NTMA national meetings I’ve met many other owners that have shared business ideas with me so I can do just that.” - Carl Meyer, Progressive Tool Company, Waterloo, Iowa

Legislative: NTMA is the only metalworking association that has an active letter writing program on its Web site. The Legislative Action Center provides members with information on specific legislation and sample letters to send to elected officials in order to get legislation passed that will benefit small business and precision custom manufacturing. The government is your business partner and must be kept informed about what small manufacturing companies need to compete in the global market. The NTMA has teamed with the Precision Metalforming Association (PMA) to form “One Voice,” a legislative advocacy coalition. One Voice is having success in stopping dangerous legislation that will harm this industry. A “One Voice” Web site has been established to keep the industry informed about current issues and raise awareness at www.metalworkingadvocate.org. One Voice has begun reaching out to other trade organizations and non-profit groups to work with us. It is only through this national network of companies that we have the power to educate and change the minds of the decision-makers in Washington that seem intent on harming U.S. manufacturing. We have more votes than our enemies, but we must speak with a united voice.

“I’ve grown my life and my business since joining the NTMA. Politicians learn who you are when you’re involved. Politics does influence our personal and work lives. Doing something is better than doing nothing!” - Roger Sustar, Fredon Corp., Mentor, Ohio

Online Market Reports offer members information on specific customers and sectors in order to help members know where new business might be. The Business and Customer Forecast Reports provide members with updated information three times during the year regarding the goals of the marketing work done through the NTMA. NTMA members have many tools available in finding new markets and meeting new customers.

NTMA Purchasing Fairs have a long-standing reputation for introducing members to new potential customers. This “trade show style” event has successfully introduced members to a wide variety of customers for more than 20 years. Potential customers give the NTMA a list of vendors they’re looking for and at each Fair those customers are given a table to meet new vendors. These one-day shows are invaluable to those who know how to make sales calls and do the follow-up needed to “close the deal.”

The NTMA recently formed an online RFQ system called “Members First.” “Members First” is a unique online program designed to help members find other members that have complementary equipment to help with large projects. The NTMA also is marketing this program to potential customer companies to allow them to post RFQ’s on the system. Members can post their own capabilities on the system and modify it whenever changes take place. This is a free system for customers and for members to post work and to help keep work in the U.S. The NTMA is sponsoring two fairs in 2010 with a theme of “Bringing Work Back to the U.S.A.” These “re-shoring” events will target those customer companies that have already sent work to other countries in hopes of getting them to see the value of using U.S. companies for their projects.

“We have found the NTMA Purchasing Fairs to be a great marketing tool. With advanced preparation and follow-up, we have gained several new customers.” - Alan Ortner, Sirois Tool Co., Berlin, Conn.

NTMA members also have access to a variety of marketing reports. For the company owner wanting to diversify, these reports provide valuable information to get their foot in the door of new potential business.

Online Market Reports offer members information on specific customers and sectors in order to help members know where new business might be. The Business and Customer Forecast Reports provide members with updated information three times during the year regarding...
each sector of the economy. The Business Conditions Report (June and December) gives members a “snap shot in time” so they can see what other parts of the country are doing. NTMA members aren’t in this alone. There are others out there willing to share information with them!

“With the pressures being put on small machining companies in today’s global economy, I don’t see how anyone can afford not to belong to the NTMA. The technology being brought to the membership to help us compete is worth the price of admission. My business and I personally have benefited many times over the cost of belonging to the NTMA.” - Roy Sweatman, Southern Manufacturing Technologies Inc., Tampa, Fla.

Professional Services: Have you or someone you know run into legal trouble because their employee handbook was out of date? There are countless stories of company managers firing an employee only to have that employee sue for “wrongful termination.”

NTMA’s Labor Legal service can help. With more than 35 years as a labor attorney, NTMA’s legal advisor will review your employee handbook and return it with appropriate recommendations and updates. This is “insurance” against future problems. They also offer “second opinions” on labor issues for those members that already have a local attorney, but thinks it’s worthwhile to get a second legal opinion.

Does your Human Resources Department have trouble keeping up with constantly changing rules and regulations? The NTMA H.R., Safety and Environmental Resource Centers can help. This service – normally $2,500 per year – is provided to NTMA members FREE. More than 300 pages of valuable information will help your H.R. manager stay current. You have access to power point programs for training purposes, “live” help if the information can’t be found, booklets for purchase, and forms and posters to download, some free of charge. State and local regulations are available as well.

It’s no longer wise to rely on your “gut feelings” when making a hiring decision. Many have and risked being sued for not hiring a person who applied for the job. They call it bias. Or maybe you’ve hired someone only to find out two weeks later that they really don’t have the necessary aptitude. The Aptitude Testing Service provides members with the only known test validated for bias. This test gives the company legal protection if you choose not to hire. It tests an individual’s “ability to learn” and has proven itself as a valuable tool.

“We have used the Aptitude Test for a number of years to screen potential new employees. We will not hire anyone without using the test service.” - Tom Busse, Rockford Toolcraft, Rockford, Ill.

Benchmarking/Strategic Planning Tools: NTMA members who are engaged in strategic planning have a number of tools at their disposal. National conferences and local chapter meetings are your No. 1 resource. What better source of information than from other members who are willing to share their experiences? Members have a unique opportunity at national conferences to participate in industry roundtable discussions with other members from within their industry sector. Professional speakers and industry experts also provide informative seminars on team building, lean manufacturing, marketing, the global business climate, how to measure your company’s success, how to double your company’s sales, firing a customer and many other topics.

“I went to my first national meeting right after I went into business for myself. At that meeting I learned how to be successful. I immediately came back to my shop and changed how I was running the business. I owe a lot of the success I have today to attending NTMA meetings and talking with and listening to successful members.” - Jerry Busse, Rockford Toolcraft, Rockford, Ill.

The NTMA Wage and Fringe Benefits Report gives average wages and benefits paid to shop personnel. It’s divided by region so equal comparisons can be made. It’s not smart to get too far ahead or behind your local competition, so you can keep your most valuable asset … GOOD WORKERS!

The NTMA Operating Costs and Executive Compensation Report (OCEC) details industry performance norms, giving members a tool to measure how their company is doing. It shows P/L statement averages broken down by region, sector and size of company. A 25-person shop doesn’t want to compare against a 500-person shop, and an aerospace machining company doesn’t want to compare against a mold shop. By using these tools, as well as the marketing tools mentioned earlier,

(Continued on page 20)
company owners can set up a business plan and marketing plan that will help them move their company forward.

“The NTMA OCEC Report gives me the average of multiple balance sheets in my field by size of company. The comparisons help guide me toward cost savings and profits. The report will knock the socks off your banker.” - Wally Hellebusch, Hellebusch Tool and Die, Washington, Mo.

**Group Discounts:** Many members are getting back much more than the cost of their annual dues by using a few of the NTMA member discounts available to them. There are many hidden costs of doing business and the NTMA has attempted to lower as many costs as possible. While none of the programs will pay off the national debt, together they add up to significant savings for small manufacturing companies.

**Business Insurance:** The new NTMA business insurance program was created by small manufacturers for small manufacturers. It offers coverage for buildings, content, crime, automobile, workers’ comp, liability and others. The program is backed by an A-rated carrier and is focused on the unique needs of metalworking manufacturers.

**Software:** JobBoss Software/Exact, Shoptech Industrial Software and Epicor all offer NTMA members significant discounts on their software.

**Consumables:** Grainger offers members a 10 percent standard discount with FREE shipping for online purchases. The discount can go as high as 60 percent depending on the item being purchased and the quantity. They offer the same discount for employees of member companies for their own personal use if they order online. Long-time member Jergens Inc., offers members a 10 percent discount for online purchases for anything in their online catalog. Member SelfLube Die and Mold Components offers up to a 25 percent discount to NTMA members on mold components. Staples Office Supply allows members to buy online and get Free, next day shipping for orders of more than $35. Office Max offers a significant discount program for members wanting to compare pricing. Both programs also offer online printing services for those trade show and promotional materials. Order it online, pick it up at your destination or ship directly to you. You can’t buy it cheaper!

**Freight:** Members that are not bound by customer’s contracts to ship via a particular carrier now have a wide choice of shippers.

**Transportation Services and UPS Freight** offer discounts on shipping for NTMA members. FedEx offers discounts on their services as well.

**Energy Conservation:** NTMA members believe in conservation as much as anyone, but not at the cost of harming their business. APPI Energy, an energy consulting agency, offers members an array of ways to save on energy costs. In specific states that have passed legislation allowing such programs, APPI has been able to save members thousands of dollars a year on average on their electrical and gas consumption.

“My dues are paid for by the pricing benefits I get as a member but the true benefit is the networking that goes on among members at the local and national levels.” - Mike Mittler, Mittler Brothers Machine & Tool, Wright City, Mo.

**Corporate Services:** NTMA members that are looking for an outside payroll service can call on E-chx Payroll. They “guarantee” savings compared to any national competitor.

While all of these programs offer savings for NTMA members, some of them also offer royalties back to the organization, so using them supports the work of the organization as well. Information on all of these programs/services can be found at www.ntma.org. The new NTMA Web site offers member companies a wealth of information. Most of this information is for “members only.” In order to view this information, a member must login to the Web site. The employee’s e-mail address must be in the NTMA database. With this new system, any member company employee can login and create his/her own personal password. It’s easy, it’s simple and it’s efficient. Hundreds of tools to help move your company forward are just a “click” away.

For information on any of the services or programs mentioned in this article, simply call the NTMA Customer Service Dept., 800-248-6862 or drop an e-mail to info@ntma.org. Are you leaving thousands of dollars on the table by not exploring what is available to you and your company as a NTMA member?