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Perspectives - Newsletter for Management Team

Wage & Hour Steps Up Enforcement Efforts

The Department of Labor has announced that the Wage and Hour Division will be hiring 250 additional investigators. This comes in addition to already anticipated increases in OSHA inspectors for potential workplace safety violations. The announcement appears to be in response to the release of a Government Accountability Office (GAO) report that found the department's system for receiving and responding to wage and hour complaints is ineffective and discourages wage theft complaints. News reports have warned of increasing crackdowns by the federal government on workplace practices.

Sick Employees Drain Productivity

A multiyear study of 10 employers and over 150,000 workers found that poor health among U.S. workers costs employers significantly in reduced productivity. The study, titled Health and Productivity as a Business Strategy: A Multiemployer Study, was published in the Journal of Occupational and Environmental Medicine in April. It found that presenteeism - when employees are present at their jobs but unable to perform at full capacity - creates a greater drain on company productivity than employee absence. It combined medical and pharmacy claims data with self-reported health-related employee absenteeism and

presenteeism data.

Chargeable Hour Trap

Current economic conditions make "chargeable hours" more of an absurdity than ever. Every employee is aware of the economic uncertainties and many fear losing their jobs. Under these circumstances, there is little incentive to operate equipment at its maximum running speed. Experience shows that new press and bindery equipment purchases are heavily influenced by rated running speed, but that does not become an operating metric once the equipment is installed and functional. "Chargeable hours" tends to lose meaning as a unit of measurement when plant personnel concerned about the subsequent flow of business take steps to insure that press and bindery equipment are operating as many hours as possible.

U.S. Postal Service Posts \$1.9 Billion Loss

The USPS ended its second quarter with a net loss of \$1.9 billion. The year-to-date net loss is \$2.3 billion. Operating revenue decreased 10.5% and operating expenses 4% from the same period last year. The Postal Service will likely face a cash short-fall of over \$1.5 billion at the end of the fiscal year.

PRINTING INDUSTRIES OF VIRGINIA



PIVA Newsletter July 2009

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When will things get better? Soon, According to Our Indicators

By Dr. Joe Webb,
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Back in January I outlined the reasons for selecting our "recovery indicators." They include four indicators from the Institute for Supply Management (oldtimers will remember them as the National Association of Purchasing Managers), the NASDAQ index, and proprietor's income from the Bureau of Economic Analysis' reports of personal income and GDP.

The biggest gain since April has been in the NASDAQ composite which is up almost one-third since April. It has to go up more than 50% to get to the level it was at the designated start of the recession. That's a lot of ground to cover. Right now the stock markets have rebounded because people have realized that companies actually will make profits sometime in the future, and that many companies have reduced their costs enough that it will be sooner rather than later, for most sectors. There's still lots of climbing to do.

In the service sector, we had nice rebounds in new orders and imports. The ISM indices use 50 as the demarcation between growth and decline. We're still on the decline side, but we're getting very close to that 50 breakeven point. Imports are critical, despite misplaced common sentiment, because many raw material and

goods have to come in from overseas because that is where they are mined or otherwise created, just like in manufacturing.

On the manufacturing side, new orders were up as well, with imports improving, but still at a recessionary level. Manufacturing will be slow to recover as the supply chains to auto manufacturers are constrained by the lack of interest of consumers in buying new cars. This, too, shall pass. New manufacturing orders are very close to the December 2007 level.

We don't get a new proprietor's income figure until the BEA releases the preliminary revisions to Q1 GDP and personal income. We have gotten minor updates to the Q4-08 data as the BEA refines its estimates. This is really important to watch because it is our best understanding of small business activity.

Note that unemployment is not part of the indicators. Unemployment will lag any recovery, as it always does. Businesses add hours to existing workers first, and only once they are convinced that an upturn will be sustained, will they add workers. The unemployment rate also worsens at a beginning of a recovery as the workforce becomes flooded with new and returning workers, often at a rate greater than the growth in new jobs. This means that the general economic news will still look bad even though the economy is in process of improving at the time.

Despite the constant drone of the bad economic news, it is very important to remember the resiliency and dynamism of the U.S. economy. We should view it with a sense of awe and amazement. We will have problems going forward; keep an eye on commodities prices as that is where we will see signs of inflation first. It is possible that another oil bubble is ahead as the Federal Reserve will be reluctant to raise interest rates when that trend emerges.

Keep the economy in perspective: the better the economy does, the more investment in information technologies that can potentially avoid print, such as wider adoption of broadband, faster transmissions, and more new devices. Printers and vendors who are thinking that when the economy gets better that print will automatically get better may be in for an unpleasant surprise.

Dr. Joe Webb is one of the graphic arts industry's best-known consultants, forecasters, and commentators. He is the director of WhatTheyThink.com's Economics and Research Center.



Upcoming Events

- **Mid Atlantic Print Management Conference**
August 13-16, 2009
Great Wolf Lodge
Williamsburg
- **PRINT 09**
September 11-16, 2009
McCormick Place, Chicago
- **Jim Fannon Memorial Golf Classic**
September 23, 2009
Cannon Ridge Golf Club
Fredericksburg
- **Converge Conference**
November 8-11, 2009
Orlando
- **Fall Women In Print November 11, 2009 -**
Colorcraft of Virginia
Sterling
- **Color Management Conference**
December 6-8, 2009
Pointe Hilton Tapatio Cliffs
Phoenix

PRINTING

INDUSTRIES

OF VIRGINIA

Virginia FREE---A New Soft Drink?

Not exactly. In fact, it deals with some rather heavy material. It stands for the Virginia Foundation for Research and Economic Education. Formed over 20 years ago, the group seeks to promote free enterprise and to monitor legislation that affects business. Members of Virginia FREE include corporations, foundations, associations, political action committees, and individuals.

One of the major activities of the group is to rate General Assembly members in a non-partisan manner according to their support-or lack of support-for the business community. In that respect, Virginia FREE is very much like a similar entity in Maryland called Maryland Business for Responsive Government (MBRG). MBRG has become at least as influential as the Maryland Chamber of Commerce.

The ratings of General Assembly members are based on votes on selected bills in both the House of Delegates and Senate. How are these bills selected? Each member of VAFREE is asked to submit 5 bills important to them, and to explain why these are important. An Evaluation Committee then reviews all submissions, looking for commonalities and establishing a "for" or "against" position. They then submit their selections to the VAFREE

Board of Directors, who must approve the final selections.

After the General Assembly session is completed, VAFREE rates all Senators and Delegates on the selected bills. They also provide a cumulative rating which dates back to 1995, or to when the individual assumed office. A rating of 75-100 indicates consistent support for business; 55-74 is a swing vote; and less than 55 indicates only occasional business support.

In the recently-concluded 2009 General Assembly session, VAFREE selected 24 Senate bills and 17 House bills for their Business ratings. In the Senate, the highest rankings went to Senators John Watkins, Walter Stosch (who has championed PIVA's sales tax exemption legislation several times), and Robert Hurt, while the lowest rankings went to Senators Yvonne Miller and Mamie Locke, Henry Marsh, and Patricia Ticer (the last 3 were tied).

In the House, the highest rankings went to Delegates Thomas Rust and Riley Ingram, Glenn Oder, and Lacey Putney (the last 3 were tied). The lowest rankings went to Delegates Mamye BaCote, Albert Eisenberg, and Jeffrey Frederick.

Cumulative ratings present a picture of a Senator's or

Delegate's business support over a longer period of time. Shown below are the top 10 individuals in both the Senate and House (in terms of cumulative ratings) who have shown the most support for business.

Senate

John Watkins-10th District
Walter Stosch-12th
Thomas Norment-3rd
Kenneth Stolle-8th
Frank Wagner-7th
Stephen Newman-23rd
Harry Blevins-14th
Emmett Hanger-24th
Robert Hurt-19th
Frank Ruff-15th

House of Delegates

Barry Knight-81st District
Samuel Nixon-27th
David Albo-42nd
Riley Ingram-62nd
Joe May-33rd
Frank Hargrove-55th
Christ Jones-76th
Daniel Marshall-14th
Glenn Oder-94th
Harry Purkey-82nd
Thomas Rust-86th
Edward Scott-30th

Note: there were some ties in the House ratings, leading to 12 listings.

To see the bills selected in the 2009 session, and the ratings of all Senators and Delegates for 2009 and their cumulative ratings, go to <http://www.vafree.com>.

Thought for the Month

Remember, people will judge you by your actions, not by your intentions. You may have a heart of gold, but so does a hard-boiled egg.

Employee Relations Fact & Myth

Fact and Myths are not intended to give legal advice but to educate members and their employees on the most often asked questions.

The application for employment can ask if the candidate has been arrested.

MYTH: The employment application form can ask about convictions of a criminal offense that are felonies or serious misdemeanors other than convictions for marijuana offenses more than two years old.

Is it permissible to ask an applicant about job related medical conditions.

MYTH: Asking applicants or current employees for information about job related medical or mental conditions, or implying you are seeking this information, can be illegal.

The employment application should state that "any incorrect statement or omission of a material fact on the application blank could lead to dismissal of the applicant at a later date."

FACT: Yes, this is correct.

It is permissible to "require" all new employees to show their social security card.

Vacancy Clause

As a result of downsizing, many firms now have properties that were formerly used in their businesses for which the firm has provided property coverage but are now vacant. If this is your situation, you must bear in mind that most property coverages have a vacancy clause which voids the coverage if the space becomes vacant for more than thirty days. This is because vacant property is particularly at risk for loss due to vandalism or fire. Check with your insurance provider immediately if this is the case to arrange for proper coverage before you are stuck with an uninsured loss.

I Don't Have Time



To call a new prospect; To ask my existing clients for referrals; To try a targeted telephone or email campaign to seek out prospects; To find out what types of print my clients are buying from others; To learn enough about my clients'

businesses to be able to make useful suggestions rather than asking for something to quote on; To learn how print fits in an integrated marketing campaign and how it improves results. In short, I don't have the time to do the things that will get my

The Opposite of "Do Not Mail"

We have heard that President Sarkozy of France is proposing a series of initiatives to support the printing industry. One of these is a free one-year subscription (paid by the government) to any newspaper for all residents of France on their 18th birthday to encourage them to read a hard copy.

MYTH: The Company cannot "require" employees to show their social security card for any reason. For the I-9 form, the employee is free to choose from the acceptable documents or combination of documents listed on the I-9 form.

It is permissible not to employ women where constant heavy lifting over 35 pounds is required.

MYTH: There are no legal weight restrictions for men or women.

The company can state the dress code for the position before hiring a new employee.

FACT: Yes, it is correct.

An employer can require applicants to have a level of English proficiency to perform the essential requirements of the position.

FACT: Yes, it is correct.

It is not permissible to ask an employee if they can work overtime including weekends.

MYTH: Employees can be asked about work on weekends or overtime work.

Employees and applicants have a right to ask for a copy of their completed employment application form.

FACT: Yes, it is correct.

business moving again and out of the slump.

OSHA Steps up Inspections

It appears that OSHA is continuing their prowl citing printers throughout the state. The DOLI (VOSH) in Virginia recently noted that they have a large number of printers on their radar for inspections (under the NEP).

This is a reminder that you should revisit your press roller and on bindery cutters guarding. Also check your lockout/tagout programs as well as general OSHA compliance.

If you haven't received your copy of the *What You Need to Know for Safe Equipment Operation* please contact the PIVA office.

Sequential Liability

This legalistic phrase describes the practice of a number of advertising agencies not paying the printer or other supplier until they are paid by their client. If it's incorporated into their purchase order and you accept the order on those terms-you're stuck with it. Read the fine print on all purchase orders. Remember that it will supersede your own terms and conditions of sale if you accept it. Then think before you take the work on their conditions.