



MANUFACTURING MATTERS

FALL 2020

Helping New Jersey Manufacture Success

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MFG DAY

Manufacturing Day 2020
Honoring MFG Heroes – p6

Top 6 Questions About the CMMC – p16

Your Pipeline, Your Workforce, Your Business – p46





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MANUFACTURING MONTHLY THEMES

KEEP PACE WITH A TRANSFORMING INDUSTRY

Manufacturing requires a variety of resources and skillsets to produce quality products. Engineering, research and development, business development, sales and marketing, logistics and transportation; it's a complex industry. Workforce challenges, training, upskilling efforts, and process improvements are always on the mind of any business leader. To ensure New Jersey manufacturers can keep up with all these complexities, NJMEP is highlighting a new manufacturing theme every month! The third quarter of the year showcased Business Growth, Operations, and Food Safety Education.

JULY — BUSINESS GROWTH

The idea of growing a business took on new meaning during the COVID-19 pandemic. Businesses were at first concerned with just keeping their doors open and growth took a back seat, for a moment. NJMEP fought to keep all manufacturing considered essential so no New Jersey manufacturing business needed to shut their doors. This provided businesses with an opportunity to grow, shift, and thrive in an uncertain business environment.

Business growth is challenging. There is nothing simple about taking a current operation and scaling up. Countless considerations have to be made; retooling, managing a growing workforce, developing new business, maintaining quality, the list goes on. Understanding what it takes and identifying the best practices to help archive growth is vital. Throughout the month of July, the conversation was dominated by COVID-19. However, New Jersey manufacturers were silently growing their businesses with the right partners, filling new voids the pandemic created in the market.



AUGUST — OPERATIONS

Even though these monthly themes were decided at the end of 2019, they aligned extraordinarily well in an environment dominated by COVID-19. Business operations were forced to face one of the most difficult challenges ever presented, a global pandemic and an extreme response by state and federal governing bodies. CDC workplace safety recommendations, travel restrictions, misinformation, and a waterfall of federal and state executive orders created chaos for manufacturers' operations teams.

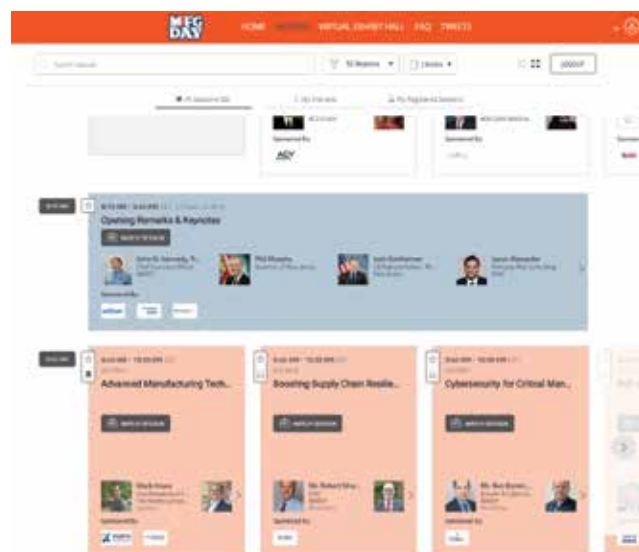
Without assistance and guidance, many New Jersey manufacturing businesses aren't equipped to handle such a massive and unexpected disruption. No one thought that in August the pandemic would still be disrupting a business' operations team. Through a tremendous effort by organizations like NJMEP, NJEDA, the Manufacturing Caucus, and support from state and federal assistance programs, manufacturing businesses were able to turn to trusted partners and alleviate operational pressures and secure some much-needed guidance and clarification to continue forward.

SEPTEMBER — FOOD SAFETY EDUCATION

COVID-19 disruptions put into question the resiliency of the food supply chain. Manufacturers from all over New Jersey worked to ensure their facilities could keep their workforce safe, abide by CDC guidelines, and still deliver their product to customers. The food supply chain is essential and manufacturers had to rely on Food Safety training provided by an organization like NJMEP to get them through this challenging time. New food-specific programs were developed to assist manufacturers in retooling efforts, address cash flow challenges, or provided additional training to reinforce food safety practices during the pandemic to reduce the risk of a COVID-19 outbreak.



Food Safety Education must be taken seriously and constantly reinforced. Manufacturers that work in the food space face a tremendous challenge that is exacerbated by the pandemic, to feed the nation. Recalls, a COVID-19 outbreak, a regulation violation, and so many other variables can cause a food manufacturing facility to halt production. Business leaders must invest in Food Safety education to protect their facilities in a normal environment and especially during a pandemic.



VIRTUAL MANUFACTURING DAY 2020

Manufacturing Day 2020 took place on October 2nd. This year it was a virtual event in response to the COVID-19 pandemic. New Jersey's largest Manufacturing networking event of the year made a new kind of impact with its virtual iteration. Over 1000 business leaders registered to take part in this incredible celebration honoring the 'Unsung Heroes,' the New Jersey manufacturing workforce. Catch up on all the details and see why Manufacturing Day 2020 was the most important MFG Day ever! Read the Manufacturing Day recap on page 6.

Each month NJMEP will continue to celebrate one of the many themes and topics that embody manufacturing. Follow along with the Manufacturing Monthly Theme on Twitter, Facebook, and LinkedIn by following @NJMEP. Share your thoughts about the topic or ask questions on how these topics may impact your business. It's vital the manufacturing community continues to collaborate and move forward as a whole. 🧩

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Virtual Manufacturing Day 2020 Remaining Agile to Celebrate the Industry

A Global Pandemic Won't Stop Manufacturing or NJMEP

Manufacturing Day is always celebrated on the first Friday of October. COVID-19 put that into question.

The Real Face of Modern Manufacturing

Manufacturing has a difficult time leaving a positive impression on the public. An outdated picture of a soot filled factory at the turn of the 20th century is still imprinted on many minds throughout the United States. Manufacturing Day is a time to help put that outdated stigma to rest by highlighting how far the industry has come and to invite the public to see modern manufacturing in action.

'MADE in New Jersey' Manufacturing Day is hosted by NJMEP each year and it is New Jersey's largest manufacturing networking event. Hundreds of manufacturers and business professionals flock together to reflect on the past years achievements and uncover new ways to help their business expand and thrive in the year ahead.

Packing hundreds of people into a convention hall was not going to work as the COVID-19 pandemic raged on far beyond what anyone would have first imagined. NJMEP had to remain agile and rework the celebration to ensure the industry was still recognized. Manufacturing Day and the associated recognition was even more important in the shadow of COVID-19. All New Jersey manufacturing was considered essential. The employees showed up to work every day to ensure the world never stopped moving. It was absolutely vital that a Manufacturing Day celebration still took place. However, the challenge was creating a COVID-19-friendly way to honor the workforce and connect the industry.

Nothing Can Stop 'MADE in NJ' Manufacturing Day

A dramatic re-envisioning of Manufacturing Day took place in early June. There was no way NJMEP could move forward hosting an in-person event since COVID-19 concerns only grew as time went on. Two simple goals were established, honor the 'Unsung Heroes' - the manufacturing workers that continued to show up to work so the supply chain didn't crumble, and connect the industry to jumpstart business for the states 11,000+ manufacturers as well as all industries associated with the sector.

Manufacturing Day usually includes an award component, 'Manufacturer of the Year.' These awards are given to manufacturers that showed exceptional advancements and progress over the past year. Awards are presented in specific categories for start-ups, small, medium, and large businesses. A COVID-specific reimagining of Manufacturing Day removed the award component. Every manufacturing business in New Jersey stepped up in the face of tremendous adversity. Many of which went above and beyond by retooling to manufacture Personal Protection Equipment (PPE) during a time where the state, and country was facing a massive shortage. Others donated funds to community food banks or did what they could to support the workforce, local communities, and state.

Since the award component was being removed, it was critical every New Jersey manufacturer was honored. This led to the production of 'Unsung Heroes', a professionally developed song that pays homage to the industry and its workforce. Instead of rewarding individual manufacturers for their accomplishments, NJMEP worked together with Andy White to create 'Unsung Heroes' and debuted the song on October 2nd in front of the Manufacturing Day audience.



NJMEP worked tirelessly to ensure all manufacturing was considered essential in New Jersey. The economic fallout from shutting down this entire industry would have been staggering. 'Unsung Heroes' highlights the importance of the industry, commends those that continue showing up for work, and thanks businesses for turning to NJMEP to identify best practices and CDC-recommended operating guidelines.

A Look at Virtual Manufacturing Day 2020

Even though Manufacturing Day was virtual, the celebration followed the same basic pattern as a normal event. The celebration was hosted on a unique platform that was designed to bridge that digital divide that's so prevalent in these virtual conferences. Clarity Experiences was able to create a seamless virtual environment to allow attendees to 'walk' the event and engage with other attendees on a deeper level.

KEYNOTES

Keynote speeches are a vital aspect of the industry celebration. Industry leaders and state decision-makers have a chance to set the tone of the event and provide a strong overview of how the past year impacted business and the industry.

Sponsored by Withum; RSM, and Investors Bank, attendees heard from prominent names including:

- John W. Kennedy, Ph.D., CEO, NJMEP
- Phil Murphy, Governor of New Jersey
- Josh Gottheimer, US Representative – 5th Congressional District, New Jersey
- Jason Alexander, Principal, Risk Consulting, RSM
- Steve Sweeny, Senate President – 3rd Legislative District
- Linda Greenstein, Senator – 14th Legislative District
- Kevin Cummings, Chairman of the Board and Chief Executive Officer, Investors Bank

Manufacturing Talk Radio captured the entire morning during their special coverage of virtual Manufacturing Day. The entire recording can be found on YouTube. Or visit NJMEP.org/MFGDay20recap.

VIRTUAL EXHIBIT HALL

One exciting aspect of Manufacturing Day that was a challenge to recreate in a digital environment was the Exhibit Hall. Usually, sponsors set up booths at the live Manufacturing Day event where attendees can experience the latest technologies and network with potential future partners. Zoom, WebEx, GoToMeeting, none of these platforms were able to truly develop that same kind of one-on-one networking experience. Virtual Manufacturing Day found a way.

The Virtual Exhibit Hall featured over 40 booths from MADE in NJ sponsors, Media sponsors, Breakout Session sponsors, and Main Event sponsors. Each included a live stream window, a company description, a space to include marketing collateral, a list of the people monitoring the booth along with their headshots, and the ability to engage with individuals 1-on-1.

Including the virtual booths not only allowed for sponsors to get involved with Manufacturing Day on a deeper level but helped bridge that digital divide. Giving attendees the option to engage with the entire community that made Manufacturing Day possible facilitated critical business connections and paved the way toward a successful and COVID-safe networking opportunity.



BREAKOUT SESSIONS

A Manufacturing Day doesn't go by where attendees don't rave about the informative breakout sessions that make up a substantial portion of the celebration. These focused conversations and collaborative opportunities get to the bottom of the most disruptive industry trends and how to overcome. NJMEP refused to omit this cornerstone of the 'MADE in New Jersey' Manufacturing Day celebration, even if it was a challenge to make them a reality.

After countless hours identifying the top challenges manufacturers are currently facing, developing a virtual environment that would be conducive to a breakout session, and then organizing the moderators, speakers, and breakout session portals, this critical part of Manufacturing Day was made available, virtually.

Manufacturers were able to ask questions, engage in conversation on screen with the moderators, or ask questions via the Q&A chat. The platform NJMEP chose provided a truly engaging and collaborative environment that lends itself well to breakout sessions. Even with a virtual event, Manufacturing Day provided actionable insight into the industry and gave these business professionals a way to collaborate, even if business leaders couldn't share the same physical space.

SPONSORS

Throughout the journey of creating an effective and impactful virtual Manufacturing Day, each one of the sponsors played an invaluable role. Their insights, expertise, and support ensured NJMEP was able to deliver on its promise, to honor the 'Unsung Heroes' that kept the world moving throughout the pandemic. The entire NJMEP team wants to thank them all. Manufacturing Day would not have been possible without these incredible organizations.

Manufacturing Day 2020 – The Most Important So Far

Manufacturing Day is a time to celebrate the industry. This industry doesn't get many chances to take the spotlight. For years students and the public as a whole has been force-fed misinformation about manufacturing and made to believe the United States has no industry left. That is simply untrue.

The United States is still home to thousands of manufacturing businesses. In New Jersey alone there are over 11,000 manufacturers that call the state their home. Each one of these New Jersey businesses was considered essential when the government began forcing businesses to close. Manufacturers had to remain open. Many even retooled, purchasing new equipment to begin producing Personal Protection Equipment.

It is extraordinarily challenging, impossible in most circumstances, to work from home producing products. Instead, employees had to show up every day to ensure the supply chain remained stocked. Every ounce of food, every life-saving medication, critical infrastructure all depends on a productive manufacturing industry. These 'Unsung Heroes' ensured that the world would not come to a grinding halt on their watch. This makes them heroes and for that, NJMEP salutes them.

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with Andy White – Writer & Producer of 'Unsung Heroes'



***Manufacturing is essential.** This fact was highlighted at the very beginning of the COVID-19 pandemic. NJMEP worked tirelessly to show NJ decision-makers that none of these businesses should close their doors. For the supply chain to continue moving forward, the Unsung Heroes must go to work.*

People forget about the manufacturers behind their favorite products, the cars they drive, the planes they use. The world forgot how important it was to make sure the United States has the capabilities to manufacture Personal Protection

Equipment (PPE) like masks and gloves in case of a global pandemic.

COVID-19 was a tragedy in more ways than one. A silver lining of this devastating disaster was that the Unsung Heroes, New Jersey manufacturers, stood up and fight back. Working with Andy White, NJMEP created a song and video to honor these Unsung Heroes. The song expresses the public's gratitude that New Jersey manufacturers were able to remain agile, retool, and lessen the impact the pandemic had on the state as well as the entire nation. Sally White, Director of Business Development, NJMEP reached out to her brother, Andy White to commission a New Jersey manufacturing anthem. From that conversation, 'Unsung Heroes' was born.

Mike Womack, Marketing Project Manager, NJMEP reached out to Andy White and singer Andre Saint to discuss this unique project. See what it took to produce a song about the 'Unsung Heroes' and New Jersey manufacturing.

Andy White currently releases music under the name "White Noise Scientists" available on YouTube and Spotify.

MIKE WOMACK (MW): How did you find yourself making a song inspired by New Jersey manufacturing? This can't be an everyday request.

ANDY WHITE (AW): Well the interesting part of it was my sister called me. We had a conversation and she's aware I write and make music. She said that NJMEP was working on a project about the 'Unsung Heroes' and explained what it was. Sally said I'd really like it if we have a piece of music to go along with it. I said I'd be more than happy to!

MW: How did the song come about? What's your usual process of writing a song? It was incredible to see this song come together so quickly after we made the request.

AW: The song itself came about quickly for me. For me, when I write a piece of music, quite often it will transform from a small idea on a guitar and then I start working on the drums and bass. It can really turn out quickly, a rough mix at least.

I think the good thing is, we clicked very much when we were talking about creating an epic tune and a big sort of anthem.

I started with a basic keyboard pattern and then put some guitars and then I started getting ideas. The drums, I wanted them to be a big sort of anthem drums going around the kit and everything. Things like the spoken word part with an NJMEP team member doing that section, I really liked it, it came from one of you guys.

MW: 'Unsung Heroes' blew away everyone at NJMEP. At first, no one knew what to expect when marketing explained we're working to create a 'New Jersey Manufacturing Anthem'. Were you excited to work on this

unique project?

AW: Absolutely! And it was a challenge for me. The truth is, a lot of the time, I write a piece of music and then start to build a story in my mind and a theme over that from a lyrics point of view. This was a unique project to write a piece of music relating to the manufacturing industry in New Jersey. You can imagine, that's not normally a subject you go "I'm going to write a song about this today". Sally was throwing words at me to give me some ideas. But then I thought to myself and looked at it from more of a wider angle. I thought about people who remain strong in difficult situations and people that work behind the scenes. Sally exclaimed, "Exactly, those people are Unsung Heroes". I stopped her and said, that's the name of the song.

MW: I know what we think about the song but how do you feel the song came out? Was it difficult for you?

AW: I was really pleased. I think it came out well because, the honest truth is, from the start from finish no part got scrapped. When we hear the song now, that's how it flowed through. It was a really simple process for me because it just seemed to all build really nicely. There's a lot of layers in there too. There are strings, keys, synth, various guitar parts, and it gives it a big kind of presence.

MW: Andre, the singer on this song was able to really drive home that this song has an important meaning behind it. What made you chose him as the singer?

AW: Andre is a friend of mine and we did a song together a while back and you can tell he has that big, anthemic

kind of voice. When Sally explained the song, I thought I had to speak with Andre about this because there is no one else that could make it what I needed it to be.

MW: Why did Andre feel strongly about the message? It's easy to hear that this song is important to him. Why do you think he's so passionate about 'Unsung Heroes'?

AW: He works within engineering and he also had Coronavirus.

He said to me, "Andy, I completely get this because I work in manufacturing and I've experienced COVID." It's amazing really, the link was right there for us.

MW: Why do you think manufacturing workers are often overlooked? How do you see this song highlighting the importance of this critical industry and the people that make it all possible?

AW: They're not on the frontlines. You see doctors, nurses, and services and people like that because they are in the public eye and we of course applaud them, but you forget about the things going on behind the scenes. Those people are still putting themselves at risk and working hard to keep the world moving. This was the theme I latched onto and it was actually pretty easy to write about.

Andy White has been playing music for 30 years and helped create a true manufacturing anthem to celebrate these essential New Jersey workers. So often manufacturing is an afterthought, but that changed once COVID-19 reared its ugly head. The importance of domestic manufacturing was accentuated. As international

supply chains ground to a halt, New Jersey manufacturing was there to pick up the slack. Many might not realize just how important the manufacturing industry truly is here in the United States. However, Andre Siant, the singer on 'Unsung Heroes' understood the importance of highlighting manufacturing.

Mike Womack continued the discussion with singer, Andre Saint to get his impression of working on this unique project. Andre explains why the song hit so close to home.

MIKE WOMACK (MW): When I was speaking with Andy, I mentioned that I could hear the passion in your voice. Did you feel strongly about this song?

ANDRE SAINT (AS): Absolutely, it's such a strange and uncomfortable time and everyone in the world is affected. We all fear what we are facing now, and the uncertainty of our future where our normal, everyday actions are now carefully considered and constantly questioned.

This song makes you realize that actually, our future is not bleak at all; people are pulling together and supporting each other during these tough times and despite concerns for their own safety they are standing up, fighting and doing what is right to protect one another and preserve our way of life.

I feel this is a strong and emotional track and as I sing it fills me with a great sense of pride and gratitude. The impact of this song is that I now feel an appreciation and connection with the people I'm singing about despite having never met them. It's a feel-good song and its purpose is to make you

look around at your colleagues and feel like you've been through this together; it's your soundtrack and my wish is that you all hear the words of support from the whole world through this music.

MW: I couldn't believe it when Andy told me you had a background in manufacturing. It is amazing that you were able to be part of the manufacturing anthem. What specifically is your background in the industry?

AS: I have been involved in manufacturing all my working life. I am the technical director of a special purpose machinery design and manufacturing company providing for the automotive, medical, and healthcare industries. We are having to adapt now to support our healthcare system through the manufacture of healthcare equipment and mask making machines.

MW: As a person with such deep roots in manufacturing, why do you think the industry is important?

AS: This is why the manufacturers are the unsung heroes - everything we use and take for granted has been manufactured; from our basic needs of water supply, food, clothing, and housing to cars, phones, televisions, and everything in between. Not to

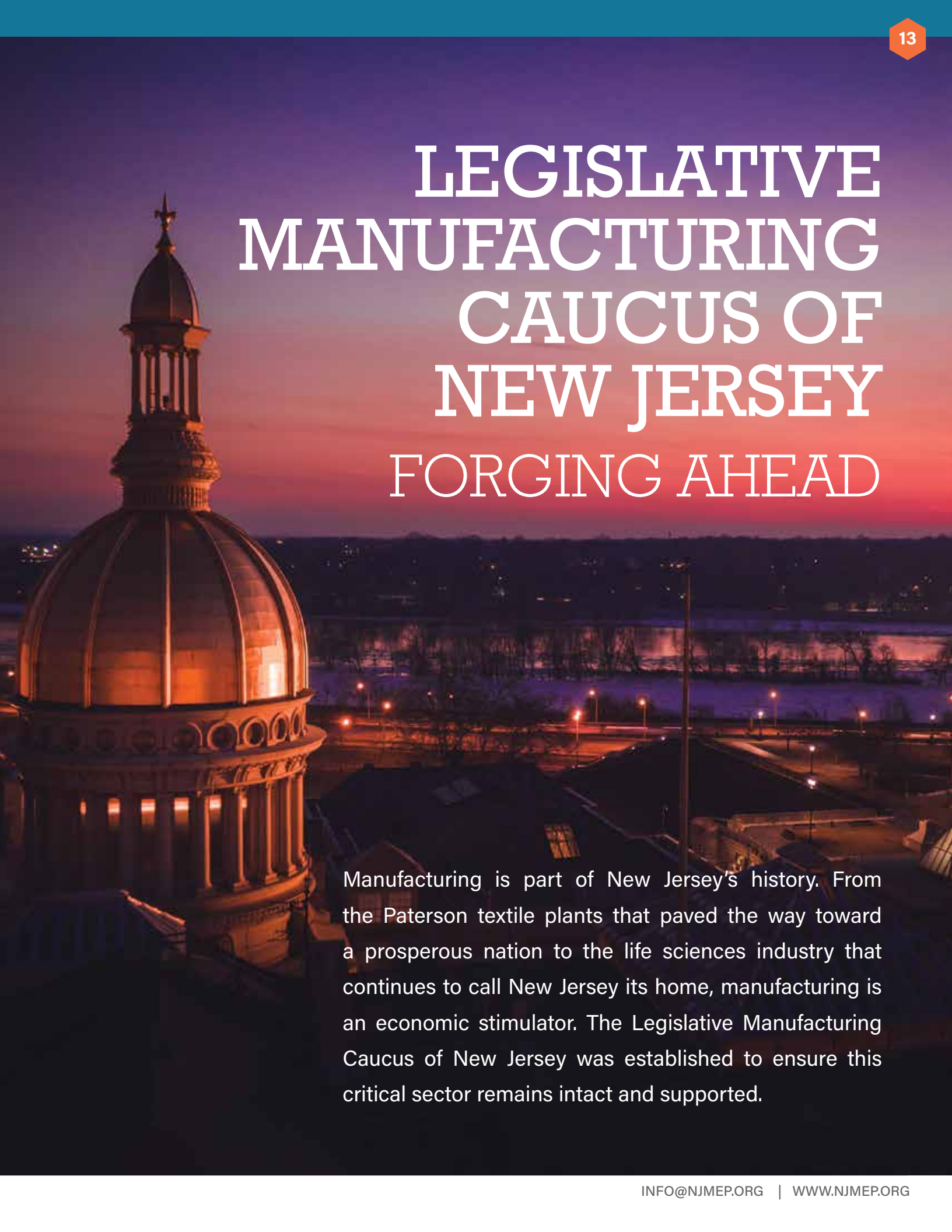
mention the jobs they provide. Without these industries we have nothing.

A dark chaotic stain on the world in the form of COVID-19 led to a renewed respect for a critical industry, manufacturing. Doctors and nurses are putting their lives on the line each day and so too are the manufacturers of this great country. Remembering all those that had no choice but to show up to work and keep the world moving is vital during times of crisis. Without domestic manufacturing capacity, this devastating pandemics' impact could have been far worse. Andy White, Andre Saint, Sally White, and the entire team at New Jersey Manufacturing Extension Program was able to create a true manufacturing anthem to celebrate the state's manufacturers and bring to light the true impact of these 'Unsung Heroes'.



Listen to 'Unsung Heroes' right now at njmep.org/unsung

To learn more about NJMEP, visit NJMEP.org.



LEGISLATIVE MANUFACTURING CAUCUS OF NEW JERSEY FORGING AHEAD

Manufacturing is part of New Jersey's history. From the Paterson textile plants that paved the way toward a prosperous nation to the life sciences industry that continues to call New Jersey its home, manufacturing is an economic stimulator. The Legislative Manufacturing Caucus of New Jersey was established to ensure this critical sector remains intact and supported.

Legislative Manufacturing Caucus of New Jersey

This bi-partisan legislative group came together with a common goal in mind, bolster New Jersey manufacturing. Each member set out to support the industry. The support is justified by the undeniable impact manufacturing has on New Jersey's economy and its working population. Manufacturing provides a fantastic source of high-paying jobs and career paths. It is also a massive contributing entity to the overall GDP of the state.

Statista revealed in a 2019 study that Manufacturing was ranked as the fifth-highest contributor to New Jersey' Gross Domestic Product (GDP)¹. Manufacturing contributed more than \$49 billion to the economy. The New Jersey Manufacturing Extension Program's (NJMEP's) 2019 Industry Report cited the average salary for an employee in the New Jersey manufacturing industry is \$92,097.28². Both these facts demonstrate the value this industry offers.

A damaged reputation caused the industry to be largely ignored by the public. New Jersey remains an expensive state to conduct business, with its high taxes and high cost of living. Business leaders are always looking for a way to save money and boost the bottom line. Before the formation of the Manufacturing Caucus, many manufacturers believed New Jersey forgot about them, and for the most part, the state did take this critical industry for granted. Their needs and concerns would go unanswered. Businesses were being ignored and this was causing many manufacturers to explore the option of moving out of state to help them become more competitive.

The value of the manufacturing industry and the lack of state support encouraged NJMEP to work with the legislators to establish the bi-partisan Legislative Manufacturing Caucus.

A group of highly respected bi-partisan legislators makes up the Legislative Manufacturing Caucus of New Jersey.

Below is a list of the legislators that make up the current Manufacturing Caucus.

Senator Bucco	District 25
Asm. Calabrese	District 36
Senator Cryan	District 20
Asw. DeCroce	District 26
Asm. DePhillips	District 40
Asm. Freiman	District 16
Senator Gopal	District 11
Senator Greenstein	District 14
Asm. Johnson	District 37
Senator Oroho	District 24
Asm. Peterson	District 23
Asw. Pinkin	District 18
Senator Rice	District 28
Asm. Taliaferro	District 3
Senator Singleton	District 7
Senator Testa	District 1
Senator Thompson	District 12
Asm. Zwicker	District 16

Manufacturing Caucus Recent Accomplishments

Manufacturers in New Jersey can now trust their voice has a representative on the public stage. Through open Manufacturing Caucus hearings, New Jersey manufacturing business leaders can discuss with the caucus exactly what pain points they're experiencing and how the state can help support their businesses rather than hinder their competitiveness. Just in the past two years, the caucus helped the industry in a variety of ways.

They helped pass the 'Securing our Children's Future Bonding Act to support CTE schools, they fought to secure additional state funds for NJMEP in 2018, 2019 and they have also been a huge proponent in supporting NJMEP's inclusion in the state budget in 2020 and beyond. The caucus has supported workforce development training bills, the Manufacturing Policy Academy, Sales Tax exemption Bill – S-515, and the

group has continued to actively collaborate with NJMEP to ensure they have an accurate understanding of the headwinds NJ manufacturing is facing.

Industry Collaboration to Provide Value

Collaboration has proved to be a valuable tool in the Manufacturing Caucus toolbelt. For 20 years, NJMEP worked with clients and secured a strong return on investment of 11:1. Since the creation of the Manufacturing Caucus, the ROI has increased to an incredible 15:1. Throughout the recent disaster, NJMEP never faltered. The team provided immediate support to the states manufacturing businesses. Through continued support over the past three years, and more recently as COVID-19 swept through our state, the Manufacturing Caucus has continued to show its value. Through collaboration and constant support from the Manufacturing Caucus, NJMEP is now projecting an astonishing 30:1 Return on Investment for the first two quarters of 2020.

Protecting and strengthening New Jersey manufacturing will take more than just a single entity. Collaboration between businesses like NJMEP, the manufacturers themselves, and the Legislative Manufacturing Caucus is extraordinarily effective. State decision-makers have a direct line to the manufacturers themselves when considering new legislation and these businesses can work with NJMEP to take advantage of all the new business-friendly opportunities being made available throughout the state, regardless if those programs are state-run or NJMEP-developed services.

Overcoming COVID-19: Highlighting the Value of New Jersey Manufacturing

COVID-19 put a tremendous amount of pressure on the local manufacturing industry. New Jersey manufacturers were unsure how to proceed once the Governor started ordering certain businesses to shut their doors. NJMEP

worked with its clients and the Manufacturing Caucus to ensure Governor Murphy deemed all manufacturing essential. New Jersey manufacturers, NJMEP, and the Manufacturing Caucus all collaborated to keep manufacturing open in the Garden State and helped businesses follow CDC safety precautions to protect the health of the workforce. By keeping these businesses open, it allowed many manufacturers to retool and start producing critical Personal Protection Equipment (PPE) which the country severely lacked. NJMEP corralled the manufacturers that were retooling or shifting production to PPE and worked with the Manufacturing Caucus and the NJEDA to create a PPE directory which alleviated supply chain pressures and kept the flow of PPE moving throughout the state and nation. Fast-acting solutions like this would have not been possible without the right industry support system. The Manufacturing Caucus helps establish that critical government connection.

Manufacturing in New Jersey is essential, competitive, and challenging. Establishing the Legislative Manufacturing Caucus provided the critical link between private business and the public sector. No longer do these businesses feel as though their needs are being ignored. New Jersey manufacturers have direct access to policymakers. Collaborating with NJMEP created an environment where businesses can work together with the state to ensure business-friendly legislation is considered. By projecting the voice of the industry, anti-business legislation that will unfairly hinder the competitiveness of the New Jersey manufacturing industry will not pass through the legislative process unchallenged. The Legislative Manufacturing Caucus of New Jersey has proved its value in its short history and will continue looking out for these businesses' interests. 📊

¹ <https://www.statista.com/statistics/304942/new-jersey-real-gdp-by-industry/>

² <https://www.njme.org/download/njme-new-jersey-manufacturing-industry-report-2020/>

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Top 6 Questions about the CMMC

What Manufacturers Need to Know



BY: BEN DOMINGUEZ
CYBERSECURITY LEAD, DOD, NIST 800-171 AND CMMC SPECIALIST, NJMEP

Cybersecurity is not a new subject in manufacturing. The moment that connected equipment, innovative software, and advanced robotics systems began making their way to the shop floor, cybersecurity was part of the conversation. Cybersecurity made headlines alongside Industry 4.0 articles, but the buzz of flashy new technologies dominated the conversation.

Manufacturers tend to put cybersecurity on the backburner. This is no longer going to be an option for many. The manufacturing industry has consistently ranked in the top 5 of industries most vulnerable and targeted for cyberattacks. The Healthcare, Financial Services and Government Agencies sectors have all been held to a higher standard when it comes to security compliance and risk management. The manufacturing industry has not yet been held to a higher standard and therefore even more vulnerable to cybercrime.

The Cybersecurity Maturity Model Certification (CMMC) is bearing down on the industry and below are the 6 critical questions manufacturers need to ask.

01

What is the CMMC?

CMMC stands for Cybersecurity Maturity Model Certification. This certification takes a unique approach to ensuring critical intellectual property stays secure.

At first, CMMC will only be required for manufacturers and suppliers that handle Controlled Unclassified Information (CUI) for the Department of Defense (DoD).

The Cybersecurity Maturity Model Certification (CMMC) is the method to certify that the appropriate levels of cybersecurity processes and protections are in place for the approximately 300,000 contractors and subcontractors in the DoD supply chain. The CMMC process will now require a CMMC Third Party Assessment Organization (C3PAO) to certify that companies are compliant, and that CUI is secure.

There are 5 maturity levels part of the CMMC which range from "Basic Cybersecurity Hygiene" to "Advanced/Progressive". As the maturity level increases, so too do the rules and guidelines a business must follow in order to become certified and remain compliant.

02

Why is the CMMC being created?

The Department of Defense recognized cyberattacks as a significant threat, especially to the small to mid-sized subcontractors supporting the larger primes. Bad actors recognized that the primes were spending more resources to prevent attacks and that their supply chain was an easier target. The National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171 cybersecurity requirements were developed to protect sensitive information for contractors working with the Department of Defense (DoD) to adhere to the Defense Federal Acquisition Regulation Supplement (DFARS) 252.204-7012 clause. When the DoD estimated that only a small percentage of the supply chain was conforming to these guidelines, the Cybersecurity Maturity Model Certification (CMMC) was created.

Cyber-attacks are an everyday occurrence, unfortunately. "With over 80 percent of the national defense information living on partners' networks, it is no longer a conversation of what you are doing, or what I am doing; it's more important what we are doing as a collective to protect the national defense," said Katie Arrington, special assistant to the Assistant Secretary of Defense for Acquisition for Cyber, and one of the main proponents behind the CMMC.

In December of 2018, Chinese hackers reportedly stole information from Navy contractors which included ship maintenance data and missile plans. These actions are a direct threat to national security. Even if a large DoD supplier like Lockheed Martin has a top tier cybersecurity program in place, every subcontractor and supplier in the DoD supply chain must protect themselves as well or else they become an entry point for cybercriminals. Just one weak link in the DoD supply chain can put the entire country at risk.

03

Does my company need the CMMC?

Every company should invest in strengthening its cybersecurity. According to the Radware Survey, the estimated cost per cyber-attack is \$4.6

million¹. 13% of survey participants experienced a cyber-attack that cost their company \$10 million or more, a figure that doubled in just one year between 2018 and 2019. New Jersey Manufacturing Extension Program (NJMEP)'s cybersecurity subject matter experts suggest every manufacturer would benefit from achieving the equivalent of "Intermediate Cyber Hygiene", or Level 2 of the CMMC as a best practice. For DoD contractors, the maturity level will depend on where in the DoD supply chain a company falls.

Identifying which of the five CMMC maturity levels a DoD supplier, sub-contractor, or manufacturer must abide by will either be determined by the prime DoD contractor or can be uncovered through a CMMC gap analysis. All suppliers, sub-contractors, or manufacturers that do any work, no matter how minimal, with the DoD will need some level of the CMMC but the maturity level will differ depending on the information that businesses handles and the work being conducted.

If a Defense Industrial Base (DIB) company does not possess Controlled Unclassified Information (CUI) but possesses Federal Contract Information (FCI), it is required to meet FAR Clause 52.204-21 and must be certified at a minimum of CMMC Level 1.

04

When do I need to start the certification process?

Now. DoD suppliers, sub-contractors, and manufacturers should begin the process of becoming CMMC as soon as possible to avoid the risk of losing critical DoD contracts. From start to finish, the process could take upwards of a year. In June of 2020, CMMC started appearing on RFI's. Businesses can expect RFP's to mention CMMC beginning in September of 2020 and Assessments will begin in the Fall of 2020.

Acting now and working with a consultant intimately familiar with the CMMC and the framework from which the CMMC originated, NIST 8001-171, will be vital. Certification begins with an assessment to identify where in the CMMC maturity level an organization currently resides. The next step would be to perform an in-depth gap analysis and then move onto full-service remediation. Each CMMC maturity level takes a different amount of time and effort. However, starting as soon as possible will lessen the burden on the company, leadership, and workforce.

05

What happens if I don't become certified?

For DoD contractors, sub-contractors, suppliers, or manufacturers...

Achieving the necessary CMMC maturely level could mean the difference between securing that next DoD contract or not. DoD prime contractors will begin requiring all sub-contractors to comply with these critical new rules. Any manufacturer that does not abide by these guidelines and achieve the proper CMMC maturely level will not be able to continue conducting DoD business.

For Non-DoD Manufacturers...

As of now, DoD contractors are the only ones at risk for losing DoD work if they do not acquire the CMMC.

However, small-medium sized manufacturers are always at risk of a cyber-attack completely crippling their business, sometimes to the point where they will never be able to financially recover. This certification provides non-DoD manufacturers with a fantastic cybersecurity baseline and best practices. Depending on the results from a cybersecurity assessment, a business can determine which maturity level would work best for them.

06

Who can answer all my other questions about the CMMC?

Acquiring the CMMC can be a challenge, especially without the right support. The certification is still in its infancy which creates a difficult environment for manufacturers to navigate on their own. Exploring websites like acq.osd.mil/cmmc/faq.html or working alongside consultants like NJMEP are the best ways to start and will help turn a daunting process into a streamlined value-add for any business.

Understanding the CMMC, which businesses will be impacted, when to act, and identifying the necessary maturity level can be intimidating. Don't go at it alone. Cybersecurity is essential but can be complex. Working with the right team and having access to the right information will prove invaluable.

Be Careful

There have been so many questions around this topic and so many developments while it has been rolling out. Early on, there were many companies claiming to be able to help and charging a significant amount, even when the final version of the guidelines had not even been decided or communicated. There are countless companies selling solutions or services to help and it may be difficult to determine who to trust. This is not something that can simply be outsourced to a Managed Service Provider (MSP) claiming to be familiar with the requirements. 🧩

¹ <https://www.radware.com/newsevents/pressreleases/c-suite-2019>

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*New Jersey manufacturing is
Built to Last. Come discover some
of the featured manufacturers in this
edition of Manufacturing Matters.*

Tektite & Mira Plastics

Tektite Industries, Inc.

Tektite Industries, Inc. has been serving clients since 1990. Their product line features more than 200 SKUs and their TEKTITE brand lights and strobes are made right here in the U.S.A. Known for their quality, reliability, and performance, their customers range from outdoor enthusiasts to industrial, government, and military markets.

New Jersey still makes and Tektite is testament to this fact. These local manufacturers are a massive economic stimulator and create high-paying jobs. Additionally, local manufacturers like Tektite are a vital resource during tragic events such as the COVID-19 pandemic.

Using their commitment to quality, Tektite began retooling at the start of the pandemic. They announced they would manufacture personal protective equipment (PPE). At a time when New Jersey was struggling to provide enough PPE for frontline health workers, this local manufacturing company took action. Johns Hopkins University Hospital provided specifications for producing polycarbonate Reusable Face Shields and Face Masks. Tektite followed these specifications to produce critical PPE when the world needed it most. There's no telling how many lives this one business may have saved or how many COVID-19 cases it may have helped avoid.

Mira Plastics

Mira Plastics Co., Inc. is a full-service plastic injection molding manufacturer located in a 62,000 square foot modern facility in Newton, New Jersey. This manufacturer has been committed to producing custom plastic parts with the highest quality and care since they were established in 1955. The state-of-the-art plant utilizes the latest technologies and green manufacturing practices to provide their customers with the high-quality products while making the smallest possible environmental impact.

This manufacturer is located right here in New Jersey and has played an active role in the country's fight against COVID-19. Businesses like Mira Plastics are in a unique position to provide critical support to industries that kept the world moving when the economy shut down. Without Mira Plastics, both the life science and food manufacturing sector would have experienced even more massive disruptions. Instead of shutting down, they turned to NJMEP for support and guidance and continued operating safely.

Mira Plastics, and every New Jersey manufacturer is considered essential. Their employees showed up every day to continue producing. Businesses like this, and its employees will continue to help the state, nation, and world through this unprecedented time.

New Jersey manufacturing is Built to Last. These businesses and the employees that make it all possible are truly, 'Unsung Heroes.'

Check back in Manufacturing Matters every quarter to see the Built to Last manufacturing list.

To be included, contact Mike Womack at mwomack@njmep.org and show the world your company is Built to Last. 



Every quarter NJMEP will be highlighting new members of the Made in New Jersey program. These New Jersey manufacturers signed up to take part in this complimentary listing to show the New Jersey that their business is producing right here in the Garden State.

There are a variety of perks to becoming a Made in New Jersey member. They range from no cost promotion to official Made in New Jersey logos they can use on their products and website. Additionally, becoming a Made in New Jersey member shows NJ elected officials that the state is home to thousands of small, medium, and large manufacturing organizations. By highlighting the vast amount of manufacturing being done in the state, legislators are encouraged to create and pass more pro-business legislation.

MADE IN NEW JERSEY BENEFITS:

ALL NEW MINJ MEMBERS ARE LISTED IN MANUFACTURING MATTERS MAGAZINE

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One MINJ member is highlighted and shared via all of NJMEP social media networks each week.

A PROFILE PAGE ON NJMEP'S WEBSITE SHOWCASING YOUR COMPANY

Improve your company's brand awareness and search engine ranking.

DISPLAY THE MADE IN NEW JERSEY LOGO ON YOUR WEBSITE

Show businesses and customers visiting your website that you manufacture products here in NJ.

RECEIVE AN OFFICIAL MADE IN NEW JERSEY PLAQUE TO DISPLAY ON SITE

Showcase your New Jersey pride by displaying an official MINJ plaque at your manufacturing facility.

Available upon request.

HOW TO BECOME A MADE IN NEW JERSEY MEMBER

Becoming a Made in New Jersey manufacturer is easy. Manufacturers that have a facility in New Jersey can visit njme.org/made-in-new-jersey or call 973-998-9801 to enroll today.

There is no cost to becoming a Made in New Jersey company. This program was developed to provide value to New Jersey manufacturers.

Welcoming the Latest Made in New Jersey Manufacturers

These Businesses Drive the NJ Economy Forward



AUNT GUSSIE'S COOKIES was founded in 1980 in Garfield New Jersey and continues to bring the world their delicious cookies & crackers using premium, simple ingredients.



AUTODRILL is located in Lebanon, NJ. This MADE in NJ manufacturer is a one stop shop for drilling, tapping and other metalworking equipment.



BANNER CHEMICAL is located in Orange, NJ and serves the New Jersey chemical market and has been doing so since 1970.



BLUE BLADE STEEL is a MADE in NJ member located in Kenilworth, New Jersey and has more than 80 years of experience as a hardening and tempering mill.



FW WINTER INC. & CO. is known as 'The Metal & Alloy Powder Experts.' This MADE in NJ manufacturer located in Camden New Jersey works with their exports to provide high-quality metal powders for a verity of applications and sectors.



I.F. ASSOCIATES, INC. provides clients with support throughout the injection molding process, and is in Allenwood, New Jersey.



I.V. MILLER & SONS, INC. Ocean Township, NJ is home to I.V. Miller & Sons, Inc., a MADE in NJ manufacturer with over 70 years of experience metalizing plastic and metal caps and closers. They serve industries ranging from distilled spirits to specialty closures markets.



JAYGO, INC., headquartered in Randolph New Jersey manufactures critical equipment for the chemical, food, cosmetic, and pharmaceutical industries.



NATURALVERT creates healthy, organic foods in the tradition in the Garden State it calls home.



PATRICK J. KELLY DRUMS, INC Family owned and operated, this MADE in NJ member produces, recycles, and reconditions industrial containers. Located in Camden, New Jersey, this manufacturer is helping keep our environment clean.



PREMIER COMPACTION SYSTEMS, LLC calls Woodland Park, New Jersey home. Premier Compaction Systems provides expert services for all phases of the waste equipment industry in the tri state area.



SEA BOX is located in East Riverton, NJ and specializes in the design, custom modification, and manufacturing of ISO shipping and storage containers.



SEVERNA OPERATIONS, INC. is a leading manufacturer of precision plastic components located in Parsippany, New Jersey



TAKARA-BELMONT USA, INC. in Somerset New Jersey is committed to producing the highest quality salon and dental chairs.



TOP SAFETY PRODUCTS CO. is a Women-Owned Small Business and the MADE in NJ manufacturer is headquartered in Branchburg, New Jersey. They assemble a wide range of first aid kits for nearly any application.

All these manufacturers are a critical part of the New Jersey community. They are economic stimulators and provide competitive employment opportunities for our state's residents. MADE in NJ is a complimentary program that helps highlight the businesses that still make in New Jersey. Check back in the next edition of Manufacturing Matters to find the latest companies that signed up to show the world that they are an Essential MADE in NJ Manufacturer. 📍

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and things came back rather quickly. With COVID-19, the crisis itself is still going on. We don't know when the end of that is going to be," she continued.

1.2 million New Jersey residents could be facing hunger this year alone.

At one point, the Atlantic county area was the third most economically affected area in the country. Almost all the industry in the county and surrounding counties relies on the casino industry, which was completely closed for several months and is still operating at greatly reduced capacity.

New Jersey is facing an unprecedented situation. The dramatic increase in food-insecure residents is overwhelming to community food banks like CFBNJ and Fulfill NJ.

How the Community Food Bank of New Jersey Continued Forward

"On a typical year, we have about 42,000 volunteer visits, which is the equivalent of more than 50 full-time employees. When COVID hit, when the 'stay at home' order was put in place, we were not allowed to accept any volunteers. The food bank never closed, not even for a day. Our employees became our volunteers at first," Scheinholtz explained.

On an average day, the Community FoodBank of New Jersey would have anywhere between 50 and 100 volunteers. That ended overnight. Thankfully, the food bank was aligned with organizations to provide aid in case of emergency.

Scheinoltz walked Mike Womack through their crisis strategy and mentioned that, "We are part of an organization called NJVOAD. Through NJVOAD we were provided disaster relief volunteers from 'Team Rubicon.' This is a national organization that sends volunteers to provide disaster relief."

"We're keeping up thanks to the small groups of incredible volunteers that showed up to help. We're making about 1,000 emergency food boxes per day and also keeping up with our regular programs like senior food boxes," said Scheinholtz.

Even with the additional support from Team Rubicon, the Civil Air Patrol, ISRAid, and the full-time employees stepping in to offset the lack of volunteers, the food bank needed to continue operating safely. This posed another challenge for the team. However, by following CDC guidelines, working together with partners like NJMEP's Manufacturing Cares initiative, they were able to continue working safely. Now, up to 60 volunteers (working socially distanced, and with masks and gloves) in groups of no more than 15, are welcome and encouraged to go to the food bank to help. (see below).

The Real Value of Community Food Banks

Food Banks play an invaluable role in their local community. When an economic disaster hits, countless Americans become food insecure. The only way they can feed themselves and their families is by turning to these local food banks. These food banks can only supply that food if



they have a steady stream of volunteers and support.

Thankfully the Community Food Bank of New Jersey had a dedicated staff that never stopped working, doing all they could to process incoming food to get it ready for the people they serve. Disaster relief volunteers stepped in to assist in processing tons of food and essential products. Without the Community FoodBank of New Jersey and other food banks throughout New Jersey like Fulfill, there's no telling how many citizens would have gone hungry.

How to Get Involved

The Community FoodBank of New Jersey relies on the kindness of their community to continue operating and feeding people throughout the state. Even in the face of COVID-19, there are still ways to give back. There are three main ways someone can support this incredible organization.

1. **GIVE FUNDS:** The Community FoodBank of New Jersey can purchase food at more competitive rates. Most of the time, donating funds directly to any food bank is more efficient and effective.
2. **DONATE FOOD:** A person, business, or organization can host a food drive. They should talk to the Community FoodBank of New Jersey first to ensure all the requirements are being followed so every possible donation will be accepted. Visit CFBNJ.org to register for a food drive.
3. **GIVE TIME:** Small volunteer groups are now allowed to assist the Community FoodBank of New Jersey. Social distancing, masks, and other CDC guidelines are strictly enforced. This can be done as an individual, as a family, or as an organization. In response to the uncertainty surrounding COVID-19, the Community FoodBank of New Jersey will temporarily not accept volunteers under 14 years of age. Go to www.cfbnj.org/volunteer to sign up.

Manufacturing Cares

NJMEP is a proud supporter of New Jersey food banks. Both the Community FoodBank of New Jersey and Fulfill provide an essential service to the state and every New Jersey resident. Hunger is often a hidden challenge. 1 in 5 children in New Jersey struggles with hunger. 1 in 7 people in New Jersey struggles with hunger. It is projected that 1.2 million New Jersey residents will be food insecure in the wake of COVID-19. Hunger is a much more prevalent issue than many believe, and Food Banks play a critical role in feeding those individuals that need a little help.

In 2020, the Manufacturing Cares food drive has raised nearly \$40,000. The original goal was \$15,000 but once COVID-19 struck, the entire community came out to support food banks at a rate never seen before. In addition to the food drive, NJMEP's Manufacturing Day event was used to raise even more funds for food banks. 50% of the proceeds from the event were set aside for community food bank donations. Manufacturing Day 2020 helped raise nearly an additional \$10,000 and those funds are being donated to these incredible organizations.

Manufacturing Cares and NJMEP as well as the entire industry will continue to support food banks throughout the state.

To start giving back visit:

njmep.org/manufacturing-cares/food-drive

cfbnj.org

fulfillnj.org

Hunger doesn't wait. The time to get involved is now. 

A close-up photograph of a stack of metal pipes, showing the circular openings and the metallic texture. The pipes are stacked in a way that creates a sense of depth and repetition. The lighting is soft, highlighting the edges of the pipes.

THE “NEW” NORMAL: SUPPLY CHAIN CONSIDERATIONS FOR MANUFACTURERS

POST COVID, AND IN THE HOSTILE TRADE AND CLIMATE WARS



BY: MATTHEW A. PELUSO, ESQ

Of the many negative effects of the Covid-19 virus, including death, social isolation, emotional alienation, educational disruption, and economic destruction for millions of Americans, the exposure of supply-chain vulnerabilities in many US industries pales in relative comparison. However, for the US economy to function in the "new" normal, many US-based manufacturers will have to find both new, more reliable, and, perhaps more importantly, flexible, local sourcing strategies and protections for the foreseeable future.

Future similar international and regional economic disruptions are not speculative. Whether they are caused by structural or speculative financial market crashes (the savings and loan scandal, dot-com bubble and 2008 financial crash), geopolitical clashes (9/11, Brexit, treaty revisions like the United States-Mexico-Canada Agreement, political crackdown in Hong Kong, aggressive EU regulators and the US-China trade wars), or environmental/climate-based events (Fukushima nuclear accident, Mauritius oil spill, severe floods in India, more hurricanes in the Caribbean, larger wildfires in California), US manufacturers must expect, factor and protect against these certain future significant business disruptions now. Not after they hit again, since we've seen that such on-the-fly responses are woefully insufficient.

These, alternative, localized and more secure, supply logistics will also be needed as the result of the increasing focus on, and demand for, American-sourced and manufactured parts and products in the hostile international trade environment. Regardless of the upcoming election results, Americans will now rightfully expect that US-based companies will not be as vulnerable to foreign-initiated financial, environmental and public health disasters as they were recently shown to be. Further, once they get back on their collective financial feet, both American companies and individuals will more than likely be willing to pay higher prices for American-sourced and made products if they know that part of that increased cost is related to such supply localization, especially since more localized sourcing supports the now de facto consumer expectation that US companies incorporate climate and other environmental concerns and protections in their business operations.

Thus, rather than a cost-negative for US manufacturers, supply chain adaptation and protection in the new normal can provide many companies with an opportunity to increase their sales to a nationally loyal and socially conscious customer base, and ensure both future viability and profitability even in the event of as-of-yet indeterminable disasters down the road. This article provides a few, of numerous, potential changes that manufacturers can consider as they navigate their way through their new supply reality.

CONTRACTS FOR ALTERNATIVE SUPPLY

All manufacturers who have survived the Covid crisis to this point should have identified their company-specific supply-chain vulnerabilities by now.

For those who haven't, that is clearly step one. Every manufacturer needs to objectively review their supply lines, and to the greatest extent possible in terms of both immediate and future planning, change to US-based suppliers either as primary suppliers or, at the very least, as contractually-bound alternative suppliers who can be relied upon in the event of supply disruption triggered by future market drops, legislative sanctions, environmental catastrophes and public health crises.

The importance of contractual assurance for continued supply functions should not be underestimated. Verbal or hand-shake reliance is not sufficient. Such contracts can lock-in details about volumes, cost (e.g. current cost of the product, plus some percentile thereof given the emergent conditions), delivery terms and requirements, and even potential exclusivity or right-of-first refusal, from the US-based supplier. Even if suppliers take advantage of the current difficult environment with regard to the upfront amount required to induce them to enter such contracts at this time, by including lower amounts for each year that no event is triggered under the contract, manufacturers can reduce their cost of entering such agreements on an annualized basis commensurate with the absence of any triggering event over a given period of time.

In addition, such alternative, US-based supply contracts should enhance borrowing opportunities, terms and amounts in the event of future market or public health crises. Clearly, lenders will be more likely to extend funds to companies with the foresight to have such contractual protections compared to those who do not. Similarly, future supply protections should increase

insurance underwriting terms and policy limits, since they mitigate against some business loss that insurers do cover. Even if some insurers start to offer Covid-like coverage in commercial liability policies and business interruption clauses (which is doubtful in the private insurance sector), the cost of any such insurance would more than likely be excessive compared to the type of alternative supply contract envisioned above.

EMERGENCY INVENTORIES

To the extent possible, US manufacturers should also establish and maintain "emergency" inventories of the parts and raw materials necessary for continued production in the aftermath of a significant, uninsurable business interruption. Such emergency inventories should be established at levels that would allow the company to maintain normal, uninterrupted production for at least three (3) months. To the extent that a manufacturer does not need to tap their own emergency inventory in response to a crisis, such excess parts and materials could be sold to companies whose supply chains have been disrupted. Such an informal, but effective supplemental supply system would reward the sellers for their rainy-day forethought and add another layer of supply security to the over-all economy in the wake of a financial, environmental or public health disaster like Covid. In addition, maintenance of emergency inventories of parts and materials could help to reduce any resulting government-based assistance (e.g. the \$2 trillion "Payment Protection Program"), which, in turn, could help to reduce federal and state budget deficits for decades to come.


Since the maintenance of such

"emergency" inventories would, among other things, at least arguably provide a potential public benefit to the US economy, including both companies and, down the chain, to individual consumers, US manufacturers and their industry organizations should also consider lobbying for emergency inventories to be tax deductible, rather than just a reduction of gross receipts, as inventory is currently treated by the IRS. If deductible, emergency inventories could generate a net operating loss for a company, or a loss that may be used to deduct income from prior or future tax years. At the very least, emergency inventories should be depreciable, which could provide US manufacturers with additional annual tax deductions to offset their increased costs of purchasing emergency parts and materials.

NEED FOR DOMESTIC POLITICAL RISK PROTECTION

Finally, the Covid virus has raised legitimate questions about what many companies (and individuals) see as the contradictory and unnecessary heavy-handedness and excessive over-reaching of some state and local government responses to the alleged public health threat caused by the virus, and their apparent lack of concern for the significant, and in many cases permanent, negative economic effect that those responses had on companies trying to survive the crisis. Unlike any past financial or public health crisis in this country, the Covid virus was the first time that state and local governments compelled involuntary business closures, as opposed to allowing market conditions to determine whether a business could continue to operate. In the past, some businesses would fail in the wake of a financial crisis, but some

would not. Some businesses thrived in a crisis environment and increased both revenue and market share specifically because they came into the crisis with better balance sheets, and/or were more flexible operationally than their competitors.

Consequently, the Covid governmental-imposed business shut-downs are in some ways akin to the sort of conduct that less-than-quality foreign governments occasionally inflict on US companies. For such potentially risky foreign ventures, US companies can purchase "political risk" insurance for interference in their overseas operations, such as that offered by the U.S. International Development Finance Corporation. However, if some state and local government responses to the Covid virus are going to become the playbook for future public health crises in this country, then there may be a need for "domestic" political risk insurance. Since there were hundreds of different, inconsistent and constantly changing state and/or city-specific government responses to the virus throughout the country that allowed some businesses within an industry to re-open quickly while other companies within that same industry were forcibly closed for months, it is only reasonable to offer companies some form of insurance in the event of a state or local government ordering them to close their otherwise viable going concern for an alleged public health crisis. 

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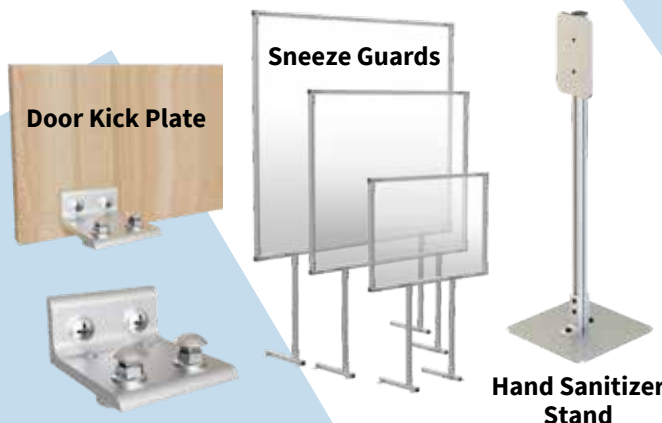


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Building a Business for the Long Term



BY: PAUL STECK
PRESIDENT OF
EXOTHERMIC MOLDING, INC.

Whether you start a new business or purchase an existing one, the rules for success are largely the same. You need to learn how your business operates from the ground up. You do that by first performing every menial task required by the operation. Why? First, it sets the example for everyone in the company. Second, it assures that you know the fundamentals so you can learn manufacturing efficiencies and be able to pass them along to your staff.

Without question, understanding costs ranks at the top of the list for building a business that will stand the test of time. First and foremost, in most manufacturing labor may prove to be your biggest single cost. You need to evaluate what is both fair and realistic, based on your requirements and the available labor pool. Beyond labor, in order to gain a firm grip on your costs, you need to actually understand and perform each operation, including machinery, set-ups, software and the overhead.

Second to knowing your every cost, is understanding your customers and their markets. This means identifying the niche you are filling for them, knowing what they are willing and able to pay, understanding who they are and how to find them—especially when your product offering is very specialized and not standardized. Another critical component to your success involves understanding your core competencies—both as a business owner and as a company, in relation to your competitors. Base your marketing efforts on those core competencies to assure your success. Some contract manufacturers have higher than average costs, due to their operational requirements. This may limit their ability to increase sales, considering factors involved in onboarding a new client, such as: part design, mold design and manufacture, sampling, adjustments and finishing.

Know that you must have a growth plan. Every business will lose customers for reasons beyond their control. You have to be able to replace them. And, who wants to stand still? In order to execute a viable growth strategy, several practices are crucial. When you work with your customers, you must communicate the value you bring to them. In addition, be everything you can to your current customers. We recognized that our customers were struggling with their assembly. They were tied up sourcing materials, receiving shipments, managing inventory and doing their own assembly. We knew that if we could handle those functions, we could lower their costs—and assure them QC, as well. Acting as a sub-assembler resulted in a win-win; our customers saved money and we used it as an upsell to increase our revenue. Be aware that this type of relationship often requires an in-person, face-to-face presence to provide the right level of customer service, value and to reinforce your sincerity.

While nearly all businesses are extremely competitive today, don't overlook the value of creating good relationships with your competitors. It's a win-win for a variety of reasons, among them:

- Becoming their outsource for product overflow—or conversely, employing them in order to increase your own capacity.
- Using them as a sounding board to share business ideas and methods
- Understanding the current market conditions (are they busier than you are?)
- Exploring possible joint ventures to reduce risk and increase your output
- Either of you may acquire the other in the future

Once you have achieved a smooth-running, growing operation, you need to continue reinvesting in your business. For Exothermic, trying to secure our own facility became very important. Due to the capital-intensive nature of manufacturing, you are at a disadvantage if you rent your facility. Simply put, landlords have leverage over you, as it becomes increasingly cost prohibitive to move an operation. Consider that moving is expensive as well as disruptive. You often have to maintain two facilities until completing



the transition to your new location to provide uninterrupted service to your customers.

This is where cost-effective capital comes into play—knowing how and when to borrow money effectively. Conversely, when your business owns a building, you have equity—a tangible asset and a form of wealth generation. This is critically important to ensure a stable operating environment if your manufacturing operation is capital intensive, as most of them are. You need to sell that stability to your customers.

Reinvesting in your business is simply not optional today, it's mandatory. Everything is changing faster and faster—software, hardware, cyber security, migration to the cloud; all are necessary in today's manufacturing environment, in order to remain competitive. We even added solar panels, LED lighting and new energy efficient windows.

Success means keeping money in the bank. Have lines of credit available

when you (think you) don't need them. In truth, you never know when you will. The secret to liquidity involves living below your means. Resist the temptation to take all of the money out for yourself. Besides keeping funds in reserve, investing in talent pays off. In order to do that, you first need to invest in an attractive workplace. Above all, invest in people and train them. It's important to know what you can do well yourself and to invest in people that can handle other aspects of the business better than you can. If you want to keep them, you also need to provide benefits: sick pay, health insurance, disability and life insurance, HR support and vacation pay. Invest in ongoing education for yourself and for your management team. Tax laws change, economies change and you have to constantly entertain new options. Your business is like a living thing; you have to feed it. Think of it like your child: you have to nurture it, invest time in it, be patient and remain committed to it.

Above all, get out of the office. Have your people cover for you. Get out and meet experts; meet your customers.

Another important reason to leave money in the business: to reinvest in people, in order to build yourself out of your business, so it doesn't rely on you to function. Doing this allows you to have a life, minimize your own importance to the business. It's important to start doing this when you are younger. Why is this so important? Think about your eventual exit strategy. A business that does not rely on the owner has greater value at the time of sale. Instead, the value is on what the owner has created. That will generate a continuing stream of income for the new owner. 🧩

Paul Steck is the President of Exothermic Molding, Inc. in Kenilworth, NJ, a specialty plastics company serving OEM's in medical devices, medical testing equipment and other industries. Exothermic is the oldest Reaction Injection Molding (RIM) firm in the U.S., dating back to 1971. Visit: www.exothermic.com

B2B explainer videos are highly effective, giving buyers info they need to buy!

How to do it remotely during COVID



BY: ROBERT WEISS
PRESIDENT OF
MULTIVISION DIGITAL.

70% of marketing professionals report that video converts better than any other medium.

—MarketingProfs

Have you noticed that buyers are passively doing their research online? An astonishing rate of 89% of B2B buyers search for answers to their problems. And what's more, 70% of the buyer's journey is complete before the buyer starts to engage with sales (notes ThomasNet).

As one minute of video is worth 1.8 million words (Dr. James McQuivey, of Forrester Research) a library of B2B explainer videos gives buyers the most amount of information in the shortest amount of time.

Explainer videos are highly effective because they explain things buyers want to know. They are the best form of content for buyers to get educated and can be used for core business objectives like

- Converting qualified leads
- Integrating into SEO tactics
- Highlighting the benefits of a product
- Answers FAQs
- Lead nurturing campaigns
- Educate and inform buyers
- Built trust and credibility by showcasing technical staff
- Explain complex solutions in an easy to understand way
- Social media marketing

To cover all the product categories and questions that buyers have, you will need a library of videos (just like you have a library of brochures, technical documents, PPT decks and white papers) that showcases your technical subject matter experts. Yep, that's right you technical experts! Why? Aren't your technical subject matter experts key to driving leads and sales? Don't salespeople bring them on meetings, phone and Zoom calls?

The power of video allows technical buyers to receive information from your technical team, building credibility for the sales rep. So you don't have to re-invent the sales process to benefit from the power of video.

With budgets being significantly cut during COVID-19, industrial manufacturing companies are using remote video production for thought leadership videos, sales and FAQs videos to continue their ability to promote their services, expertise, products in a personable manner. Remote Video Capture reduces the cost, time and effort of creating quality video content by eliminating the on-location equipment and crew of a corporate video production company.



Here are 5 Steps to Produce B2B Explainer Videos Remotely During COVID

1 ALIGN VIDEO TO YOUR BUSINESS:
Are you launching a new product, entering a new industry segment or want to gain more market share in an industry? Focusing on your current business strategy will determine what the messaging, visuals and budget need to be for your video project that will resonate with your business objectives.

2 IDENTIFY AND SELECT PDFS
PDFs with charts and graphics are GREAT materials to be transformed into videos. And by doing that, you will be able to explain them better than text on paper and make it easier for buyers to understand your technology. Take a look at your digital content, product brochures, white papers, PowerPoint decks, and technical assets. Look at things that you've done in the past but are still relevant, especially evergreen types of pieces of content that are informative and educational and multi-purpose them into video.

USE YOUR B2B SALES VIDEOS EVERY WEEK

Realize an even greater ROI by using your explainer video every day in the sales process. Sales people can now "bring" their technical teams to meetings, lunch and learns, and other steps in the sales process.

B2B sales video for industrial companies are the perfect evolution for your company....buyers have already made the switch. 📺

MultiVision Digital provides END-TO-END video strategy, video production and video marketing services that increase sales, lead generation, and client loyalty.
<https://www.nycCorporateVideoProduction.com>

3 CHOOSING TALENT FOR YOUR VIDEO:
With most industrial manufacturing sales, the technical team on the buyer's side interacts directly with the technical team of the seller's side. You should be using this same approach with video, as your technical team is a powerful way to build trust and credibility.

4 SHOOTING YOUR EXPLAINER VIDEO REMOTELY
Remote Video Capture records up to 4k video while your talent receives guidance from a director. It reduces the cost, time and effort of creating quality video content by eliminating the on-location equipment, crew and set up of traditional corporate video production.

5 EDIT USING CHARTS AND GRAPHS
Including lower thirds, charts, graphs text, motion graphics will make your message more engaging and impactful.



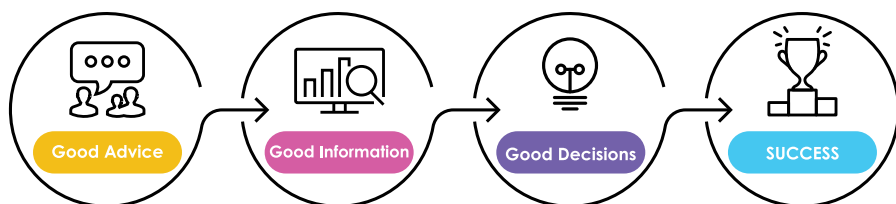
80% of
marketers say
video directly
helped
increase
sales.
—Wyzol

Are You Looking for Business Advice in all the Wrong Places?

Your retired uncle Bob who ran a barbershop may not be the best person to advise you on your manufacturing company. The key to running a successful manufacturing business is making good decisions. However, you cannot make good decisions without timely accurate information and analysis. It is impossible to know everything you need to know as a business owner, so it is imperative to get help. Where do you go for competent advice and access to the right information?



BY: ANDREW FRAIZER, MBA, CFA
CFA, PRESIDENT AND COO OF A&J
MANAGEMENT, NJMEP BUSINESS
GROWTH SERVICES (BGS) RESOURCE



The greatest fear of many entrepreneurs is “The Numbers” which many business owners avoid like the plague. Whether it is not knowing where to find them, what to do with them, how to use them or just plain old don’t want to know –sometimes ignorance is bliss, but not necessarily prudent. To make good business decisions you must know your numbers and incorporate that knowledge into your decision-making process. Fortunately, you just need to know the Key Performance Indicators (KPIs) for your business. It is critical to have the right finance team to provide what you need, but you must be knowledgeable enough to ensure they provide the information you need, in the right format on a timely basis.

You must understand that “Finance is not Accounting, and Accounting is not Finance,” just like “Mechanical Engineering is not Electrical Engineering, and Electrical Engineering is not Mechanical Engineering.” With this understanding you can assemble the financial team that you and your business require.

According to Investopedia, “Accounting is the process of recording financial transactions pertaining to a business. The accounting process includes summarizing, analyzing and reporting these transactions to oversight agencies, regulators and tax collection entities. The financial statements used in accounting are a concise summary of financial transactions over an accounting period, summarizing a com-

pany’s operations, financial position and cash flows.” View it as focusing on “The Numbers” from the past and extremely quantitative, meaning that they tend to get the same (or very similar) answers given the same information. Therefore, accountants are extremely good at being focused and detail oriented so that they can tell you exactly what happened.

Investopedia says that “Finance is a term for matters regarding the management, creation, and study of money and investments. Finance can be broadly divided into three categories: public finance, corporate finance and personal finance. Consider it focusing on “The Numbers” in the future which is quantitative, but also qualitative because nobody really knows what the future holds, and in finance people come up with different results given the same information. That is why the stock market works with prices and values changing constantly. Therefore, finance is an inexact science and finance people need to be good at assessing, analyzing, modeling, and then recommending solutions.

Accounting related roles

- Accounts Receivable (AR) / Accounts Payable (AP) Clerk
- Bookkeeper
- Tax Preparer
- Accountant
- Certified Professional Accountant (CPA)
- Controller

Key finance related roles are...

- Banker
- Broker
- Financial Planner / Wealth Management / Estate Planning
- Financial Analyst
- Mergers and Acquisitions
- Chief Financial Officer (CFO)

Manufacturing businesses often do not have anyone on their team who has expertise in finance, resulting in cash flow issues, low or no growth and/or significant difficulty accessing capital. When companies grow there is usually a drain on cash since investments are generally made in advance of growing profitability. Your company can easily run out of cash by growing too fast, especially if you do not have good financial planning and cash flow management practices.

Certainly, there are many finance and accounting people and firms with varying levels of ability, capabilities, capacity, products, services, depth and breadth. There are some that can cover multiple roles while there are others who may not be able to be effective in any of the roles. So how do you choose the right one(s)? How do you find them? And How do you know if they are qualified?

The first step in finding the right accounting/finance team member(s) is to become as knowledgeable as possible about the role you expect them to play. You must also determine whether you need them full-time, part-time, or just occasionally for special circumstances. Also, consider whether you need their expertise in-house or externally on a fractional, outsource, consulting, contingency, contract, commission, or retainer basis.

You should treat the selection process for accounting/finance team members like you are hiring a new employee by assessing their knowledge, wisdom, and experience plus asking for references. Beyond resumes and paper credentials, ask how are they uniquely qualified to help you. Do they have Industry knowledge? Have they ever been a business owner? Do they take a narrow or holistic perspective? You should not choose someone just because they know more than you or were referred by someone you know.



Most manufacturing company owners I work with are dissatisfied with their bookkeeper and/or accountant for various reasons. I often encounter businesses whose accountant minimized the amount of taxes they needed to pay but later the business owners have difficulty getting financing and/or obtain a decent offer if they are trying to sell because they do not appear profitable enough.

Sourcing potential finance/accounting team members can be a challenge. NJMEP is a great place to start! Advisory boards, business networking groups, and chambers of commerce are also potential sources for talent. In addition, referrals from other business owners are worth considering. It is a marriage in that finding the right mates is priceless. 🧩

Andrew Frazier, MBA, CFA is The Business Growth Pro and CFO. He empowers business owners to maximize the value of their companies by helping them to Grow Revenue, Increase Profit, and Obtain Financing. His expertise is business strategy and financial management which he employs for business owners through his expert coaching, consulting, and training services. Andrew is also author of "Running Your Small Business Like A Pro; The More You grow, The Faster You Grow." Visit www.AndrewFrazier360.com to learn more.



SALES TAX CONCERNS RELATED TO SOFTWARE AS A SERVICE IN A POST-WAYFAIR RULING LANDSCAPE

Changes to the economy and sales tax laws and regulations in the past decade have created a dynamic environment for businesses in the Software as a Service (SaaS) industry. For one, SaaS has become ubiquitous in our lives in a way that wasn't contemplated in years past. Further, the state taxman's reach has extended to out-of-state vendors in new ways. Further still, old taxing statutes defining taxable goods and services did not contemplate today's SaaS providers; creative tax authorities will attempt with mixed success to frame today's SaaS offerings in a way that comports with yesterday's laws and regulations.



BY: KEVIN SOHR, MBA, MST
SALT SPECIALIST AT SAX LLP

SaaS typically refers to a software application used over the internet. The vendor controls the software and the program; there is no license to the customer. The vendor updates its offerings without notice or preapproval from its customer. The customer accesses the program through a cloud service. The customer does not control or manipulate the software, but the customer relies on the program to deliver critical business information. This offering is similar to software packages of the past, but different in important ways which may lead to different or less certain taxability determinations. Importantly, it is the mixture of these three factors – SaaS's growth, the states' extended jurisdictions, and an offering poorly anticipated by yesterday's tax authorities – that create a volatile environment for today's SaaS vendors, and to a lesser extent their customers.

THE CHANGED NEXUS LANDSCAPE.

When considering the sales taxes related to a business's operations, there are two questions that need to be answered and it makes sense to ask them in the proper order. First, does the business have nexus – or a taxable presence – in the jurisdiction? Second, if the business does have nexus in the jurisdiction, is the transaction subject to sales tax? If the taxpayer doesn't have nexus, it is not necessary to conclude on the taxability of the transaction.

The approach to that first question, (does the business have nexus?) has been transformed in the past three years. In 2017, a sales tax nexus review focused on two main criteria: people and property. If the business had employees or property in the state, it had nexus. If it did not have a physical presence, it did not have nexus.

This physical presence criteria had been established by the Supreme Court in the Quill case of 1992, which was consistent with prior cases.

However, the nexus review of 2017 would be irrelevant in 2020, thanks to the Supreme Court's ruling in the South Dakota v. Wayfair case of 2018. That case has transformed the landscape of all sales tax considerations but may be felt most acutely by SaaS providers. South Dakota had passed a law asserting nexus over an out-of-state taxpayer with no physical presence if it had sufficient sales (\$100,000 or 200 transactions) into the state. Observing the changing nature of the U.S. economy and the billions of uncollected sales tax dollars, the Supreme Court overruled its earlier physical presence standard. Taxpayers no longer need a physical presence to create a taxable presence in a state.

In the ensuing years, all states with sales and use taxes have adapted to the more relaxed nexus standard. Most have adapted thresholds similar (or identical) to those in South Dakota's \$100,000/200 transaction model. Today, a business with a widespread customer base could have nexus in every jurisdiction, regardless of the size of its physical footprint.

It is important for SaaS vendors to review anew their nexus positions and their taxability determinations.

Let's consider the application of this rule to a hypothetical SaaS provider:

SAAS Inc. provides an offering to bricks-and-mortar retailers to track customers' buying habits. SAAS Inc. operates exclusively from its Delaware headquarters. SaaS Inc. has several clients, including the omnipresent Box Store Inc. In 2017, prior to the Wayfair decision, SAAS Inc. had no sales tax filing responsibilities. (Delaware does not have a sales tax.) In 2020, without changing any facts and thanks to Box Store Inc.'s extensive footprint, SAAS Inc. has nexus everywhere. In 2017, SAAS Inc. was unconcerned with the taxability of its offering; in 2020, failure to address its sales tax posture could drive it out of business.

TAXABILITY OF SAAS

In most states, sales and use taxes are a complementary tax scheme. A vendor (with nexus) is responsible to collect sales tax on its sales. The purchaser is responsible to report use tax on its purchases when the seller does not charge a sales tax. The second part of that complementary system is what inspired the Wayfair case; purchasers are terrible at self-reporting the use tax on their purchases. It is much more efficient for a state tax auditor to find an assessment from a vendor, like Wayfair, than from its purchasers – the thousands of people buying home furnishings over

the internet. Similarly, if SaaS is taxable, it will be much more efficient for states to seek that tax from the several vendors than from their thousands of customers. With the expansion of nexus standards in the wake of Wayfair, it then becomes important to determine if SaaS is taxable in the states.

However, sales tax laws were written at a time when the economy was based on sales of widgets and the performance of personal services. In general, sales of tangible personal property (widgets) are subject to tax unless specifically exempted; sales of services are not subject to tax, unless those services are specifically enumerated in the taxing statutes or regulations. Sales of SaaS? That's less certain.


Before the prevalence of SaaS, the taxation of simple software was a question of uncertainty. Was software tangible personal property? Some states argued the mere floppy disc was a tangible personal property (taxable), even though the true value of the software rested in the license to the intangible. Those states might then concede taxes were not due when the very same software was downloaded over the internet. Is custom software taxable? Some states treat custom software as a nontaxable service and canned software as a taxable sale of property. What amount of customization is necessary to transform a generic software package into a nontaxable custom package? It depends. Yes, before the prevalence of SaaS, even the taxation of simple software packages required a state-by-state analysis with nuanced considerations.

The state has one chance to argue that SaaS is a taxable transmission of software, but it also has a second chance to argue Software as a Service entails the provision of an enumerated taxable service. For example, data processing services may be taxable. Information services may be

taxable. Credit reporting services may be taxable. The elements which favor distinguishing SaaS from taxable software may also be the same elements which describe SaaS as a taxable service offering.

Let's reconsider our earlier example of SAAS Inc. In 2017, SAAS Inc. was comfortable in its assessment that it did not have a nexus in any state. For that reason, SAAS, Inc. was unconcerned with the taxability of its offerings; its clients could determine the taxability, pay the tax or live with the exposure. However, in 2020, SAAS, Inc. has nexus everywhere. If its offering is subject to tax and they fail to collect and remit to the appropriate states, they are living with an exposure that could jeopardize their future. Imagine a typical sales tax rate of 7% where the vendor failed to collect taxes due, and years of exposure going back to 2018 when the Wayfair case was decided. Further consider potential interest and penalty assessments. Can SAAS Inc. absorb a series of assessments for non-collection?

For these reasons, it is important for SaaS vendors to review anew their nexus positions and their taxability determinations. The sales tax review which predated Wayfair's expanded nexus reach or predated their products' sales growth is capable of leaving the SaaS provider vulnerable to non-collection exposures that it may not be able to settle.

If you need assistance determining whether your SaaS offerings follow today's new tax laws and regulations, reach out to a Sax advisor as we understand the intricacies and complexities of the changed nexus landscape. 

Kevin Sobr, MBA, MST is a State and Local Tax Specialist at Sax with more than 20 years of experience in state taxes. He advises clients on all matters, including income/franchise taxes, sales/use taxes, property tax, unincorporated business tax and various specialty taxes. He can be reached at ksobr@saxdlp.com.

In uncertain times, there is one certainty

WE ARE COMMITTED TO YOUR SUCCESS



SOBELCO

New Jersey Made Products are Packaged and Printed with Help from R&D Tax Credits



BY: CHARLES R. GOULDING AND
PREETI SULIBHAVI

Federal and State R&D Tax Credits provide excellent opportunities for many businesses in New Jersey involved in the packaging and printing industry to grow and thrive.

New Jersey has a large innovative packaging and printing business sector. New Jersey is perfectly located to meet the needs of product sellers and logistics companies serving the NYC metropolitan area, the mid Atlantic, Philadelphia and Washington D.C. New Jersey has 11,000 manufacturers all of which need packaging and printing.

Packaging

Our NJMEP packaging R&D tax credit clients include a wide range of food and beverage, pharma, cosmetics, and horticultural packaging companies. Materials utilized include corrugated (cardboard), metal, paper, foil, glass and plastic. The growth of E-Commerce coupled with the Coronavirus has accelerated the increase in packaging needed for home delivery and the increased concerns for safety as well.

Packaging is typically not the focus of the product being sold or bought, but it does have a significant impact on the appeal, purchasing, and delivery of the product to the consumer. This is why we have seen significant product and process development in this area. Whether our clients specialize in stickpacks, blisters, standup pouches, sachets, bottling, liquid filling, secondary packaging, multipacks, they must fit the needs of their customers.

Packaging must be durable in that it maintains the integrity of the product it contains, but it must also be flexible in meeting industry challenges and client demands. This requires customization, which requires research and development.

Often packaging processes entail: in-house microbial testing, certificates of conformance/analysis, customized testing, sampling, inspection plans, seal integrity testing, pH & Brix monitoring, metal detection and X-ray, temperature & humidity controlled suites, cold storage, & dry blending techniques.

There is a significant emphasis on the design process to determine what will meet the functional needs of the product as well as be adaptable and reusable for other product types. The equipment integrated into the process must not only perform a singular function, but should be able to be adaptable to various packaging processes and products.

Printing

For our NJMEP clients printing clients the focus is on everything digital and includes LED- powered architectural signage. Printing process innovation includes web-to-print, cloud printing and printing on demand. These concepts greatly reduce printing overhead. The New Jersey printing industry has the expertise to print on all of the materials described in the packaging section above.

New Jersey has many leading label manufacturers that create smart labels with RFID tag and bar code scanning that can provide complete chain of custody for pharmaceuticals where a secure supply chain is critical. Prescription pharmaceutical packaging requires voluminous printed notices that have to be compressed and accompany each drug.

Printing labels is a process that involves various factors. The chemicals used in the printing process can affect the product as well as the environment. In addition, materials used can affect how the printing process may need to be modified. Printing also involves software – related solutions to improve the flow of print jobs, calculate more accurate estimates for job, and track

sales leads. Software is also being used to diversify the client base by developing website functionalities that allow for online/self-service options.

New and Improved Packaging and Printing Equipment

Both the packaging and printing industries are continuously analyzing and integrating more sophisticated and multi - functional equipment. Social distancing requirements are accelerating the need for more automation and a reduction of the number of people on the plant floor. Whether it is case packing or robotic palletizing solutions, state-of-the-art packaging and printing machinery has become a core business component for many companies. These machines need to have long lifecycles, ensuring that the investment is protected, but must also be multi-purpose in that they can accomplish more than one packaging or printing function or process. The newer machines must also be low-maintenance and run more efficiently as well. All this while improving productivity and keeping employees safe.

With the ever-growing demand for quick turnover, more transparency into how the equipment runs, and increased efficiency requirements,

both industries have important environmental goals and are innovating with new materials that are sustainable and environmentally-friendly. There is particular focus on plastic innovation including advanced chemistry and plant - based alternatives.

Environmentally Safe Packaging and Printing

The packaging and printing industries are increasingly focused on environmental sustainability and the impact of their products and processes. Gone are the days when we receive a package that had Styrofoam peanuts to protect the product inside. Now, companies are using eco-friendly packaging made from biodegradable, recycled materials that reduce the waste of natural resources for production. Furthermore, the manufacturing processing of packaging materials has become more efficient, thereby reducing precious resources and minimizing the negative impact businesses have on the environment. Sustainable packaging and material reduction is now part and parcel of many packaging companies' daily processes. Reducing the carbon footprint has become a major goal.

Printing is the only communications media with a one-time carbon footprint;





all other media require energy every time they are viewed. So the printing industry is doing its part to ensure that once its products serve their purpose, they continue their life cycle as materials for new products. The printing industry has been utilizing recycled paper from 100% post-consumer waste. This small change maintains product integrity (reducing brightness by a miniscule amount) while reducing cost and environmental waste. Even the ink that is used to print on the recycled paper has been improved upon. Petroleum-based ink is now being replaced with soy-based ink, made from soybeans, which is more environmentally-safe while still providing a wide range of accurate colors. Soy-based ink, and even water-based ink, also facilitates the paper recycling process, which is an added benefit. Going one step further, UV printing allows green printers to use ink without toxins, unlike solvent-based ink. And, because there are no solvents, UV inks can be successfully applied to both flexible and hard surfaces. And, unlike solvent-based inks, 100% of the UV ink is utilized in the process. No waste.

The Research & Development Tax Credit

Enacted in 1981, the federal Research and Development (R&D) Tax Credit allows a credit of up to 13% of eligible spending for new and improved products and processes.

Qualified research must meet the following four criteria:

- New or improved products, processes, or software
- Technological in nature
- Elimination of uncertainty
- Process of experimentation

Eligible costs include employee wages, cost of supplies, cost of testing, contract research expenses, and costs associated with developing a patent. On December 18, 2015, President Obama signed the bill making the R&D Tax Credit permanent. Beginning in 2016, the R&D credit has been used to offset Alternative Minimum Tax (AMT) and startup businesses can utilize the credit against \$250,000 per year in payroll tax liabilities.

The New Jersey State R&D Tax Credit

The New Jersey R&D tax credit utilizes the same definition as the Federal credit and provides a credit of 10% of the excess qualified research expenses over a base amount plus 10% of the basic research payments.ⁱ

Conclusion

There are many successful business sectors in New Jersey. Many of these companies require packaging of their products and printing labels to identify them and help them stand out. Research and development is not often associated with packaging and printing, but it should be with all the activities and processes discussed in this article. New Jersey packaging and printing companies are utilizing technologies to automate their packaging processes, as well as develop other new or improved printing techniques. Research and development activities can provide eligible companies with Federal and New Jersey State Research and Development tax credits which are available to help New Jersey package and print its products to get them to the places they need to. 🌈

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Preeti Sulibhavi, CPA, is a Tax Analyst with R&D Tax Savers.

TRENTON



TALK

GREENSTEIN, OROHO, KARABINCHAK, DECROCE PUSH BIPARTISAN 'MADE IN NJ' MANUFACTURING BILL FOR PPE NEEDED IN PANDEMIC

In an effort to better equip New Jersey for any future public health crises, members of the Legislature have introduced bipartisan legislation to authorize New Jersey manufacturers to convert their productions to focus on creating Personal Protective Equipment (PPE), which many were unable to do during the pandemic without federal approval.

The bill, S-2991/A-4811, would create a state-level certification program to allow manufacturers in the state to produce PPE. The measure would help to strengthen our stockpiles, which faced severe shortages of masks, gloves, gowns, and other personal protective equipment at the height of the pandemic.

"New Jersey has many manufacturers who are willing to commit their operations to produce personal protective equipment when called to action," said Senator Greenstein (D-Middlesex/Mercer). "We must ensure that our state is well prepared to protect our healthcare professionals and all of our citizens when faced with a public health crisis. The COVID pandemic taught us that we cannot always rely on the federal government's support and underscores the need for 'Made in New Jersey' PPE. Enlisting our manufacturers and their workers will not only bolster their operations, but will make certain that we meet the needs of our state during any public health emergency."

"This bill fulfills the mission of the Manufacturing Caucus – helping New Jersey manufacturers thrive for the benefit of New Jersey residents," said Senator Steve Oroho (R-Sussex/Warren/Morris). "Businesses in the state are well-equipped with a skilled workforce to produce quality PPE and help ensure a sufficient supply of protective gloves, masks


and gowns to defend against a viral outbreak and protect medical workers and patients. 'Made in New Jersey' makes us Jersey strong."

S-2991/A-4811 is the companion legislation to S-2991, a bipartisan bill that was introduced earlier this year by Senators Linda Greenstein and Steve Oroho, the chair and co-chair of the Legislative Manufacturing Caucus, that would establish an approval process and set a goal for manufacturers in the state to produce a minimum of 50 percent of the stockpiled PPE. This would prevent scarcities in the future and at the same time bolster the New Jersey manufacturing industry.

"COVID-19 has shown New Jersey's strengths, weaknesses, and, most importantly, our resiliency. The uncertainty of this pandemic has proven we must be proactive and prepare for an event of a second wave or future pandemic. I am proud to be sponsoring legislation that will give New Jersey an opportunity to combat any future health crisis by creating a ready stockpile of PPE for our residents, health care workers, and businesses," said Assemblyman Robert Karabinchak (D-Middlesex).

"Our state has a critical need for obtaining well-made, quality personal protective equipment to safeguard our health care professionals, first responders and those who care for others throughout our communities," said Assemblywoman Betty Lou DeCroce (R-Morris), who is the ranking Assembly Republican on the Legislative Manufacturing Caucus. "We know that our New Jersey manufacturing workers are unsurpassed in their commitment to providing top notch products and this bill will help put them in the forefront in the fight against this pandemic."

Under the bill, PPE within a year of expiration would be provided to state healthcare facilities, federally qualified health centers, and public schools at no cost, nonprofits at 75 percent of cost, and businesses at market price. This would provide a constant flow of equipment, at a reduced cost, to those that need it most.

"The state needs to source reliable PPEs, and what better suppliers than the State's essential manufacturers who have an inherent interest in keeping New Jersey residents safe and employed. When the COVID-19 pandemic hit, many manufacturers retooled to supply PPE. Whether it was masks, gowns, shields or hand sanitizer, somewhere in NJ it was being manufactured in response to the critical needs. I applaud the Legislature for creating this legislation and foreseeing and creating a win-win situation that keeps PPE 'Made in NJ,'" said John W. Kennedy, CEO of the New Jersey Manufacturing Extension Program (NJMEP). 



NEW JERSEY WANTS MANUFACTURING TO THRIVE.

To ensure this industry remains an economic stimulator the Legislative Manufacturing Caucus was developed and collaborates closely with New Jersey Manufacturing Extension Program (NJMEP). Through this collaborative initiative New Jersey manufacturers now have direct access to state decision-makers and the voice of manufacturing can resonate throughout local government. The Legislative Manufacturing Caucus helps uncover the real issues and implements solutions based on the input from local business leaders and careful guidance from NJMEP.

With over 11,000 manufacturing businesses and 245,000 individuals employed in manufacturing, this New Jersey industry cannot be ignored.

Manufacturers can get involved and have their voices heard.

Contact NJMEP to be informed about upcoming Manufacturing Caucus open hearings and to help manufacturing progress in the state of New Jersey.



Call: 973-998-9801
eMail: info@njmep.org
Visit: njmep.org



Jersey Guys *Virtually Yours*

Trivia Recap

Manufacturing Community Comes Together for a Little Fun and a Great Cause

The 'Jersey Guys' golf outing recap will be a little different this year as NJMEP canceled the traditional golf outing and replaced it with 'Jersey Guys' V-tually Yours, online trivia day, in response to COVID-19.

'Jersey Guys' is an annual celebration of Bob Beaman and Anthony DeSantis. These two 'Jersey Guys' spent their lives giving back to New Jersey communities. The event usually takes place on a Friday in July where New Jersey business leaders are invited to the Minebrook Country Club for an all-day event filled with prizes, activities, food, and of course golf. NJMEP partners with the Team Eagle Foundation and uses this event to raise money for scholarships in honor of these two 'Jersey Guys'. Proceeds are split between scholarships and the Community Foodbank of New Jersey and Fulfill NJ. .



Remaining Agile to Continue Giving Back

The State of the State of Manufacturing was canceled in March because of the COVID-19 pandemic. NJMEP put their heads together to ensure the same wouldn't happen to the annual 'Jersey Guys' golf outing.

Early on it was unclear if the state would allow 100+ golfers to attend a golf outing in late July. Instead of sitting back and waiting to see what happened, a new concept was pitched to ensure money would still be raised for these incredible scholarship funds and New Jersey food banks. During times of crisis, these charitable initiatives become even more important. As unemployment rose and millions of Americans were out of work, the entire NJMEP team made it their mission to put together a successful, COVID-friendly event to raise money in the name of these two incredible 'Jersey Guys'.

A virtual option was developed. NJMEP hosted a virtual trivia day with New Jersey-based questions in its place. There were 18 'holes', or questions, that were each sponsored by a 'tee box' sponsor. Videos were scattered throughout the trivia game where players could learn a little bit about some of the sponsors or interesting new initiatives from NJMEP.

'Jersey Guys' V Gives Back in a Big Way

The massive success of 'Jersey Guys' V-irtually Yours means more money to give back to the NJ Community Foodbank, Fulfill, and the scholarship fund.

Howard Mcilvaine, VP of Operations of UNEX even won the \$2,000 drawing but immediately told NJMEP to donate the money to the Community Foodbank instead.

'Jersey Guys' V raised over \$17,000! An incredible success during a year where uncertainty was the only certainty. \$6,000 was split between the New Jersey Community Foodbank and Fulfill. The rest of the funds were added to the Scholarship Fund. The Scholarship Fund helps support two extraordinary programs, 'The Anthony DeSantis 'Service to America' Scholarship' and the 'Bob Beaman B-Involved Scholarships'.

'The Anthony DeSantis 'Service to America' Scholarship' is reserved for active duty, veterans, and their families to pursue higher and/or technical education.

The 'Bob Beaman B-Involved Scholarship' is reserved for LEDR Alumni, Young Adult Staff & Boys & Girl Scouts.

During difficult times, food banks are under incredible pressure to help feed an increasing amount of New Jersey citizens in need. Many of those that rely on community food banks are children. 'Jersey Guys' V was a fantastic contributor to these amazing food banks. Not counting the contributions from 'Jersey Guys', NJMEP and its partners have raised a total of \$34,628 so far in 2020. The additional donations will provide even more meals for hungry New Jersey

families and children. Instead of canceling the event, NJMEP was committed to remaining agile and figuring out a way to bring the community together to give back. 'Jersey Guys' V-irtually Yours was a glowing success.

All these efforts wouldn't be possible without a partnership with Team Eagle Foundation. The goal of the Team Eagle Foundation is to provide learning opportunities and programs to youth and young adults aged 15-20, helping develop themselves through different career options and public service while building new friendships and experiencing adventures of a lifetime.

The Two 'Jersey Guys' Being Honored

Bob Beaman

Bob grew up and lived in Madison, NJ most of his life, and became a successful IT & Hardware Engineer. His key activities outside of work included sports and the Boy Scouts of America where he spent 37-years as an adult leader helping develop programs like the Strategic Youth Mentoring Program called LEDR.

Anthony DeSantis

Anthony (Tony to friends) was born and raised in Hoboken but later moved to Bergen County to raise his beloved (5) daughters with his wife, Lynn. A career in Business Development & Marketing led him to his passion at NJMEP, where he helped countless companies over his 14-years of Service. 🏡



YOUR PIPELINE, YOUR WORKFORCE, YOUR BUSINESS

NEW JERSEY MANUFACTURING WORKFORCE DEVELOPMENT CONTINUES DESPITE COVID-19

In-person training, apprenticeship classes, recruitment events, and engaging with New Jersey JAG and high schools were put in question once COVID-19 hit. NJMEP found a way to work around these disruptions and continue to provide the vital workforce development programs NJ manufacturers require.

Whether manufacturers need to recruit new workers, improve retention, upskill current employees, connect with local vocation or high schools, or if a business has a unique workforce challenge, there is a solution.

SOLVING MANUFACTURERS #1 CHALLENGE

Every New Jersey manufacturer is considered essential. The workforce couldn't work from home and needed to show up each day. Many refused, others were already struggling with a dwindling workforce, and every manufacturing business still needed a strong talent pipeline, pandemic or not. It was vital to remain agile and continue providing workforce development services even after the world shut down.

NJMEP is here to announce that workforce development solutions were not put on hold. Brand-new programs were developed in response to specific COVID-19-related workforce disruptions. Project 160 is one of the solutions manufacturers can take advantage of to start bolstering their workforce.



Workforce development programs and solutions including the Registered Apprenticeship and Pre-Apprenticeship programs are still taking place. Virtual training helped ensure no individual or manufacturer lost out on critical education and training. Now more than ever it is vital to strengthen the pipeline of skilled manufacturing talent. Each unique workforce program available through NJMEP is designed to help businesses bridge this skills gap.

To speak with a member of the Workforce Development team today, contact us. NJMEP works together with manufacturers to identify their exact pain points and craft a unique solution. Getting started is easy.



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**THANK YOU TO OUR
MEDIA SPONSORS.**

**MANUFACTURING DAY 2020
WOULDN'T HAVE BEEN
THE SAME WITHOUT YOU**



YOUR ROADMAP BEGINS WITH AN ASSESSMENT

New Jersey Manufacturing Extension Program, Inc. (NJMEP) is a not-for-profit company that helps New Jersey's small to mid-sized manufacturers become stronger and more competitive. Designed to meet your needs, we develop more effective business leaders, drive product and process innovation, promote company-wide operational excellence and foster creative strategies for business growth and greater profitability. NJMEP's training processes and methodologies are designed to specifically meet the needs of manufacturers.

PLAN

A customized action/training plan and executive summary is developed after the assessment; and presented featuring strategies and solutions designed to improve productivity, quality, profits and sales. Unlike other work plans, this one is focused on specific actionable steps for improvement and drives quantifiable results.

ACT

Once a program is completed, we work with you to update your customized action/training plan and identify the next steps for improvement in your business.

ASSESS

Our no-cost business assessment is the core of NJMEP's business improvement services and the first step in our strategic hands-on approach to help improve your company's performance. The assessment is a comprehensive, on-site, evaluation of your company's operations that both appraises capabilities and gauges the effectiveness of business systems in the following key areas:

- Sales • Production • Supply Chain • Strategy •
- Human Resources • Regulatory/Compliance •
- Quality • Finance •

DO

We have a variety of solutions to help you, and can implement solutions through:

- Customized learning through on-site training
- Problem solving through consulting and process improvement
- General awareness learning through seminars and workshops

CHECK

We measure our success by yours. The results are derived from a NIST survey that is calculated approximately 6-12 months post-project. Each project is analyzed for success based on quantifiable impacts such as: increased sales, jobs created and retained, and cost savings. We don't succeed unless you succeed.