

# Mixed Bag



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Randy Stott

**Every year at this time we put together our “State of the Gear industry” issue.** As in years past, the centerpiece of the issue is our annual survey of gear industry professionals, where we ask detailed questions about the year that’s just gone by and the one that’s coming up.

As you can imagine, with the way 2020 went, we were not expecting large numbers of enthusiastically positive respondents. To be honest, we were thinking more along the lines of doom and gloom.

But once again, the gear industry has surprised us with its positive attitude and resilience. One of the questions we ask our respondents every year is their level of optimism regarding their companies’ ability to compete over the next five years. Historically, the percentage of our industry indicating some level of optimism has been somewhere in the range of 85%. This year, that number was 76% — low from a historical perspective, but nowhere near as low as we expected. Most people still expect our industry to bounce back.

We do, too.

Of course, the survey numbers acknowledge the fact that 2020 was a really rough year. COVID hit the gear industry hard, like most other industries. Plants were shut down. Workers were furloughed or laid off. People died.

And although the pandemic has been devastating, the majority of our respondents expect 2021 to be better, with many indicating that they’ve already returned to normal operations and are expecting growth in sales and production over the next 12 months. And while it may take some time for employment and capital spending to come back, the majority are expecting these measures to at least hold steady – if not improve – in 2021.

On top of that, it’s clear that many in our industry are looking toward the future, with electrification being the buzzword of the day. No other topic is as prevalent in the gear industry’s thoughts — and this was *before* General Motors announced that its lineup of vehicles would be all-electric by 2035. Perhaps no other topic will have as much impact on our industry over the next decade — for better or worse. And while many are seeing opportunities in the growing number of electric vehicle manufacturers who are suddenly in the market for gears, as well as the need for much greater precision and higher performance gears, many others see the writing on the wall — which says that fewer and fewer gears will be required as vehicles become more electrified.

We hope you’ll spend a few minutes reading through the survey results, not only to benchmark your own company and where you are in terms of the recovery, but also to gauge the overall mood of the industry and the thoughts of your peers. To make that easier, we’ve presented a lot more direct quotations from our survey respondents than usual. It’s kind of like a giant bulletin board where everyone in the industry had the opportunity to post a note about what they were thinking in late January 2021.

The result is a mixed bag. Some of the comments will make you sad. Some will give you hope. Some are political, others technological. Individually each comment should be taken with a grain of salt. But when you look at the whole, there’s insight there that can’t be gotten from a chart or graph. Reading through them all, you get a sense of mood.

And overall — despite everything — the mood is hopeful. Let’s make 2021 a great year in the gear industry.

*Randy Stott*