# *Jim Gleason of* The Gleason Works

*What follows is the first of a series of interviews* Gear Technology *is conducting with leaders in the gear industry. We will be asking them for their insights on where the industry is, where it's been and where they see it going in the future. Our first interview is with Jim Gleason, president and chairman of Gleason Corporation, Rochester, NY.*

*Jim Gleason*

**GT: What do you see as the state of the American gear industry today? Is it better or worse off than it was 10 years ago?**

**JG:** I think the American gear industry is in significantly better shape than it was 10 or even five years ago. There are a number of reasons for this. The U.S. economy has certainly buoyed up every one of the U.S. manufacturers. Secondly, there are a number of things that the manufacturers themselves have done to improve their situation. For example, many manufacturers have streamlined their organizational structures, and many have applied total quality principles to their operations.

**GT: Where do you see the gear industry being 10 years from now? Will it grow or shrink?**

**JG:** American companies are going to have to think about establishing a presence outside the U.S. It will become ever more important to be able to serve the customer in more than one geographic region of the world. If American manufacturers are able to gain market share overseas, I think there will be some room for growth, but I don't think it will be dramatic. Increasing productivity will probably put some limits on staffing levels, but as equipment manufacturers, we hope that capital investment in new machines is also a part of increasing productivity.

**GT: What do you see as the strengths and weaknesses of the American gear industry today?**

**JG:** We're operating in an environment where our cost structures are very competitive. Many of the American firms have taken the issue of quality very seriously, and many have instituted programs to improve both quality and productivity. The current economy will probably provide a source of capital so that reinvestment and needed improvements will be affordable for many firms. We're at a point where the strength of U.S. industry is quite good. We're operating in an industry where the participants vary greatly in size from the very large to the very small. Some of the small firms are going to have to work very hard doing the things that will help make them competitive. That includes acquiring state-of-the-art equipment and working hard at establishing quality credentials and presence in markets outside the United States.

**GT: Where do you see Gleason as a company being in 10 years?**

**JG:** From a strategic point of view, we're committed to increasing the breadth of our product offerings in all phases of gear manufacturing and to fine-tuning our manufacturing operation to the point where we clearly have the broadest and most productive gear machinery product line in the industry. We have an opportunity to expand our product and market offerings to areas that are affiliated with gear manufacturing, but not specifically within that category, such as more comprehensive service and preventative maintenance contracts or equipment to manufacture other products with geometric shapes as complex as gears. First we have to get our own house totally in order to have state-of-the-art manufacturing. If we're going to convince anybody else that they ought to buy new machines, then we should be a shining example of that in our own plant.

**GT: Has the downsizing of the defense industry had a significant impact on Gleason's markets?**
**JG:** Our total sales to the defense industry have been fairly sporadic, and, while there have been some marginal reductions, increases in the general commercial vehicle and other markets have much more than offset a drop in defense.

**GT: How can gear machinery manufacturers compete in foreign markets?**
**JG:** Let me turn that question around, because I think the foreign competitors better think about what they're going to do to compete with us. At present the total manufacturing costs in the U.S. are lower than in any other fully industrialized country. In the down economy of recent years, U.S. companies have become leaner and lowered costs. They have applied quality programs and offer quality as good as or better than foreign competitors. In addition, the currency exchange rates have lowered the cost of U.S.-made products for export.

**GT: What role do you see for AGMA in the future of the gear industry?**
**JG:** Because so many companies in this industry are small, an organization like AGMA can play a tremendously constructive role in keeping people informed about directions of technology, quality programs, how to approach foreign markets. . . a whole array of questions that small companies have a hard time answering. Of course, the traditional roles of setting standards that benefit the entire industry and communicating effectively internationally with respect to standards are also of vital importance.

**GT: As an exporting manufacturer, what's your reaction to ISO 9000? Is it good or bad for your business?**
**JG:** On balance I think it's positive. Any set of guidelines that can assist a company in improving its whole system of quality is good. Sometimes the application of those guidelines and standards can be a little too bureaucratic, and I think sometimes the application of these guidelines is for reasons other than to assure quality, such as limiting access to markets. But we don't view it as a hindrance. In fact, our tooling division is ISO 9000-certified, and we're looking forward to meeting European Community standards with regards to safety issues. The problem with ISO 9000 is that, in and of itself, it does not ensure that the products you deliver to your customers are quality products.

Any company that is truly interested in quality needs to go beyond ISO 9000 and put in place a total quality management system to assure that its customers are getting what they expect and want.

**GT: Would you share some successes or failures in doing business with mainland China?**

**JG:** Some of our machines in China actually predate the Chinese revolution. After the embargo was lifted, we were one of the first companies to go back in and actually ship machines. We now have nearly 700 machines in China. They have been a somewhat erratic, but very good market for us. Their economic cycles and political disturbances over the last 20 years have made it difficult to predict what's going to happen, but even that seems to have steadied itself. As their economic sophistication grows, they're going to be a major, growing market. On balance, our experience has been very positive. We've actually had as much trouble with U.S. export controls as we have ever had with the Chinese. While we view China as a terribly important market, I think it would be a mistake to sit back in the U.S. and assume all you have to do is put things in boxes and ship them over to China, and they're going to buy them. They have a huge requirement for building up their own capabilities, both in a broad sense and in respect to gear manufacturing, and I doubt they're willing to supply all of that by simply buying it offshore. Exporters need to be aggressive in establishing alliances within China. We've announced a joint venture for technical training and service in China and expect to have it consummated very shortly.

**GT: What other "hot" markets should we be exploring in the coming years?**

**JG:** Another very interesting international market is India. The technical capability and knowledge of their trained people is pretty impressive. We're also starting to see some interesting things coming out of South America, especially Brazil, and, of course, Mexico. There are a number of these interesting potential international markets with significant population bases that represent some very exciting prospects over the next 10 years.

**GT: What role do you see the electronics revolution playing in gear manufacturing in the future? Will we continue to rely on dedicated CNC software/hardware, or will PC-based machines with networking and multi-tasking be the way of the future?**

**JG:** I think the direction is clearly going to be toward PC for all kinds of reasons. The flexibility of what you can do in terms of user interfaces is far more dramatic. The cost of production is also going to be a major factor in the selection, and too many big things are driving us in that direction for it not to be important. I don't think the majority of machines produced in the U.S. by the year 2000 will be PC-based, but it won't be too many years after that.

**GT: Are there any closing comments you'd like to make?**

**JG:** I'd just like to re-emphasize that American gear manufacturers as a whole are in pretty good condition and have a very interesting solid base on which to build our future success. As someone who has a lot of concern for this industry, I think it's a nice prospect. It's been a while since we've been in this position. I'm very enthusiastic about our future. ○

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