Timing is Everything

"Opportunities multiply as they are seized." – Sun Tzu, The Art of War

"Sow your seed in the morning, and at evening let not your hands be idle, for you do not know which will succeed, whether this or that, or whether both will do equally well" – Solomon, Ecclesiastes (11:6)

Although the cultures and areas of expertise of Solomon and Sun Tzu are worlds apart, the two offer similar opinions on the importance of seizing the moment. Their ancient wisdom may have increasing relevance to modern manufacturers in a global economy, particularly those contemplating whether now is the time to invest in capital equipment.

When is the best time to invest in extra manufacturing capacity? When should you upgrade to the latest technology? The answer, at least according to ancient wisdom, may be always.

But most of us have trouble with the idea of gambling hundreds of thousands or millions of dollars on a bet that we'll be able to use the extra capabilities a year or two down the road. Especially in times of economic uncertainty, the prudent thing seems to be to wait and see.

The U.S. economy has been steady and seems to be on track for continued growth with low unemployment and inflation, although the manufacturing sector still seems to be struggling. From March 1998 through mid-July 1999, U.S. manufacturing industries cut more than 488,000 jobs.

My sense from talking with gear manufacturers is that most of you are busy and that the manufacturing outlook is generally positive. But my sense is also that even though you're busy filling orders, you're also often competing with the deflated prices of your overseas competitors.

The past couple of years have been rough on Japan, the Far East and much of the rest of the world, and many currencies have fallen versus the dollar. This has made overseas manufacturers very price competitive in the United States while spurring growth in the U.S. trade deficit, which posted a record monthly high in May 1999.

This may be reason enough to invest now in capital equipment. The low inflation makes it difficult to raise your prices. Cutting your costs by becoming more efficient may be your only option for increasing profitability. The newest technologies can make you more productive and give you better quality, which can keep you competitive in any economy.

But a few sparks of life overseas may soon light flames under the economies of the world. Although Japan hasn't yet overcome its difficulties, other areas of the Far East are predicting strong growth for the end of 1999 and the year 2000. South Korea, Indonesia, Singapore and Thailand are expecting growth of 6–8% after their recent economic problems.

As these and other world economies begin to consume more of their own manufactured goods rather than relying on heavily discounted sales to the U.S., and as their currencies begin to rise, U.S. manufacturers may see price relief and increased demand for their products. Will your company be ready when this happens? Will your competitors?

As today's interest rates remain low, financing machine tool purchases is as cheap as you're likely to see it any time soon. If you wait six months or a year, what will it cost you?

Gear Expo 99 may be coming at exactly the right time for those who are interested in positioning their companies for a global economy that seems to be gaining momentum—and there are probably some good deals to be made for those who come with checkbooks in hand. In any case, you won't have a chance see a similar collection of the latest gear machinery and technology until IMTS 2000, and by then, it may be too late.

We'll be exhibiting at Gear Expo, and we invite you to come to visit us at Booth #618. But whether or not you plan to attend the show, it would be wise to consider the words of Sun Tzu and Solomon and the possibility that investing in your manufacturing capabilities today is the best choice. But don't think about it for too long.

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