

Manufacturing Technologies Contribute Almost \$1 Trillion to Economic Progress, Study Says

The Association For Manufacturing Technology released a new study which concluded that machine tools and related advanced manufacturing technologies contributed nearly \$1 trillion to the country's economic progress during the past five years.

The study, *Producing Prosperity—Manufacturing Technology's Unmeasured Role in Economic Expansion*, explains why the growth in durable goods-producing industries is not the full measure of the benefits associated with advanced manufacturing technologies.

"Machine tools and technologies other than computers and microprocessors receive inadequate credit for America's prosperity," said the study's author, Joel Popkin of Joel Popkin and Company, Washington, D.C.-based economic consultants.

"For the last several years, a puzzling gap has existed between what traditional economics was telling us about productivity and what the economy has actually done," said Association President Don F. Carlson. "This study allows us to see the light. Moreover, because it is focused on only the manufacturing technology industry, this study may well be only the tip of the iceberg. It is likely that other manufacturing industries have a similar tale to tell."

According to the study, productivity gains in manufacturing fostered other benefits:

- Gains in labor productivity in the durable goods industry created an extra \$618 billion of output (in 1996 dollars) during the 1992-1998 period.
- Those producers saved \$25.3 billion in carrying costs between 1992 and 1997 because of a decline in inventory requirements per dollar of sales attributable to advanced manufacturing processes.
- Eight key industries—including metal foundries, fabricated structural metal and other industrial machinery—saved a combined total of \$24.3 billion in payroll costs in 1997 alone—and \$80 billion

between 1992 and 1997—because of productivity increases.

- The gains saved slightly more than \$100 billion in the cost of consumer durable goods from 1996 to 1999.
- Consumers are saving billions from product quality improvements, like cars with higher fuel efficiency, which saved \$50 billion in 1999.

Also according to the study, many people have benefited from the advances, including:

- Manufacturers, who make higher-quality products faster and at lower cost;
- Consumers, who pay less for higher quality goods that perform better and last longer; and
- Workers in the manufacturing sector, who acquire new skills and earn higher real wages.

People can get a copy of the report by downloading it from www.mfgtech.org.

Machine tool consumption goes up 19 percent in September, Associations Say

U.S. machine tool consumption increased 19 percent in September, to an estimated \$581 million, according to the American Machine Tool Distributors' Association and The Association For Manufacturing Technology.

That increase was compared with the revised estimate of \$487 million for August. September's estimated total was also an increase of 9 percent compared with the estimated \$531 million for September 1999. For the year-to-date, consumption was an estimated \$4.5 billion, up 3 percent compared with the same period in 1999.

Those estimated figures were extrapolated from data submitted by companies participating in the United States Machine Tool Consumption report.

Also, U.S. machine tool consumption was broken down into five regions. The regional figures are based on actual data from the report's participating companies and are as follows:

Northeast Region—Consumption rose from \$49.4 million in August to \$68.05 million in September, a 37.7 percent

increase. September's consumption was up 10.5 percent compared with last September. For the year-to-date, consumption totaled \$543.95 million, a 10.2 percent increase compared with the same period in 1999.

Southern Region—Consumption rose from \$49.51 million in August to \$52.93 million in September, a 6.9 percent increase. But, September's consumption was down 11.2 percent compared with last September. For the year-to-date, consumption totaled \$500.67 million, a drop of 0.1 percent compared with the same period in 1999.

Midwestern Region—Consumption rose from \$146.06 million in August to \$171.94 million in September, a 17.7 percent increase. But, September's consumption was down 2.8 percent compared with last September. For the year-to-date, consumption totaled \$1.26 billion, a drop of 10.1 percent compared with the same period in 1999.

Central Region—Consumption rose from \$60.74 million in August to \$76.19 million in September, a 25.4 percent increase. September's consumption was up 14.3 percent compared with last September. For the year-to-date, consumption totaled \$558.69 million, a 5.2 percent increase compared with the same period in 1999.

Western Region—Consumption rose from \$64.35 million in August to \$72.17 million in September, a 12.2 percent increase. September's consumption was up 84.6 percent compared with last September. For the year-to-date, consumption totaled \$516.68 million, a 50.9 percent increase compared with the same period in 1999.

Philadelphia Gear Announces Reorganization Plan

Philadelphia Gear Corp. announced Nov. 10 that it is reorganizing its manufacturing and service operations.

The reorganization is part of the company's nationwide strategic plan. Under its plan, the company will be closing its Philadelphia manufacturing plant, but it will expand its four regional service

centers to include engineering and manufacturing capabilities and will open a fifth center.

A manufacturer of large, high capacity precision gears, Philadelphia Gear has centers in Chicago, Houston, Los Angeles and Newport, DE. The fifth center will open in Birmingham, AL, in 2001. Also, the company will move its Newport center to nearby New Castle, DE.

"Our strategic plan, which we've been implementing over the past few years, is designed to help reduce lifecycle costs for power transmission equipment for our customers," said Gerry Rooney, Philadelphia Gear's president and CEO. "Our facilities, which are in close proximity to most of our customers, will allow us to maximize our levels of support and service."

Philadelphia Gear also announced that it will move its gear manufacturing

operation from King of Prussia, PA, to its Los Angeles operation. Key administration, MIS, sales, support and engineering personnel will move to new offices in Norristown, PA.

"Internet technology allows us to put our operations near the customer, yet have real-time access to our world-class engineering staff in Norristown," Rooney said.

Timken Company to Sell U.K. Tool and Die Steel Operations

Timken Company announced Oct. 17 that it intended to sell the tool and die steel operations of Timken Latrobe Steel—Europe to a group of private local investors. According to Timken, the buyers intended to continue the business, offering customers a full range of products.

Having signed a letter of intent to sell, Timken said it has started consultations

for transferring the Sheffield, England-based tool and die steel operations. Timken added it would refocus its growing high-speed steel business in the United Kingdom as part of Timken Desford Steel's operations.

The sale of the tool and die steel operations was expected to be complete by the end of the year. ☉

Tell Us What You Think . . .

If you found these items of interest and/or useful, please **circle 332**.

If you did not care for these items, **circle 333**.

If you would like to respond to this or any other article in this edition of *Gear Technology*, please fax your response to the attention of Randy Stott, managing editor, at 847-437-6618 or send e-mail messages to people@geartechnology.com.

When big things are on the move



The specialist in cost-effective hard-broaching of internal splines

Fässler

www.faessler-ag.ch

Fässler Corporation
131 W. Layton Avenue, Suite 308
Milwaukee, WI 53207
Phone (414) 769-0072
Fax (414) 769-8610
E-mail: faessler@execpc.com

CIRCLE 131