

**E**conomic times are good right now in America and in the gear industry. We're in the seventh year of an up cycle. The tough shake-outs of the 1980s and early 90s are over. Orders are up. Backlogs are at comfortable levels. We're looking at what promises to be the biggest, most successful trade show in the industry's history coming up in Detroit in October. The most pressing question on the immediate horizon seems to be "How long can the good times go on?"

It's tempting to pause now and take a breath. After all, it seems we've all spent the last decade making adjustments, alterations and upgrades, just trying to stay even. It would be nice to relax. Unfortunately, we can't. In business, you're either moving ahead or falling behind. We owe it to ourselves and our companies to plan for the future—either good or bad.

Now, when Gear Expo 97 is on the horizon, is a good time to look long and hard at our total operations and evaluate how well prepared we are for tomorrow and the changes that will inevitably overtake us as we enter the next century.

Begin with an examination of your machinery. Many of you have already taken advantage of the strong economy to upgrade equipment, both hardware and software. If you haven't, there's never going to be a better time to begin. Mechanical machines still have their place in gear manufacturing, but companies that plan to compete into the next century probably ought to be integrating CNC into their production strategies. The quality, flexibility and productivity found in the machine purchased by Ann Arbor Machine (see story p. 25) can probably be had from most all of the major machinery manufacturers today.

If you have been upgrading, you have to ask yourself if you've done enough. Other hi-tech manufacturing approaches, such as CIM, CAD/CAM, just-in-time manufacturing, rapid prototyping and intranets, are areas to explore. They're not the whole story, and not all of them will fit into your manufacturing system, but they're worth the time to investigate. Can you honestly say no new products are on the market that could improve your productivity and your bottom line?

It's tempting to take the money and stand pat rather than risk being saddled with heavy debt when the business cycle takes an inevitable turn for the worse (and we've been waiting a long time for it), but that may not be the wisest choice.

Capital investment decisions are highly personal, and only you and your pocketbook can decide whether investing in new equipment now is the answer for your business, but, to my mind, unless you've made major upgrades in the last five years, you probably aren't planning on being in business through the next inevitable downturn in the economy.

Machines are not the only things necessary to keep your business growing. Investment in your people and their skills are just as important. A recent AGMA survey indicates that 59% of the society's membership said that their operating personnel needed more education and training opportunities. This tells me that the awareness of the "skills gap" in our industry is certainly there. What we are missing are enough creative solutions to closing it. AGMA programs can only do so much. What can you do or are you doing close to home, on your own factory floor, to make sure that current and future employees will have the training and education they need to keep you competitive?

As if keeping an eye on your investment in machines and people weren't enough when planning for your company's future, there's the "global marketplace" to consider. The term is a cliché, but it's also a reality. The question is whether it's a reality that has yet had an impact on your business.

Maybe it has and maybe it hasn't, but you owe it to yourself to find out which. Better to find out about that global market before it shows up on your doorstep.

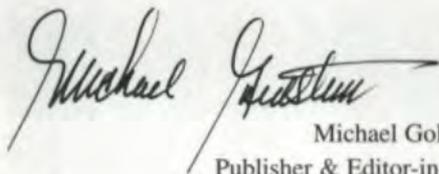
Now is the time to explore the questions of whether you should be looking overseas for new opportunities or sticking closer to home to grow your business. If you're moving overseas, you should know that the emerging economies in Asia and Latin America will be both your potential customers and competitors. Now is the time to factor them into your plans for the next five to ten years.

Mergers and realignments among machine tool manufacturers and shifting philosophies of outsourcing vs. in-house manufacturing are also having and will continue to have a profound impact on the future of the industry. Your company will need to respond to these changes as well.

Planning for the future is always tricky. Our crystal balls are never as clear as we would like, and these days, it often seems the rules of the game change faster than our latest computers become obsolete. But now, on the upside of a business cycle, and next month, when leading industry experts showing the latest in goods and services will gather in Detroit, might be good times for you to begin a systematic look at your operation.

Times are good. The industry as a whole is not in "survival mode." There will never be a better time to step back and take a look at where your business is and where it could or should be going in the future.

The next move is yours.



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