

# The Slow Climb



Imagine a mountaineer, who had very nearly reached the summit of a great peak. He was confident, smiling and moving steadily upward—until the ground gave way beneath his feet and he tumbled back down the slope.

That was the manufacturing sector a year ago.

Now we're seeing signs that our climber is on the way back up. His feet are firmly planted, and he's once again headed in the direction of his quest.

Of course, it all started with the beginnings of recovery in the automobile industry. Both General Motors and Chrysler have emerged from bankruptcy and are back in the business of making cars again. During their struggles, the auto companies tightened their belts. They used up inventories because they had no money to spend. Now those inventories are diminished, and the automobile companies have money to spend again, and the trickle-down effect is helping many suppliers, including gear manufacturers.

At IMTS, we saw great evidence of gear industry activity across many sectors. There were times when the booths of all the major suppliers to the gear industry were overflowing with foot traffic. And it wasn't just one or two booths.

In fact, we found that the overall attitude at IMTS was extremely positive—to the point that more than a few attendees and exhibitors were somewhat embarrassed by the fact that they're doing so well. About a week ago, I asked a gear manufacturer how his business was. He, too, is extremely busy, but like those we met at IMTS, he was hesitant to admit it. His comment was that he's quietly wishing for an eighth day in the week in order to keep up with the demand.

It's almost as if these gear manufacturers don't want to jinx their success by boasting of it. It's almost as if they believe their surge in business could disappear as quickly as it came.

And maybe it could.

But still, there's more evidence that things seem to be going well in the gear industry. The results from our fifth annual State of the Gear Industry survey begin on page 29 of this issue. Overall, there has been a significant improvement in the attitude among gear manufacturers, with 93 percent of respondents optimistic about their ability to compete over the next five years (compared with only 85 percent last year). Also, whereas most gear industry respondents worked at locations where sales, production and employment went down in 2009, most have seen production and sales rebound significantly in 2010, with employment either holding steady or increasing.



Based on everything I've seen, heard and read, our mountaineer does seem to be on solid ground. Sure, he's hesitant. He's being careful because he doesn't want to fall down again.

One of the things about mountaineering is that it's important to have the right gear. You can't expect to climb without the right crampons, pitons, ropes and carabiners. The same is true in manufacturing. You have to have the right gear.

One of the benefits of the recession is that most companies have been hesitant to spend money, and so they've been accumulating cash. Now that business is picking up, many are coming to the realization that they need to start spending some of that cash to invest in the future.

I just hope they're not too late.

The amount of time between the day you decide to purchase a machine tool and the day it becomes a regular part of your production mix is often more than a year, and sometimes as much as two years. Not only do you have to place the order, you also have to wait for delivery, prove it out with sample parts, train your people how to use it and figure out how it fits in your production flow. That process just takes time. The part of this process over which you have the most control is choosing when to make the initial decision.

Don't forget that the busier the machine tool suppliers get, the longer the process can take. Machine tool manufacturers have limited capacity. So as their customers continue to get busier, the waiting lists and delays will grow, especially for certain types of machines and specific models.

So if you don't start that one- to two-year process today, you're in danger of being left behind. As companies are competing with other suppliers all over the world, the productivity advantages of new technologies are more and more relevant.

I know that with all that's going on in the rest of the economy, it's hard to believe that the manufacturing economy will continue to grow. But if you don't take advantage of the opportunity to invest in your business now, you may find yourself halfway up the slope without any extra rope.

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