

AGMA Statistical Programs Help Guide the Gear Industry

Mary Ellen Doran, Director of Emerging Technology, AGMA

Industry data is the essential factor current leaders need for success in navigating through the uncertainty created by the pandemic and the resulting economic downturn. However, data is only actionable when managers understand and can interpret how that data will affect their companies. It takes special leaders who understand the power of data and are willing to roll up their sleeves and dig in. For the gear industry, leaders can turn to AGMA to get the data they require. They also need to assist in contributing their company's data which is anonymized and held confidentially to help AGMA have the most accurate information. AGMA is here to support by continuing to provide the tools to the industry's leaders to get through these interesting times.

In the Q3-2020 Gear Market Report, released in August, the headline was *“Gear market still driven by COVID-19 shock; obstacles for a fast recovery remain, but optimism gains traction next year.”* The experts at HIS Markit gave members a lot to think about before they even showed their first trend line. To no surprise, the Gear Market Report numbers show declines in all ten of the end-user markets that are covered. If you dig into the data, you'll see that gear industry demand in first five months of 2020 was already down 10% from 2019 levels. Nevertheless, gear shipments were only 7% off—showing domestic producers had gained back some market share.

For more than a decade, AGMA has been working with IHS Markit to produce the Gear Market Report. This report is a subscription service for AGMA members, providing them with four quarterly updated reports of valuable manufacturing data including the core gear industry data as well as economic outlooks for the U.S., Canada, Mexico, Latin America, Europe, Japan, China and the Asia-Pacific regions. Besides the four quarterly reports,

participants can choose to attend a webinar in the Spring, where the economists from IHS Markit present the data in an easy-to-understand format for the members and leaders. The webinar affords a great opportunity to interact directly with IHS Markit economists and to ask specific questions.

IHS Markit economists have lots of tools at their disposal to get the right data for AGMA. When it comes to the actual gear numbers, they pull this data from the AGMA Monthly Market Trend Report (MMTR). The MMTR is the only way to track actual booking and shipment data from domestic manufacturers of open and enclosed gears and flexible couplings. It is the closest to real-time data compared to other sources. In fact, the Federal Reserve looks to AGMA's monthly reports on shipments in our industrial production (IP) index for the speed changers, drives, gears, and power transmission equipment industry (NAISC 333612 and NAICS 333613).

The MMTR is managed by AMT — The Association for Manufacturing Technology. AGMA utilizes this support for several reasons: AMT has experience with these reports, they have run AGMA's report for more than a decade and they currently manage six benchmarking surveys for their own members as well as for several other associations in manufacturing fields. Using AMT allows AGMA to assure our members that the data is confidential and secure. AGMA members never see individual member information. Participating companies upload their monthly orders and shipments via MTInsight, which is used to estimate an index for each product as well as a market dollar value. All data uploaded is stored and used in compliance with AMT's standards on data confidentiality. Any dollar values given are aggregated to a level that will not reveal an individual company's information. The list of companies submitting data each month is made available;

however no other information from an individual company is published.

The MMTR currently covers eight categories in the gear industry:

- coarse pitch gears,
- fine pitch gears,
- worm/speed reducers & gear motors,
- concentric gearmotor/reducer products,
- shaft mounted speed reducers,
- offset parallel shaft and right angle speed reducers,
- mechanical adjustable speed drives,
- flexible couplings.

Participation of all domestic gear manufacturers is highly encouraged. Current participants have commented that it only takes a short time to upload the data each month, and the aggregate data has helped them in many aspects of their business throughout the years.

The third piece of the AGMA Statistical Program is the Operating Ratio Report or ORR. The ORR is an industry-wide report profiling the financial and operating performance of AGMA members. This report is done one time per year, typically in the summer to avoid most tax periods, and participants not only receive the Benchmarking Report, but they also receive an individual Financial Performance Report (FPR). The FPR offers an interactive, dynamic look at the columns of data the user wants to use for benchmarking. And it allows for manipulation of data — to offer more to participants.

“This report saves me work as it is very detailed — showing your performance against other members,” explained Steve Chaloupka, vice president of sales and business development, Amarillo Gear Company. “It also allows me to get a feel for the health of the industry. It is a perfect way for me to demonstrate how we are doing in the bigger industry picture.”

Chaloupka is also a member of the AGMA Market Intelligence Committee. Chaired by Oxana Sidor, market analyst

for Sumitomo Drive Technologies, the committee keeps AGMA and the reports honest. The members of this committee are individuals from AGMA member companies that actually work with the AGMA statistical program reports and are able to provide feedback to AGMA that assists in tweaking the program to continue to stay current for the needs of gear industry professionals.

Everyone is hearing that these are 'unprecedented times.' But these are the times that show why AGMA is almost 105 years old. AGMA brings its members together to collaborate, discuss imperative topics, and collectively move the membership toward success across disciplines.

So, what happens now? AGMA has taken big steps to assist members in these unprecedented times. The cost for The Gear Market Report was cut in half for 2020 and will stay there for 2021. Full copies of the Q2 report were provided free to members that

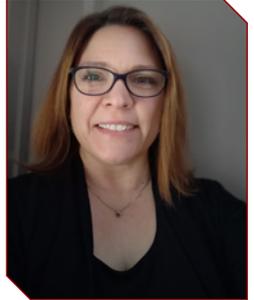
attended the free IHS webinar earlier in June. And if you missed that, please reach out to AGMA to see the report before subscribing.

AGMA provides its members with valuable tools and resources aimed at increasing members' success. Nevertheless, the association cannot do this without the support of the industry. AGMA needs gear manufacturers to provide current data — especially for the next 24 months — by participating in the Monthly Market Trend Report (MMTR). It is a situation where the more that participate, the better the data. So please reach out today and get involved.

For more information:
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Mary Ellen Doran

has been working at AGMA for ten years. In 2018, she moved into the new role of Director, Emerging Technology. Through this role, she developed a new area of work for the association. Now, she and the committee members are able to provide actionable information to gear manufacturers on technologies that may be of importance to their future, or may disrupt their future. The goal of the Emerging Technology Committees is to: "identify, investigate, and inform AGMA members of emerging technologies that may disrupt or significantly impact the gear manufacturing industry." Mary Ellen leads the four emerging technology committees: 3D metal printing/New materials; Electric drive technology; Robotics and automation; and Industrial IoT. Prior to her emerging tech position, she worked in the communications department developing the website, electronic newsletters, and marketing pieces for AGMA. She holds a Bachelor's of Fine Art in graphic design from The Ohio University.



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