

# 2018 State of the Gear Industry

## Reader Survey Results

**Gear Technology's annual State-of-the-Gear-Industry survey polls gear manufacturers about the latest trends and opinions relating to the overall health of the gear industry.**

As in years past, the survey was conducted anonymously, with invitations sent by e-mail to gear manufacturing companies – primarily in North America, but also including gear manufacturers around the world.

All of the responses included in these results come from individuals who work at locations where gears, splines, sprockets, worms and similar components are manufactured. They work at gear manufacturing job shops as well as captive shops at OEMs. A full breakdown of the respondent demographics can be found at the end of this article.

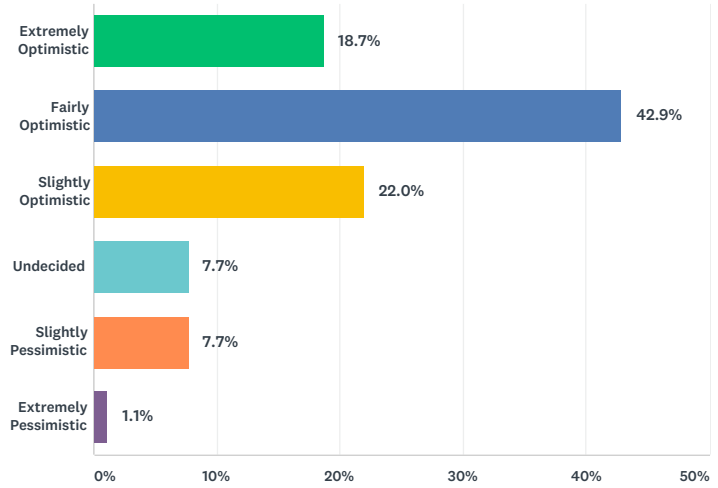
### Gear Industry Optimism

As usual, the gear industry is mostly optimistic about its ability to compete over the near future, with 82.9% showing some level of optimism. This is about the same as the industry's mood at the beginning of 2017, when our survey revealed an 83.4% optimism level.

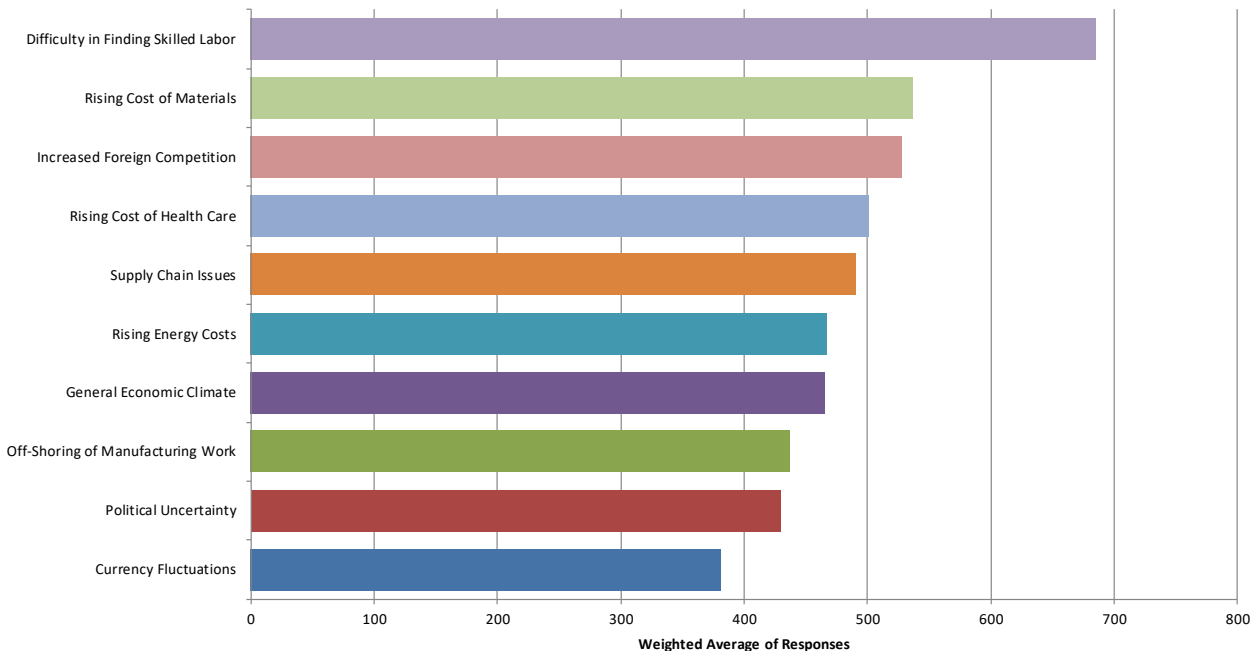
### Significant Business Challenges

Once again, our industry is struggling with the difficulty of finding skilled labor, far outstripping any other concerns in our survey responses. Last year, respondents were almost equally concerned with finding skilled labor and the general economic climate. But a year of solid growth seems to have done wonders for that concern. The general economic climate doesn't even rank in the top 5 concerns this year.

Please describe your level of optimism regarding your company's ability to compete over the next five years.



### Challenges Facing the Gear Industry



## Significant Business Challenges

Here's a sampling of what some of our respondents had to say about the challenges they're facing today:

**"Production."**

**"Finding workers, not even skilled. We will train them, just need people who will come to work that can learn."**

**"Whatever trade stunts the oval office will pull."**

**"Labor."**

**"Finding new avenues for our product."**

**"To find out clients from international market."**

**"Rising cost of materials."**

**"Expansion plans for facilities."**

**"Workforce skill/training and maintaining quality throughout the process of growth."**

**"Finding enough skilled, reliable employees to meet demand."**

**"Finding new customers."**

**"Trained personnel."**

**"Improving productivity."**

**"Increasing sales."**

**"Replacing an aging work force."**

**"Meeting customer demand with limited talent pool."**

**"Machinists – talent."**

**"Set up operators vs. parts catchers."**

**"Finding skilled labor."**

**"Supply chain issues and rising cost of steel."**

**"Keeping Sales UP."**

**"Qualified help."**

**"Customer schedule fluctuations."**

**"Manufacturing automation and efficiency."**

**"Manpower retention and uncertain political climate."**

**"1. Material cost. 2. Labor policy."**

**"Qualified personnel and supply chain disruptions."**

**"Capacity."**

**"I am just trying to increase sales volume."**

**"To meet the various product mix challenges."**

**"Selling the business."**

**"Finding good help."**

**"China."**

**"Delivery on time."**

**"Training younger people."**

**"Labor and its happiness index, efficiency of cashflow/working capital."**

**"Employees."**

**"Meeting production numbers after eliminating a facility."**

**"On time delivery, efficiency, doing more with less in a cautiously optimistic economic landscape."**

**"Orders from new customers."**

**"Keeping up with orders."**

**"Skilled labor."**

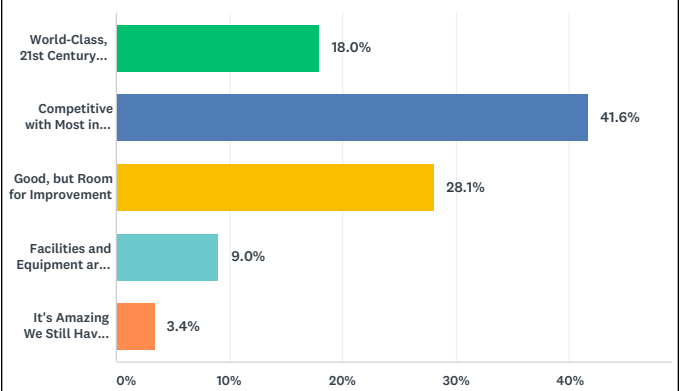
**"Health care costs."**

**"Selling new product value in a mature market."**

**"Transition from diesel engines to EV."**

**"Acquiring new business to return the company to previous sales levels in 2014."**

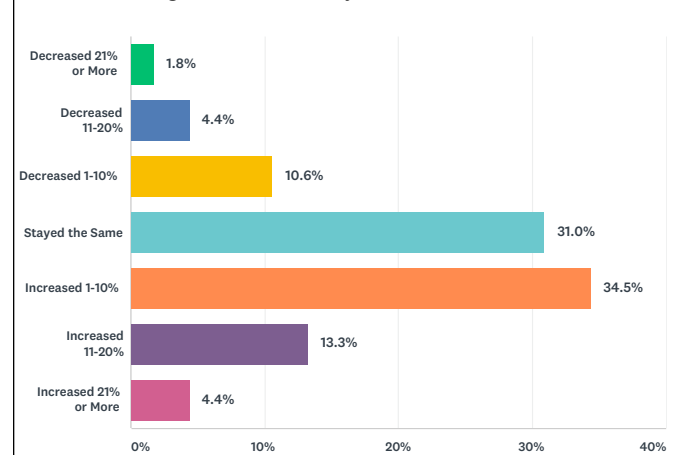
Classify your company's manufacturing operations and technology.



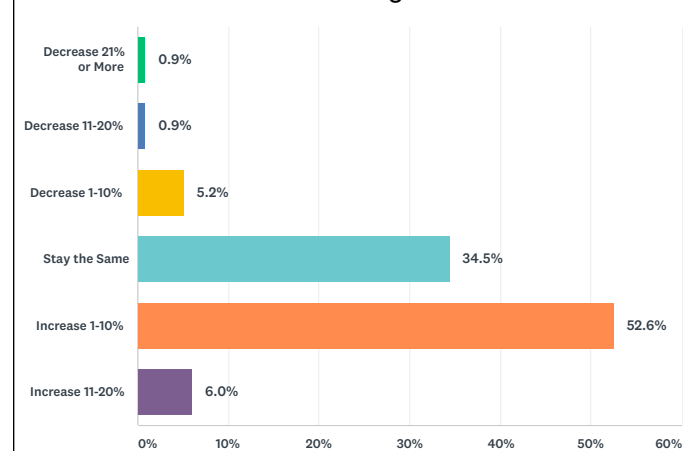
## Employment

The gear industry seems to have rebounded from a tough 2016, with more than half of respondent seeing an increase in employment in 2017. Nearly 60% expect employment to continue to increase in 2018.

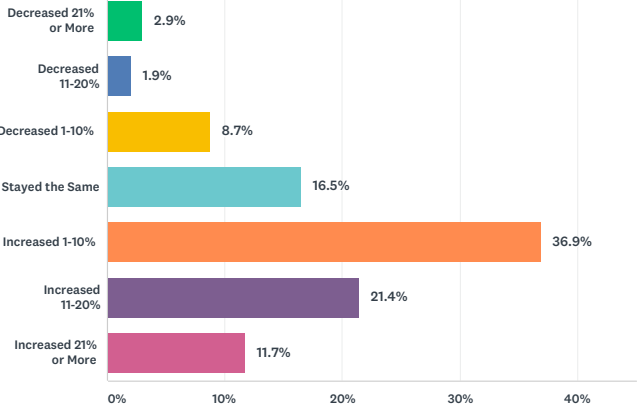
How did your location's LEVEL OF EMPLOYMENT change in calendar year 2017 vs. 2016?



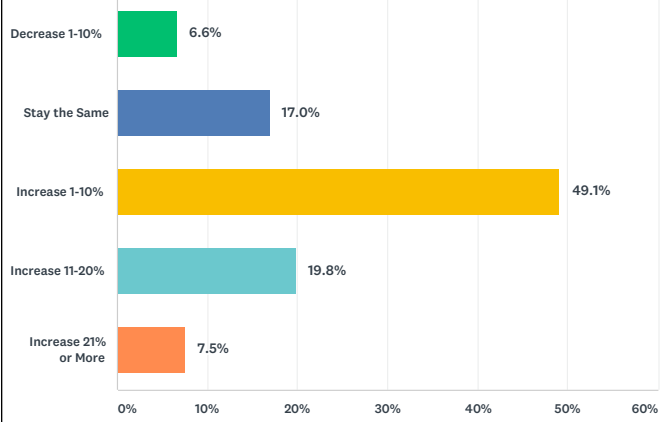
How do you anticipate your location's LEVEL OF EMPLOYMENT will change in 2018 vs. 2017?



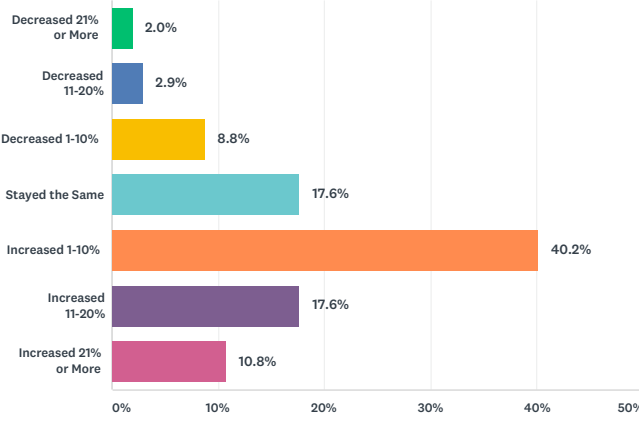
### How has total PRODUCTION OUTPUT (unit volume) changed over the last 12 months?



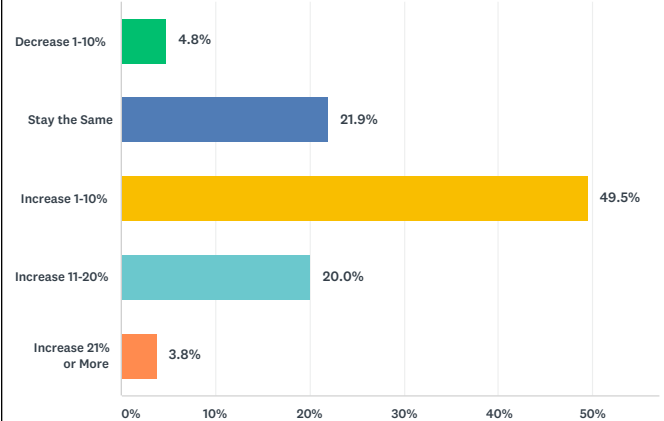
### How much do you expect PRODUCTION OUTPUT (unit volume) to change over the next 12 months?



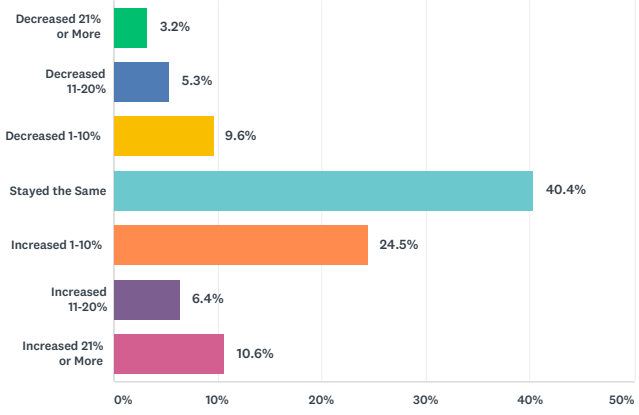
### How has total SALES VOLUME changed over the last 12 months?



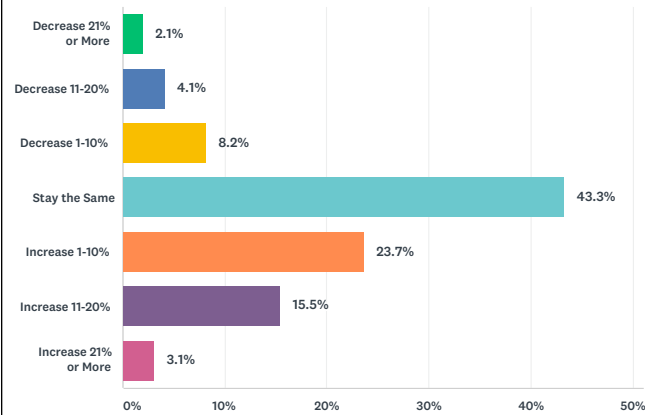
### How much do you expect SALES VOLUME to change over the next 12 months?



### How did your location's CAPITAL SPENDING in 2017 compare with the previous year?



### How do you expect your location's 2018 CAPITAL SPENDING to compare with 2017?



## Capital Spending

42% of respondents work at locations where capital spending increased in 2017. The same percentage expect another increase in 2018. Both of these numbers are significantly higher than last year.

The hottest ticket items for gear manufacturers in 2018 will be gear grinding and inspection equipment.

### Capital Spending

**81%** of respondents work at locations that spent more than \$100,000 on capital equipment in 2017.

**40%** work at locations that spent more than \$1,000,000.

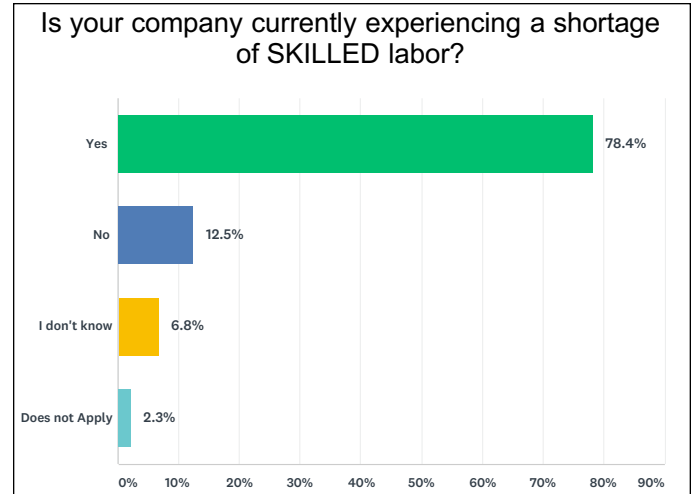
**18%** of respondents' companies spent less than last year.

**42%** of respondents' companies spent more

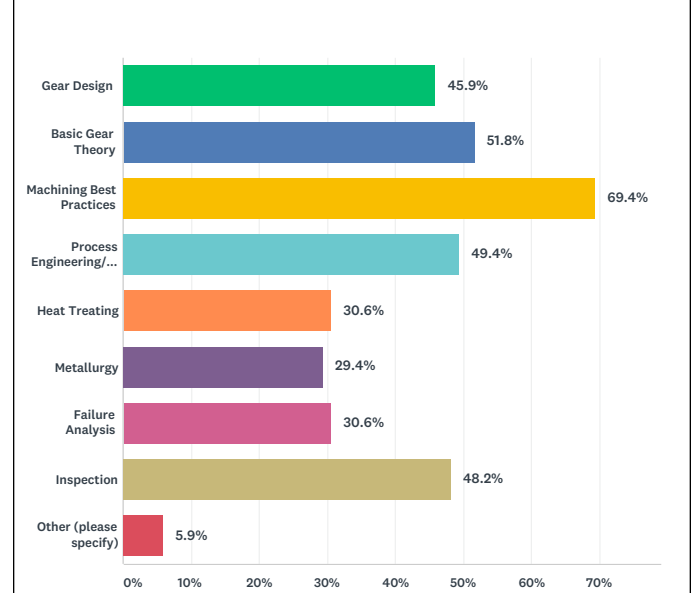
**82%** of respondents expect to spend the same as 2017 or more in 2018.

## Skilled Labor

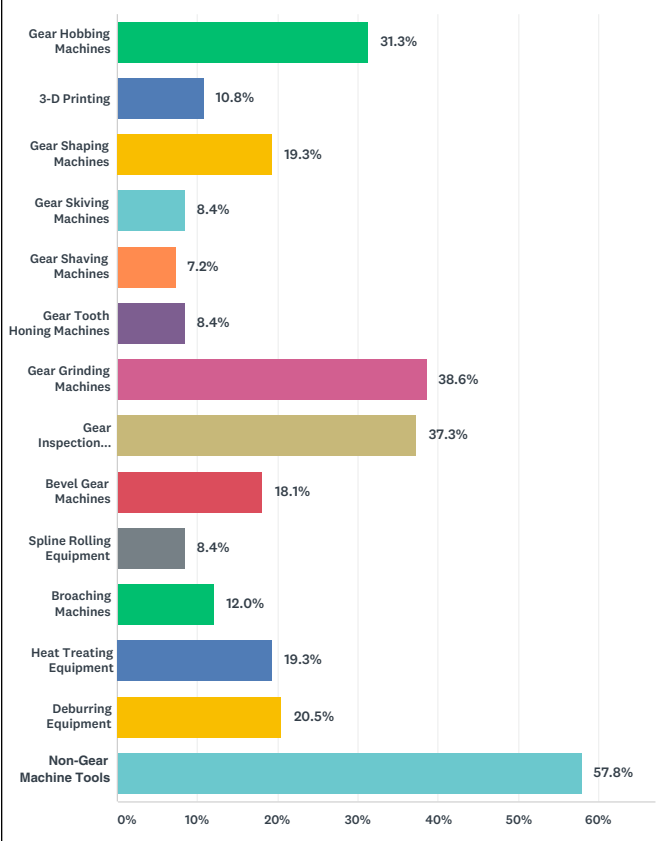
A whopping 78% of respondents report that their companies are experiencing a shortage of skilled labor. This is much larger than either of the previous two years (53% in 2017 and 64% in 2016).



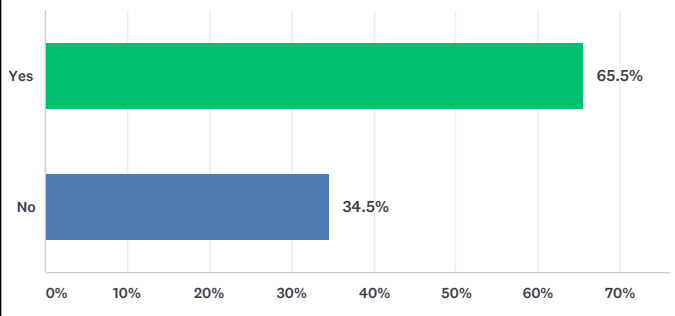
### What types of training do you think are most needed by the gear industry (check all that apply)?



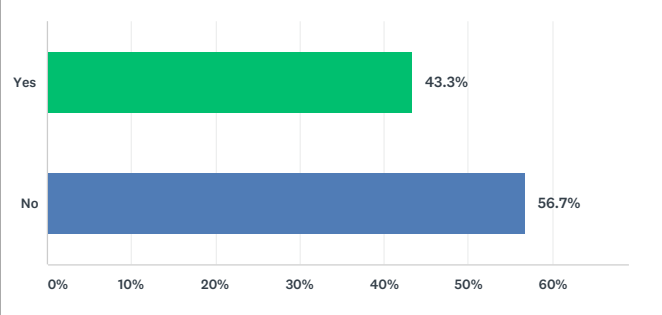
### For which production functions do you expect to purchase equipment in 2018?



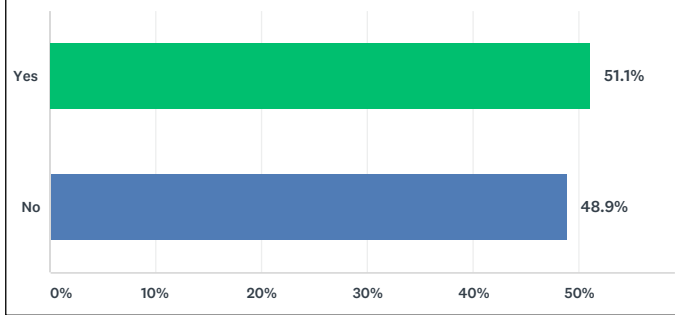
Does your company work with (assist, contribute, etc) local educational venues to help develop new trained employees (or training for employees)?



Does your company regularly send employees to gear-related training seminars or courses?



Does your company have a mentoring program in place for new hires?



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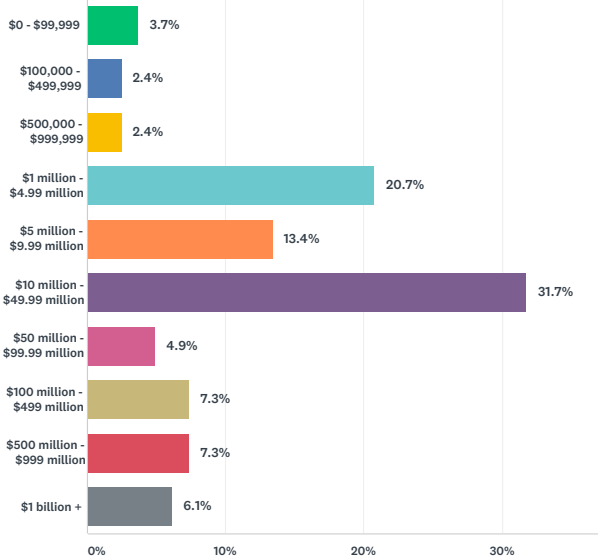
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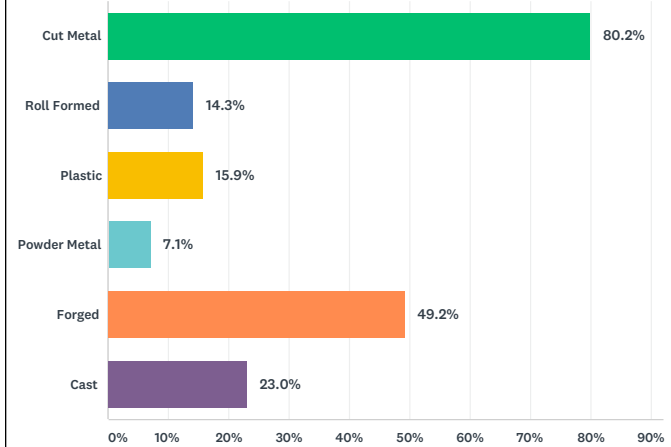
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## Demographics

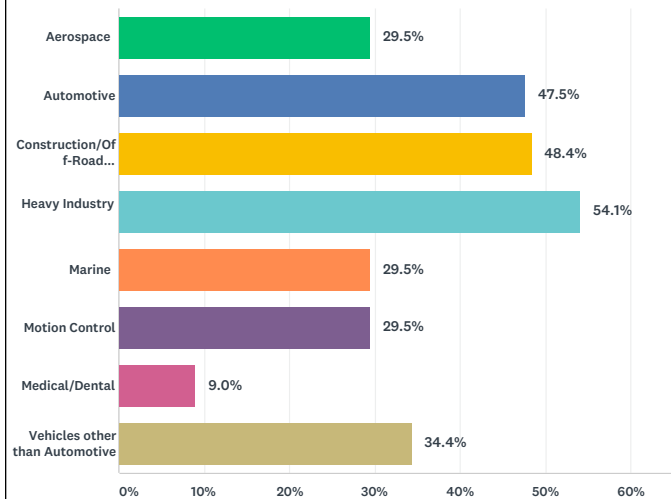
What is the approximate annual revenue for your company? (If this location is owned by another company, please use figures from the corporate parent)



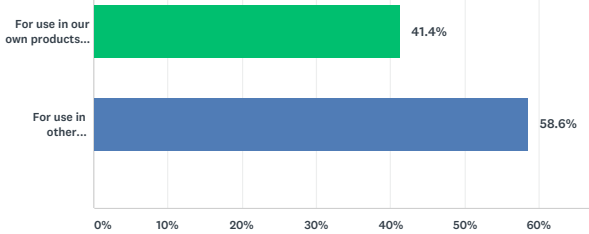
The gears manufactured at this location are (Check all that apply):



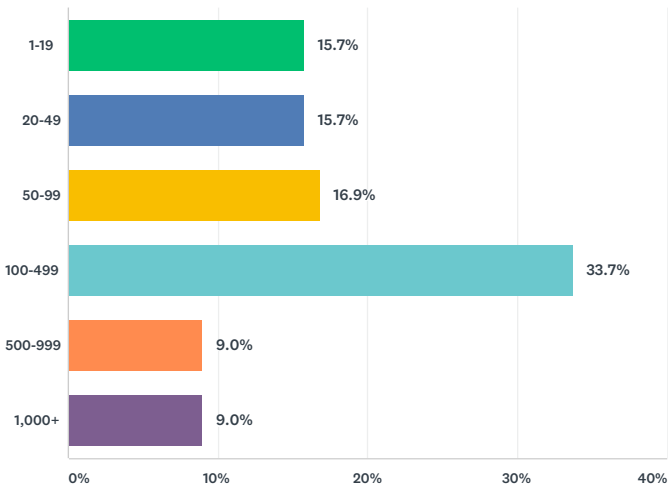
The gears (including sprockets, splines, worms and similar components) made at this facility are used for (check all that apply):



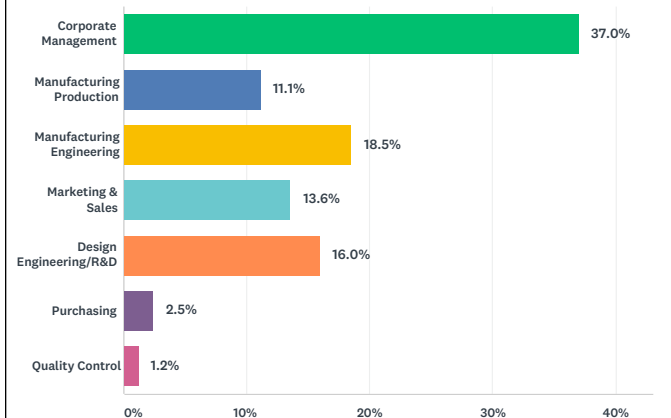
Gears (including splines, sprockets, worms and similar components) are manufactured at this location:



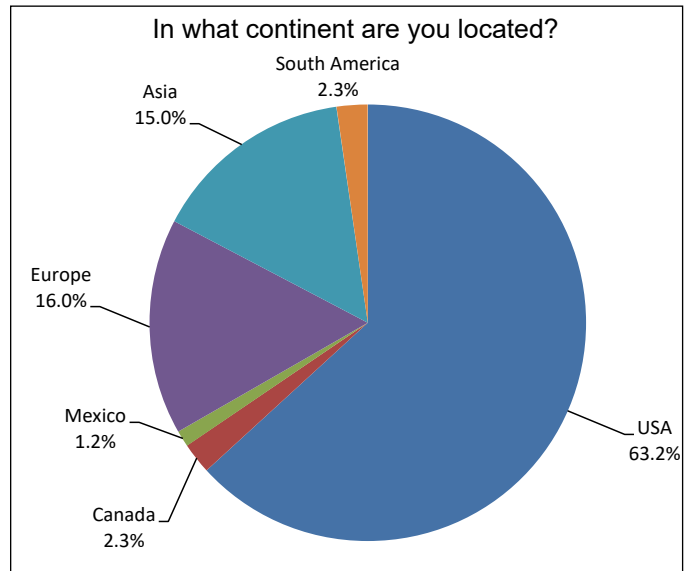
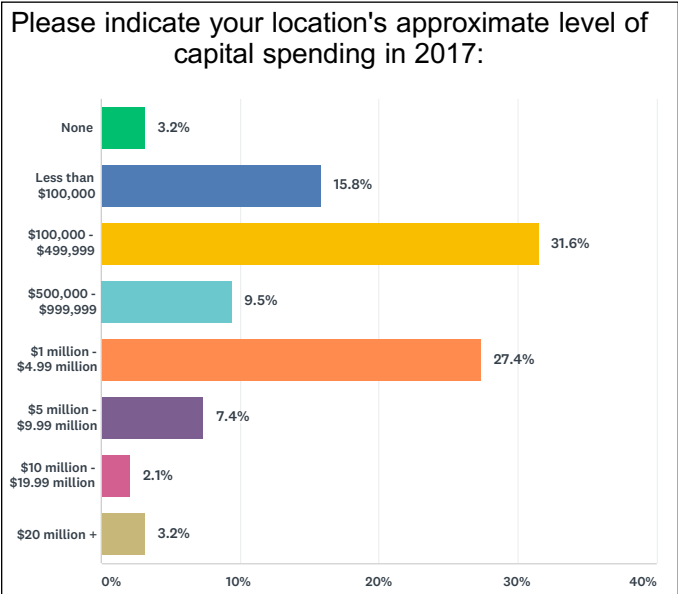
How many employees work at your location?



Which category best describes your job title/function?



**Demographics**



**Thank you to all of our 2018 survey participants!**

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