

Holding Pattern

Last year, when I wrote this column about our annual State-of-the-Gear-Industry survey, I urged most of you to consider whether you were working for one of those gear industry companies engaged with the future or one of those ignoring it. I feel like I could run the same words again, and they would still apply.

Clearly there are some very progressive, thoughtful gear industry leaders out there, who are working to solve challenges, understand the threats to their business model and embrace and prepare for change (you can read about one of them, Forest City Gear, on page 33). But there are others who don't seem to fit that mold. They've survived decades in the industry. They have a solid customer base and back orders that will keep their machines running through the next two years. They don't think their old-school business will ever be affected by global trends like electrification or new-fangled concepts like additive manufacturing or IIoT.

The results of this year's survey look much like last year's. Considering that this year is also a U.S. election year, I get the sense that we're in even more of a holding pattern than usual.

The thing about holding patterns, though, is that you need to have enough fuel to keep

circling. It's likely that a lot of these old-school gear industry companies will continue to exist. They're cranking out gears, after all, and somebody needs them. That should keep them fueled up and circling for some time. But consider this: Over the past decade, how many similar old-school gear manufacturers have dropped out of the sky—because their owners died, or their business dried up, or they could no longer produce parts as cost-effectively or as quickly as competitors? How many will drop over the next decade?

Like I said, I wrote a similar message last year, but my goal here is not to be a pessimist. There is much to be encouraged by regarding the state of the gear industry.

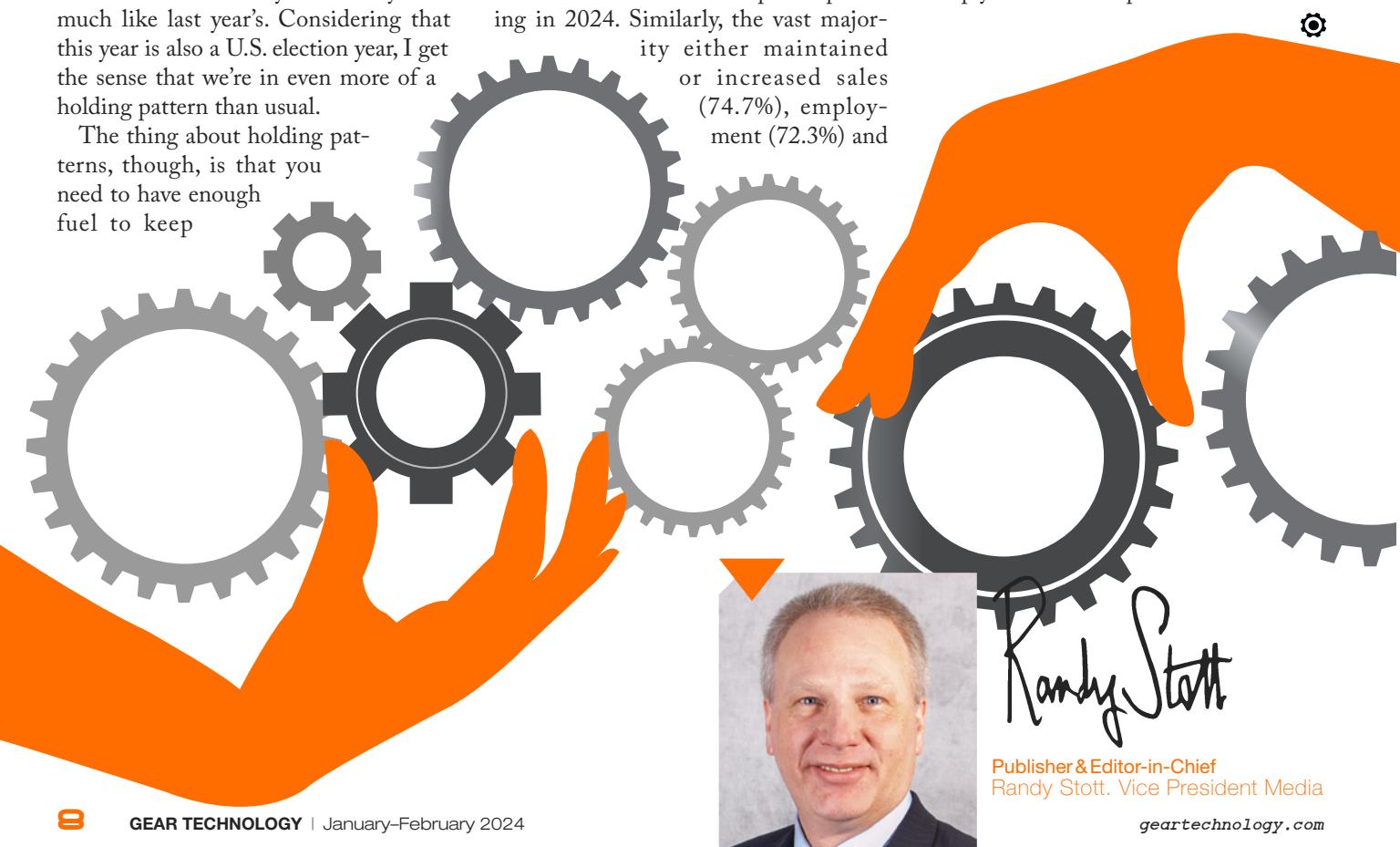
For example, 74% of respondents are optimistic about their companies' ability to compete over the next five years, and this is an uptick from last year's 71%. As AGMA Chair Michael Cinquemani points out in his Voices column (page 10), the vast majority of respondents expect their companies either to maintain or increase their capital spending in 2024. Similarly, the vast majority either maintained or increased sales (74.7%), employment (72.3%) and

production levels (69.8%) in 2023—all signs of a healthy overall industry.

It looks like three-quarters of you are doing okay.

The rest might still need some help. My job, and our magazine's job, is to make sure you have all the information you need to improve your operations. It's not called "Gear Technology" for nothing. We focus on the technology, including things like electrification, which might not at first seem to be strictly gear-related, but which could potentially have a profound effect on your business. You might notice a new column in this issue called "Frontiers," written by Mary Ellen Doran, who is Director of Emerging Technology for AGMA. It's just one example of the type of thing we're doing (both as a magazine and an association) to keep you informed and help you navigate these incredible technology changes that are coming.

You see, we don't want to see any of you just circling forever. It's not a winning long-term plan. We'd much rather help you find a safe place to land.



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