

# 2012 State of the Gear Industry

## Reader Survey Results

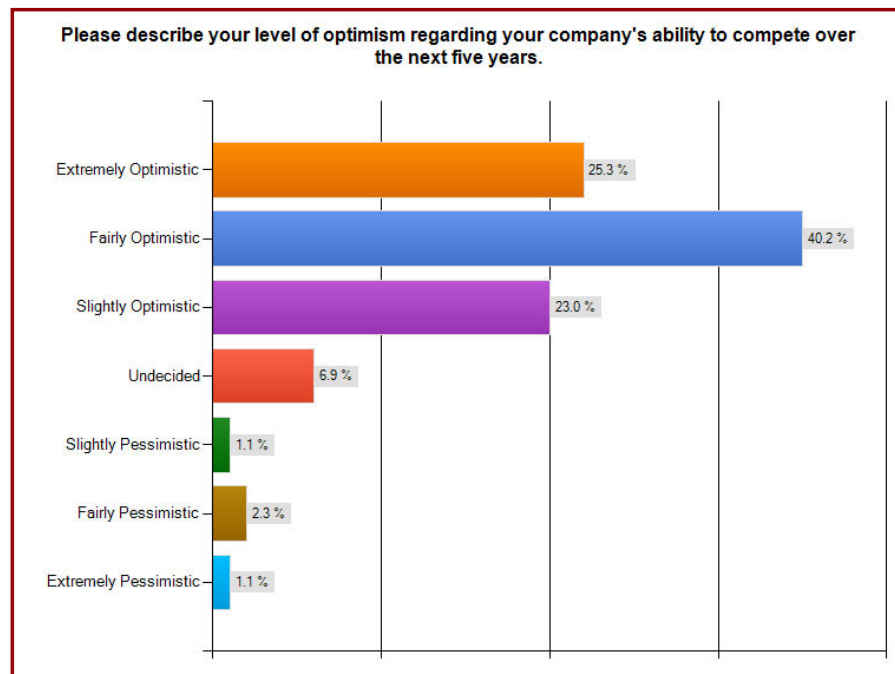
*Gear Technology's* annual state-of-the-gear-industry survey polls gear manufacturers about the latest trends and opinions relating to the overall health of the gear industry. As in years past, the survey was conducted anonymously, with invitations sent by e-mail to gear manufacturing companies around the world.

Hundreds of individuals responded to the online survey, answering questions about their manufacturing operations and current challenges facing their businesses.

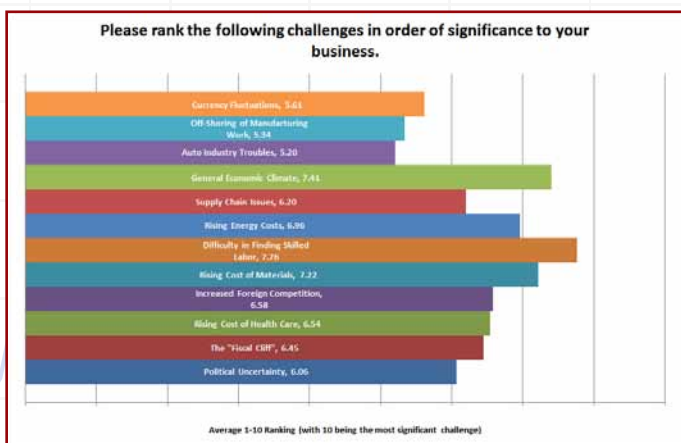
All of the responses included in these results come from individuals who work at locations where gears, splines, sprockets, worms and similar products are manufactured. They work for gear manufacturing job shops, captive shops at OEMs and end user locations.

A full breakdown of respondents can be found at the end of this article.

### Gear Industry Optimism Remains High A Look at the Results



### Significant Challenges



"European quality and Asian price is the concept of OEMs nowadays."

"Global economic climate."

"Uncertainty on a global scale."

"Health care costs."

"Retaining and nurturing skilled employees."

"Economic slowdown in Europe."

"Four more years of Obama."

"International shipping costs."

"Maintaining a high level of quality at all locations."

"Process optimization."

"Labor with low skill level."

"Maintaining the current level of business in light of perceived softening of the economy."

"Do more with less."

"Meeting rapidly changing customer requirements."

"Trained workers and money available for new equipment."

"Lean six-sigma implementation."

"Increasing capital spending to a level commensurate with long-term financial success."

"Find ways to reduce cost!"

"Getting and keeping qualified machinists and engineers."

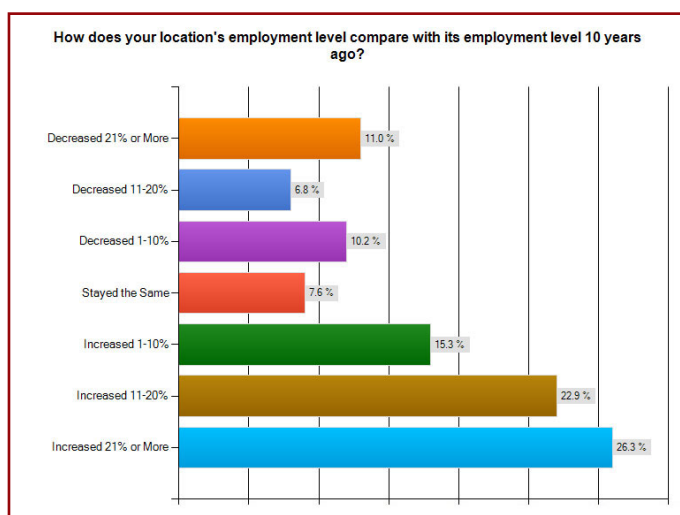
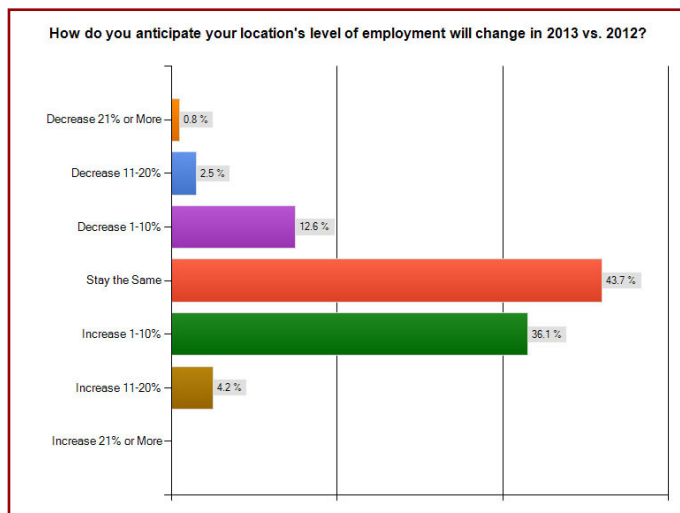
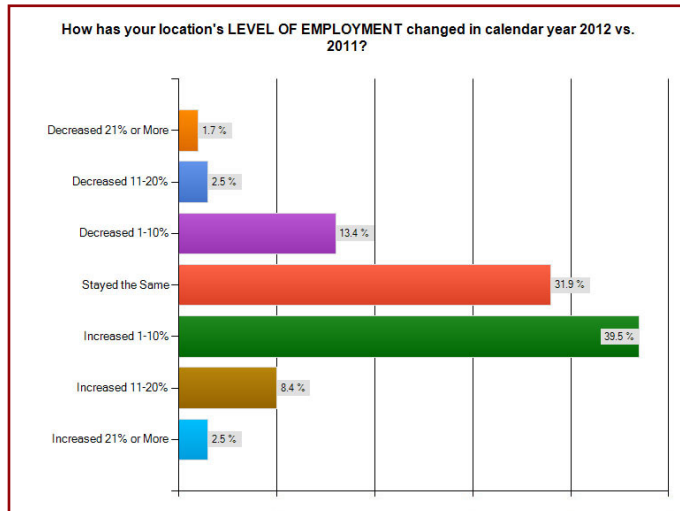
"Implementing Lean in more areas and reducing the cost to manufacture."

"Need for increased capacity and the capital cost of providing this when other companies have excess capacity."

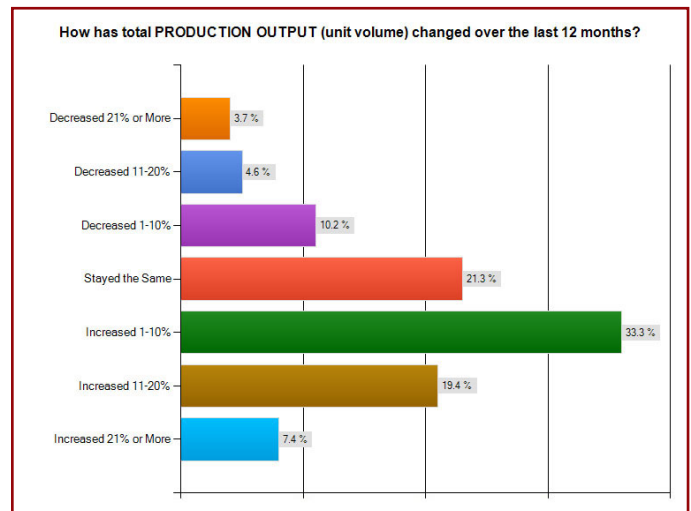
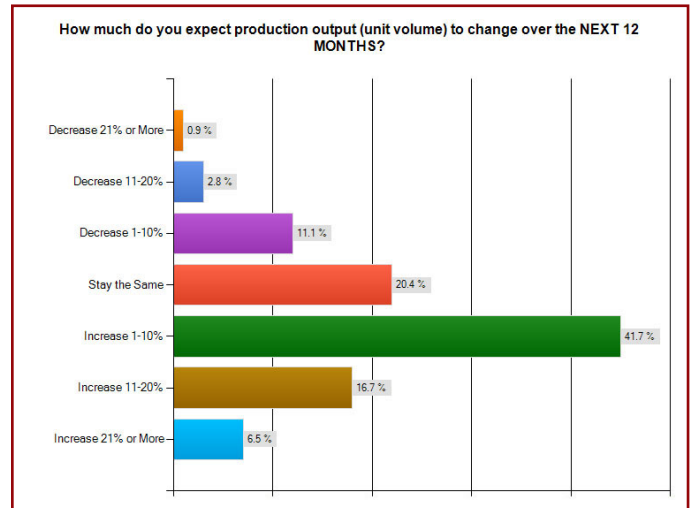
"Skilled production labor and skilled process engineers. OEMs are outsourcing more and losing their internal experience and expertise. They look more and more to the supply chain for gear expertise."

"The increasing problem of finding skilled labor."

## Employment



## Production Output



### Why was production up this year?

"Sales were up."

"Gear units are getting larger; increase of production capacity."

"New orders."

"Increased demands from our customers."

"Business growth."

"Increased car sales."

"Boom in business."

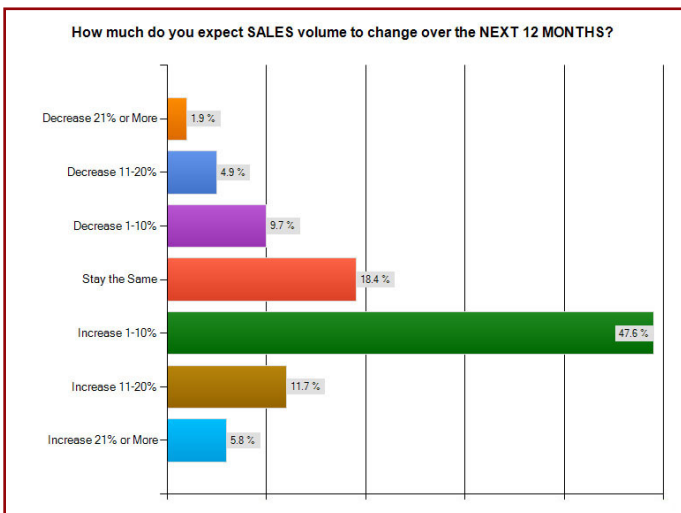
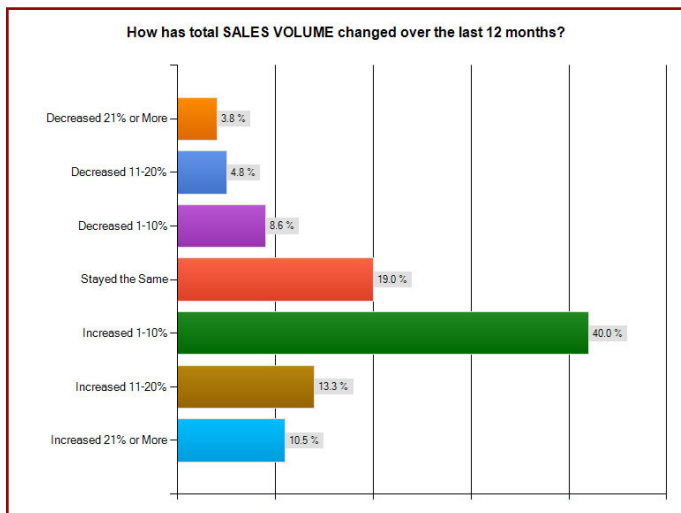
"Added solar energy customers."

"Industries like steel and automotive doing well."

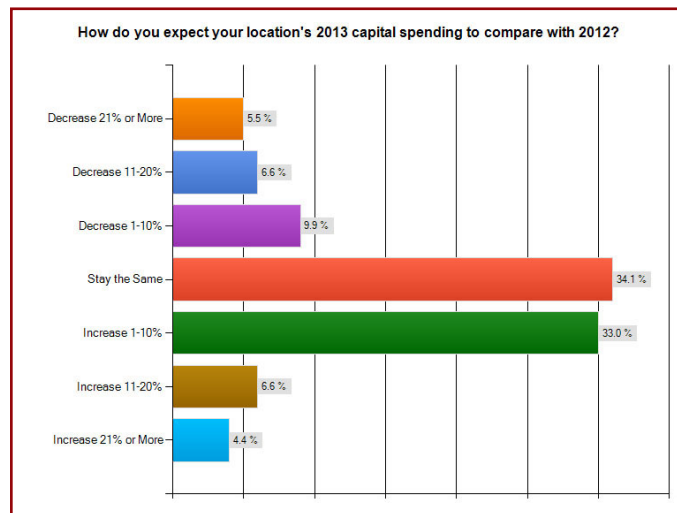
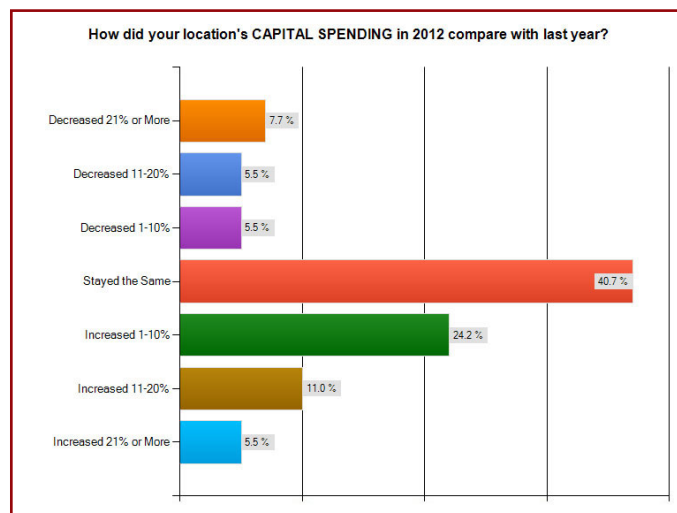
"Offshore supplemental product dramatically greater portion of product mix."

"Equipment acquisitions and increased staffing of 2nd shift."

## Sales Volume



## Capital Spending



### Why were Sales up this year?

"New markets, new applications, utilization of group of companies sales network."

"Business growth."

"New programs."

"New orders/customers."

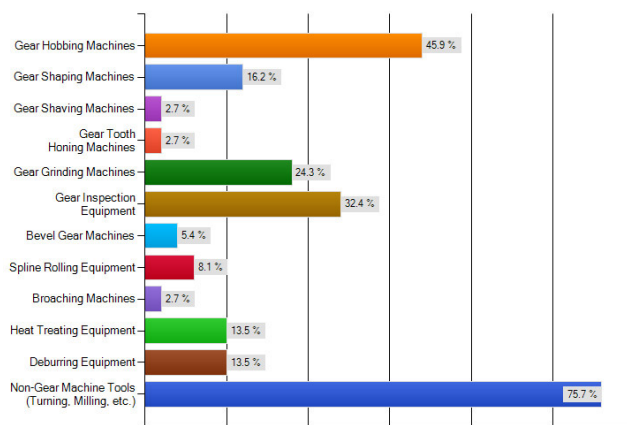
"Mining increase, primarily."

"Increased workload and increased pricing."

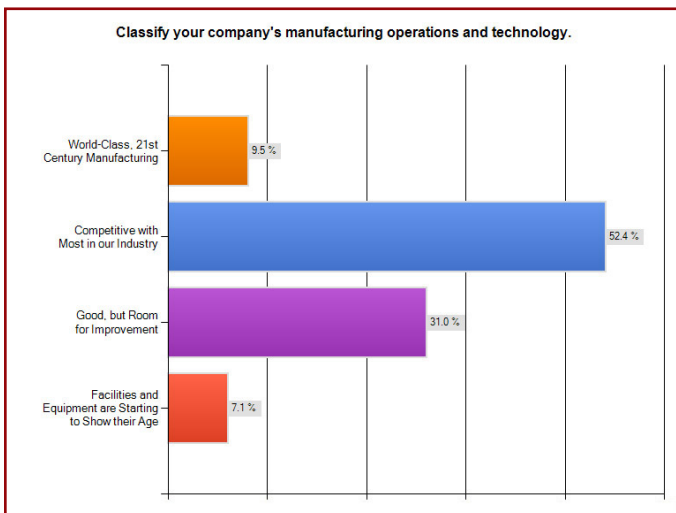
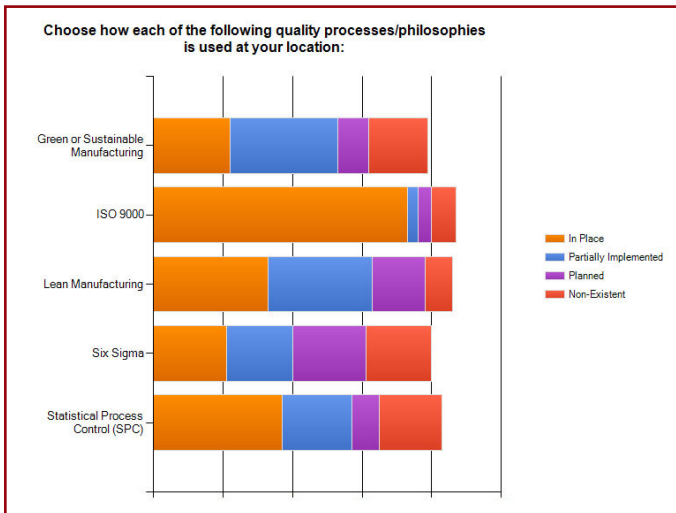
"New customers."

"A large sales increase occurred in the first half of the year, followed by a substantial reduction in volume."

### For which production functions do you expect to purchase equipment in 2013? (check all that apply)



## Quality



### What other quality processes or philosophies are used at your location?

"Opex."

"5S."

"TPM, TBEM."

"TQM."

"Kaizen, productivity improvement."

"TQM, 5S."

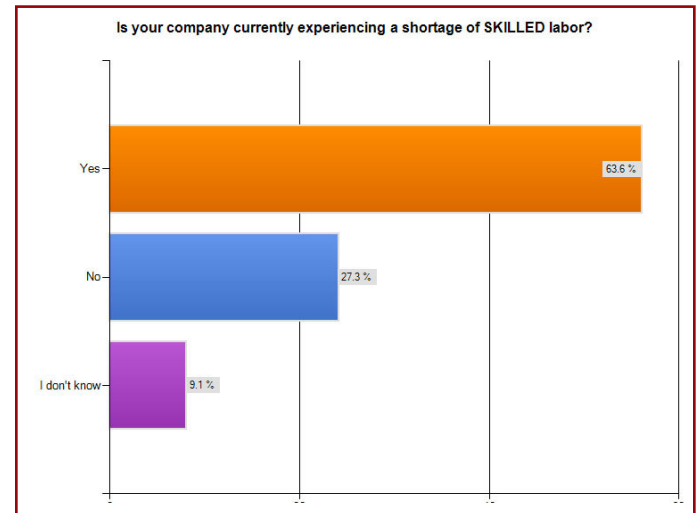
"ATEX."

"Automatic process validation and tracking."

"ISO/TS-16949, AS-9100, MIL-I-45208A, MIL-STD-45662."

"RoHS, REACH."

## Skilled Labor



"Average age of skilled machinists rising rapidly."

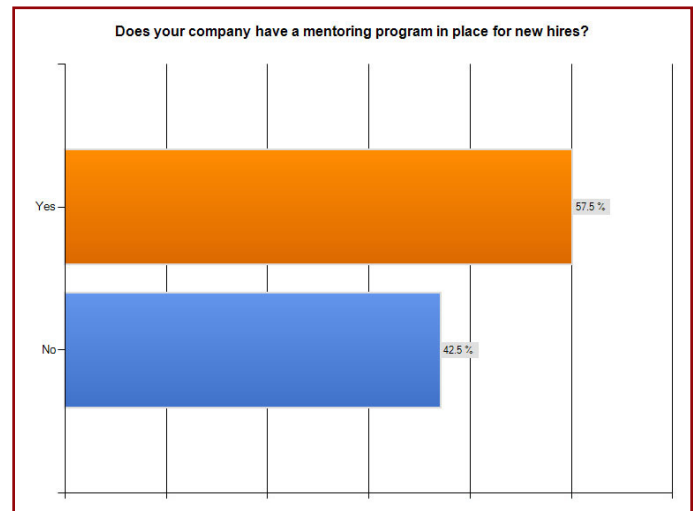
"Plenty of workers looking for jobs."

"Shortage of technical staff."

"Gear knowledge is going away fast."

"Cannot afford truly skilled labor."

"Good people are always hard to find and sometimes hard to keep."



### How successful is your current mentoring program?

"It is important for new employees to identify with the entire 'Team' before commencing with their full-time job."

"It's far from perfect."

"It will create trust and support for new employees."

"Very successful. The older workers share their knowledge/skills with the new, inexperienced workers."

"Seems valuable but hard to measure."

"Not sure yet, it's relatively new."

"Just started this year, no measurable results yet."

"Only way to get people in this area."

"GOOD."

"It is new here - results pending."

"Still in the early stages."

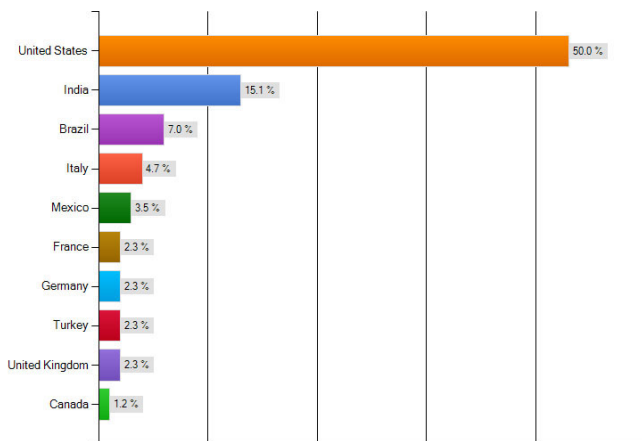
"Very successful; less resistance to lead people taking time off."

"New hires are put in a structured program to give them a taste of every aspect of the company."

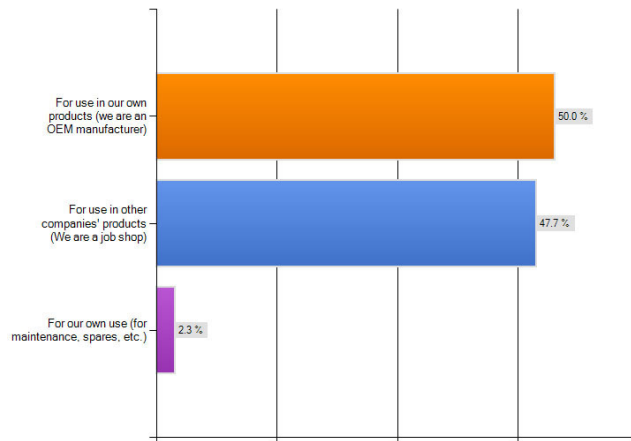
"For new engineers it has been very helpful in learning their job."

## Demographics

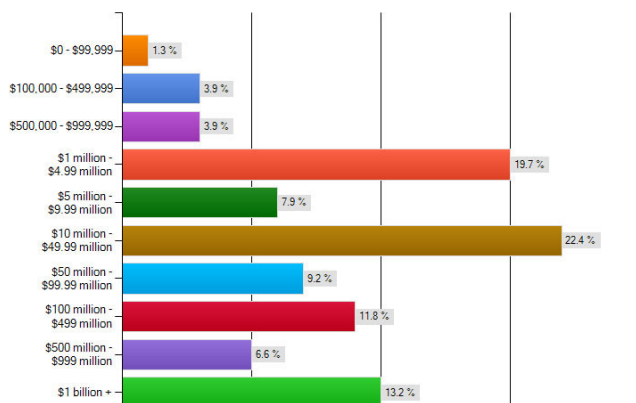
In what country are you located?



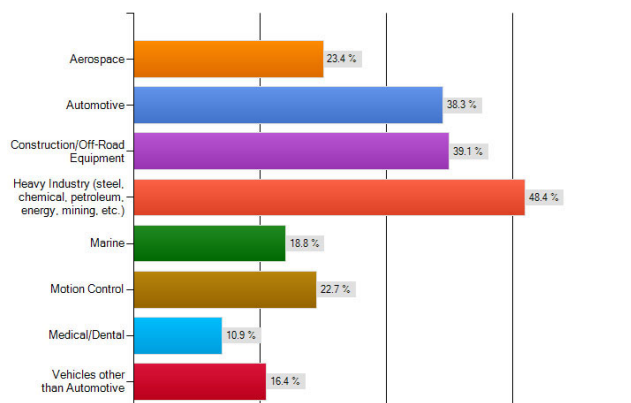
Gears (including splines, sprockets, worms and similar components) are manufactured:



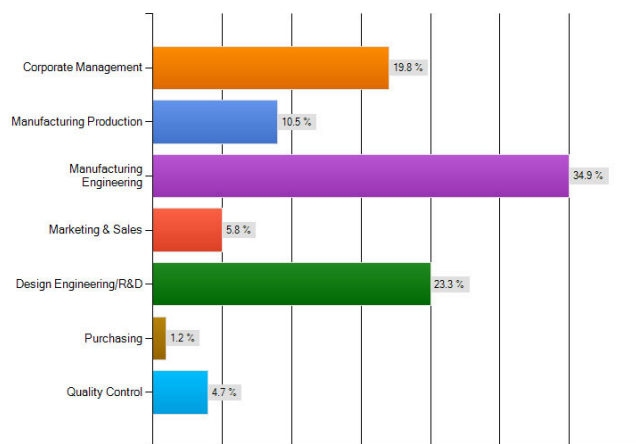
What is the approximate annual revenue for your company? (If this location is owned by another company, please use figures from the corporate parent)



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



Which category best describes your job title/function?



The gears manufactured at this location are primarily:

