



Information Powershift: Building New Allegiances

With online resources as close as a machine tool customer's fingertips, a tangible information powershift has occurred in our industry. To sustain a competitive advantage, machine tool distributors must respond to the new dynamics in customer relationships with more sophisticated partnering and value strategies.



Max Carey, Jr.

The good news is that AMTDA's Annual Meeting, April 1-4, 2001 was designed to provide essential partnering strategies.

On Tuesday, April 3, meeting participants can trade in speculation for solid solutions, when W.R. "Max" Carey, Jr., one of America's leading sales and marketing experts, shares

how "The Brand Trilogy" works. Carey, the founder, chairman and CEO of Corporate Resource Development, Inc.,

will demonstrate how to build strategies that differentiate products and services and how to elevate prospect contact levels to a consultative sales approach.

Honing in on greater profitability as the goal, and learning to create deeper levels of "strategic fit" with key customers, will be the topics on Tuesday, April 3, when John Cleveland of IRN, Inc., presents "Supplying the Automotive Industry: New Rules for Success." Cleveland's real-world examples are based on his experiences with the dramatic changes impacting the automotive supplier industry including consolidation, cost reduction pressure and the impact of e-business on changing customer/supplier relationships.

According to Bob Langdon, CPA and author, most distributors "don't *plan* to fail, they just *fail* to plan." Langdon will illustrate exactly how to begin "Managing Your

Continued on page 8... *Information Powershift:*

Why Do We Keep Facing the Forces of Change?

By J. Michael Marks, Indian River Consulting Group

As the Distribution Research Education Foundation, the research arm of the National Association of Wholesaler-Distributors (NAW), begins research to produce the next "Facing the Forces of Change," it's important to revisit the results and recommendations of past studies to see how far companies have progressed in the rapidly changing business environment.

The most recent "Facing the Forces of Change" study

in 1999 examined the convergence of e-commerce, supply chain integration, globalization and alliances within the distribution industry. In the eyes of small to medium sized, independently owned distributors, the challenges were very daunting



Continued on page 8... *Why Do We Keep Facing the Forces of Change?*

The Business of Running a Business



Ralph Nappi

"In our industry, making quota and manufacturing quality products are no longer the panacea they once were."

Throughout 2000, AMTDA celebrated our impressive 75-year history. We began with Annual Meeting festivities, continued with *Tool Talk* articles highlighting our past, and concluded last month with our grand finale—the release of the *Legacy for Tomorrow* book. With our 75th anniversary securely tucked away in the history books, I have turned my attention to the future, and I am energized by what lies ahead for our industry.

During November and December I met with and spoke to members in four regions and delivered the keynote address at the Canadian Machine Tool Distributors' Annual Meeting in Toronto. The essence of those presentations and my view of our future dovetail into one simple prediction—to be successful in the future, we must shift from being salesmen to becoming *businessmen*. We must transition both our mindset and our companies from sales organizations that do business to *business* organizations that sell. Our builder partners must, likewise, transform themselves from manufacturing organizations into international entrepreneurs.

In recent months, I have been privy to the decision processes of builders and distributors who separated from their partners. In every case, save one, builders who parted with distributors said "making quota" was *not* the reason. The culprits were shortcomings in business and succession planning, financial ineptness and a lack of organizational growth. In instances where distributors left their builders, not a single case hinged upon product quality. Rather, it was due to their partners' lack of focus on customer service, product availability, or their inability to understand the distributor's business and the value he brings to the marketing channel.

In our industry, making quota and manufacturing quality products are no longer the panacea they once were. World machine tool consumption is stagnating at about \$35 billion per year. With the great productivity increases our customers and builders are now enjoying, we can

expect to see an over-capacity for years to come, which will "raise the bar" on the current high product quality.

In addition, customers are beginning to perceive less product differentiation than ever before. Their loyalty is shifting toward *organizations* because of the product support they provide. As a result, services like remote diagnostics, 24/7 parts and service availability, maintenance programs, training and manufacturing software consultation will enable the poorest product to outshine the highest quality product whose manufacturer or distributor does a marginal job in adding value.

In the marketplace of the future, builders who believe pushing units out the door, and distributors who believe selling the highest quality product will guarantee their success, are doomed to failure. Quality products only place you at the "starting gate" today.

In order to be competitive in the race, you have to make product support, customer communications, business planning, human resource management, and international considerations like sourcing and currency fluctuations, your newest priorities.

Clearly, the stakes have been raised. We need to recognize that there is more to success than manufacturing and sales, and that excellent products only put you into the race. And if you think about it...isn't that the way it should be?



Ralph Nappi (center) meets with members in Charlotte, NC during a three-state Regional Meeting "blitz" which included Hartford, CT and Philadelphia, PA.

AMTDA Regional Meeting Blitz

Nearly 70 individuals representing 24 distributor and seven builder companies participated in AMTDA's early December regional meetings in Charlotte, NC, Hartford, CT and Philadelphia, PA. The event featured three industry-specific sessions from sales training and forces impacting the future of the machine tool industry to measuring market share through use of the USMTC.

The three-hour "Consultative Selling" session premiered a new AMTDA sales presenter, John Mitchell, president of Mitchell Selling Dynamics. This presentation was very well received earning Mitchell an impressive 4.76 average on a 5.0 scale. His timely and hard-hitting topics included the customer readiness to buy curve, the correct number and type of accounts a sales engineer should maintain, strategies and tactics to bring "real" value to customers and the framework to create a productive and profitable annual schedule for account and time management. According to Mike Tierney, executive vice president of The Robert E. Morris Company, "Mitchell's information and strategies are very relevant to the experiences our company's sales engineers encounter in the field. His actual industry experience and depth of sales training was very evident."

The favorable response by AMTDA members to Mitchell's premiere has resulted in a scheduled February 5 engagement in AMTDA's Sales Teleconference Series. Mitchell will focus on how to select the appropriate number of key target accounts and how to manage time and territory together to produce "substantive" results.

The regional meeting also featured a presentation by AMTDA President Ralph Nappi, noting significant trends impacting the machine tool industry. These included understanding the cur-

rent reality that the customer truly does "rule," the nuance and utility of the Internet as a "pre-commerce" resource, human resource challenges and emerging threats and opportunities. Those who attended left the meeting with a broad insight into the future of our industry.

Anne Hazell, AMTDA's Director of Finance & Information Technology, provided an enlightening session on the United States Machine Tool Consumption (USMTC) program and how it can be a valuable tool in managing your marketing and sales strategies. She outlined how companies can use the USMTC Report to measure market-share performance, target the right customer segments, ensure proper sales territory coverage and provide the opportunity to define sales territories to fit the strengths of the sales force. The presentation also touched briefly on the Distributors' Annual Cost Summary (DACs) and AMTDA's sales compensation surveys as tools to help run businesses more efficiently and assess compensation plans.

Regional meetings continue to be a valuable outreach resource for AMTDA to better understand the needs and challenges of companies that often do not participate in nationally held programs. Additional meetings are slated for March 5 in Buffalo, NY and March 6 in Chicago, IL. For further information on the upcoming February 5 Sales Teleconference featuring John Mitchell, visit www.amtda.org/education/index.htm or call Greg Safko at (800) 878-2683.

"Mitchell's information and strategies are very relevant to the experiences our company's sales engineers encounter in the field. His actual industry experience and depth of sales training was very evident."
—Mike Tierney, CMTSE, The Robert E. Morris Company



(Left to right) Paul Morris, Focus Technology; Rick Gunder, Focus Technology; and, Bill Ross, Davis-Taylor-Forster Company, make the most of a networking break during AMTDA's Charlotte, NC Regional Meeting.



In aisle seats (rear to front) Lynne Anderson and Steve Gentle, CMTSE, ABLE Machine Tool Sales; Christopher Gregory, CMTSE, Packard Machinery; and, Pete Klier, CMTSE, Brooks Associates, gain valuable insights from presenter John Mitchell.

We Need Your E-mail Address

If you have not done so previously, please forward your e-mail address to AMTDA at mblake@amtda.org. Include your company name to ensure accuracy. AMTDA is building a database of e-mail addresses.

Second Sales Teleconference Scores High

On December 4, AMTDA's 2nd Annual Teleconference Seminar Series featured speaker Stan Bigelow on, "Creating Customer Loyalty: The Not-So-Secret Source of Sales Profitability."

According to the program evaluations received from 48 locations across the country, a combined

total of nearly 950 individuals participated in the program. With the evaluations compiled, 100% of them reported they planned to participate in another teleconference.

According to Gary A. Jones, vice president and general manager of Machine Tool Corporation, "This was my first teleseminar. Good topic and very interesting. I have heard Stan before and he does a good job."

Christopher J. Porter, CMTSE, sales engineer at J & H Machine Tools, agreed that the "content was excellent."

Program participants learned Bigelow's strategy for creating customer loyalty begins with committed, loyal salespeople and ends with a company philosophy that embraces sales and technical excellence and superior customer service.

According to Bigelow, loyal salespeople who are dedicated to their company and are empowered to provide complete customer service have the ability to create *satisfied* customers. He pointed out that while satisfied customers are important, they are only the first step in the process. That's because, as participants learned, today's customers *expect* to be satisfied—it's only a *minimum* requirement. Bigelow advised that customer loyalty *begins* when a salesperson not merely meets, but *exceeds*, his customers' expectations. Creating more-than-satisfied customers requires salespeople to work, not as "lone eagles" as in the past, but as seamless links to the factory, service and support elements.

The next key component in Bigelow's strategy are sales managers committed to functioning as coaches and enablers, in contrast to those who spend time putting out fires or doing paperwork.

The final component in Bigelow's scenario is company leadership that supports sales and service excellence. An organizational chart that looks like an "upside down pyramid" best illustrates a look at this optimally functioning company. The "new" organization's largest (top) side of the pyramid are the front-line salespeople

focused on exceeding customer expectation; a mid-level of sales manager "coaches," and the CEO, at the point (now on the bottom), dedicated to developing policies that ensure the salespeople's ability to provide unparalleled sales support. With this model in place, a company is poised for sales success for years to come made possible by loyal customers who buy and buy again.

For those of you who were unable to experience firsthand this convenient educational event, an audiotape of this session is available for purchase. Registration for the remaining seminars in the series is also strongly advised.

Up next, on February 5, is John Mitchell who will present "The Magic of Key Account Management." The very highly-rated presenter from AMTDA's recent regional meetings, Mitchell will focus on determining the appropriate number of key accounts sales managers and engineers should focus efforts on and how to effectively optimize time and resources to be successful.



John Mitchell

The February 5 Sales Teleconference highlights include:

- Determining the most effective number of key accounts;
- Developing specific action plans for contact and follow-up;
- Identifying "What you do" vs. "What is worth doing;"
- Understanding how to replace "crisis" management with "priority" planning; and
- Stratifying accounts effectively into monthly and annual schedules.

Get all the program details and a registration form online at <http://www.amtda.org/education/teleconf00.htm>.

Looking ahead to the last program of this four-part Second Annual Sales Teleconference Seminar Series, John Graham will present "The 10 Most Deadly, Detrimental and Destructive Sales Mistakes" on April 23, 2001.

Watch for all the details on the Third Annual Sales Teleconference Series, beginning Fall 2001 in future issues of *Tool Talk*.

"This was my first teleseminar. Good topic and very interesting."

—Gary A. Jones, Machine Tool Corporation

A Changing Role For The Future

Tool Talk is pleased to present a new feature, "Industry Insights," your member forum designed to share insights, solutions or up-to-the-minute analysis of our ever-changing industry.

Our interview with Terry M. Iverson, CMTSE, president of Iverson & Company launches this inaugural feature.

Q. What emerging technology or trend do you feel will best respond to your customers' number one need in the next five years?

A. I think that there are emerging technologies like linear motors that are making machines much faster. Cycle times are always important when making chips. Control technologies are also being introduced such as PC front end controls and Ethernet connections. This gives the customer the ability to monitor machines remotely, which customers will want to do as they move towards "lights out machining." In addition, customers want to implement programming and shop management software right out on the machine floor. More shops are implementing SPC and they need to monitor and document the process and that it is in control. Meanwhile manufacturers are driving their CpK's from 1.33-1.67-2.0, so customers need their machines to be more accurate, even to run the same parts they have run in the past.

Q. What do you envision will be your primary selling strategy for machine tools in the next five to 10 years?

A. We are finding more customers are looking for turnkeys. Because of the widespread shortage of able operators, set-up people and programmers today, customers want us to provide the process and tooling with the machine tool. Customers are also looking for multiple operation machines for the same reasons. Fortunately, our relationship with Hardinge works well. We have been with them for 70 years and work very closely together to provide optimal solutions. Whether it's an Iverson & Company turnkey, or Hardinge engineering work, working closely together with Hardinge is our primary selling strategy.

Q. How do you foresee your role, range of expertise or credentials, evolving or adapting to address your customers' changing needs

based on their increased Internet use in the next five to ten years?

A. The advent of the Internet certainly affects us all and challenges us to do things a little differently than in the past. The Internet, with its e-mail and web sites are just some more ways to communicate and transfer information between the customer and the distributor/builder. To be a top distributor, however, you have to have top people. We are a big advocate of the CMTSE program. I am of the belief that service people and applications people should be certified as well. As the years go on and machines get faster and more capable, they will require talented people to keep them up and running. The faster machines create an environment where customers need to be better trained. The faster a machine is, the less forgiving it could potentially be—this requires a greater need for good service and applications people.

Q. In an attempt to cater to niche markets, do you foresee the development of more strategic partnerships? What role, if any, will you play?

A. Hardinge has recently acquired companies or entered into new markets and, because of our close relationship with Hardinge, we have entered into these new markets as well. This has allowed us to enter into strategic partnerships and also develop new products. It's like a brand new relationship. However, both Hardinge and Iverson need to be more proactive in forming relationships with automation companies, more aggressive in pursuing automated solutions for our customers. These automated solutions will allow the customer to get more utilization out of their investment by being able to take advantage of more "off shift" hours and "lights out machining."



Terry M. Iverson, CMTSE

New on the Web

- USMTC historical subscription packages are now available (free to AMTDA members). Visit www.amtda.org/usmtc/statisticalservices.htm.
- Find new distributor opportunities at www.amtda.org, and click on "News Bulletins."
- Download a Membership Application for someone you know (Distributor Member or Marketing Associate) at www.amtda.org/membership/join.htm.

Properly Drafting Buy/Sell Agreements

Save Thousand of Dollars—Even in Divorce

This column by Dr. Bart A. Basi, CPA, explores the tax ramifications of a cash buyout in the event of a divorce and what should be done to provide the greatest tax savings. For the complete article visit AMTDA's web site, www.amtda.org/news_bulletins.htm.

In today's world of closely-held businesses, it is not uncommon for both spouses to own stock in a company, when only one actually plays a substantial part in the daily operations. Just as common are the cases in which the business comprises the bulk of the marital assets. If a divorce occurs, usually the spouse running the business ends up owning the company and the other spouse sells his or her shares for a cash buyout.

The Problem

Assume that a husband is the majority owner and runs the company, and his wife is a minority shareholder. They decide to divorce and are negotiating a settlement of the business. The wife agrees to take cash for her shares. In this scenario, generally there are two alternatives to complete the wife's cash buyout, but each results in very different tax consequences.

In the first alternative, the husband receives cash from the company to purchase his wife's stock. For this distribution of cash from the company, which would be considered a dividend, he would be taxed at ordinary tax rates. It would be a tax-free transfer to the husband, pursuant to the divorce settlement, and the wife would pay no taxes.

The second alternative is to have the wife sell her stock back to the company in a redemption. This should provide the husband with complete tax relief because after the divorce his wife is considered unrelated to him, therefore, any company payments to her would not be attributed to him under the corporate tax rules. However, the wife would pay a capital gains tax on the transfer just as if she had sold the stock to a third person.

Obviously, given the choice of these two alternatives, the husband would prefer the second option and the wife would choose the first. However, if the husband will pay the taxes due, it would still be to his advantage to establish the transaction as a stock redemption because he would pay the wife's capital gains at 20 percent

tax, as opposed to ordinary taxes in the first alternative.

The Solution

Because any "non-business" spouse can challenge the tax ramifications from a stock buyout if the negotiation takes place during divorce proceedings, it's certainly preferable to reach an agreement beforehand. A buy/sell agreement with a corporate redemption can be accepted if:

- both parties agree;
- they sign the agreement; and
- they specify how the tax ramifications will be allocated before the divorce proceedings begin.

Don't wait—write a valid buy/sell agreement now while everything is happy! The agreement should state clearly what the tax consequences are and also provide remedies if either party defaults on the agreement.

Conclusion

If you have a business where you and your spouse are stockholders, and only one of you materially participates in the business, you should both sign a buy/sell agreement that requires a stock redemption and defines who will pay the tax liability. A properly drafted buy/sell agreement can save numerous tax problems.

CMTSE Registration Deadline

February 2, 2001 is the registration deadline for the March 24, 2001 Certified Machine Tool Sales Engineer (CMTSE) Examination, held at convenient locations nationwide.

The CMTSE credential is an invaluable asset because it:

- Enhances your customers' perception of "value-added" service;
- Documents before your peers your professional competence and commitment to continuous industry education; and
- Ensures your competitive edge in the marketplace among customers and employers.

It's fast and easy—and there is still time to register online at www.amtda.org/cmtse/index.htm. For complete information contact Certification Coordinator Beth Gochrach at 800-878-2683 or bgochrach@amtda.org.

Service Skill Standards Underway

The input of all AMTDA members, management and service personnel alike, is needed in the national validation of the recently completed skill standards for machine tool maintenance, repair and service. Under the supervision of the National Institute of Metalworking Skills (NIMS), AMTDA and AMT completed the final draft of these skill standards to serve as benchmarks for performance and define the competencies for service engineers in the metalworking field. All members will receive a survey this month that is needed to validate the importance of each of the skills described.

NIMS is a non-profit organization formed in 1995 to support the development of a skilled workforce for the metalworking industry. To date, 24 metalworking skill standards have been developed in metal forming operations, precision machining, die making, mold making, machine building and, now most recently, machine maintenance, repair and service. NIMS skill standards, certification and credentialing systems have been actively implemented by industry and education in 36 states.

The NIMS Board of Directors is comprised of representatives of the major industry associations, individual companies, education, government and labor. Besides AMTDA and AMT, included among NIMS representatives are the Council of Great Lakes Governors, the National Tooling and Machining Association, the Precision Machined Products Association, the Precision Metalforming Association, the Society of the Plastics Industry, the Tooling and Manufacturing Association and the Center for Workforce Democracy of the AFL-CIO.

AMTDA has actively assisted NIMS accomplish its four primary activities nationwide:

- developing, writing, validating and maintaining skill standards;
- credentialing the skills of individuals against the skill standards;
- certifying training programs that meet or exceed NIMS quality requirements; and
- assisting states, schools, and companies to form partnerships.

Pivotal to the development of the Maintenance, Repair and Service skill standards has been the participation by service managers and engineers from AMTDA distributor companies in technical work group meetings, namely

Ellison Machinery Company of the Midwest, Hegman Machine Tool, Luther & Pedersen, Machinery Systems, Prime Technology and Yamazen. In addition to AMTDA staff representation on the NIMS Board of Directors, AMTDA Secretary Ralph Hegman is also a board member providing oversight for the organization.

Final validation of these skill standards was provided by a NIMS technical work group in mid-October. One participant, Rick Lewitke, service manager with Ellison Machinery of the Midwest, stated "These skill standards are clearly the



result of hard work by many industry representatives and will be invaluable in the future training of individuals currently in, or considering entering, the machine service engineer profession."

The next phase for implementation of the skill standards involves the development of examinations and the adoption as curriculum benchmarks by individual states, industry companies, high schools, community colleges and vocational-technical schools. Partnerships between these groups are key to the initiative's success.

One significant milestone that elevates the credibility of the skill standards is the fact that NIMS was accredited in September by the American National Standards Institute (ANSI) as a developer of American National Standards. According to Ralph Hegman, "This is a major positive step in NIMS' mission to assist the nation's metalworking industry to develop a quality skilled workforce. ANSI is well recognized and well respected by the members of our industry and its accreditation underscores the credibility of the NIMS processes." The ANSI federation has maintained as its primary goal the enhancement of global competitiveness of U.S. business and the American quality of life by

Continued on page 10... *Service Skill Standards Underway*

Continued from page 1 ... *Information Powershift:*

Business for Profit,” and reveal how to design and implement a business plan to reach financial goals, improve relations with key builders, solve cash flow problems and be positioned for “best” or “worse” case scenarios.

Those who simply can’t predict what lies ahead for their business will want to be there on Wednesday, April 4, for Ed Barlow’s presentation on “Creating the Future.” His expertise in strategic planning and trend spotting teaches new skills so that participants will gain a heightened sensitivity of their organization’s future.

Builder partners are concerned about it, not enough distributors are planning for it—and now the opportunity exists to learn “The Dynamics of Succession Preparedness,” from consultant, author and popular speaker Mike Cohn. His timely presentation will outline the fundamental and critical considerations important to business

owners, successors and industry partners.

Gaining this invaluable knowledge from AMTDA’s 76th Annual Meeting is only the first step. There, to guide participants down the path of successful implementation, is nationally known sports psychology consultant, motivational speaker and writer Dr. Jack H. Llewellyn. Llewellyn’s 12 keys to being a winner everyday will be the focus of the closing session to dramatically impact personal and professional areas of your everyday life.

Today, business owners may not have all the answers—but they *will* after attending AMTDA’s 76th Annual Meeting, April 1-4, 2001. Register today online at www.amtda.org/education.



Jack H. Llewellyn

Continued from page 1 ... *Why Do We Keep Facing the Forces of Change?*

indeed. Since things, seemingly, were going to get crazier, the only remaining question appeared to be, “What can I do about it?” The first instinctive responses were to ignore these large-scale changes or fall into paralyzing “the sky is falling” fear.

Change and turmoil create significant opportunities for companies that can get past the confusion. The single most important factor driving success is leadership to create innovation and change within the distributor. This means playing the game to win, rather than playing it not to lose. Some of the implications included:

- You have a clear plan and all your employees know how they fit into the plan;
- You are taking some things that are ok and raising the bar to make them not ok;
- Your salespeople think that you are risking long term customer relationships;
- You are defining how you will say no to certain customers and suppliers, and you are actually doing it;
- You are making investments in technologies that have nothing to do with your legacy “computer package;”
- You are changing how you do purchasing, warehousing and sales to take advantage of new technology alternatives;
- You are measuring activities and customer satisfaction in a formal way; and

- There is no room in your organization for loyal, yet incompetent people.

Depending on your reaction to these implications, your gut will measure for you if your company “walks the walk.” If you felt good, you are on the winning side of this confusion and turmoil. If not, review the following list.

These are symptoms of poor leadership and probable failure:

- You say that you sell service, but you have no hard performance data.
- You have a constant problem with FISH (First In, Still Here) and JIC (Just In Case) inventory.
- You focus almost exclusively on making the numbers for the month and whine or make excuses when you lose a major piece of business.
- You look to your suppliers for loyalty and “margin help” to deal with rising competitive pressures.
- Salespeople set their own pricing and operate on their own without any activity planning.

If this list more closely fits your organization, your executive leadership has fallen into the trap of maintaining the status quo. But the real acid test of which list describes your company is how well you can attract and retain top talent and how high your growth rate stacks up to the industry.

Peter Drucker said that no action is, in fact, a decision to do nothing. Whatever reaction you have to these ideas and whatever you decide to do, at least do it *on purpose*.

When Good Sales Go Bad

How to Avoid Selling the Wrong Machine

By Rod Jones, President
Decision Technology, Inc.

Every seasoned sales professional has collected a few “war stories” during their years of selling. While we love to recount problems caused by the customer, occasionally the disaster is our fault.

One of the costliest sales is when a machine tool does not perform from an application standpoint. Tragically, many end up with the customer demanding to return the machine for a full refund—one of the darkest days in the life of a sales engineer.

In my regular contact with field sales engineers it appears that the problem of machine misapplication is on the rise. Its effect on customer satisfaction and sales profits is devastating. You can learn how to avoid many machine application traps, however, here are my favorites:

Costly Sale #1—The Misquote Trap

This is where the sales engineer and supporting companies put a great deal of time, money and effort into getting an order only to lose it to a competitor who effectively linked their benefits to customer application needs. Many times they get the order with a different machine configuration at a higher price.

Solution?

- Gain an introduction to machine application that includes dozens of machine and part configuration pictures and includes the basics of tooling and fixturing for machining centers, lathes and cylindrical grinders.
- Learn about the application of machine options such as rotary tables, tailstocks, live tooling, pallet changers, quick-change chucks, control options and more. These can add productivity for customers and profitability to the sale.
- Become proficient in application tips, such as:
- When to sell a 4-axis lathe instead of a 2-axis lathe.
- What kinds of parts justify live tooling on a lathe?
- When is a HMC a better application than a VMC?
- What questions should you ask customers that will help you quote a faster cycle time?

Costly Sale #2—The Horsepower/Torque Trap

The single biggest trap waiting to snare the uneducated sales engineer is the issue of applied spindle horsepower and torque. As more machines use integrated, single-speed spindles the opportunities for misapplication have increased.

Solution?

- Learn how to compare spindle horsepower on an apples-to-apples basis by understanding the rating systems (continuous, machine tool duty, peak, 15 min. rated, etc.). While many sales engineers are aware of the rating systems, they can't properly explain it to customers!
- Understand in what situations a customer would need a geared headstock with two or three gear ranges. Why a new-technology, high-speed integrated spindle may, or may not, be the right choice for the customer.
- Learn what a “horsepower notch” is and why you must be able to read and interpret the machine's horsepower/torque curves.
- Become knowledgeable about how axis thrust works with spindle horsepower and torque in applications such as drilling.

Costly Sale #3—The Accuracy Trap

Accuracy has always been “an accident looking for a place to happen” when it comes to selling machine tools. It is a complex issue that can intimidate the sales engineer. Terms such as: accuracy, repeatability, precision, control resolution, true-position, workpiece accuracy, SPC and 6-sigma must be understood by the sales professional so that customers' expectations can be interpreted properly.

Solution?

- Learn about the relationship between CNC resolution accuracy, published machine accuracy and workpiece accuracy.
- Become proficient in the fundamentals of True Position accuracy.
- Understand the role of shop environment, tooling and fixturing in the quest for accuracy.
- Become familiar with the basic accuracy standards (ISO, VDI, JIS, etc.)

Obtain a basic knowledge of SPC and how to perform a sigma calculation.

Continued on page 10... *When Good Sales Go Bad*



Rod Jones

Industry Fights Ergonomic Standard



Ignoring strong congressional and business community opposition, the Occupational Safety and Health Administration (OSHA) issued its final ergonomics standard dealing with workplace injuries. It covers all employers with the following exceptions: construction, maritime, agriculture and railroad operations.

This version appears to be significantly more onerous to American businesses than the draft proposal issued last year. If allowed to go into effect, it has the potential to be the most sweeping regulatory change to affect distributors and other businesses in recent memory.

The regulation empowers OSHA to demand that entire workplaces be redesigned, including

shelving systems in warehouses, causing a significant loss of existing, useful space and wreaking havoc on cube utilization and productivity.

The National Coalition on Ergonomics, through which AMTDA is represented by its membership in the National Association of Wholesaler-Distributors' (NAW), filed a lawsuit to stop OSHA's implementation of the regulation.

Updates on the progress of this effort will appear in future *Tool Talk* issues.

To obtain a copy of a summary of OSHA's Ergonomics Standard contact AMTDA Communications Manager Debbie Vieder at 800-878-2683 or dvieder@amtda.org.

Continued from page 7... *Service Skill Standards Underway*

promoting and facilitating voluntary consensus standards and conformity assessment systems and promoting their integrity.

There are numerous benefits for every AMTDA member, as well as current and future service engineers, that the skill standards will provide:

- Excellent framework to assess company and personnel training needs;
- Improve scope and capability of current training efforts and results;
- Serve as framework or job description for recruiting new service engineers;
- Improve promotion, merit and pay-for-performance practices;
- Communicate service credibility to customers by requiring certification for employees; and

■ Communicate to educators the metalworking industry's needs.

AMTDA members can get involved with NIMS in a variety of ways including serving on a schools' metalworking industry advisory committee; becoming a team leader or member for an on-site evaluation team; serving as an exam proctor for NIMS credentialing exams; volunteering to be on a NIMS Technical Work Group to write and validate skill standards; or making a tax deductible contribution to NIMS.

For more information about NIMS or to learn how to participate in NIMS programs, contact the National Institute for Metalworking Skills, Inc. (703) 352-4971 or visit the web site, www.nims-skills.org.

Continued from page 9... *When Good Sales Go Bad*

Knowing what you need to learn is half the battle, the other half is getting the training.

To help new machine tool salesmen better understand these concepts and others, AMTDA will present the Sales Engineer Technical Training Workshop (SETT), February 7-8, 2001, in Indianapolis, Indiana. The workshop includes a comprehensive reference text and binder. This program, designed for new to intermediate sales engineers, covers the following topics:

- Machine Tool Design
- Cutting Tool Technology

- Metal Cutting Operations
- CNC & Machining Control
- Machine Tool Accuracy
- Manufacturing Systems
- Value-Based Selling

For more information or to register today, visit www.amtda.org/education.

This program qualifies for two CMTSE Professional Development Points and is an excellent preparation resource for the CMTSE Examination administered on March 24 at convenient locations nationwide.

The Next 75 Years . . .

As we aggressively look forward to meeting tomorrow's challenges, there is often a benefit to be gained from looking backward to lessons learned from the past. That's why this month we feature another leader's predictions from AMTDA's 75th Anniversary Book.

This month, Chairman-elect Peter Borden, CMTSE, shares his thoughts on potential changes that may affect our industry tomorrow and how we can best respond.

Peter A. Borden, president, Walker Machinery Company AMTDA 2000-2001 Chairman-elect:

Given the changes in metalworking manufacturing and distribution between 1975 and 2000, I think it would be rather vainglorious and presumptuous of me to predict the next 25 years. However, putting my toe out on the branch a little, I see...

- More and new foreign suppliers coming in search of the Holy Grail of the U.S. marketplace. Names in the industry will continue to change with regularity;
- Large distributors aligned with major builders teetering back and forth for leverage or balance

with their partners on issues of costs, market share or the questions of whose customer is it and who will manage the relationship;

- New small distributors will spring forth to sell niche products or to sell for builders desperate to enter the U.S.;

- Less workers will create more automation and cell requirements;

- New technologies combined on new machines;

- Successful companies will supply better technical solutions and service to their customers on whatever product the customers use; and

- The exterior of the sales vehicle may have a new design or look—perhaps even a new powertrain (the Internet), but the fuel will continue to be the constant that it has been for the last 75 years—the enthusiasm, talent and vision of entrepreneurs to create companies that find new opportunities to satisfy customers.

AMTDA's 75th Anniversary Book is available for purchase at \$40 per copy. Obtain an order form online at www.amtda.org/news_bulletins.htm.



Peter A. Borden, CMTSE

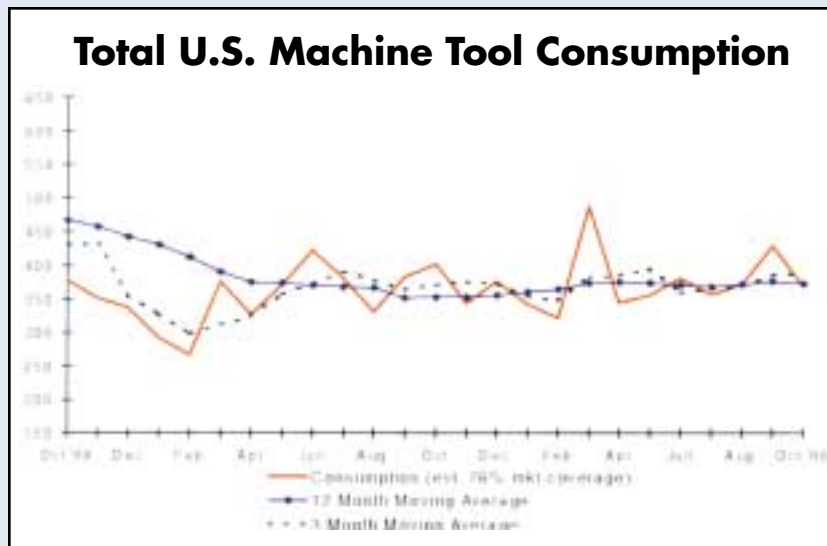
Machine Tool Orders Decline In October

October U.S. Machine Tool Consumption (USMTC) participants accounted for 2,516 orders for machine tools with a value of \$368 million.

Metal Cutting orders account for 2,062 machines with a value of \$287 million. Metal Forming orders accounted for 267 machines with a value of \$53 million. Other Manufacturing Technology orders com-

prised 186 machines with a value of \$27 million. These orders represent an estimated 76 percent of total U.S. machine tool consumption.

The USMTC report is a joint program of AMTDA and AMT. Data tables used to plot the graphs, along with more detailed national consumption data and graphs, are available at AMTDA's web site at www.amtda.org.



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Distributor Opportunities

The Distributor Opportunities Bulletin provides information on domestic and foreign products being introduced to the market. AMTDA does not endorse or recommend the products or services described in this bulletin. More detailed information is available on AMTDA's web site, www.amtda.org/news_bulletins.htm.

India based PARISHUDH MACHINES PVT. LTD. International, seeks distributors for CNC/hydraulic cylindrical grinding machines, centerless grinders, production internal grinders, CNC lathes and machining centers. Contact Managing Director G. S. Goindi at e-mail: goindi@vsnl.com.

British based TOOLMASTERS TECHNOLOGIES, seeks distributors for the Microspark CNC Rotary Spark Erosion Machines for the forming or dressing of Poly Crystalline Diamond, PCD. Contact Sales Manager Robert Winch at e-mail: RobW@toolmasters.com.

JEMA s.a., located in Switzerland, seeks distributors for their full range of automatic ultrasonic cleaning machines for all kinds of spare parts—screw machine produced. Contact Philippe Heurteux at e-mail philippe.heurteux@freesurf.ch.

TOOLMEX Corporation, is establishing an exclusive distributor network for its new European-built MANUAL-PLUS-CNC 17" to 32" swing lathes with TRI-V beds. Contact Tom Kob, Divisional Manager at 847-301-3700, fax 847-301-3703, or email thomas.kob@toolmex.com.

Receive ToolTalk Faster by E-mail

Distributor and marketing associate members may now receive *Tool Talk* faster—up to a week—via e-mail each month. Nearly 100 AMTDA members are utilizing this “express delivery” option.

To receive *Tool Talk* via e-mail, interested members should submit their e-mail address with complete contact information (name and company) to tooltalk@amtda.org. The newsletter will be forwarded in a “pdf” format, which requires Adobe Acrobat to view. Acrobat can be downloaded free from www.adobe.com.

CALENDAR OF EVENTS

January 16-18	Orlando APEX, Orange County Convention Center, FL
February 2	Certified Machine Tool Sales Engineer (CMTSE) Examination Registration Deadline
February 5	Sales Teleconference Seminar Series: “The Magic of Key Account Management”
February 7-8	Sales Engineer Technical Training Workshop (SETT), Indianapolis, IN
February 20-22	SOUTH-TEC APEX, Palmetto Expo Center Greenville, SC
March 5	AMTDA Regional Meeting, Buffalo, New York
March 6	AMTDA Regional Meeting, Chicago, Illinois
March 24	Certified Machine Tool Sales Engineer (CMTSE) Examination
March 26-29	WESTEC APEX, Los Angeles Convention Center

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News and features related to the machine tool industry are accepted and should be submitted to the editor. Subscription cost is included with membership dues. The non-member subscription rate is \$50 a year.



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