



5 Reasons To Think About Exporting

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The North American market for precision machined products has typically been large enough and so full of opportunities that there has been no need to look at exports as part of our business planning. However, the loss of the lower-value, large-volume commodity type work to shops in Asia and Eastern Europe has made us realize that

we are expert manufacturers in the world market. Let's look at some of the reasons why we need to look at exports as part of our business plan.

- 1. It's The Exchange Rate.** In 2003, owners of precision machining shops were having nightmares about the one-two punch of both low labor cost and the low currency exchange rate available from shops in China. As a result of the current low value of the U.S. dollar compared to the Euro, our high-quality, ISO-registered shops are now in the nightmares of the higher-cost European shops.
- 2. It's Our Quality.** The news these days isn't filled with recalls about contaminated products manufactured here in North America. Our supply chains are mature and the rule of contracts and law make it possible for buyers to better understand the risk involved in a transaction. Material certifications, ISO-registered quality systems and capable processes make our shops low-risk suppliers to sophisticated customers worldwide.
- 3. It's Our Technology.** Savings in labor costs aren't the only reason that customers purchase globally. When the U.S. dollar was valued higher against the Euro and other

major currencies, North American businesses invested in cost-saving technologies to help us remain competitive. In 2000, investment in new equipment and new software by American businesses was as high as 9.4 percent of GDP. It remains in the 8- to 9-percent range in recent years according to different reports. High-technology equipment helps us compete in two ways: by reducing the cost of the labor component and by being inherently more quality-capable than processes requiring human intervention. Our investments in technology keep us world-class.

- 4. It's Our Talented Workforce.** Labor is not just a cost to be avoided. Labor that adds value is what makes our shops competitive above and beyond mere commodity producers. While we have reduced employment in the industry from 80,000 in 1997 to just above 71,662 in 2004*, what our employees are doing today is creating higher value-added. Working on higher-technology equipment, with well-documented quality plans, and with the advantage of a currently low U.S. dollar, North American precision machining shops are well-positioned to compete globally.
- 5. The Opportunity Is Now.** The North American precision machining industry has a unique opportunity to grow business with today's low value of the U.S. dollar to the Euro. Our quality, technology, supply chains and machining-savvy workforce give us a chance to compete globally. PMPA members can find technical assistance on member-only Listserves, using PMPA's member-only online nominal grade translator, and by consulting with PMPA staff. Now is a great time to compete.

*Source: U.S. Census data for NAICS 332721, Precision Machining.

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PMPACalendar

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PMPA Management Update

February 28-March 1, 2008
Astor Crowne Plaza
New Orleans, Louisiana

PMPA National Technical Conference

April 26-29, 2008
The Westin
Indianapolis, Indiana

PMPA Annual Meeting

75th Anniversary Celebration
October 17-21, 2008
Waikoloa Beach Marriott Resort & Spa
Waikoloa, "The Big Island," Hawaii



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