

State of the Industry—A Look at Precision Machining by PMPA President W. Richard Hoster

Since being named PMPA president, W. Richard Hoster has traveled the country, visiting association members with PMPA executive director, Michael Duffin. “For most of the membership, business is good,” Mr. Hoster concludes. “The majority of PMPA members say that things are much better than they were a few years ago. The membership is definitely more upbeat.

“Most members have seen business come back even better than it was before 2008,” continues the PMPA president, who is also the president and chief operating officer of Smith & Richardson, a precision machining company located in Geneva, Ill. “Shops that have modernized, added equipment and made the transition to better processes are doing very well. I have seen a lot of efficiencies that have been adopted, many out of necessity.

“PMPA members who serve the automotive industry continue to serve that market,” Mr. Hoster observes. “Most of those companies are set up to run at high volumes. But a lot of other members are moving into different markets, such as medical, aerospace and defense.

“They are also purchasing equipment that can produce products in a more automated way,” he adds. “Zero defects is not just a hope anymore, it’s a requirement. Customers won’t tolerate any bad parts, so more manufacturers are turning to automation.

“I see a lot of precision machining manufacturers investing in equipment that can be operated around the clock, unattended. Those companies are already reaping the benefits from that, especially because it is so hard to find qualified, skilled help.”

The skilled labor shortage. Mr. Hoster believes that the biggest challenge facing precision machining companies is the difficulty in hiring skilled labor. “There’s not one PMPA shop that isn’t looking for skilled workers,” he says.

During a recent “fly-in” to Washington, D.C., Mr. Hoster and several other PMPA members met with officials from the Department of Labor. “We sat down and talked about the need for more skilled workers,” he recalls. “As a result of that meeting, I talked to the DOL chief in the Chicago area about how we can work together to make young people more aware of the high skills jobs that are available. We also discussed



how the DOL can help us get some of the local schools onboard, something we haven’t always done.

“As a country, we don’t do a very good job promoting the trades as a career path,” Mr. Hoster explains. “Everybody thinks you have to get a four-year college education to be successful. But that’s not the only path to success.

“We at the PMPA have to make young people aware that there are other careers out there,” he continues. “Not everybody should go to college. We need some way of providing additional skills training for students and get them ready for careers in manufacturing.”

Outsourcing and foreign markets. Mr. Hoster points to the global economy as another hot topic for PMPA members. “On the news, it sometimes looks like all of our manufacturing is heading to Asia,” he says. “Some of it has, but certain jobs are always going to move to the lowest-cost country. There are plenty of other products that are still made here in the United States.

“A lot of American companies that have invested overseas aren’t necessarily there to import products back to the United States,” he adds. “They are in those countries because that’s where their markets are going. For example, Smith & Richardson ships products from the U.S. to China, and from within China to China. That’s because of the growing Chinese market.”

Mr. Hoster believes that PMPA members have gotten over their fear of Asia. “They understand that if they can convince their customers about the total cost of ownership, those customers will make better buying decisions,” he explains. “That way, when it makes good business sense, customers will buy products that are made in the United States.”

More political involvement. Mr. Hoster says that he’s starting to see more PMPA members getting active politically.

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“They are trying to get their elected officials on board with some of their struggles,” he explains. “They are letting the politicians know that manufacturing will thrive and grow if it isn’t hampered by too many unfair rules and regulations.

“I see more of our members with an awareness of the political process and how things work,” he says. “The only way we can change what’s happening is to educate our elected leaders and hope they start to listen.

“It’s like anything else,” Mr. Hoster adds, “the squeaky wheel is going to get the oil. The more you make your voice heard, the better the chance of success. We have to keep business owners engaged in what their government is doing.”

Rules and regulations. Another challenge for PMPA members is keeping up with all of those rules and regulations mentioned earlier. “It’s important to know and understand the recent changes with TRI reporting requirements, OSHA directives and the new poster rules,” Mr. Hoster says.

“That’s one area where the PMPA does a very good job. The association really helps members stay on top of things, be-

cause those changes are coming fast and furiously. Without an organization like the PMPA to help, it can be very hard for manufacturers to keep track of new regulations.”

Looking ahead. Although there are still many challenges facing PMPA members, Mr. Hoster likes what he sees ahead. “The European financial situation as a potential problem,” he says. “But it’s not going to slow things dramatically in this country.

“Machine tool lead times are still slow,” he continues. “Equipment that used to be available from stock now takes several months to get. The machine tool people cut back like we all did. But now that demand is back, availability is improving.

“For the most part, PMPA members believe that the precision machining business will remain relatively strong.” Mr. Hoster sums up, “We are all cautiously optimistic about the future.”

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