

A SECOND CHANCE FOR AMERICA

HARDY HAMANN, PRESIDENT, DYNABRADE

Thanks to President Donald Trump, American manufacturing has made it back to prime-time TV, which is great news for the industrial supply industry.

Our economic system has been built upon the creativity and innovation of the American entrepreneur for over 200 years. One of the superior strengths of our great nation is our flexibility and adaptability; America likes change. American manufacturers are always ready to tackle new challenges, turning them into profitable and sustainable advantages. Even though the growing sentiment these last two decades has been that American-made products could never be cost-competitive with other low-cost manufacturing countries like China and Mexico, there is no doubt that American companies are producing more high-quality new products faster than ever before with world-class support that is second to none.

To support and sustain these efforts, American companies have invested more in technology than any country in the world. The investments over the last 20 years are now paying dividends. One key enabler is Big Data. Real-time supply chain collaboration and data sharing is resulting in the elimination of redundancies, contributes toward error reduction and inventory reduction, provides point-of-sale information and enables faster and more reliable deliveries, leading to lower costs to distributors and end users, and ultimately higher customer loyalty.

We American manufacturers are privileged to work with the most sophisticated, professional distributor network in the world. Together, we are providing productivity gains through value-added services, saving our mutual customers millions of dollars.

Let me conclude with a quote from Ronald Reagan's Economic Recovery Program speech to Congress in April of 1981, a time which was also very similar to today's uncertain environment.

"The republic is a dream. Nothing happens unless first there is a dream. And that's what makes us, as Americans, different. We have always reached for a new spirit and aimed at a higher goal. We've been courageous and determined, unafraid and bold. Who among us wants to be the first to say we no longer have those qualities that we must limp along, doing the same things that have brought us our present misery?"

Just like President Reagan over 35 years ago, I believe that we are ready to chart a new course, and I ask you, like he asked Congress that day: "All we need to do is act, and the time for action is now."

Let's save, or even better, create U.S. manufacturing jobs by asking our customers to "Buy American"!



HAMANN

PRODUCT QUALITY IMPROVEMENT PITFALLS

FRANK PRENDA, VICE PRESIDENT SALES AND MARKETING, GEMTEX ABRASIVES

A major obstacle facing manufacturers striving to achieve quality improvements is the potential rejection, from distributors and end users, of products that "look different." At Gemtex, we are constantly researching manufacturing methods to produce products with improved efficiency rates to reduce cost while enhancing the product quality. In order to accomplish this, it may require a product modification which improves the product quality, but alters the appearance of the product. For example, in the manufacturing process of resin fibre discs, quality can be enhanced by modifying a product

formula, which in turn, could alter the color shade of the improved discs. Subsequent in-house testing confirms the improved product quality, but the real test lies in the opinion of the user. In many cases, the product is perceived as not being as good as the original formula because "it looks different." Quality concerns can actually be called into question when product packaging changes are implemented. This all relates back to the old axiom, "if it ain't broke, don't fix it."

One way to overcome the psychological ramifications involved in a product change is to do compre-

hensive market research. Provide key end users with product samples of the "new product" with an in-depth explanation of why the changes were made and the advantages the new product provides. It is important to cultivate relationships with users who will provide an objective opinion on the product enhancement without a biased view. Many distributors will object to product changes, but if said changes/enhancements are approved by the end user, distributors will have no choice but to approve the change.



PRENDA

TRENDS IN HAND TOOL DEVELOPMENT

TOM KLEIN JR., PRESIDENT OF OPERATIONS AND R&D, KLEIN TOOLS

Klein Tools has always believed that if a tool isn't safe for electricians or doesn't make a dangerous job safer, then it's not for us. Two trends that we are focusing on right now are Tools at Heights and tools with multiple uses. Tools at Heights covers a wide range of products that help protect electricians and others on the job site from the potential dangers associated with dropping a tool at a high height or having to reach for a tool and risk losing one's balance. It's a very simple theory, but one that is critical to job site safety.

We are also currently focusing on tools with multiple uses. We want electricians to stay in this career for as long as possible and one way to do that is to protect their shoulders and backs. The fewer tools they have in their bags, the less they have to carry through a job site and risk injuring themselves. Combining multiple purposes into one tool also means eliminating the risk of losing tools and having to purchase new ones.

We also interact directly with electricians on job sites. Our team is always in the field asking people what is working, what isn't, and what new tools electricians need to make their jobs easier. We then get to work in our lab making these ideas a reality. Klein Tools is investing \$100 million in our factories so we can make even more products here in the United States.

Multi-functional tools will continue to evolve, as well as tools that can keep up with demands related to technology. Jobs are becoming more complex and tools need to keep up with the demands electricians are asking them to perform. Additionally, ergonomics will continue to lead new tool improvements to ensure electricians are protected from anything that will keep them from the job site. We continue to design our products with advanced and refined features to meet this demand and increase job site safety and productivity.



KLEIN



THERMOPLASTIC INDUSTRIAL HOSES

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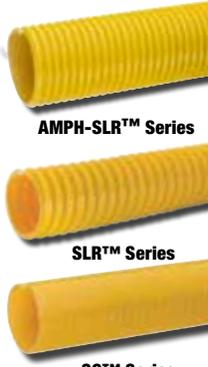
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▶ STREAMLINING IS THE WORD OF 2017

SPENCER MAHEU, DIRECTOR AT OSBORN INDUSTRIES

In a flat or slow growth year, the best way to increase the bottom line is to look at your own processes and product portfolios, and eliminate redundancy to consolidate volume with vendors that offer lucrative programs and/or have broad product offerings.

This is especially important in the abrasives category, a notoriously crowded space in the consumables market. Multiple vendors, similar products and customer requests over the years have left most distributors with a selection full of redundancies and low sales per SKU. Looking at your offering and streamlining it offers rewards for customers, distributors and manufacturers.

REWARDS FOR END USERS

Having a streamlined, rationalized abrasives offering delivers purchase clarity and confidence, especially for distributors with showrooms and/or walk-in business. Have a brand strategy and product offering that clearly communicates to the user the best value proposition for their applications and needs. Fewer options also mean less out-of-stock risk, so you improve delivery and service to them, keeping them working.

REWARDS FOR YOUR ORGANIZATION

A rationalized abrasive product range will result in improved effectiveness of your sales and counter team members. It is much easier to have a deep understanding of the product you sell – the value proposition, the user applications – when you have fewer items to sell. This deeper understanding of the product and usage will position you as the expert and make you an even more indispensable partner for your customers.

Additionally, inventory management and other administrative, non-value-adding activities will take up less staff time.

REWARDS FOR YOUR BOTTOM LINE

Lastly, your consolidated volume will mean that your chosen manufacturers will be more responsive to the training and technical support needed to drive conversions and growth, and will give you more negotiating power for the best pricing. Rebates can be maximized through consolidation of suppliers as well, further adding to profitability.



MAHEU

▶ COST SAVINGS VS. PRICE SAVINGS

DON BREWER, REGIONAL SALES MANAGER - EAST, PFERD INC.

Due to current economic conditions, as suppliers and distributors in the industrial marketplace, we are consistently challenged by our customer's need to reduce costs. Customers often request a lower price or a less expensive product. These are short-term solutions to a long-term problem. What will set you apart from your competition is to sell your customer a value-added product versus offering a price reduction on their existing product.

Remember, the customer is asking you to help them reduce their overall costs. Reducing the customer's labor costs and improving their productivity is where real-world cost savings lie. One of the best ways to reduce costs is to show your customer the benefits

of using a value-added, higher quality product solution. While this new product might be priced higher, if the performance of the product is twice as efficient as their current product, then you are well on the way to helping them achieve their specific goal of reducing costs.

For example, let's assume your customer is using 1,000 cut-off wheels a month at \$1.50 per wheel, spending \$1,500 per month. Instead of cutting your current price and reducing your margins, start selling them a higher quality cut-off wheel that will cost them \$2.00 per unit and double their productivity. This in effect means you will be cutting their usage in half, to 500 units per month. This quality improvement will now be saving your customer

\$500, or 33 percent in product costs monthly. The additional financial benefits of selling a higher quality product to your customer are that they will start seeing a reduction in their labor costs and a tangible improvement in their daily productivity. This all correlates to real-world cost savings that truly improve your customer's business operations and make them more competitive in the marketplace.

So, the next time you are faced with the price challenge, remember that offering a lower price or a cheaper product is not necessarily the answer. Offering value and providing real solutions to their issues is what will set you apart from your competitors.



BREWER

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FROM START TO FINISH™

USE YOUR CURIOSITY TO PROVIDE VALUE

WILLIAM LANG, MANAGER, TECHNICAL BUSINESS DEVELOPMENT - NORTH AMERICAN, NORTON

Have you ever been told, "I have no use for a salesperson?" Providing value-added selling and service requires curiosity. Utilizing the information you gather from your curiosity will make you more useful to your customers.

Imagine that you are planting a garden where you want tomatoes to grow, but instead the plants you purchased produce peppers. If what you really need is a tomato, there is no way to turn that pepper into a tomato. It might have been a good idea to seek the advice of a gardening expert, who could have told you what a tomato plant looks like versus a pepper plant. The gardening guru could have brought in a soil expert, a fertilizer expert, and someone who specializes in care and maintenance. So, how do you avoid this complexity? Increase

your knowledge base now.

As industry experts, we can be in similar situations, which is why it is important to ask questions and get involved before anything is planted. We are all seeing new manufacturing trends that involve more exotic materials, more precise components, shortened lead-times and increased price sensitivity. Getting ahead of these situations can make a huge difference to your customer and growing your individual business. Broaden your knowledge beyond the commodity you sell. Create a network of specialized professionals who allow you to be the point person to help facilitate a total solution rather than a single point of reference.

As Norton | Saint-Gobain Abrasive

experts, we must provide solutions. Some may say we simply sell grinding wheels and sandpaper, but the truth is we work with multiple layers that help transform material to a component, whether it's a machine tool manufacturer, automation integrator, coolant supplier, work holding or metrology solution, etc. Learn from all of them. Establish yourself as an industrial consulting expert and allow your customers to rely on you as a resource instead of a commodity.

How do you do this? Ask questions. Find out what new business is coming in, what capital expenditures are planned, what the goals and objectives are for your customer. Be curious and provide resources your customers will value.



LANG

CHALLENGES IN MATERIAL FINISHING PROCESSES

XAVIER KENNEDY, GM, RESEARCH & DEVELOPMENT, CUMI ABRASIVES

Abrasives are materials used to grind, abrade or clean work pieces to give desired shape and finish. Abrasive technology is challenged by the work-piece material, business changes, modern equipment and methods, surface quality requirements, manufacturing process, social changes and aggressive cost targets.

As far as materials are concerned, requirements of aerospace and automobile industries have made significant contribution in developing the next generation of work-piece materials. While weight reduction is always a key issue, other factors such as corrosion resistance, high fatigue strength and temperature-resistant materials such as composites, intermetallic, Inconel, Stellite and other Ti-alloys have taken a predominant

place in recent developments. These difficult to grind materials create more challenges for the optimization of finishing process. Advancements in the grinding machines on multitasking and IoT (Internet of things) results in many advantages such as reduced setups, reduced tooling and fixturing, increased work-piece accuracy and, most importantly, even throughput.

Modern equipment and progression towards industrial 4.0 drive digitalization (IoT) brings more focus on end product consistency and condition monitoring of tools and machines. Advancement in digitalization technology, analytical tools and sensors will capture critical factors like temperature, power and force in the material finishing process. A grinding tool with sensors will provide access

to condition information about product and its environment. This data on operating parameters could be sent to the tool preset device or to a smartphone for analysis and optimization, thereby autonomous decision making. A comparison with other data from the analytics database makes it possible to determine the tool's wear condition. A detailed analysis can be issued, which provides further options on process optimization, specific to materials, lifetime of tools, reducing material consumption and properties of ground materials.

Abrasive products will have to move toward smart products which will be responsive, connected and intelligent.



KENNEDY

▶ ADDING VALUE WITH COST-SAVINGS PROGRAMS

TOM MORRIS, MARKETING MANAGER, MECHANICAL SOLUTIONS, WALTER SURFACE TECHNOLOGIES

As sure as the sun will rise tomorrow, markets will become increasingly competitive. Can fabricators still eke out costs savings and add value? The short answer is yes.

What manager wouldn't want quicker, safer and more effective business processes? One simple way to achieve this goal is through the implementation of documented cost-savings (DCS) programs.

Documented costs savings are part of a wider trend to provide value-added services through process enhancements and product analyses in labor-intensive industries. These services are increasingly being demanded by large customers who are looking to be more competitive and are sensitive to some of the "hidden costs" of manufacturing.

Walter Surface Technologies pioneered productivity analysis 30 years ago, in part to show shop-floor clients why our mainstay grinding wheels were more cost-effective than competitive products. The initiative sought a decisive way to clearly – and convincingly – map out efficiencies through formal documentation of what was already being observed during normal product demonstrations.

Think of the "show, don't tell" principle. DCS programs follow this maxim by quantifying the cost savings achieved through the use of superior products. Documenting annual product and labor costs and demonstrating how to utilize products more efficiently – through smarter business processes – yields demonstrable savings for savvy end users.

However, DCS programs deliver

much more than just data-driven reports. Detailed and non-intrusive operations analysis means customers benefit from years' worth of accumulated advice and training from the consultant that is tailored to fit their individual shop-floor culture.

Over the years, Walter has worked with hundreds of customers to introduce real savings for businesses. Our evaluators explain where customers are literally throwing away money, and the DCS program evolved over time to provide more accurate quantitative analysis of cost savings opportunities.

Our modern initiatives comprise three key elements: productivity

analysis, safety seminars and our bucket program, all of which strive to help our customers save money in their shops. It's a combination that adds value because it discovers hidden sources of productivity along with reducing potential liabilities.

Looking for savings is part of everyone's DNA, and companies are far more likely than ever to be sensitive to supply costs. Distributors who want to differentiate themselves in the market would be wise to partner with manufacturers who offer these value-added services at the end-user level to provide them with an edge over the competition.



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