



### **CTMA Trustee Report Fall 2014**

The conference began on October 22<sup>nd</sup>, 2014.

The day began with a General Membership Assembly. A presentation was given on workforce initiatives, including NTMA U, which is growing rapidly and many members report good success. Connecticut member Hobson & Motzer, Inc. received an award plaque for 70 years of membership in the NTMA.

There has been a lot of turnover at NTMA. In addition to Jim Grossman passing away, two staff members resigned within a short period and a search process is underway to find replacements.

AMT reports that GDP growth is increasing and the strengthening dollar will allow for lower rates to be sustained for a longer period. Manufacturing costs in the US are flat over the past 14 years while costs in emerging markets have risen rapidly. Capacity utilization is high.

Automotive manufacturers will launch 120 models per year from 2013 - 2020. 17,000,000 vehicles are expected to be produced in the US. 42% of suppliers don't have capacity. There is expected to be a \$2 - \$2.5B gap in tooling supply. Aerospace is expected to continue growth with 40% of demand coming from Asia. Backlogs are very high in the oil / gas business. In 2010, 5,000 railcars were produced. The current backlog is 50,000 railcars. Softer areas of the economy will be mining, heavy equipment and agriculture equipment.

Many members are contributing to the NTMF to support the future of the industry. Two who were in attendance donated \$100,000 each to the foundation. A good way to contribute is appreciated assets or through part of an Estate Plan. Tax benefits can be increased in some of these situations. It was noted that some of the larger foundations are coming to realize the shortage of blue collar workers and technicians and may direct more of their resources toward the industry along with some of the larger corporations.

NTMA is receiving an award from the American Jobs for American Heroes program.

There were four business tracks available Wednesday afternoon including Lean, Metrics, NTMA-U, Federal regulations, Additive manufacturing, export promotion, Sales and Marketing and Conflict Minerals. I attended the sessions on Metrics & Sales and Marketing.

The Manufacturing Metrics Program was facilitated by Shane Yount and was quite good. Shane hammered home the purpose of metrics in managing using Process Based Leadership. Done properly, metrics will drive, focus, a sense of urgency and accountability. They can make the leadership process both scalable and sustainable

versus personality based leadership that most companies employ. The metrics need to be a thermostat rather than a thermometer and drive the agenda and energy of the organization. The players need to know if they are winning or losing throughout the company. A disparity of engagement can be identified and dealt with. Shane recommended development of a business processes handbook to be used for quick onboard of new hires into the culture of accountability.

Dan Bagley gave a seminar on growth strategies. He said an average multiple of earnings to sell a company in the industry would typically be 5-7x ebitda; however, a well run and diversified shop could fetch up to 10-15x. He demonstrated how Ansoff's matrix can be used to think strategically about business development and what opportunities to pursue. One avenue is to look for adjacency - value added services on an existing part or looking at an assembly of a current part to find additional opportunities to move up the value chain with an existing customer. Dan can be reached at [rdbagley@ntma.org](mailto:rdbagley@ntma.org) for a copy of his presentation.

Thursday was technology day with topics including tool holding, five axis machining, hybrid (additive and subtractive) machines, social networking and flexible automation.

#### **Advocacy Efforts:**

One success to report was the passage of WIOA, the workforce funding program that NTMA has been pursuing for many years. Preferential treatment will be given to programs with strong industry ties and skills certifications. NTMA U and NIMS are programs that meet these criteria so further funding may be possible.

The Franklin Partnership gave a report on NTMA's advocacy priorities. The 60 tax provisions expired will likely be renewed after the midterms. Senate Democrats prefer a short term extension for 2014 and 2015 including all expiring provisions. Republicans favor making certain items permanent. The balance of power in the Senate may determine the direction of the tax extenders. The President wishes to focus tax reform on only C corporations. Franklin is working to make sure that S corps are also included in any future tax reform talks.

**EPA - The EPA has effectively shut down construction on any new coal fired plants with emission regulations that make new plants uncompetitive. Now they are moving on to existing plants with new regulations that will increase energy costs 20-25% over time.**

**There is a proposed rule that is expected to be issued after the elections that will limit ground level ozone to 60 PPM versus 75PPM. This is expected to be the most costly rule in the history of the EPA. It will make the entire country a "non attainment zone". If they are successful, the EPA will have the power to demand offsetting energy consumption for any new plant or piece of equipment. NTMA, along with coalition partners is readying legal challenges to this unprecedented power grab by the EPA.**

**OSHA is proposing new safety regulations I2P2, which will drive up compliance costs. They will require regular walkthroughs with observations documented. These requirements will extend to temp agencies. They are planning to require immediate electronic filing of any workplace injury, which will then be made public.**

The house is expected to remain in Republican control after the election. The Senate has a good chance of flipping to Republican control. It may not be determined until January if there are runoff elections in Louisiana and Georgia.

**The Connecticut and Massachusetts Governors races were sited as being tossups.**

Fund raising efforts are not going well for either the GAF or PAC. About \$75,000 of PAC money is needed for the lobbying efforts to be most effective. The number of contributors is very small. Members are encouraged to sign the Permission to solicit forms and, hopefully, we can get more individuals to participate.

The Board of Trustees meeting included the typical information of budget performance year to date and a proposed budget for 2015. Both showed a modest build in reserve. Membership is down slightly for the year but showed a net increase in September.

The NTMA board restructure plan passed unanimously and an implementation team was formed to manage this transition.

**Roundtables:**

The roundtables attended were Medical industry, workforce and Tool & Die.

The one potential action item from the Medical roundtable was the possibility of setting up a consortium through NTMA for trade shows or trade missions. Banding together may help with costs and marketing exposure.

There is a lot of good work going on in the workforce areas in many chapters. Members stressed that we can't wait for a need to begin the training pipeline.

The Tool & Die roundtable generally reported good business conditions. Much of the discussion focused on healthcare costs. More members seem to be going self insured. Two shops were using NTMA U for their apprentice programs and GD&T training and were very happy with it. Die Planners software is being tested for quoting.

Friday finished with a gala and auction benefiting the NRL and GAF. The event was well attended and fund raising seemed robust.

Respectfully Submitted,  
Bruce Dworak  
Trustee CTMA

10/28/14