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2021 FALL INSTITUTE MEETING San Antonio, Texas October 16 - 18

2021 Fall Institute Meeting at
the Omni la Mansion del Rio in
San Antonio, Texas from October 16 - 18.

Registration is open until **September 15**,
and more information can be found [here](#).

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Bret Tayne

USCTI President's Message

To my fellow USCTI members and sponsors:

Here we are with summer fading and fall just around the corner. This summer has seen positive developments and raised concerns. Manufacturing appears to be on a good path, our industry has generally been on an upward trajectory, and it seems as though most people have resumed many of their previously normal social activities, such as travel, weddings, sporting events, and concerts (albeit with precautions).

For those of you who missed it, we had an excellent meeting in the spring. Attendance was about 80% of our typical numbers, which was certainly better than we were expecting. We encountered some technical issues with remote presentations, but all in all, the meeting was well done and informative. Of course, the highlight was seeing our colleagues and friends whom we had not seen for an extended period. Even with the shortened format, we had great events where we could share our recent experiences and consider ideas on how to best move forward. There is no better learning opportunity than to hear from our peers in the industry, whether it be at a roundtable, sitting at a casual pre-meeting breakfast, or enjoying a beverage at a reception. I can speak from personal experience to say that some of the best conversations and ideas that I have been able to apply over the course of my career have come through such experiences. I greatly look forward to the coming meeting in San Antonio and hearing from all of you on the subjects that are near and dear.

We continue to make progress on programs that will enhance our overall USCTI membership experience. Committees are actively engaged in their mandates to provide useful information and services to the membership. One way each of us can maximize our benefit from USCTI is to participate in the committees and in their activities. I strongly encourage every member company to assign participation in each of the areas, as this is where you have a chance to influence the data we gather and where we focus our attention. Please make the most of this opportunity.

The meeting in San Antonio promises to be the highlight of the year for the USCTI. If you have not already done so, get on board to share your thoughts at this critical juncture and to hear from others.

See you there,

Bret Tayne,
Everede Tool Company
USCTI President

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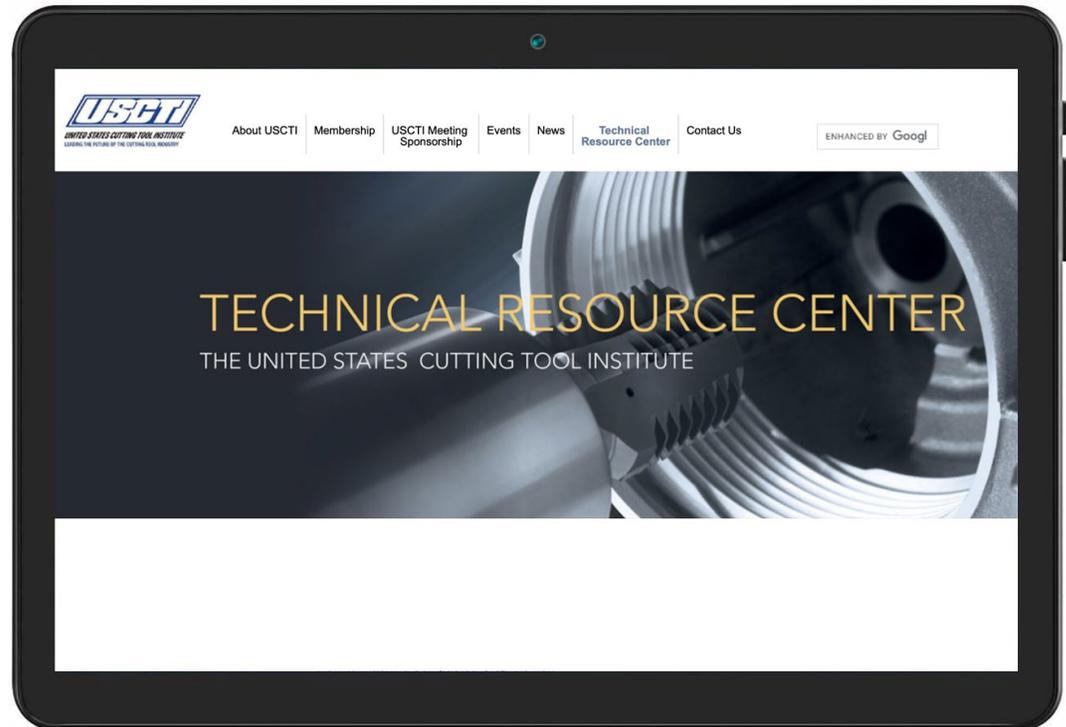
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Technical Committee Update

The Technical Committee has been working to provide additional resources to USCTI members. Their efforts include plans to reformat the USCTI Technical Resource Center to properly catalog data and provide additional technical information. The goal is to generate visibility and traffic to our site as an unbiased technical resource for the market to the benefit of our member companies. More information will be coming at the fall meeting and in coming months.

Drew Strauchen, Technical Committee Chair
GWS Tool Group



Statistics Committee Update

As you may be aware, our process for statistics reporting has changed in order to try and get reports out in a timelier manner. Data is due on the 15th of each month, and within five days USCTI will turn around the reports. If a member doesn't submit data for that month, they will not receive the report and their data will be estimated until the time at which they submit data again. Please make every effort to submit data by the 15th of each month.

We are continuing to seek ways to benefit our members and are currently looking into a raw materials report. If any of you have information that would be beneficial, if you have enhancements to our current program, or if you would like to see additional information that would be valuable, please reach out to the USCTI office.

Brian Norris, Statistics Committee Chairman
Dormer Pramet



2021 Spring Business Outlook Survey

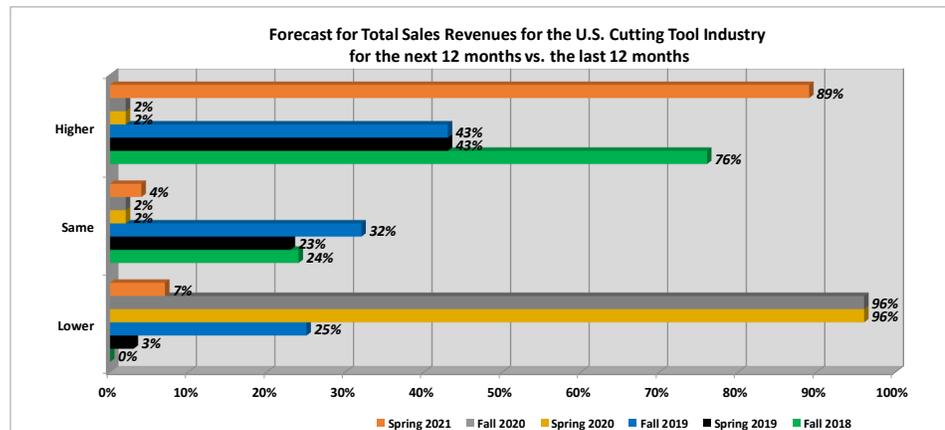
Results from the Spring 2021 Business Outlook survey showed great improvement from 2020, although there were still some negative areas. Participation in the survey increased to 46 responses (from 40 member companies in fall 2020) from the spring 2020 high of 52. Highlights from the survey include:

Nearly 90% of respondents think the industry forecast for the next 12 months will be higher than the previous 12 months (in the fall 2020 survey, only 2% thought the next year would be higher). In the fall 2020 survey, 96% of respondents stated their sales for that quarter were lower than the same quarter in the previous year. In the spring 2020 survey, only 50% stated their sales would be lower, while 37% stated their sales would be higher. Accordingly, company revenue trended higher, with 86% stating their annual sales revenue would be higher for the next 12 months compared to the prior 12.

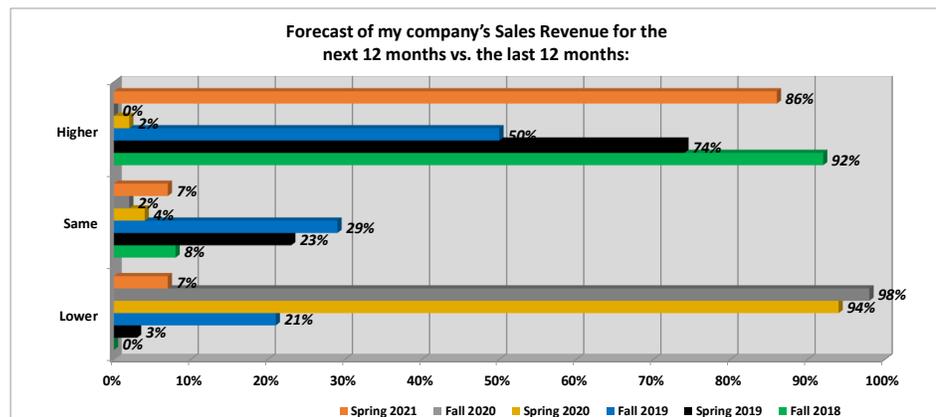
As expected, 74% noted that raw material prices have increased, and over 50% said lead times have increased.

In light of the dramatic changes over the past year and a half, it's more important than ever for all members to participate in the fall 2021 survey, which will be discussed during the Fall Institute Meeting. The results can prove beneficial to all members.

Industry Forecast



Company Forecast



USCTI Meetings

Future Meeting Dates

Be sure to mark your calendar for the upcoming Institute meetings, which are scheduled as follows:

2022 Spring Meeting

April 30-May 2, 2022
The Greenbrier
White Sulphur Springs, WV

2022 Fall Meeting

October 29-31, 2022
The Broadmoor
Colorado Springs, CO

2023 Spring Meeting

May TBD
More details to come...

2023 Fall Meeting

October 14-16, 2023
Hilton Luxury Collection Hotel
Seattle, WA

2024 World Cutting Tool

Conference
May TBD
Osaka, Japan



2021
Omni la Mansion del Rio
in San Antonio, Texas

Message from the Programs Committee

As we roll through 2021, we were able to enjoy a face-to-face meeting in Florida this spring and are looking forward to our fall meeting in San Antonio, which will be held October 16-18. For those of you who attended the spring meeting, we purposely shortened the program in order to save cost and figure out a new normal as we came out of hibernation. After that meeting, we have decided to go back to the old format and make this a traditional full meeting.

As you know, we were scheduled to travel to Seattle in October. Based on several factors, it was determined that finding another destination would be better for our attendees. A big thank you to Susan Orenga and Andrea Sutton for helping us find a new venue on short notice. We were able to keep our agenda for this venue, and all our speakers, including Michael Weidokal with an update on the economy and Brian Beck on eCommerce, will be live. In addition, our keynote speaker, Matt Havens, will be speaking on generational differences, which is a key topic as leadership ages. There will be plenty of time set aside for networking and sharing of ideas as we navigate these challenging times.

If you haven't already signed up, we hope you will consider joining us for this meeting. We are still on target to hold our spring 2022 meeting at the Greenbrier in White Sulphur Springs, West Virginia and our fall 2022 meeting at the Broadmoor in Colorado Springs.

*Mike Stokey,
Allied Machine and
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Programs Committee Chairman*



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Legal Update

Sustainability and ESG Strategies No Longer Just for the “Green”

Ten years ago, issues of corporate social responsibility — such as measuring carbon footprints, socially responsive company policies, or ethical supply chains — might have been championed by activist shareholders and left-leaning politicians, but they were not a business objective for most organizations. What a difference a decade has made! Sustainability and environmental, social, and governance (ESG) initiatives are now common buzzwords in boardrooms and management meetings and are part of strategy plans, annual reports, and investor presentations. Many companies are devoting significant resources and personnel to their sustainability and ESG initiatives. Social change, advances in technology, and the ability to prove ROI have elevated issues of sustainability and ESG as hot topics for companies and are becoming a more common requirement for investors, employees, and customers.

While many times these terms are used interchangeably, what is the difference between sustainability and ESG? Sustainability, in an environmental context, means using resources in a manner that ensures an ecological balance. It encompasses any business practice that lives by the principle “do well by doing good.” “Sustainable” is based on the selection of projects or programs that have a positive impact on social and environmental aspects by an entity that is ready to sacrifice profits for a cleaner environment. On the other hand, ESG refers to a specific set of criteria denoting environmental, social and governance matters. In general terms, ESG seeks the identification and ranking of undertakings that show desirable characteristics. These characteristics are broader than what is considered in sustainability. ESG is the quantifiable measure of a company’s sustainability and societal impact. ESG aims to collect and measure metrics relevant to a business’ objectives and stakeholders. While ESG initially gained prominence among investors looking for socially responsible investment opportunities, it is now used by businesses that prioritize sustainability. To attain ESG status, organizations must build an ESG program, create awareness with an ESG rating, and hit metrics that matter to forward-thinking investors.

Sustainability and environmental, social, and governance (ESG) initiatives are now common buzzwords in boardrooms and management meetings

What Does ESG Mean?

ESG stands for environmental, social, and governance standards. The acronym originally referred to the trio of business measures used by socially-conscious investors to identify and vet investments.

- **Environmental** benchmarks address the way an organization responds to environmental issues, such as climate change and greenhouse gas (GHG) emissions, energy efficiency, renewable energy, green products and infrastructure, carbon footprint, and water conservation.
- **Social** benchmarks address how companies respond to complex and evolving societal issues like data privacy, pay equity, health and safety, diversity and inclusion, social justice positions, and employee treatment.
- **Governance** benchmarks address such things as directors’ pay, executive compensation, diversity of stakeholders, treatment of workers, and transparency in communication with shareholders.

The Business Benefits of a Sustainability/ESG Program

There are many business benefits of building out a sustainability/ESG program:

- **Improved Resource Management and Sustainability** — Companies focused on sustainability/ESG matters see benefits in efficiency and cost reduction, such as efficiencies due to resource allocation, employee retention, and regulation in many industries. Many of the costs (and risks) associated with resource consumption — such as resource needs for data processing centers, or transportation costs — can be reduced with ESG-focused resource allocation.
- **Improved Risk Management** — Sustainability/ESG risk management includes business continuity planning and supply-chain management to mitigate the effects of business disruptions. It helps companies act on values such as gender parity in leadership or diversity in board composition, have a ready public response to social justice issues, mitigate and prepare for the effects of climate change, and many other risks.
- **Proactive Regulatory Compliance** — Sustainability and ESG regulations are coming soon! State and global regulations, and anticipated federal regulations, require data collection and reporting on ESG issues. Other regulations, such as the European Parliament Agreement, require organizations that make ESG claims such as “sustainable business practices” to meet and report on standardized criteria.
- **Greater Profitability** — Recent studies have found that companies that purposefully manage ESG risk tend to better manage all risks within their business. There is a strong correlation between better ESG risk management and higher profitability.
- **Attractive to Investors** — ESG investors want to incorporate values, such as responding to climate change, into their portfolio — in addition to the traditional factors of potential profitability and risk. If your company has not embraced ESG initiatives, it’s not hard to make the case. According to Blackrock’s first Global Client Sustainable Investing Survey, \$23 billion was invested in ESG companies in 2020, compared to \$450 million in 2019. Furthermore, half of the C-suite respondents wished to double their organizations’ exposure to sustainable assets within five years. This publication also noted that investment flowing into ESG funds was up 102% in 2020 compared to 2019. According to Barron’s, in 2020, ESG stocks outperformed the stock market by 46% in the U.S., by 20% in Europe, and by 77% in Asia.
- **Employee Retention** — Employees have shown an increasing preference to engage with businesses that prioritize purpose alongside profitability. This is true of both consumer buying habits as well as a company’s ability to attract and retain top talent. According to Barron’s third annual ranking of America’s Most Sustainable Companies, employee turnover is 25-50% lower at sustainable operations.
- **Satisfy Customer and Stakeholder Demands** — Many regulations, such as conflict minerals and frameworks such as SASB, require companies to perform due diligence on their supply chains and resolve risks. If your customers are managing ESG and you are not, you are likely to lose customers. The same may be true for consumers, who are increasingly savvy about the processes, ingredients, and components in the goods they buy. These consumers search for labels such as Conflict Free, Fair Trade, USDA Organic, Rainforest Alliance, Certified B Corp, and other standards to help them make buying decisions or justify higher costs.

All in all, there are many benefits to implementing sustainability and ESG strategies. In this case, the reference to “green” might include the color of money and not just the environmental impact.

Special Thanks To Our 2021 USCTI Meeting Sponsors



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