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Informing, planning and taking action



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LEADING THE FUTURE OF THE CUTTING TOOL INDUSTRY

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## JOIN US FOR THE FALL 2016 USCTI MEETING IN NEW ORLEANS!

We are planning an exciting event in The Big Easy, including a reception and dinner at the World War II Museum and presentations including Commander Eric Potterat, Bill Strauss and Robert Segal discussing distribution trends.

Watch your email for registration information, which begins soon.



## IMTS2016

Join USCTI and AMT at a breakfast reception at IMTS on Thursday, September 15 from 7:30-8:30 A.M. in the West Hall of the McCormick Center, W-181. Steve Stokey and IHS will be speaking about our joint statistics program and new forecasting report. To register, please contact the USCTI office at [uscti@uscti.com](mailto:uscti@uscti.com). To see a list of USCTI members who are exhibiting at IMTS, please [click here](#).

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## USCTI President's Message



Steve Stokey

Dear USCTI Members,

As we move through the dog days of summer, I would imagine most of us are making our plans to either display at or attend IMTS in September. All of us could use a good shot in the arm of optimism—and a good dose of innovation—to inspire us during these interesting economic times. One event I don't want you to miss is our USCTI/AMT Joint Statistics Committee breakfast during the show. It is taking place on Thursday, September 15 at 7:30 A.M. in the West Hall W-181. We have some exciting updates to our statistics program and can't wait to share them with you. To register, please contact the USCTI offices.

As we close out IMTS it will be time to put our business plans together for 2017. How will we maneuver through these rocky economic times? With Brexit behind us, and the U.S. elections in front of us, our USCTI fall meeting at the Omni Royal Orleans Hotel in New Orleans, Louisiana, October 15-17, is what you will need to help set your company's direction for 2017. Our Programs Committee is working hard to match the fantastic job they did at the World Cutting Tool Conference by providing timely speakers full of relevant content for our industry. Plan on receiving the latest economic forecast for cutting tools and for the economy in general in October. You won't want to miss it!

Have a great rest of the summer, and I look forward to seeing you this fall.

Sincerely,  
Steve Stokey

## Statistics Committee Update

As you know, I took over the responsibility as Chairman for the Statistics Committee earlier this year. It's not my first time in this kind of a role as I was previously a Committee member, and was also Chairman of AMT's Economics and Statistics Committee for several years. It is great to be able to lead this group's activities and to be able to enhance this important aspect of our Institute.

### Timeliness of Reporting

Let me begin with this topic that keeps coming up. Most members are diligent about reporting their statistics in a timely fashion, which means no later than the 15th of the month. However, sometimes there are delays, which have the unfortunate consequence that the consolidated data cannot then be released to anyone. Please work with your staff to ensure that we avoid delays, and contact the USCTI office if you have questions.

### New Forecasting Report

Earlier this year, we initiated work to identify a new source for our forecasting report. For many years, Ron Nicely has provided us with this service, but the time has come to transfer this responsibility to a new provider. The search resulted in proposals from four potential suppliers. The Committee chose IHS as they are well qualified to provide us with the type of analysis and insight we require going forward. In addition, utilizing the joint statistics report data, we have agreed with AMT to share this report and to split the cost. The Board of Directors accepted our proposal at their June meeting.

The work between USCTI, AMT and IHS will begin to build the base data they require. We can look forward to seeing the new report later in the year. One change is that these new forecasting reports will only be available to those USCTI and AMT members that provide the input data for the statistics program. We feel this is fair and best supports the intent of our statistics programs.

I want to thank Matthias Barlat of Kennametal and Susan Orega, USCTI Staff (Thomas Associates), who took the lead in contacting and discussing our needs with the potential suppliers. I would also like to thank Ron Nicely for the many years he has serviced USCTI, I know that the information he has provided has been very useful to our membership.

### Other Current Topics

As planned, we have now finalized the work in shifting from 2007 to 2012 base data. I want to thank everyone for their support. It is a lot of work, but really important that we continue to have the best data from which to work.

For 2016, we set out to introduce two new reports to our membership during this year, based on requests. The first is an Annual Regrind report, and the second is the Hardcoating Statistics report. We did release the Annual Regrind report to those that provided data, however we put the Hardcoating report on hold as we continue to find additional members to participate.

With that, I would like to thank the members of the Statistics Committee for their continued support and insight.

Johan Israelsson, Statistics Committee Chairman  
Sandvik Hyperion

## Technical Committee Update

The Committee recently conducted two conference calls regarding the new General Tool Catalog (being developed by Machining Cloud, Kennametal, Sandvik and Siemens) and will meet again once Kennametal has a chance to review the USCTI statistics categories to see how the catalog may effect USCTI. Active USCTI members on this committee have been: Steve Boyer, Alvord-Polk Tool; Ray Moring, Greenfield Industries; James Haag, Hardcoating Technologies; Jack Lynch, Sandvik Coromant; Ken Campanelli, US Tool Group; Phil Kurtz, Wetmore Tool & Engineering; and Al Choiniere, Superior; with Susan Orega USCTI/Thomas Associates as the organizer.

The NAS Standards AIA Working Group, has met five times since the beginning of the year. Topics have been the review and revisions to NAS986/897/898 & 965 and the new Solid Carbide End Mill standard. NAS986 was published April 29, 2016. The remaining standards are to be balloted shortly and should be published by the end of August 2016. The next call will be held in July with the agenda to discuss the development plan for the new aerospace solid carbide end mill standard. Three additional USCTI members have been added to the AIA Working Group to support the development of the new standard. They are Joe Kueter, MA Ford Mfg.; Linn Win, Sandvik Coromant; and Jeff Burton, Kyocera, SGS Tool Company.

The next face-to-face AIA Working Group Meeting will be held at the AIA Headquarters in Arlington, VA (Wash. DC) October 4-5 for the development of the new carbide end mill standard. This new standard development will be completed in 2017.

Active USCTI members on the AIA Working Group consist of Phil Kurtz, Wetmore Tool & Engineering Co.; Steve Boyer, Alvord-Polk Tool Co.; Ray Moring, Greenfield Industries, Inc.; Dennis Noland, Seco Tools; and Al Choiniere, Superior Inc.

The USCTI Technical Committee is made up of 31 member companies. To view the current and updated AIA NAS Cutting Tool Standards, please visit the Technical Resource Center on the USCTI website, or click [here](#).

Al Choiniere, Technical Committee Chairman  
Superior Inc.

### We Need Your Ideas

The USCTI Technical Resource Center has been updated on the new website, and is an excellent source for a vast array of technical information on cutting tools, surface coatings and materials. The Technical Committee utilizes the Resource Center to broadcast additional information and updates on a continuing basis. However, we would love to have further input and ideas from membership to help make the Resource Center a useful, hands-on tool for new cutting tool engineers coming into our industry. Please send your ideas and input to [uscti@uscti.com](mailto:uscti@uscti.com). Additional white papers would be welcome and are much appreciated.



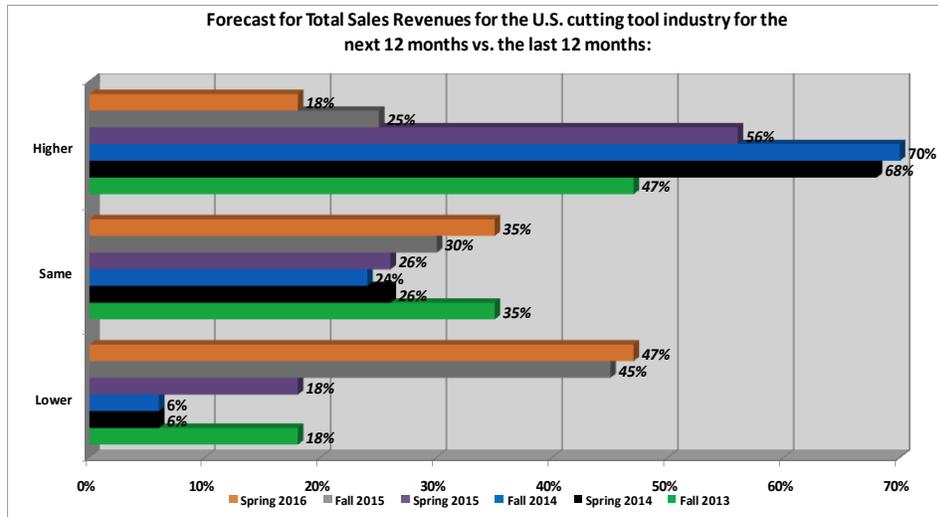
# Spring 2016 Business Industry Outlook Survey Results

Participation in the Spring 2016 Business Outlook Survey increased from the Fall 2015. Eighty-four percent of respondents reported lower sales revenue in Q1 quarter vs. 40 percent reporting for the same quarter in Spring 2015. Only 33 percent of respondents reported higher sales revenue for the next 12 months vs. the last 12 months, compared to 50 percent last quarter. One member noted that “the market is still challenging heading into 2016, however, there are a few bright spots that lend themselves to being optimistic.”

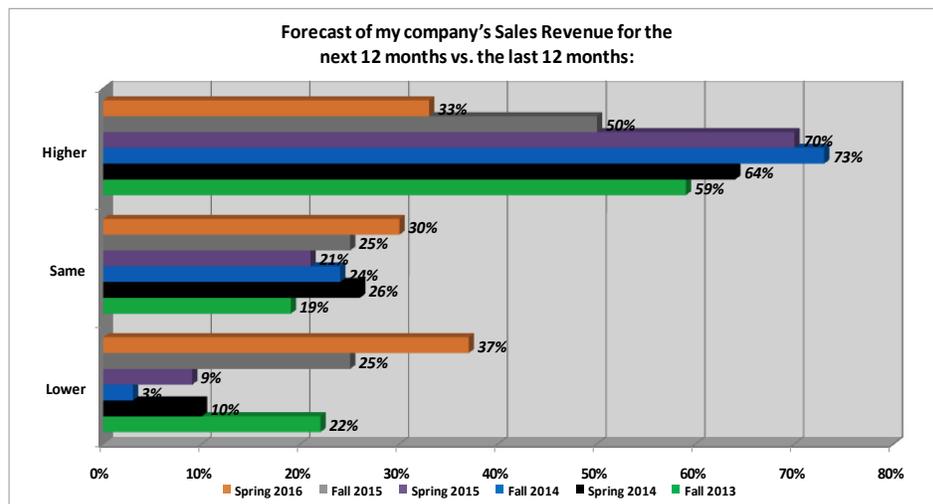
The PowerPoint presentation of the survey results is available to all members through the [USCTI Secure Virtual Office](#).

To access the documents referenced in the Cutting Tool Informer, log on to the [USCTI Secure Virtual Office](#) (SVO), using your unique username (email) and password. Passwords are case-sensitive. If you have forgotten your password, click on the “Forgotten Password?” link and you will receive an email with your login information. Or, contact the USCTI office for assistance.

## Industry Forecast



## Company Forecast



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## 2016 World Cutting Tool Conference

The Fairmont Orchid, located on the beautiful Kohala Coast of Hawaii, served as a wonderful spot to host the 2016 WCTC. The USCTI was pleased to host individuals and guests from companies representing countries around the globe. Attendees were privileged to hear presentations from leaders of USCTI, ECTA, JTA, and ICTMA, as well as a presentation of the status of the Korean and Chinese markets. In addition to updates from around the world, Olympic Champion Mark Spitz shared his story with attendees, Andrea Boltho (Magdalen College, University of Oxford) spoke about the Global Economy, Harry Moser (Reshoring Initiative) spoke about where products are being made and why, Filip Geerts (CECIMO) discussed the European machine tool industry, and Richard Aboulafia (The Teal Group) shared the growing opportunities within the aerospace market.

In addition to learning more about our industry, many opportunities were provided to network and socialize. Our ladies event allowed everyone to get to know each other better while making their own Hawaiian lei. Afternoon events included golf and snorkeling. Monday was to include horseback riding and kayaking, but unfortunately, due to strong winds, they were cancelled. My understanding was that future USCTI President Phil Kurtz's room was set up as a temporary Tiki bar in order for members to forget about their disappointment.

As always, our evenings were filled with drinks, great food, entertainment, talking to old friends and meeting new friends.

Our next meeting will be in New Orleans from October 15-17. Don't miss this opportunity to keep on top of what is happening in your industry.

To view the World Cutting Tool Conference Meeting Program, please visit the USCTI website or click [here](#). To view speaker presentations, please log into the [USCTI Secure Virtual Office](#).

Mike Stokey, Programs Committee Chairman  
Allied Machine & Engineering

**Future Meeting Dates**

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

**2016 Fall Meeting**

October 15-17  
Omni Royal Orleans Hotel  
New Orleans, Louisiana

**2017 Spring Meeting**

May 6-8, 2017  
Wild Dunes Resort  
Isle of Palms, South Carolina



## World Cutting Tool Conference Meeting Survey Provides Recommendations for Future Meetings

The survey provided feedback that helped confirm that the meetings are valuable to our members and, for the World Conference, our colleagues from around the world. Participants are interested in future topics covering the medical device and instrument market, distribution consolidation and channel strategies for the future, and new manufacturing technologies. In addition, attendees thought the meeting app was valuable and helpful for networking, so that will continue to be a feature of upcoming meetings.

Thank you again for your responses. We look forward to learning more about your needs in the next survey!



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# Code of Conduct and Ethics Policies— Guidelines for Employee Behavior

In today's world, employees and consumers have become increasingly attuned to the mission and ethical values of the companies they work for and do business with. In order to create a better work environment for their employees, with clear expectations and ethical standards, companies should consider implementing a code of conduct and ethics policy. A code of conduct and ethics policy creates a set of guidelines for employee behavior and helps form standardized ethical values to be utilized in conducting a company's daily business.

## What is a code of conduct and ethics policy?

A code of conduct and ethics policy is a formal document organizations use to establish clear fundamental principles and values that help employees understand how to conduct themselves in the course of their employment. Specific behaviors, responsibilities, and attitudes expected of employees are outlined within these policies, ranging from employee dress code and social media guidelines to antidiscrimination and sexual harassment provisions. These kinds of policies help provide direction to employees in dealings with fellow employees, customers, suppliers, investors, and the local community, all while promoting the organization's mission and core values. This document is usually prepared by management and approved by the board of directors. It is important that both management and the board have alignment on the company's mission and ethical values expected of its employees. In creating these policies, it is advisable to have the company's legal department or outside counsel involved in the process to ensure that the policies meet standard business guidelines and align with any applicable federal and state employment laws.

## What should be included within the policy?

A code of conduct and ethics policy functions as a tool for companies to communicate expectations for employee conduct and behavior. In order to promote a safe and courteous work environment, a company's code should include provisions that address matters such as the company dress code, attendance policies, health and safety procedures, an employee drug use policy, a whistleblower policy, and an acceptable use of company resources policy. In addition, other provisions that may help to promote the organization's goodwill and increase performance include insider trading policies (for public companies), confidentiality policies concerning the company's proprietary information and trade secrets, anti-discrimination policies, sexual harassment policies and anti-corruption policies (Foreign Corrupt Practices Act and similar anti-corruption laws). Other provisions may be directed towards higher-level individuals in an organization, such as managers and directors, and focus on providing guidance regarding compliance with government and regulatory agencies, conflicts of interest, business opportunities, company transparency, and other business-related areas.

Aside from these provisions that provide employees guidance in specific situations, an effective code of conduct and ethics policy should also include a detailed description of the organization's ethical values. When employees find themselves in situations that are not necessarily governed by a specific policy, they can look to the company's ethical values to provide them guidance in conducting their actions and behavior. While individual employees bring their own personal ethical values with them to the workplace, creating a standard ethical system through a code of conduct and ethics policy allows organizations to promote those values that they deem most important to their business and mission.

Lastly, a company should include explicit consequences for those employees that fail to follow the code of the conduct and ethics policy. These consequences may range from initial verbal warnings or documented warnings for small violations, to suspension or termination for offenses such as violence or stealing. Organizations should also consider including step-by-step procedures for disciplining employees who violate the code, which helps both the employees and their supervisors who must enforce it. As organizations grow and develop, they

**A code of conduct and ethics policy creates a set of guidelines for employee behavior and helps form standardized ethical values to be utilized in conducting a company's daily business.**

should continually review and revise their code of conduct and ethics policies in order to better promote their mission, as well as inform their employees of the appropriate workplace conduct and behavior.

## Why should organizations implement a code of conduct and ethics policy?

A well-written code of conduct and ethics policy can produce a multitude of benefits. An effective policy can help organizations promote positive goodwill amongst its current employees, potential employees, clients/customers, and the public at large. Employees are more likely to work for companies with caring and safe workplace environments, which code of conduct and ethics policies can help to create.

Additionally, consumers are also concerned about the ethical values of the businesses they utilize and want to ensure that the companies they use treat their employees well.

These types of policies can also help prohibit inappropriate behaviors and improve employee performance. Inappropriate employee behaviors can corrode the workplace environment and cause serious headaches for organizations in the form of lawsuits, insurance issues, or intensive reviews from government agencies. Successful policies can minimize these potential problems by providing employees with concrete examples of appropriate conduct and implementing consequences for policy violators. Organizations that follow through with disciplinary procedures and document their corrective actions can cite their policy and documented remedial measures to avoid liability. Clear policies and a positive workplace environment can also help employees focus on maximizing their performance, rather than worrying about what conduct or actions are appropriate in the workplace.

## Are there any additional considerations companies should take into account when implementing a code of conduct and ethics policy?

Even though a code of conduct and ethics policy may be well drafted, it is only a useful tool if employees understand the policies. Accordingly, no matter how large or small the company, all employees should participate in a training course on the code of conduct and ethics policy. In addition, companies should provide periodic refresher courses to keep employees educated and informed about the policy. These courses should include providing employees with concrete examples of best practices in situations in which the policy applies, as well as simulated learning sessions that allow employees to physically practice carrying out the policy. These sessions can be conducted by the company itself or by a third-party agency.

In implementing a new code of conduct and ethics policy, all employees must receive a copy of the policy. Thereafter, new hires should be provided with a copy of the policy. In both cases, employees should be required to provide written acknowledgement that they have read and understand the policy. Companies should also make their most current policy available through their corporate intranet. Any changes that are made to the code of conduct and ethics policy should be communicated directly to the employees. Additionally, because companies often make changes to their code of conduct and ethics policy, it is a good practice to require an annual acknowledgement by employees that they have read and understand the most current policy.

With all the potential advantages that come with a code of conduct and ethics policy, every company should heavily consider implementing one.

# Special Thanks to Our 2016 USCTI Meeting Sponsors



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