



CANADIAN MACHINERY AND

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MACHINE TOOLS : FABRICATING : TOOLING : WELDING CANADA

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CAUTIOUS optimism

Strong tool, die and
mouldmaking industry says
future is still bright

Weaving the Web

Internet is major key to business strategy for new distributor

BY JAMES BARNES

The Worldwide Web: is it hope — or hype — for the machine-tool supply chain? There is no doubt about how at least one distributor answers that question.

John Manley, president of MTS Machine Tool Systems Inc. of Toronto, says the web is a key component in serving his customers.

MTS specializes in grinding technology. It officially came into being Jan. 1, 1998. Operations began with Manley's return to Canada in early April of that year, after six years in sales with Walter Grinders, Inc. in Ann Arbor, Mich.

A University of Toronto graduate in engineering, Manley wanted to come home to start a family. He also had some innovative ideas for marketing machine tools, built around his U.S. experience. He was no stranger to the Canadian market, having worked for an Ontario-based distributor at the start of his career and having some responsibility for Canada while at Walter.

"What I saw happening in the United States was a growing number of specialized, regional distributors," says Manley. "It is tougher to do in Canada because of the geography, but it is a good opportunity. I decided to focus on grinding, where my knowledge base was."

The Canadian market is already served by large, sophisticated, well-established machine-tool distributorships. How did Manley plan to compete?

Choosing his targets was one important principle. He knew he didn't have the resources to go after every single client in Canada. MTS sells from the East Coast to Manitoba, covering

Web helps Manley maximize MTS's reach into the marketplace, showcases the firm's technical expertise.

high-precision machining. "It's almost exclusively high-end tool and die and moulds, and automotive," he says. His vice-president in Montreal, Martin Coletta (at present the only other MTS employee) covers Quebec and the Atlantic provinces, while Manley personally covers Ontario and Manitoba.

"It is really a limited marketplace. I don't think there is room out there for two or three companies doing the same thing I am," he says. "What has been happening in the United States is that — state by state — you get one person focusing on each specialty. For example, I am the Canadian grinding specialty company. Someone else is going to be the Canadian high-speed die/mould specialty machining company. Someone else will be the EDM die-sinking specialty company."

It's partly a response to emerging pressures in the industry. "Look at what's happening—Ellison Machinery is merging with two other large distributors in the United States. Now, they have moved to Western Canada. Unless I'm wrong, they will move eastward. Companies with that magnitude of sales—in the hundreds of millions of dollars—just dwarf what's going on in Canada right now," he says.

Another area where Manley feels MTS has an edge is in its technical expertise. He gets personally involved with almost all sales. "We are a small, lean company. But when we go in to visit a client, they are meeting the experts. That may sound cocky, but they really are meeting someone who has hands-on knowledge of grinding technology."

E-mail is another part of the puzzle. E-mail capability is part of the customer profile MTS developed to define its target customers. Even when clients

don't have it, Manley encourages them to start so he can service them more efficiently. Technical information can be copied and forwarded as required.

It is in the Web that Manley has made the biggest splash. He has a specific vision as to how the website helps his business. "The trouble I see worldwide with the Web in ma-



chine tool distribution is that people are using it mainly as a catalogue or a brochure. In reality, it could be an awesome resource base for technological data—be it machining or grinding or whatever process.”

The website has been a major focus since Day One. “I probably put a couple of thousand hours into the website, that first year. It has been a full-time job — above and beyond being out with clients all day. It is a huge task.” So how does he do it? “Well, I don’t sleep, for one thing,” he says with a laugh.

It is vitally important to keep the website dynamic. “People can log into your website once and get all the data they want. But if they never come back, it is a useless resource—both to them and to yourself,” he notes. The MTS website changes constantly. Every day, Manley posts a specific, technical question about grinding technology. The answer— together with a new question—is posted the next day. The backlog of Q&As has become an extensive technical resource that can be searched by users.

The site is password-protected and most users are qualified as either existing or potential MTS customers. Manley will also give students from any Canadian engineering school access. Apart from spreading the word about grinding, Manley hopes that this will turn into a recruiting resource for him, as well.

Has the website been as effective as he thought? “My goal

was to create a resource centre for my clients—to help them market themselves. It isn’t a huge number of people—it’s several dozen,” he says. When a client buys a machine, he or she gets a page on the MTS site for marketing purposes. This has helped many of them, particularly the smaller operations, market themselves nationally for the first time.

“They have been able to grow to buy second or third or fourth machines from us, because of the growing volume of work that is coming their way,” he says. As subcontracting services increasingly are sold through the web, Manley visualizes a time when he will be providing e-commerce.

Is the plan for the new distributorship working? Manley says he is ahead of his business plan. “Having worked for one of the builders, I knew the business we had done in Canada. I set objectives, based on my knowledge of the marketplace. We have met all of those objectives. Some of the clients that we had hoped to get a single machine with have come back and bought a second or third in that short time. I thought it might take several years.

“We have also been able to break into some very large corporations. That wasn’t a goal for our first year. But we have been successful, particularly in the die/mould industry, as well as in automotive.”

MTS relies on its principals for most inventory and service. Carrying much inventory isn’t realistic, according to Manley. There are too many variations in the machines — in terms of distance between centres, swing, and wheelheads. Some individual machines may sport up to three dozen variations.

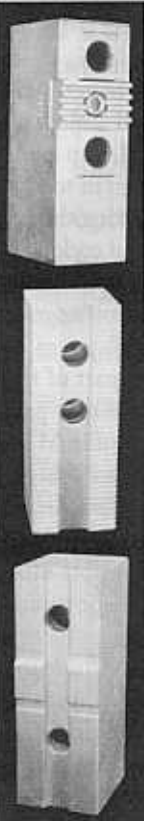
Manley’s take on service also dates from his time with the builder. He doesn’t think distributors should handle repair work. “There was not only reluctance from the distributor, there was reluctance from the customer base as well. The customer didn’t want a fellow who repairs machining centres and lathes to work on the grinder, too. It’s two different skill sets,” says Manley.

His expertise in grinding has led Manley into many ancillary sales. The firm is a distributor for Superabrasive wheels. Manley sees this as part of application support for his customers. “Say, a client takes delivery of a complex, five-axis CNC tool and cutter grinder, the next week one of his customers calls and asks him to regrind a Hertel SE drill point. So he needs to know what kind of wheel to use. He calls me up. We post it as a question on the website, and we come back with a competitive offer. So he has access to the information, I’m a resource, and he can get fairly prompt delivery.”

MTS handles some very prominent international grinder lines on an exclusive basis in its territories. Among them are Walter Grinders, Inc. Wasino Corp. USA, and United Grinding Technologies Inc. (which includes Studer, Schaudt, Blohm, and Magerle). He also handles Barnes International Inc. (filtration systems and honing machines). CMM

The MTS website can be accessed at <http://www.mtscanada.com/>.

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