

February 2005



**Look at Some of the Ways  
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# The Gage

*American Measuring Tool Manufacturers Association*

## President's Message - George J. Schuetz



2004 has passed and the economic trend was much better. Going into 2004 I don't think there was anyone predicting great things for the coming year. The best that was hoped for was stabilization – with brighter things to come. Moderate goals were set for 2004.

From word on the street the Measuring Tool Manufacturers wound up 2004 better than hoped for. The commitment made by the manufacturers and their employees has paid off and many are celebrating moderate success in 2004. But as hard as success comes it has to be continuously worked at.

This is where attending the March meeting can help give you the advantage. The indicators for 2005 are not bad. Continued moderate growth – but that growth won't come without some investment and hard work. Making the investment in attending the March meeting will provide information about managing your customers and learning how to keep them satisfied. Without customers – especially satisfied ones – none of us would be in business very long.

The technical portion will look at what it takes to control the environment – the proven largest source of error in the measurement process. Then we have the chance to learn about surface finish. As tolerances get tighter – surface finish and form errors become a great portion of the parts tolerance. Unless you understand the basics you can get stumped on measurement problems related to surface finish – or you may even have quality problems because the surface cannot perform as designed.

And finally we are again planning to bring in customers who

have to live with the everyday problems of metrology and metrology products. This is always an eye-opening forum for many new thoughts.

With the vast amount of information and knowledge that our members possess, I feel the AMTMA has some of the best technology available today. The great thing about the meeting is that our members are not afraid to share the knowledge and technology to improve the organizations employees, management and customers. The meetings are really a great source of technical and business information.

Phoenix is a super spot for the meeting – just at a time when most of us Northerners have had enough of winter. It's a great chance to get to talk to members before things get flat out for the coming year. I urge each of you to take advantage of this opportunity. It's important that the members of the AMTMA share their special knowledge and skills to continue to make the AMTMA an important part of the metrology industry.

## Taylor Leaves A Legacy of Service, Generosity

Bob Schapner, Rockford Register Star

SOUTH BELOIT - When **Roger K. Taylor**, president and CEO of North American Tool Corp., had the chance to meet Colin Powell at a manufacturing dinner, the last thing he wanted to talk about was himself.

"He started telling Colin Powell about the YMCA One-on-One reading program," Bernie Bowersock remembered. "And Colin Powell took the time to single **Roger** out and said, 'Tell me more.' They corresponded after that."

Now, just a few days after **Taylor's** unexpected death at age 60 from lung cancer, similar stories about his generosity and service to others are what people remember most.

(Cont. Page 6)



AMTMA Legal Counsel, J.  
Stephen Van Heyde, Baker &  
Hostetler LLP

***“Employers should be sure that they and their insurers correctly process requests for continuation coverage and that any relevant policy language or employee handbook information that references an 18-month period is revised to reflect the new statutory provisions.”***

## Employers’ Responsibility To Activate Military Personnel

by J. Stephen Van Heyde, Esq. ©

With the call-up of various National Guard and active reserve units and the prospect of additional activations of reserve and National Guard units to assist in various combat and support roles abroad, service personnel and their families face numerous challenges. To reduce the burden of military service, Congress has long supported returning veterans through a number of statutory provisions. For example, by now most employers are at least somewhat cognizant of their basic obligations under the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA,” 38 U.S.C. §§ 4301 *et seq.*)

In general, under USERRA, veterans and members of reserve units are at least partially protected from adverse employment consequences that flow from the fulfillment of their service obligations. In an effort to achieve these goals, Congress separated the statute into three major elements: (1) a prohibition on employment discrimination against service members, former service members, or prospective service members; (2) reemployment rights for persons absent from employment because of military service; and (3) preservation of employee benefits for persons absent from employment because of military service. Thus, even prior to recent actions taken by Congress, USERRA provided some of the broadest protections incorporated into any federal employment law.

Congress further expanded these protections in the form of the Veterans Benefit Improvement Act of 2004, which was signed into law by President Bush on December 10, 2004. Prior to the new statute’s enactment, USERRA, in a fashion much like COBRA’s health insurance continuation coverage provisions, required that continuation cover-

age be made available for an 18-month period following an employee’s being called to duty. Under the Veterans Benefit Improvement Act, the employee’s right to obtain continuation coverage has been expanded to 24 months. This expansion of rights became effective on December 10, 2004. Employers should be sure that they and their insurers correctly process requests for continuation coverage and that any relevant policy language or employee handbook information that references an 18-month period is revised to reflect the new statutory provisions.

In addition, the new legislation also contains a posting requirement under which employers must inform employees of the rights, benefits, and obligations of both employees and employers under USERRA. The Secretary of Labor must formulate the text of the notice within 90 days of December 10, 2004 (i.e., by March 10, 2005), after which all employers will be obliged to post the notice. Employers should continue to monitor the Department of Labor’s website for the new poster and promptly post it once it becomes available.

In addition to these legislative developments, the Department of Labor (“DOL”) recently promulgated proposed regulations regarding USERRA and its interpretation. These proposed regulations, set forth at 69 Fed. Reg. 56266 (Sept. 20, 2004), provide interpretive guidance elaborating on, and arguably broadening, USERRA’s already sweeping scope. The comment period concluded last fall and it can be reasonably anticipated that the regulations will become finalized sometime in 2005. Two aspects of the proposed regulations and their commentary, however, warrant particular attention now because they illustrate how the DOL and courts are already addressing issues in USERRA

cases.

One of the more significant developments is actually contained in the preamble to the proposed regulations. In the preamble, the DOL commented on the burdens of proof in discrimination cases brought under USERRA. Specifically, the DOL stated that a claimant, to meet his or her burden of proof, need only establish that the person’s protected status was a “motivating factor,” not the sole cause, in an adverse employment decision. In other words, if a person’s uniform service was relied on, taken into account, **considered** or conditioned in making an adverse employment decision, the claimant’s initial burden will have been satisfied. In making such a case, direct evidence of discrimination is not required and circumstantial evidence alone will suffice to meet the employee’s initial burden of proof.

In addition, the regulations clarify the DOL’s position with respect to reemployment rights. The DOL concluded that, contrary to the holding of at least one court, an individual’s reemployment rights are an **entitlement** and are not merely subject to USERRA’s anti-discrimination provisions. As stated in the proposed regulations, to be eligible for reemployment, it is **not necessary** for an employee to show that the employer discriminated against the employee. Rather, under the DOL’s interpretation, the employee need only show that he or she was eligible for reemployment to win reemployment (subject to a number of affirmative defenses).

AMTMA employers should review and monitor their obligations to provide leave, reinstatement and other benefits to their employees who serve, or elect to serve, in the uniformed services, and, of course, continue to support our military personnel.

## Price Equals Perception—How to turn a “price” buyer into a “value” buyer

By: Lawrence L. Steinmetz Ph.D., High Yield Management Inc.

Has a current or potential customer ever told you, “We view your product as a commodity, and we buy it strictly on price?”

How do you react?

First, let’s think about what a commodity is. A “commodity” is any item about which there are no discernable differences, one from another. The truth is, there are very few genuine commodities in this world; people just view them as such.

However, if you concede to the idea that your product is a commodity, you give away your competitive edge and ability to differentiate your product and, therefore, receive a higher price. That’s why the job of the salesperson is to know how and why his/her product is different, why those differences are important to the customer, and how to effectively communicate that to the customer.

Let’s even go so far as to say that your product truly is a commodity. Even so, that doesn’t mean your customer will not pay you a premium price for your product. The fact that your customer is buying your commodity from you and not your competitor means that the *deal* is different even if the product is not.

Your customer will pay you a premium price if you are better to do business with. Perhaps you provide better service, give more care and attention to customer needs, offer quick response time, are less of a hassle to place an order with, have less (or more clear-cut) paperwork, are closely located, share the same business philosophy, or have a compatible way of doing business (shipping, receiving, documenting). In fact, customers will not only pay a higher price to one vendor than another for a commodity item, they will even pay the *same* vendor a higher price for the *same* item.

Examples are paying more for cold beer than warm beer at a supermarket or liquor store, or buying box or general-admission seats instead of bleacher or standing room-only seats to a ballgame or concert that you can see or hear anyway.

There are many everyday examples of situations in which people buy items at inflated prices, or at least higher prices than they could have paid elsewhere. These include borrowing \$10,000 to buy a car through a dealer financing rather than a bank financing and pay a higher interest rate through the dealer because it was “quicker” and “easier;” buying virtually anything at a convenience store in an airport; regularly buying a newspaper at a newsstand instead of subscribing; drinking at any bar or oasis; or having room service instead of the same food in the hotel restaurant.

There are comparable examples in business, such as the corporation that pays higher than prime interest rates to the bank for the money it borrows; that uses company credit cards for gasoline purchases; that buys office, shop, plant and warehouse supplies from the vendor that delivers daily or that will bill the company; that buys first-class airplane tickets for corporate executives; or that has box seats at the ballpark for customer and employee use.

### Tricks to Get You to Cut Your Price

The reality is that customers don’t buy on price. They often think they do. They almost always tell you they do, but it doesn’t *mean* they do. Let’s talk about some of the things that customers do to try to get you cut your price.

#### They give you the “stiff arm.”

A customer is giving you the

stiff arm when he tells you, “We can only pay so much money,” or, “We can’t pay any more than \$8 for this product.”

When this happens, always respond with the question, “How did you arrive at that figure?”

Invariably, the customer will say, “Because my boss said so,” or the engineer, or the guys out in the shop, or whomever. In effect, he is identifying for you the people who are making the decisions to buy your product. Your trick is to get to that decision-maker. That, of course, is known as “back-door selling.”

#### “I can get the same stuff down the street, only cheaper.”

When a customer tells you this, the first thing you need to think about is: Can he get the *same* stuff? Things aren’t necessarily always the same. They are option just similar. For example, yours is blue and your competitor’s is black. The customer can’t *really* get the same stuff; he can only get similar stuff.

The next thing your customer will say is, “It doesn’t make any difference; I don’t care what color it is.” He will try to negate your difference. But often, it *does* make a difference, and a good sales rep will point out why. Frequently, minor differences are *very* significant differences.

But what if you do have the same stuff, or the minor difference really isn’t important? Your customer may say, “You are just selling a commodity. You’re selling copper pipe, and it’s half-inch rigid copper. One guy’s is just like another guy’s. In fact you and your competitor both buy from the same manufacturer. Everything is identical about it, and I can get it cheaper down the street.”

How should you react to this?

Agree that you have the same stuff, but that doesn’t mean that it’s the same *deal*.

Even when your competitor has the same stuff, your customer may very well prefer to buy it from you because you are easier to do business with, you are close by, your billing procedures are better, you have better operating hours, your people are friendlier, you have same-day order turnaround or whatever.

When a customer tells you, “I can get the same stuff down the street, only cheaper,” he might be able to get the same stuff, but he’s not going to be buying it from the same company. What your customer is really telling you is, “I want that guy’s price, but I want the way you do business.”

However, the next thing the customer will say is, “Yeah, but that doesn’t make any difference. Those guys are just as good as you are.” But the customer knows they’re not; that’s why he is spending time talking to you. If the customer really thought those guys were so good, he would be talking to them and not wasting time talking to you. The trick here is this: When you’ve got a customer telling you, “I can get the same stuff down the street, only cheaper,” and particularly if you *know* this is true, *waste a little of his time*. When you’ve got a customer who’s telling you that he can get it down the street cheaper, and he knows he can, he is not going to let you waste much of his time.

#### “We are very happy with our current vendor.”

How do you handle a potential customer telling you this? Well, he may be telling you the truth. However, if it is the truth, then there is a high degree of unlikely-

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## Price Equals Perception *(From Page 3)*

Hood that you're going to get a sale, and he will probably run you off. So the criterion to use, once again, is waste some time. If the potential customer is really very happy with his current vendor, he won't let you waste his time. But, if he talks to you for very long, he's really signaling you that he is probably not as happy as he is saying, which means you probably have something other than low price that he *is* interested in.

### **"Your prices are too high."**

When someone tells you this, your reaction should be, "Well, of course we're higher than anybody else. And I'm very proud of that. Let me tell you *why* we're higher."

When you acknowledge openly and honestly that your prices are higher than someone else's, you trigger the

***"When you've got a customer who says, 'I've got to have your rock-bottom quote right now,' respond by asking, 'Can you commit right now?' Understand the logic of the slam-dunk."***

"the-hell-you-say" mentality: "The hell you say. Where do you get off getting that kind of money?" When you tell someone knowingly, openly and honestly that your price is higher than somebody else's, you trigger the most open, receptive and responsive mentality to receiving a sales pitch that you can possibly trigger in a customer. Remember, price makes a statement. Price makes a credible statement. Low price makes a negative, diminutive, derogatory statement, and high price makes a positive, salutary, credible statement. You tell somebody your stuff costs more; they're going to believe you. The only thing they're going to want to know is *why* or *how* you get off getting that kind of

Money. That is your opportunity to sell.

### **They change the quality, service or delivery agreed to *after* they've signed a contract with you.**

This is a really nasty way to try to get a discount or price break. The way a customer does that, almost always, is to call you up. He won't look you right in the eye or visit you personally because he knows you ought to punch him out because he's just trying to beat you. So, to avoid that possibility, he'll call you up and (almost always) it goes like this: "Hey, ha-ha, you know that stuff we set up for 30-day delivery? My boss said we've got to have it by Thursday. That won't be a problem, will it? Ha-ha."

You being a born sales rep and not knowing the first thing about telling someone "no," are then supposed to say, "Oh yeah, we can do that."

What has your customer done? He just euchred you out of expedited delivery at unexpedited prices.

How should you handle that? Simple. If you can deliver at the earlier date, simply say, "No problem. We can get it for you by Thursday, but that will cost you 10 percent extra."

### **They lie about how much they're going to buy.**

How do you handle the liar? Easy. It's known as a "slam dunk." You simply ask, "Are you ready to sign a contract for that many?" When you've got a bald-faced liar, *go after the sale.*

### **They give you the "buyer's slam-dunk."**

The customer says, "I don't have time to listen to you sit here and tell me how wonderful your company is (or your quality or your service). Just give me the price."

Or he'll go even further and say, "You want a shot at this order? You better give me your best quote, and you better give it to me right now."

How do you handle that kind of situation? Slam-dunk him back. When you've got a customer who says, "I've got to have your rock-bottom quote right now," respond by asking, "Can you commit right now?" Understand the logic of the slam-dunk. If you've got a customer who says, "Look, we buy strictly on price. I know everything I need to know about you, your company, your product and everything else. The only thing I don't know is your price, and I've got to have your best price right now," then as soon as you give him the price, he should be able to commit. Put the same pressure on him that he puts on you.

### **They ask for throw-ins.**

A teacher of negotiation seminars for people who do buying likes to instruct buyers to ask for throw-ins. He calls it "nibbling." For example, you are buying a car, you've negotiated your best deal and now you're ready to buy, but you don't want to pay too much. So, just as you get ready to sign the contract to buy the car, you say, "Now where do I sign?" Then you pull the pen off the paper and say, "Now that will come with a full tank of gas, won't it?"

What red-blooded sales rep is going to say "no?" The typical sales rep would not want to queer the sale of this new car over \$20 worth of gas, so you know what he's going to say: "You bet, you bet; I'll fill it myself."

A good nibbler, at this point, won't sign the contract. Instead, he'll say, "Fine, I just want to be sure about that. Now, let's see. Oh yeah, one other thing. My wife wanted to know if you'd throw in a couple of free floor mats."

When you have a customer who starts nibbling, you either have to say "no" or you have to ask for the order with a slam-dunk.

No is your best answer. When he says, "This will come with a full tank of gas, won't it?" just say "no." Because then you are putting the same pressure on him that he tried to put on you. Is he willing to run the risk of not purchasing this car over \$20 worth of gas? Are you crazy? He'll buy the car anyway.

But, if you can't say "no," your answer must be a request to close the deal. For example, when he says, "Now, this will come with a full tank of gas, won't it?" you say, "Boy, you drive a tough bargain. But I'll tell you what: You sign the contract right now and I'll get you the gas." Understand the nature of the slam-dunk. It will hold you in good stead against nibblers.

### **They do something crazy.**

I'll never forget a purchasing agent telling me, "You know, I keep an old stack of paper on my desk. When the sales rep gives me the price, I say, 'What? Are you crazy?' Then I grab the paper and throw it up in the air. You'd be amazed at what paper floating all over the room will do to stampede a sales rep into cutting his price."

The thing to remember, as a sales rep, is if you're ever talking to a customer and something bizarre happens, just enjoy it. Just act like you're not fazed by whatever he does. If a buyer throws paper up in the air, you just say, "Hey, man, that looked like fun. I'm glad you did that. Now, I'm here to get your order. Tell you what. Why don't you sign this contract and then I'll help you pick this stuff up."

***(Cont. Page 5)***

## Price Equals Perception *(From Page 4)*

### How to Stop Customers From Beating You up on Price

Your customer will probably hammer you for additional price reductions until such time as you have convinced him that your price is no longer negotiable. Doing that is as much an art as it is a science. However, research with experienced buyers and purchasing agents shows that the following tactics by the sales rep may well convince the customer that the sales price probably can't be beat any lower and will cause him to decide to go ahead and place the order.

#### **"I can't do any better than that."**

When the sales rep convincingly says, "I can't do any better than that," or words to that effect, it is likely to convince the customer that continued efforts to get a low price are futile. These words, however, must be said with a great deal of credibility.

#### **The sales rep is ready to walk out.**

When the customer sees that the sales rep is ready to walk out, he will usually abandon continued efforts to get additional price concessions. It should be understood by the sales rep that, sometimes, this becomes a bit of a game. But remember, if you want to sell at a high price, you must periodically test your price. Comfort can be gained from this bit of philosophy: You will never know your price is high enough until you lose a few sales.

#### **"Do you realize what you will be losing if you don't buy from us?"**

The implication of finality that can be derived from this statement is very convincing. Delivery of this line, of course, should

be a practiced art, complete with appropriate facial expressions and body language that exhibit that you really believe the customer is going to lose out on his best deal if he further insists that he can get it cheaper elsewhere.

#### **"We are better."**

You can close the door on continued pressure to get you to cut your price by assertively telling your customer, in believable terms, that you know you, your company and your products are better, and thereby warrant a higher price. A line commonly used is: "You know, virtually all of our customers say we are unquestionably better than our competitors, and I bet you agree with that too, don't you?" If the prospect says "no," follow up by asking for specific examples or reasons why you are not better.

#### **The non-quote.**

Salespeople who use the non-quote technique find it to be a very effective "stopper." By implication, when you do not quote, or are very slow and cautious about quoting, you can communicate that you do not need, or intend, to get into a bidding war to gain a sale. This technique, too, has the opportunity of almost assuring the sales rep using it that he can get the "last look."

#### **False breaking-off points.**

A good negotiator will often use false breaking-off points. These are points (prices) where he will say things such as, "It doesn't look like we are really getting anywhere here. Perhaps we should break off discussions at this time and think things over. Perhaps your needs will change or, although unlikely, I suppose our requirements might change. Let's break things off for now, and I'll make it a point to give you a call in a few (days, weeks)

to see how your situation is then."

#### **"I've got to go now. I've got another customer I need to call on."**

When a sales rep accurately communicates to a prospect that he really has other (presumably hot) customers to call on, service, get back to or follow up on, he is effectively telling the prospect that he is selling a lot of this product at the price he is asking *and* really has no need or inclination to continue to cut price or even waste time on an unproductive sales call.

#### **"We are pushing capacity."**

Yet another way of convincing a prospective customer that your price is no longer negotiable is to indicate that you might not even be able to take the prospect's order at any price, let alone a lower price, because your facility is nearing capacity limits and "your boss has told you not to promise anyone delivery without first clearing it with production." Again, this tactic implies that you certainly needn't go any lower on price, especially if you can sell all you can make as it is.

#### **"Our quality requirement limits our ability to grow (or produce more) at this time."**

This statement is, of course, of course, just a variation of the capacity-limit line; only it effectively places emphasis on your firm's concern about the correct quality product going into the hands of the customer. The strategy and logic is the same as that of capacity limits. It just throws in another reason (one that's usually very convincing to a quality-conscious buyer) why you probably have already given the best price you are likely to give.

### You Can Raise Prices

No matter how hard customers hammer you on price; don't be squeamish about being firm with them. Furthermore, don't be afraid to raise prices when warranted. You're not going to "lose all your sales" when you raise your prices. If price were the only reason anybody bought anything, only one vendor would already be selling all that is sold. Here's a final thought: If you truly would "lose all your sales" by raising your price, then how has anyone raised prices in the past 100 years?

***"If price were the only reason anybody bought anything, only one vendor would already be selling all that is sold."***

*Lawrence L. Steinmetz Ph.D. is a former professor of management at the Graduate School of Business at the University of Colorado who has become well known for his success in getting profitable results in business. Recently, his field of concentration has been in the areas of how to successfully raise prices and maintain high profit margins. Company presidents and owners, as well as sales, marketing, advertising and pricing professionals, have given international acclaim to his educational seminars. Readers may contact Dr. Steinmetz at High Yield Management Inc. by phone at (303) 442-8115 or email at price-expert@aol.com.*

## Taylor Leaves Legacy of Service, Generosity (From Page 1)

Bowersock, senior vice president for sales and marketing at South Beloit-based North American, described **Taylor's** death as a loss to the community.

"He was not only a good friend, but a great guy to work with and work for," Bowersock said Tuesday.

**Taylor** discovered his illness by accident. A few days after slipping in his garage in mid-November, he complained of discomfort in his chest.

Fearing he had punctured a lung, he visited an emergency room where X-rays revealed a cancerous tumor.

**Taylor** died shortly after midnight Dec. 20.

He had been undergoing radiation treatment and chemotherapy at the time of his death.

Curt Lansbery, executive vice

president for operations at North American, said **Taylor** prepared the company well for his own absence.

"He had established a very strong team of people to carry on," Lansbery said Tuesday. But from a human perspective, "the transition will be a difficult and emotional time. He was concerned about you and your family, and built you up to be a better person."

Both Lansbery and Bowersock said marketing and sales were **Taylor's** strong points.

"When I was hired in 1993, **Roger** was emphatic that this was a sales and marketing company," Bowersock said. "The guy had an amazing sense about markets and trends in the marketplace."

Lansbery will serve as chief executive until the board of directors

appoints **Taylor's** successor sometime next year.

North American, a private company with about 100 employees, was founded by **Taylor** and his father, **K.Y. Taylor**, in April 1986. The elder **Taylor** died in 1994.

In addition to making specialty taps and dies, North American is the parent company for three subsidiaries: Gaylee Corp. and Bitner Tooling Technologies, both in Sterling Heights, Mich., and NATool Special Thread Tool Products, based in Birmingham, England.

In recent years, North American has built a strong reputation for its accomplishments in the export world. Doing business in 42 countries, the company was recognized by the U.S. Commerce Department with Export

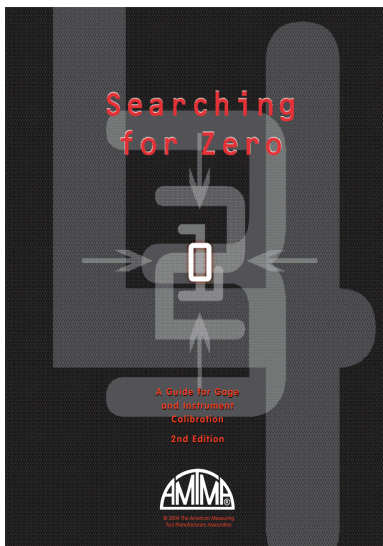
Achievement Awards in 2000 and 2004.

In addition to the YMCA, **Taylor** was active in the First Congregational Church in Roscoe, the Stateline United Way, the Red Cross and many other organizations. He was also a member of several trade groups.

**Taylor** is survived by his wife of 37 years, Gail Morgan **Taylor**, and daughters Beth-Ann Ward and Amy **Taylor**.

As for Bowersock, he said his time with **Taylor** helped change his life. "When I came to South Beloit in 1993, I was a sales and marketing guy, very apolitical," he said. "Now I'm involved with Meals on Wheels, and my wife and I are tutoring as part of the YMCA program. It's been for me a great awakening - and I owe that to **Roger**."

## "Searching for Zero-Second Edition" Now Available



**"This document reflects the 'real world' of dimensional metrology in which we all work."**

We are pleased to announce that "*Searching for Zero—Second Edition*" is now available. The member companies of the American Measuring Tool Manufacturers Association have produced this publication as a guide for our customers who, like us, are searching for certainty in a very uncertain world.

There is an element of uncertainty attached to every dimensional measurement made and we hope this guide to the most common sources that contribute to that uncertainty will help everyone improve their capability. The experience of our members is also offered with hints that are noted for each type of calibration outlined. We are limited in that this publication is a guide to help you and can only deal with the more popu-

lar procedures employed at the commercial level as compared to those used in research laboratories in this field and national standards laboratories.

The information was compiled through measurement surveys that included the National Institute of Standards and Technology (NIST). We are indebted to NIST and the people there who generously share their technical expertise. Many of our member companies also perform specialized round-robin studies to gain better insight into measurement problems. In addition, leading specialists in the field have contributed their knowledge and the results of their considerable experience to make this guide a practical working document.

'Searching For Zero' is not intended to be a training program, but we hope it will become a helpful reference on the realities of dimensional metrology whether you are calibrating products or measuring your own. And if you are experiencing difficulty with a particular type of calibration process or dimensional measurement and would like some assistance, contact the AMTMA member who supplied this publication to you or call AMTMA Headquarters.

To date we have received orders from over 30 member companies totaling over 2,500 copies.

**Quantities are still available, so don't hesitate to re-order this valuable publication!**

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## Strategic Planning for Salespeople—Dave Kahle, The Growth Coach

"Ready, shoot, aim." Unfortunately, that's the all too common description of the field salesperson's modus operandi. In a misguided attempt to stay busy and see as many people as possible, too many salespeople subscribe to the theory that any activity is good activity.

There was a time when this was true. Customers had more time, sales was a simpler job, and any conversation with a prospect or customer was a good thing. But times have changed, and the job of the salesperson has become much more complex. The pressure on the salesperson to make good decisions about the effective use of his time has never been greater. Salespeople now must confront an overwhelming number of potential "things to do," and that requires them to make decisions about which customers in which to invest their time, to prioritize their activities every day, and to continually choose from a menu of possible activities. In other words, salespeople must now engage in strategic planning.

Not that this is new. There have always been salespeople who have regularly planned strategically for the effective use of their time. It's been a characteristic of superstar salespeople and highly effective sales forces. For that small percentage that do it instinctively, or are encouraged to do so by their management, it's as much a part of their routine as brushing their teeth in the morning.

Unfortunately, that describes the minority of salespeople and sales forces in the world. What was a practice of only the best has now become a requirement for everyone. Most salespeople have never been trained in the best practices, processes and disciplines that will set them apart from the pack. In this case, that means that most salespeople have never been exposed to the principles, processes and disciplines of effective strategic planning.

Let's define our terms. A strategic plan is composed of a set of measurable goals, coupled with a list of the most important, most effective things you (or your company) can do to reach those goals. A strategic plan is not a detailed action plan. That comes later. The plan itself is often limited to no more than two or three pages. The idea is to iden-

tify the highest priority and most effective: too much detail defeats the purpose.

*Strategic planning* is the process of thinking about your job (or your company) in such a way so as to develop your strategic plan.

Creating a strategic plan for your company always involves a dedicated chunk of time devoted to the process. So, too for a strategic plan for a salesperson. Creating a strategic plan for your company always involves some preparation, and a gathering of the best minds in the company. So, too for a salesperson's strategic plan: Preparation, and a melding of the ideas of the salesperson and his/her manager. Strategic planning for your company always involves the discipline to adhere to a formalized process. So too for a salesperson.

With your company, the creation of a strategic plan is often an energizing, inspiring event, from which everyone leaves optimistic and full of confidence, assured that they have identified the goals, plans and tasks that will bring them the best results. And that is exactly the benefit for a salesperson creating a strategic plan. Salespeople spring up out of the strategic planning process confident that they have identified the most effective focus for their action, that they have identified the highest priority activities. They emerge confident, focused and optimistic, ready to take on the world (*or at least their customers*) with renewed vigor. And that's a good thing!

### How to go about it?

1. Set aside, once a year, a significant amount of time dedicated to the task. I'd suggest at least a full day or two. The date of the strategic planning session should reflect the salesperson's selling situation. Salespeople vary in their seasonal "busyness" depending on the industry to which they sell. For some, a time towards their end of their fiscal year might be in order, for others, a time at the end of their busy season. For most, a time around the Christmas holidays works best. One of my clients brings all his salespeople into the office for a planning retreat once a year. In another, salespeople come together for an annual goal setting and strategy developing retreat. At this three-day event,

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## United States Cutting Tool Institute Billings Index

<u>MONTH</u>	<u>TOTAL BILLINGS</u>	<u>INDEX RATIO (2002 = 100)</u>
January 2004	\$127,372,365	99.7%
February 2004	\$130,560,775	107.8%
March 2004	\$154,823,146	137.0%
April 2004	\$142,985,844	124.9%
May 2004	\$135,776,786	108.8%
June 2004	\$150,760,547	113.7%
July 2004	\$136,045,837	103.7%
August 2004	\$151,299,780	116.8%
September 2004	\$143,973,615	124.7%
October 2004	\$162,186,628	135.7%
November 2004	\$138,402,470	115.8%
December 2004	\$130,347,343	109.1%
<b>Total Year 2004</b>	<b>\$1,672,351,172</b>	<b>116.5%</b>





## Strategic Planning for Salespeople (From Page 8)

they meet with their sales manager and create specific goals for the year. Then, together with the manager, they jointly develop the overall strategy for achieving those goals. If your company organizes such an event, good for you. If not, then you need to do it yourself.

2. Find a space where you can work virtually uninterrupted. This may take some creativity. I doubt if it's your company office. It may be your home if you have a room in which you can seal yourself. One year, I was one of two people responsible for leading an organization. The two of us drove to a state park, climbed in the back of my old conversion van, and worked in the back of the van all day long. We were isolated and uninterrupted.

3. Gather the materials you'll need: all your account folders, account profiles, your company's goals for the year, information about key products, services, or categories, computer print-outs of last year's sales, maps of your geographical territory, and anything else you may want to review.

4. Immerse yourself in the process. For the duration of the planning, don't do anything else other than emergency tasks. You want to focus your thinking on the strategic decisions you'll be making. Any interruption will disrupt your thinking.

5. Focus on what you are going to produce in this planning event - the output or result of your efforts. You are going to create these things:

- A set of sales goals for your territory.
- A well-defined ABC analysis of your customers and prospects.
- Individual goals and strategic plans for each of your key (A) accounts.
- A basic territory plan.

Sounds arduous, and it is. But, when you spend disciplined, focused time thinking about these things in detail, you will find it to be much easier than it looks. You will prepare the best, most effective plans that you are capable of; and that will free you to implement effectively when you are in the field.

Later in the year, you won't be tempted to head out on Monday morning without a clear plan in mind, because you have spent this time formulating the plan. And when the press of customer problems and inquiries threatens to overwhelm you and force you into becoming too reactive, you'll be held on track by the goals and plans you created in your planning discipline.

### Outcomes...

Let's consider each of these four outcomes of your planning retreat.

**1. A set of sales goals for your territory.** Your work should lead you to a series of sales goals for your territory. In order to get there, you must first determine the categories of goals that you are going to create. It may be that you work for a company that has already determined this, like my clients described above. If so, good for you. If not, then it will be up to you to determine your own set of categories. Depending on your unique set of products and services as well as your company's emphasis, you may create goals for the following, most frequently used, categories:

- Total sales
- Total gross margin
- Number of units
- Total sales per product category (dollars, gross margin, or units) for each of several categories of product or service that you sell.
- Goals for acquiring new accounts.

This is just a list of the most common sales goals. You can have a virtually unlimited variety of goals. The categories of goals are up to you, your company, and your manager.

I'd suggest no more than five categories. Remember, one of the reasons you create goals is to help you focus your energies on the most important issues, and thus become more effective. More than five goals defeat that purpose. Too many goals cause you to diffuse your energies, not focus them.

Let's illustrate. Assume that I sell sophisticated cleaning equipment and supplies to three different market segments: manufacturers, school systems, and shopping malls. My product line consists of a series of heavy-duty floor cleaning machines and the associated supplies used by those machines. I select the following categories to create goals:

- Total sales.
- Total number of cleaning machines
- Total number of "Superscrubbers," our new, high-tech machine.
- Number of new accounts.
- Total sales of supplies (as opposed to equipment).

Now that you have determined which categories on which to focus, you next need to create specific numbers for each. This is where the art comes in. You consider your company's goals, you consider your understanding of what the market is doing, you factor in your best understanding of what your competitors are doing, and you consider your customers' situations and yours. Out of this comes your best attempt to predict a result that will cause you to stretch, but not be unreasonable. I prefer to look at each account individually, think about it, and determine its likely contribution to each of the categories. Examine each account, analyze the potential, consider your situation, and determine a realistic goal. Go on to the next account, and do the same. Then compile each of the numbers from the specific accounts, and presto! You have an annual number. Back to the example. Let's say we've done this, and come up with a set of annual goals that looks like this:

- Total sales = \$1,765,000
- Total number of cleaning machines = 71
- Total number of "Superscrubbers" = 16
- Number of new accounts = 10
- Total sales of supplies = \$1,000,000

Now you are ready to move onto the next step.

(Cont. Page 10)

## Strategic Planning for Salespeople (From Page 9)

### 2. A well-defined ABC analysis of your customers and prospects.

When it comes to strategic planning for salespeople, one of the most important strategic exercises is determining in which accounts you want to invest the bulk of your sales time. Too many salespeople become very reactive in their decisions, responding to whoever happens to be on the other end of the phone. Others find themselves in a route-type rut, mindlessly traversing their sales territory out of habit. The cure to both of these is to strategically think about the potential of each account, and then to rank each account into one of three categories based on its potential. I describe a system to do this in Chapter Six of my book, *10 Secrets of Time Management for Salespeople*. The result of this exercise is to have graded each of your prospects and customers as either "A" (highest potential), "B" (medium potential), or "C" (low potential).

### 3. Individual goals and strategic plans for each of your key (A) accounts.

If you are in the kind of selling position where you are attempting to sell more to certain key accounts, then you need to create specific, monthly strategic plans for each of those key accounts. For now, let's assume that you have prioritized your accounts and that you have a list of your "A" accounts. In the typical sales territory, around 50 - 80% of your business is going to come from this group of accounts. That means that these accounts warrant special attention, special preparation, and special thought. You ought to apply the disciplines we have already discussed to your "A" accounts. In other words, create annual sales goals for each "A" account, and think about how you are going to do that, one account at a time.

**A basic plan for your territory.** You have, at this point, decided what you want to do (your goals), with whom you want to do it, (your ABC categories), and how you are going to do that (your key account plans).

Now, it's time to put all this thinking together into an implementation plan. This is your basic plan for the use of your sales time. Where are you going to be on Monday? How will you manage that trip to the outer reaches of your territory? When will you schedule office time? Lay out your basic schedule of how you are going to travel your territory. Make sure that you focus your time and attention on the A accounts, and that you work in time for the achievement of all your goals.

When you have done that, you will have created a salesperson's strategic plan. This annual exercise in discipline and thoughtfulness will serve you well, guiding you to the most effective use of your time, and keeping you focused on those activities that will bring the greatest result. And that is well worth your time.

*About Dave Kahle, The Growth Coach:*

*Dave Kahle is a consultant and trainer who helps his clients increase their sales and improve their sales productivity. Dave has trained thousands of salespeople to be more successful in the Information Age economy. He is the author of over 500 articles, a monthly e-zine, and six books. *Ten Secrets of Time Management for Salespeople* was recently released by Career Pass. His Kahle Way Sales Management System empowers sales managers to instill accountability and communication in the sales force. You can join Dave's "Thinking About Sales Electronic Newsletter" on-line at [www.davekahle.com/maillinglist.htm](http://www.davekahle.com/maillinglist.htm).*

*If you'd like to talk to Dave about how he can help you create a strategic plan in your business you can reach him at 800-331-1287 or via email at [dave@davekahle.com](mailto:dave@davekahle.com).*

## AMTMA Spring Association Meeting—Phoenix, Arizona

Arrangements have been finalized for the next meeting of the American Measuring Tool Manufacturers Association. The dates and location of the 2005 Spring Association meeting are as follows:

**March 16-18, 2005**

**Embassy Suites Phoenix—Biltmore  
2630 East Camelback Road  
Phoenix, Arizona 85016**

As you can see, the Board of Directors has decided to return to the more traditional Wednesday—Thursday—Friday format for this meeting. The site will again be the Embassy Suites Phoenix—Biltmore, a member favorite.

As of February 22, 2005, 30 members had registered, making it the most highly attended Association meeting in some time.

***WE LOOK FORWARD TO  
SEEING YOU IN PHOENIX!***

### Meeting Highlights

#### **"Introduction to Surface Finish"**

Marty Morgan & Scott Ledger  
Mitutoyo America Corp.

#### **"Climate Control Practices"**

Bob Larzelere  
Deltronic Corp.

#### **"The Fundamentals of Customer Feedback"**

Craig Cochran  
Center for International Standards & Quality  
Georgia Institute of Technology

#### **"Effective Sales Planning & Its Impact on Contact Management"**

Brian Reynolds  
Supply Chain Systems Laboratory  
Texas A&M University

#### **"Arizona's Official State Historian"**

Marshall Trimble



**Wednesday, March 16, 2005**

Golf—Stone Creek Golf Club (*Optional*)

Board of Directors Meeting  
(*Directors & Past Presidents Only*)

**Thursday, March 17, 2005**

Association Business Meeting

Networking Luncheon

Workshop Program

Member Reception, Dinner, and Entertainment

**Friday, March 18, 2005**

Speaker Program

Networking Luncheon



## Quality Expo 2005 to Feature Free Educational Sessions, an Industry-Developed Conference Program, and the Newest Products from Top Suppliers

**February 8, 2005, Norwalk, CT -**

Manufacturing professionals will have access to a full range of quality-related technologies and ideas, free education, and an all-new industry-developed conference program at Quality Expo 2005 at the Donald E. Stephens Convention Center in Rosemont, IL. The exhibition runs April 19-21, with the conference beginning one day earlier on Monday, April 18, 2005.

The three-day exhibition offers Quality Expo attendees an up-close look at the latest inspection, test and measurement equipment, software and services to help drive quality improvements, boost productivity and compete globally. On display will be gages, software, CMMs, calibration equipment, automatic gaging, data collection, non-contact inspection and measurement, nondestructive test equipment and more.

Visitors can compare products from 300 top suppliers including: ASI Datamye, Brown & Sharpe, Carl Zeiss, DNV Certification, GE Inspection Technologies, Faro Technologies, Sheffield Measurement, Inc., InfinityQS International, Leco Corporation, Leica Geosystems, LK Metrology, Mahr Federal, Minitab, Mitutoyo, Nikon, OGP, Panametrics-NDT, QMI, Ram Optical, Renishaw, View Engineering, and many others.

### Six Free Educational Sessions Offer Added Value for Visitors

Joseph De Feo, President and CEO of the Juran Institute will present the keynote address, "Breakthrough Solutions to Achieve and Sustain a Cutting Edge in Quality Lead-

ership," on Tuesday, April 19, 2005 at 9:00 am.

Panelists from the Automotive Industry Action Group (AIAG), National Institute for Standards (NIST), Ford and DaimlerChrysler, will present "Global Harmonization Efforts to Achieve Metrology Interoperability" on Tuesday, April 19 at 11:00 am. In addition to this panel session, visitors can view a live demo of dimensional metrology systems interoperability at booth #506. The AIAG Metrology Interoperability Project Team (MIPT) will demo the utility of two interface standards, I++DME and DML, showcasing the live execution of the same inspection routine performed using software and CMMs from a wide variety of manufacturers.

"Lean and Six Sigma: Can They Work Together?" moderated by Tom Williams, Publisher, Quality magazine on April 19 at 2:00 pm will feature panelists of practitioners and experts who have used these systems together effectively.

At the Quality Expo Networking Reception, visitors will be entertained by a comedy routine by Mike Micklewright, President of QualityQuest, while he makes fun of fellow quality professionals and relates quality concepts to everyday life. Then, Quality magazine will present the inaugural "Quality Plant of the Year Award."

On Wednesday, April 20 at 9:00am, the F-15 Fighter Pilots of Afterburner, Inc. take the stage to present a second Keynote Address, "Flawless Execution." Afterburner, Inc. has been featured in nearly every major business publication, and has trained nearly 100 of the Fortune 500. This presentation addresses how fighter pilots operate in a combat environ-

ment using the Flawless Execution model and how to apply these tactics to daily challenges.

Two free panel discussions moderated by Dirk Dusharme, Editor in Chief of Quality Digest will round out the free education program: "Surviving Outsourcing," on Wednesday, April 20 at 11:00 am, and "The Future of the Quality Profession," on Thursday, April 21 at 10:00 am.

### Industry Developed Conference Program

The all-new, four-day conference program begins on Monday, April 18, 2005 and will feature instructive content from leading associations: American Society for Quality (ASQ), The Association for Operations Management (APICS), The Materials Information Society (ASM), Edison Welding Institute (EWI) and others. Topics will include: Lean Production, Six Sigma, Statistical Process Control, Nondestructive Test, ISO 9001:2000 and more. ASQ sessions will provide CEUs.

"We're really pleased to be able to offer this comprehensive source of quality solutions for manufacturing professionals," commented Joseph McGeachy, Event Director, Quality Expo events, produced by Reed Exhibitions. "With 300 exhibitors demonstrating the newest products, free sessions covering in-demand topics; and an all-new industry-developed conference program, this event provides attendees with efficient access to ideas and tools they can put to use immediately to drive quality improvements and edge out their competition."

**For complete session descriptions and to register for free show admission, visit [www.qualityexpo.com](http://www.qualityexpo.com) or call 1-888-267-3794 or 203-840-5680.**





## ***American Measuring Tool Manufacturers Association***

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***The measuring tool & gage  
industry is only as strong as  
its weakest link!***

As the precision measuring tool industry continues to mature, it faces challenges from many sources. As each and every measuring toolmaker improves, so does the strength and vitality of the industry.

The American Measuring Tool Manufacturers Association (AMTMA) stands for serving, supporting, and educating American precision tool manufacturers and their pursuit of competitiveness in world markets.

Join your peers and you'll save time when you take advantage of benefits and services designed for the busy measuring tool executive and manager. No matter what information you need, AMTMA is just a phone call or e-mail away.

## **AMTMA Statistics Update—Ken Swanson, Jr., AMTMA Statistics Committee Chair**

**Don't miss your  
opportunity to  
participate in valuable  
AMTMA statistics  
reports.**

### **Business Conditions Report**

*(Quarterly)*

Member participation in this report averages about 30 companies every quarter. This is an excellent way to keep abreast of the industry business conditions as your peers see it. However, you have to participate to get the information.

### **Wage & Fringe Benefit Survey**

*(Annual)*

Member participation in this report averages about 25 companies every year. This is an excellent way to keep abreast of the industry wage & Benefit trends from year to year. However, you also have to participate to get the information.

## **AMTMA Membership Update—John Mead, AMTMA Membership Committee Chair**

As we all know, the last four years have been very hard on trade association memberships. For this reason, now that business conditions continue to improve, your Membership Committee has been very active in recent months to expand AMTMA membership. A recent membership drive was launched and over 150 prospects were sent a membership packet outlining the advantages of belonging to this great trade organization. Along with the 7-10 prospects that the Association was already in communication with, pre-2000

membership levels should be attained further enhancing the value of your membership. However, references from current members are the best method of gaining new members. Contact Mark Stockinger and myself with any prospects.

***John E. Mead***  
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(fax) 434-835-0008  
(e-mail) [johnm@mastergt.com](mailto:johnm@mastergt.com)

**Please join me in welcoming the following new member to the AMTMA:**

**Ms. Doris Holtz, President  
Holtz Precision Instruments Limited  
1717 Torbram Road, Unit 52  
Mississauga, Ontario L4T 3W4  
CANADA**

**905-677-1212—Phone  
905-677-8523—Fax  
[holtzprecision@bellnet.ca](mailto:holtzprecision@bellnet.ca)—Email**