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OESA/HRI Automotive Tooling Barometer: Tool and Die Industry Challenged by Record Low Sourcing Levels

SOUTHFIELD, Mich., Aug. 1, 2019 – The Original Equipment Suppliers Association (OESA) and Harbour Results, Inc., (HRI) recently released the results of their Q2 2019 Automotive Tooling Barometer Survey. The results show that the tooling industry continues to slow, with North American capacity utilization at its lowest mark since 2016 when the metric first started being collected.

In Q2 2019, mold shop utilization saw a 4% decrease to 74% as compared to Q1 2019. Die shop utilization dropped from 74% to 70% in the same timeframe. Additionally, automotive program delays drove work on hold to a record high of more than 20%. Based on these factors, tool shop owner sentiment dropped to 61%.

“During the first two quarters of 2019 the industry saw a decrease in utilization and a significant increase in work on hold. With this challenging environment, we can expect shops to continue to struggle as the year progresses,” said Laurie Harbour, president and CEO, Harbour Results, Inc. “This coupled with the fact that Chinese tool shops continue to significantly underprice North American shops, we will likely see more layoffs and bankruptcies in the balance of the year.”

“The lower sentiments the survey results are showing are no surprise. Our OESA Automotive Supplier Barometer Survey results indicate that sentiment of automotive supplier executives is at the lowest level since 2009,” said Julie A. Fream, president and CEO, OESA. “Multiple factors are contributing to this and we are working with our members to help them navigate some of the current market uncertainties and mitigate risk wherever possible.”

The study also looked at the business readiness of shops. A majority of both mold and die shops (79% and 86% respectively) who responded to the survey indicated they had a three- to five-year strategic plan. However, when pressed, these same companies did not have the same level of plans in place for the adoption of technology, sales process or labor and hiring.

“In my perspective, a robust strategic business plan would include a sales plan, technology plan and specific details for labor and hiring, so it is discouraging that so many shops are not including these specifics as they plan for the future,” commented Harbour. “With the automotive industry changing so rapidly, it is imperative for the tool and die industry to start preparing for the future today.”

Specifically looking at labor and hiring readiness across the tool and die industry, a majority of those surveyed are experiencing a shortage of qualified talent, with many shops indicating they currently have difficulty filling open positions. Additionally, 67% of die shops and 81% of mold shops indicated they were not prepared, to somewhat prepared, for the next generation workforce.

"By 2020 millennials will make up 50% of the U.S. workforce and shops need to adjust the way they are recruiting talent as well as their internal culture to attract and retain an efficient workforce," Harbour added.

The survey population was comprised of mold shops (63%) and die shops (22%) in the U.S. (56%), Canada (34%) and International (10%). Shops with revenue ranges less than $5M up to greater than $40M were represented, with the largest percentage of shops coming from the $10-$20M (29%) range.

About the OESA/HRI Tooling Barometer:
The OESA Automotive Tooling Barometer survey series was created by the OESA Tooling Council with the partnership of Harbour Results, Inc., to provide an indicator of the current state of the automotive tooling industry, and the perception of the near-term prospects for the industry. The OESA Automotive Tooling Barometer captures the sentiment of the major companies in this market.

About Harbour Results, Inc.:
Harbour Results, Inc. a leading business and operational consulting firm for the manufacturing industry offers operational and strategic advisory expertise, and proprietary assessment programs to help optimize a business's performance. Focused on small- to medium-sized manufacturers, many of which are family owned or privately held, HRI utilizes its knowledge, experience and relationships to build upon the established foundation with sound strategies and operational improvement. Headquartered in Southfield, Michigan, Harbour Results was founded in 2005 by industry analyst Laurie Harbour. Today, the Harbour Results team is comprised of manufacturing experts, and clients also have exclusive access to Harbour Results' network of partner companies and worldwide resources. For more information, visit, harbourresults.com, Twitter or LinkedIn.

About OESA:
OESA champions the business interests of automotive original equipment (OE) suppliers. Since 1998, the Association has been addressing issues of common concern and advocating on behalf of the supplier community throughout the supply chain and in Washington, D.C.

OESA is one of four divisions of the Motor & Equipment Manufacturers Association (MEMA). All divisions are represented by MEMA's advocacy and emerging technology expertise. For additional information, visit http://www.oesa.org.

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