



# Cutting NEWS

**HY-PRO® HXL & VXL**  
Proven Technology for the Oil & Power Industry

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# Green: The New Gold

Jeff Dewey, OSG District Manager

Michigan today is at a crossroads. Our economy is going through a transformation; the manufacturing industries that once guaranteed high-paying jobs are declining. Everyone has to look into the mirror, and consider changes if they want to survive in this manufacturing world. One solution is Wind Energy. A serious push is on to increase the alternative energy industry in Michigan. Alternative energy could power an economic boom for Michigan.

What is Wind Power? According to Webster's it is the conversion of wind energy into useful form, such as electricity, using wind turbines. A wind turbine collects motion energy from the wind and converts it to electricity that is compatible to our home's electrical system. Let me paint you a picture. A home is served simultaneously by the wind turbine and our local utility company. If the wind speed is below the minimum speed to spin the blades then there will be no output from the turbine and all the power has to be purchased from the utility company. When the wind speed increases, turbine output increases and the amount of power purchased from the utility company is decreased. When the turbine produces more power than our house needs, many utility companies are instituting a policy called "net metering." This is when the extra electricity is sold back to the utility company. This is all done automatically.

*"Alternative energy could power an economic boom for Michigan."*

Michigan has a lot of advantages for wind energy and wind activity. At the start of 2008, U.S. wind energy capacity reached 16,970 megawatts (MW) after a record installation of 5,365 MW in 2007. The American Wind Energy Association is estimating the U.S. could grow as much as 5,000 MW per year. Utility wind projects that are under



**Feature Article Continued pg. 4**

## Editorial

## True Costs

Mike Workman, OSG District Manager

### True Cost Examples:

#### Company A

...decides to purchase a new cutting tool from Company B because successful tests show an increase in tool life by 20 percent. Most would consider this a good choice, because at the same running parameters, additional tool life is gained. Company A does not improve productivity, but gains a small margin in the six percent area of the manufacturing cost of the product.

#### Company C

...has an opportunity to cut actual machine time with a new cutting tool on the market. The actual cost of the tool is more than the current tool in use. The features and benefits of the new tool promise to reduce machine time by increasing speeds and feeds and promises of more metal removal. Upon successful test, Company C reduced machine time and at the end of the day, produced more parts to ship! Even if tool life was not as good as the current tool, (the one that ran longer) the cost savings is in more machine capacity.

*“Company C reduced machine time and at the end of the day, produced more parts to ship!”*

After carefully evaluating tooling costs, some may consider that the total cost of tooling is over budget and reductions are needed. In reality, an increase in tooling expenditures may be more in line with helping companies become more productive. When a job comes into a shop, tooling costs typically range from

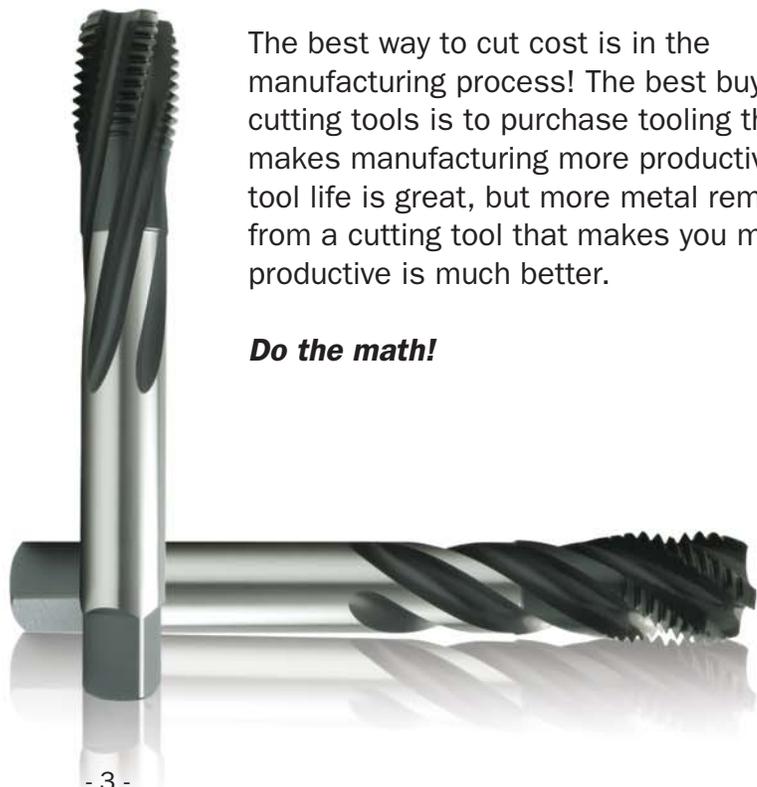
*“By reducing machine time, shops can be more productive and more profitable as well.”*

three to six percent of the actual cost of the job. Looking at raw material cost as fourteen to eighteen percent, and manufacturing cost (actual machine time) coming in at a whopping seventy-eight to

eighty-two percent, where would you look for areas to cut cost? Obviously, machine time is the largest expense in manufacturing. By reducing machine time, shops can be more productive and more profitable as well. When a new tool is introduced, the question is “How will that product make a difference in machine time?” or “Will that product give longer tool life than the current tool?” The first question is the best. Productivity is preferred over tool life!

The best way to cut cost is in the manufacturing process! The best buy in cutting tools is to purchase tooling that makes manufacturing more productive. Long tool life is great, but more metal removal from a cutting tool that makes you more productive is much better.

**Do the math!**



**Feature**

# Green: The New Gold (Continued)

Jeff Dewey, OSG District Manager

construction will add at least 5,000 megawatts of wind capacity in the U.S. by 2011. As public demand for clean energy grows, and the cost of producing energy from the wind declines, it is likely that the wind energy will provide a growing portion of the nation's energy supply.

The wind energy industry includes not just power generation, but also the manufacturing of parts for wind turbines, structures, and their assembly. With the large size of some of these components, geographic proximity to the final site location is a major advantage. Michigan provides a geographic location of competitive companies, and industries that are connected by the markets they

serve and the products they produce.

One local company that has already embraced wind energy is one of western Michigan's biggest die mold facilities. They have started their own windmill company which they produce the parts for. They have invested time, energy, and money into new machines that can house the capacity needed for windmill blades. Their engineering and design team focuses on safety, reliability, ease of operation, and high performance. Their wind turbine is one of the quietest wind systems available generating less than 35 decibels of noise at all wind speeds.



## Insider



## QCT Receives U.S. Tool Group Approval

The US Tool Group company is a multifaceted supplier of products in the metal working industry with their main expertise in the area of aerospace tooling. As the integrated supplier for many defense and aerospace companies, US Tool Group maintains the gate of entry or denial of carbide cutting tool products. As of November 13, 2008, Quality Carbide Tool, Inc. was recognized

and certified 100% as a preferred vendor in all of these accounts due to a historical one hundred percent quality and delivery acceptance rate over the past year for blue print special carbide round tools by US TOOL GROUP. With this, Quality Carbide Tool would like to first recognize and thank all the personnel that helped make this happen. Secondly, we look forward to many more aerospace related

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## Caterpillar Digs On

Mike Grzybowski, OSG District Manager

Caterpillar, Inc. builds construction, mining equipment, and makes diesel engines. Caterpillar has reported record sales and revenues and has recently had their best quarter in 80 years. There are a few reasons why Caterpillar is doing so well. Emerging markets in Latin America, Asia Pacific, and in the Middle East have contributed to their record growth. Sales outside of North America increased 30% from a year ago and exports to China have jumped 200% in the last 5 years.

Although new construction is down in North America and the future economy is unknown, this is good for manufacturing in the United States. The majority of Caterpillar equipment is manufactured in the U.S. with 51 Caterpillar manufacturing facilities and over 112,000 employees. These facilities have increased production over the years due to product demand. There are also many components for Caterpillar equipment that is out sourced to local manufacturing facilities to help with these demands. As an example, most of the manufacturing shops within an 80 mile radius of Caterpillar in Peoria are manufacturing components for Caterpillar. One nice thing to see when driving through these areas is the "Help Wanted" signs. That means busy!

The current projection for Caterpillar production for 2009 is still unknown. A few months back, Caterpillar was projecting again large growth for 2009. Due to the current U.S. economy and the stock market roller coaster, projections have changed some. The thoughts now are that sales will be a little more flat due to the Latin America, Asia Pacific, and the Middle East adjusting their growth based on the current U.S. economy. There will still be a large demand for Caterpillar construction equipment in these markets which continues to move forward. However, it will just not be at a record setting pace. This is still good news for Caterpillar and companies manufacturing components for Caterpillar.

## 2008 Cutting Tool Solutions Catalog Corrections

There are some changes in the 2008 catalog that we would like to bring to your attention:

- **pg. 91 - List 738 - EDP# 73809200**  
**Max. Dia. is 25mm, Not 22mm.**
- **pg. 654 - List 4440 - Mill Dia. 3/4**  
**Speed RPM is 2,375, Not 3,785**

If you would like to request our 2008 catalog, please order online at: [www.osgtool.com/product\\_literature.asp](http://www.osgtool.com/product_literature.asp).

opportunities. And finally, we look forward to building more relationships within other factories and plants that require certified and qualified carbide products for the aerospace industry as our success in recent history is by no means an accident. In fact, it is the result of our skilled personnel who are experienced, dedicated, and proud to partner with the aerospace manufacturing supply chain.



# ENGINEERED PEACE OF MIND



## HY-PRO<sup>®</sup> HXL & VXL Taps

Proven Technology For the Oil & Power Industry

Contact OSG for more information.



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