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**Rediscovering  
American  
Quality**

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# Rediscovering American Quality



By Tom Lincir,  
President and Founder,  
Ivanko Barbell Company

John F. Kennedy's father once quipped that you know it's time to sell when the shoeshine boy is giving you stock tips. For the past couple of decades, corporate bean counters and purchasing agents have been pressuring their companies to source product overseas, principally from China. In many cases they did this because it was thought to be the cutting edge thing to do. Early on, a few discovered that the super low prices had a downside, and they brought their manufacturing back home. That early trickle of repatriation has grown to flood proportions recently, as Chinese, government export subsidies are drying up, while most of the costs are climbing precipitously. Oil is at \$100 a barrel, and the costs of raw commodities are often higher in China than they are in the U.S.A.

In response, the Chinese government has instituted stricter oversight with the expectation that factories start making an actual profit. The old "creative accounting measures" that allowed some of our competitors to bring product into this country for less than the actual cost of the raw material is probably at an end.

When I first went to China, all of the foundries and manufacturing were state owned. Credit was easy, and

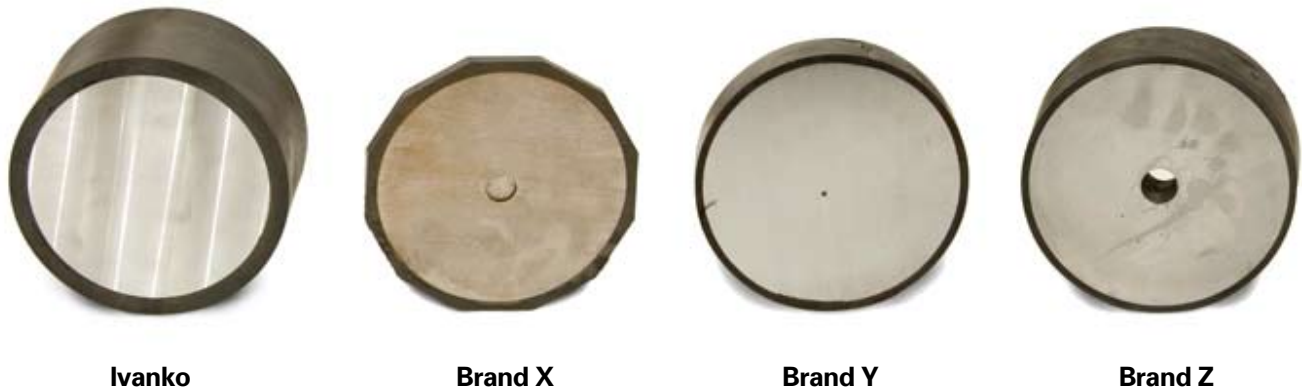
you could buy below costs by handing the company boss an envelope full of U.S. 100 dollar bills, a few bars of gold, or by making a donation to his Hong Kong bank account. Most Americans were not used to doing business this way. Or in our case, we did not want to do business this way. The Taiwanese and Europeans, however, were right at home doing business this way. One of our early competitors, by paying off the right people, got a million dollars on credit, which he never paid back. (Tough to compete against this type). There is still an outstanding warrant in China for him. Another competitor who did the same thing ended up with a bullet through his head. (Easier to compete against this type).

Recently the government decided to investigate why so many "state owned" foundries never showed a profit. If they found a manager whose net worth was more than his salary for the last 20 years, and he didn't have a solid explanation, there was summary execution.

I wonder how many US companies hired some hotshot MBA for a six-figure income who advised them to ditch their equipment and infrastructure for low labor costs and high profits with Chinese product. A number of companies have completely shut down their U.S. production. They have sold the jigs, fixtures, and machines, and they have laid off the entire skilled workforce. Many of these companies traded one set of problems for another.

Several companies in the sporting goods industry have learned a hard lesson. American baseball glove manufacturers, lured by low labor costs, shipped their entire high tech glove making equipment to Taiwan. Now with raw materials and labor rates rising fast, they are finding that their costs are greater from Taiwan than would have been the case if they had kept the manufacturing in the U.S. But it's too late. All their machinery is gone, and their skilled labor has dispersed into other fields.

Similarly, a fitness equipment manufacturer that will remain nameless built a machine costing several million dollars that fully automated the manufacture of selector plates. A bar of steel would go in one end,



**Sawed cross sections of urethane dumbbells show quality differences that you wouldn't ordinarily see. The two on the right are from offshore. Urethane thickness is one area where cutting corners is undetectable unless you saw the products in half.**

and the finished and painted part would come out the other end. This machine took the labor almost entirely out of the cost equation. Nevertheless, the company decided that they could save money by having the entire selectorized machine made in China. Well, that cost advantage is rapidly eroding and I hear they are having quality problems they've never experienced before. Oh, what happened to the multi-million dollar fully automated machine? It was sold at auction for a few thousand dollars.

Who's going to retool these factories? Do we have the skills necessary to rebuild their infrastructure? Many have walked away from the once proud American tradition of skilled blue collar labor: the machinist, the tool and die maker, the sheet metal worker. Can we bring it all back?

This is not to say that there is not a place for imports and overseas manufacturing. Maybe you

want an alternate supply of inventory or maybe you want to keep certain costs down. Most U.S. companies import to get a better price. Too often, they get lower quality at a lower price. This is not a good trade off. What they should strive for is better quality at the same price or the same quality at a better price. The better way is to use the imports to supplement the domestic production and strive to keep the quality equal to domestic production. One can then take advantage of cost-averaging if the imported product costs less.

When we started in this business, we manufactured what we could in the U.S.A. and imported what we needed to from Taiwan. Our experience was quite different from others sourcing their product from overseas. We provided our own tooling and machinery. I spent a number of months every year traveling to our factory. On some occasions, I worked



**All of our urethane manufacturing is Made in U.S.A. because of our high standards for impact resilience, "like new" durability, bonding strength, and surface aesthetics. This is important because schools, resorts, and clubs want to display their names on the highest quality products.**

for several weeks in the factory performing every one of the operations that occurred there. Without constant oversight, you are unlikely to get the results that you want. We were and are able to get very good quality out of Taiwan. China was a different story because although we were able to get the quality where we wanted it, the costs associated with maintaining that quality has begun to make China less competitive with our needs.

We have also concluded that some products simply cannot be sourced overseas. All of our urethane manufacturing is Made in U.S.A. because we demand consistency, high-impact long-lasting urethane that will not crack and is permanently bonded (chem-fused) to the steel core with a superior weight accuracy that we can control. The same is true of our Stainless Steel Olympic Bar. In setting out to manufacture the ultimate Olympic bar, we set standards we wouldn't expect any offshore manufacturer to meet: an Olympic bar hardened to 218,000 PSI tensile strength, straightened to .010" deviation along its length, ultrasonic tested for internal cracks, magnetic particle tested for external cracks, and made of stainless steel so it never peels, chips, or rusts.

In the not too distant future, there may be another overseas opportunity to source product at prices too good to be true. This time, we should all take a closer look. If the low prices are due to government subsidies, we should know they can't be sustained indefinitely. The same is true of low cost raw materials and labor. Global demand will eventually push these costs up. So we have to keep our hand in domestic manufacturing for when the pendulum swings back, as it has started to with China. And as with similar cycles like this in the past, temporary dislocations eventually drift back toward equilibrium. When this happens, the world always seems to come around and once again rediscover American quality.

*Ivanko Barbell Company was founded by Tom Lincir in 1967, and it is the leading provider of professional and commercial grade barbell and dumbbell products worldwide. Your comments or questions are welcome. Write Tom Lincir at Ivanko Barbell Company, P.O. Box 1470, San Pedro, CA U.S.A. 90733, e-mail tom@ivankobarbell.com, or call 310.514.1155, ext. 205.*

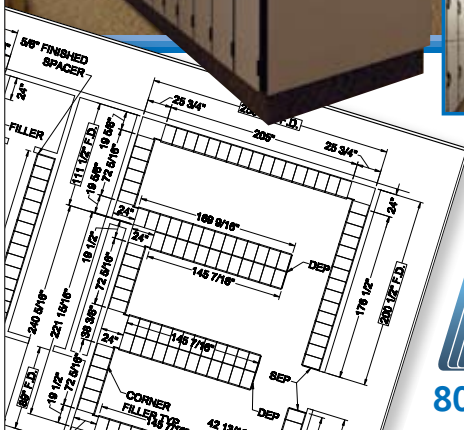
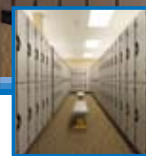


**Some standards of quality are impossible to source overseas. Ivanko's Stainless Steel Olympic Bar is hardened to 218,000 PSI tensile strength, straightened to less than .010" deviation along its length, ultrasonic tested for internal cracks, and magnetic particle tested for external cracks. We don't trust anyone else to get it right.**

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