



## Liaison Report

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Based on a recent survey of Associated General Contractors of America member firms, 2010 is projected to be as tough or tougher than 2009. Driving this belief is the continued decline in privately funded projects which historically represent 70% of the construction industry. Banks continue to keep a strangle hold on lending as the market rebounds. AGC reports that unemployment in the industry is at 22.7%.

Federal stimulus should begin to show some measurable impact on the public sector of the industry. Most notable will be a boost to highway and bridge construction, water and sewer construction and public building improvements. Contractors are turning their attention to more service and MRO opportunities, particularly in healthcare, universities and military bases.

The power tool industry has seen a shift in the tool sales mix during 2009. The decline in large commercial projects and residential construction resulted in a significant drop in corded tool purchases. Tool inventories are high in contractor tool cribs across the country.

On the cordless side, changing battery technology, innovation and aggressive sell through efforts by manufacturers helped drive sales. While still down versus 2009, the decreases were approximately half of those seen in corded tools.

Lithium-Ion battery technology has provoked a wave of innovation delivering significant improvements in productivity and ergonomics while being more environmentally friendly. This ground-breaking technology provides manufacturers the ability to deliver cordless tools with more power and run-time in a smaller package size. The penetration of Lithium-Ion battery tools has also driven a shift in brand market share.

The fastest growing cordless segment is the Lithium-Ion 12 Volt sub-compact category. Those tradesmen that moved up the voltage ladder (14.4 and 18 Volt NiCad) for more run time can now find sufficient torque and ample run time in today's new 12 volt platform. While early sub-compact tools focused strictly on fastening applications, this category has expanded to include drilling, cutting and inspection applications. It not only delivers increased productivity through portability, but offers new to world powered solutions to once manual tasks.

Moving forward, it is critical for manufacturers and distributors to partner in an effort to deliver innovation that delivers improved productivity, safety, ergonomics and overall value.