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A Record Year For Robots

Sales rise as robots become affordable to companies of all sizes.

By Chuck Green | Apr 1, 2006

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New orders of industrial robots jumped by 23 percent in 2005, thanks in part to growing interest in robots among entrepreneurs. Larger tax credits for purchases of new equipment are driving the trend, as are these factors:

• Affordability

Robots are getting cheaper. Many cost less than \$100,000, and small-payload robots, which can handle tasks like assembly and testing, cost as little as \$10,000.

• Supplier relationships

Large companies in the food, semiconductor, and life science industries are encouraging their suppliers to integrate robots into their production lines, in the interest of improving quality and reducing costs.

• Asian competition

U.S. companies see robots, which cost, on average, 30 cents an hour to operate, as a means by which they can keep up with overseas competitors.

There are, of course, issues that entrepreneurs should consider before buying a robot. Nearly every system must be customized by its distributor, so systems integration can compound the cost of a robot several times over. And once employees become familiar with robotics, their worth in the job market rises considerably. After Bob Rose of Rose Metal Industries in Cleveland installed robots, for example, several members of his 50-person staff were hired away. "We created the talent, then larger companies gobbled it up," he says.

Still, many CEOs think the pros outweigh the cons. Robots seldom make mistakes, never complain, and never take a break. Skip Glatt, whose Bensenville, Illinois, company G.A.I.M. specializes in plastic injection moldings, says it's a kick to come in each morning and see what his two robots have accomplished overnight. "We leave the factory at midnight, and we leave equipment running," he says. "We come in six hours later and have a mountain of parts."

- **23%**
Increase in new orders for robots in 2005
- **\$10,000**
Cost of the cheapest industrial robots
- **\$1.16 Billion**
Total North American robot sales in 2005
- **158,000**
Number of robots currently installed in the U.S.
- **\$.30**
Average hourly cost of electricity needed to operate most robots
- **50 to 1**
Ratio of cost of employing a worker at \$15 per hour to cost of operating a robot
- **0**
Number of days a robot takes off per year

0
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