



bulletin

CONVEYOR EQUIPMENT MANUFACTURERS ASSOCIATION

6724 Lone Oak Boulevard • Naples, Florida 34109

OFFICERS

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Drives, Inc.

Vice President

Thomas Easterhouse
Lubriquip, Inc.

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CEMA

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SI Systems

Term expires 2006

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Daniel Fannin
Emerson Power Transmission
R. Todd Swinderman
Martin Engineering

Term expires 2007

Dan Gualtieri
Martin Sprocket & Gear
Don Hudak
Precision Pulley & Idler
Bill Pugh
Ralphs-Pugh Company

Term expires 2008

Ron Doll
Rexnord Industries
George Huber III
Industrial Kinetics, Inc.
Mike Niserbaum
U.S. Tsubaki, Inc.

STAFF

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Philip Hannigan

Meeting Coordinator

Kimberly MacLaren

Legal Counsel

Carroll A. Weimer, Jr.
Weimer & Boyce, Lawyers

Winter 2005

ANNUAL MEETING FORMAT CHANGE

From a letter to the membership by Bill Casey, Chair, Past Presidents Committee

During the CEMA Fall Meeting in September 2004, the Board of Directors asked the Past Presidents Committee to determine why nearly 50% of its member companies chose not to attend meetings, particularly the Annual Meeting. Thirty six member company Official Representative's were personally contacted and interviewed. Reasons most frequently given for not attending were: **Cost/Value; Time Commitment; Format/Content.**

Based on this feedback the Board has implemented format changes and content improvements to the Annual Meeting. Starting with the March 2006 Annual Meeting the program will begin on Friday, with an afternoon Board of Directors meeting followed by a welcome reception/dinner. Saturday will include the General Business session, Committee meetings and afternoon panel discussion or interactive presentation focused on a relevant industry business topic such as lean manufacturing, RFID, doing business in China, or some other topic. Sunday will include the 5K run/walk, golf, and other social activities. The product section meetings and annual banquet will be on Monday allowing departure on Tuesday.

This new format will address the areas of improvement commonly mentioned. **Saturday will be used as a work day. The added industry relevant topic will improve content. Having a Friday evening room commitment will provide CEMA with more negotiating leverage with hotels.**

The CEMA officers and board members continue to search for ways to add more value, improve content, and reduce costs so that our members can justify attendance at these very important CEMA meetings. We believe this format change is accomplishing these objectives, will be well received, and will generate greater attendance. If you haven't done so already, get these dates on your planner now - March 17-21, 2006. I hope you or another company representative will be there on March 17 when we kick off CEMA's 73rd Annual Meeting.

CEMA's Keynote speaker for March's Annual Meeting will be Connie Podesta. Her ability to combine a diverse educational background consisting of a B.S. in Speech/Drama and Education and an M.S. in Human Relations and Counseling, along with her experience as Director of Staff Development, Director of Employee Assistance, and Director of Human Relations gives her the tools necessary to impact audiences in a life-changing way. Connie's Keynote Address is scheduled for Saturday morning, March 18. Information about her can be found at her web site: www.conniepodesta.com.

See Related Article on new Flat Fee Pre-Pay for CEMA Meetings and New Policy for Meeting Cancellations and Refunds on next page.

CEMA MEETING SCHEDULE

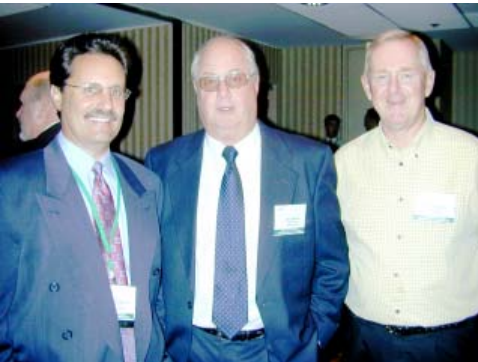
March 17-21, 2006 Annual Meeting, Marco Island Marriott, Marco Island, Florida
June 25-28, 2006 Engineering Conference, LaPlaya Resort, Naples, Florida
September 21-22, 2006 Fall Meeting, O'Hare Hilton Hotel, Chicago, Illinois

PRE-PAY POLICY FOR CEMA MEETINGS ADOPTED



(left to right) CEMA Vice President, Thomas Easterhouse (Lubriquip, Inc.), President, James Lamb (Drives, Inc.), Director, Bill Pugh (Ralphs-Pugh Company), and Director, Fred Bachert (Rockwell Automation-Power Systems) discuss the outlook for CEMA at the Fall Meeting.

At the CEMA Fall Meeting, Board of Directors considered the problem of many last minute cancellations at our CEMA meetings. The consequences to the members are slight but the consequences to our contract commitments to the hotel where we are meeting can be quite significant if we do not meet our numbers. CEMA Policy to date has been to bill attendees after the meeting based on costs accrued. This can unfairly impact the registration fee for attendees while it imposes no inconvenience for people who cancel after CEMA has made its conference contract commitments. After discussing several options to fix the problem the Board adopted the following policy for all future CEMA Meetings:



(left to right) CEMA Director, Mike Nisenbaum (U.S. Tsubaki, Inc.), and Neil McLean (Can-Am Chains) thank Dave Vogel (Drives, Inc.) for his presentation on his company's approach to controlling health care costs.

- For all future CEMA meetings, attendees will pre-pay a flat registration fee upon registration.
- A flat fee will also be charged for spouses.
- The Registration Form will allow members to segregate Member and Spouse.
- If requested by the member, the CEMA staff is authorized to break out the charge for the spouse on the paid receipt.
- The Board left it up to CEMA Staff to develop a standard refund policy.



First time attendee, Kenneth Ruehrdanz (Siemens Logistics/Assembly Systems, Inc.), thanks John Johnson, Senior Editor, DC Velocity Magazine, for his presentation on The State of the Material Handling Industry.

CANCELLATION POLICY: You may send a substitute in your place at any time. To receive a refund (less the \$100 service charge), notify us of your cancellation in writing no later than noon on February 7th, 2006.

NO REFUNDS AFTER FEBRUARY 7TH, 2006

EARLY REGISTRATION DISCOUNT: If you register on/before the early registration deadline of January 19th, 2006, you will receive \$75.00 off the regular registration price of \$925.00.

CEMA ENGINEERING CONFERENCE - 2006

The 79th CEMA Engineering Conference will held June 25-28, 2006 at the LaPlaya Beach Hotel; Naples, FL.

The Engineering Conference Officers for 2006 are Chair, George Mott (ASGCO Manufacturing, Inc.), First Vice Chair, Boyce Bonham (Hytrol Conveyor Co., Inc.), and Second Vice Chair, Avanash (Andy) Bhalerao (Bechtel Corporaton). This year's speaker program will be on Product Liability and the conference officers are attempting to arrange a speaker and continuing education credits for the presentation.



Andy Sparks (Goldens' Foundry and Machine Co.), left, and T.J. Taylor (Drives, Inc.), right, thank Darrell DalPozzo, Associate Publisher, Modern Materials Handling Magazine, for his presentation on the 2005-6 Conveyor Equipment Outlook.

CONVEYOR INDUSTRY SEES CONTINUED GROWTH IN FIRST HALF OF 2005

CEMA Marketing Committee Fall Meeting Press Release



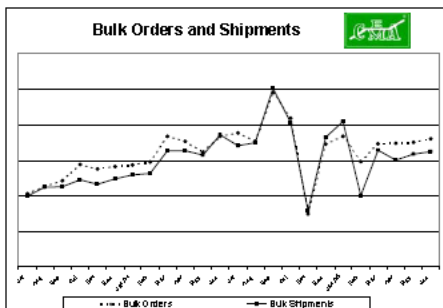
CEMA Director, Dan Gualtieri (*Martin Sprocket & Gear, Inc.*) and F.G. (Jay) Lee (*Rockwell Automation-Power Systems*) socialize during a break in the Fall Meeting Banquet.

The Conveyor Equipment Manufacturers Association (CEMA) reported at its Fall Meeting that overall booked sales (new orders) for the first 6 months of 2005 increased 8.8% compared to the same period in 2004, with total new orders of \$2.6 billion. CEMA estimates industry shipments of \$2.5 billion in the same period.



Ron Doll (*Rexnord Industries, Inc.*), second from left, discusses his previous company's merger with Rexnord with *Screw Conveyor Corporation* representatives, left to right) Randy Block, Anita Marie Kozlowski and Steve Rauhut.

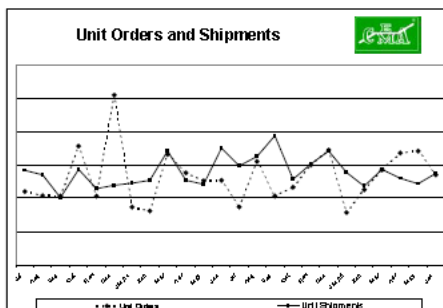
In the Bulk Conveying area, Screw Conveyors were strong with bookings up 18% and shipments up 24%. Bulk Equipment was also strong with bookings up 30% and shipments up 18%. Orders for Bulk Accessories were up 17% and shipments 14%.



Unit Handling Systems were strong with overall bookings up almost 14%, Tow Conveyors up 67%, and Conveyor Chain up 16%.



(left to right) Vice Chair and Chair of the Engineering Conference, Boyce Bonham (*Hytrol Conveyor Co., Inc.*) and George Mott (*ASGCO Manufacturing, Inc.*) met at the Fall Meeting with Chair and Vice Chair of the Safety Committee, Phil Kaffenberger (*HK Systems, Inc.*), and Bruce Whitman (*Siemens Logistics/Assembly Systems, Inc.*) to plan the 2006 CEMA Engineering Conference.



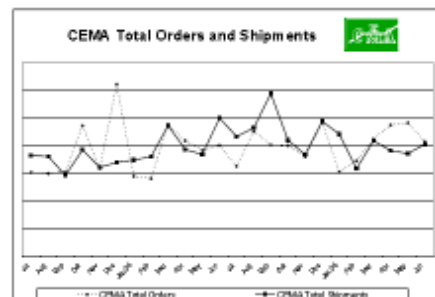
The executives representing CEMA member companies who attended the fall meeting felt confident that new equipment orders and shipments would continue growing for the rest of 2005 and well into 2006.



Mark Wilkerson (*Thomas Conveyor Company*) is welcomed to his first CEMA Fall Meeting by CEMA Director, Don Hudak (*Precision Pulley & Idler*).

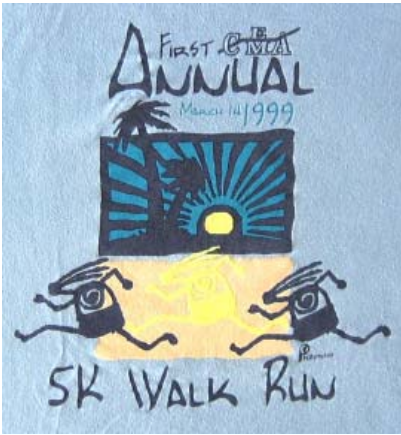


Brett DeVries (*Paramatta Group, LLC*) and CEMA Past President, Fred Sytsma (*Frost, Inc.*) network at the CEMA Fall Meeting.



CEMA 5K Walk-Run Retrospective

Each year since 1999, CEMA has included a voluntary 5K Walk-Run at the Annual Meeting in March. It is a great opportunity for some exercise and to enjoy the local scenery from something other than a moving automobile or a search



1999 - Wigwam Resort,
Lichfield Park, Arizona



2000 - The Registry Resort,
Naples, Florida



2001 - Mission Hills,
Rancho Mirage, California



2002 - Rancho Las Palmas,
Rancho Mirage, California



2003 - Marriott,
Marco Island, Florida



2004 - LaQuinta Resort,
LaQuinta, California



2005 - Westin-Kierland Resort,
Scottsdale, Arizona

for a lost ball on the fairway.

Part of the experience has been a Tee Shirt to commemorate the event. Each one has been uniquely designed over the years to try to capture some of the local ambience. Gary Herder of Prab, Inc. has provided us with

photos of all of the Tee Shirts from the beginning up to 2005.

We thank Gary and his wife, Mary, for preserving and sharing this set of memories.

They are presented here for your enjoyment and to encourage you to participate in the 2006 Walk-Run that is scheduled for March 19th at the Marco Island Resort on Marco Island, Florida.

Plan to sign up and enjoy the experience.

WHY ONE COMPANY BELONGS TO CEMA

(Editor's Note. Oftentimes, when budgets are tight, or for other reasons, companies look closely at the return on their investments, including their membership in their industry association. In response to a discussion on the merits of CEMA membership at the CEMA Annual Meeting, R. Todd Swinderman, CEO and Chief Technology Officer of Martin Engineering, sent this letter to two committee chairs who are involved in member recruitment and retention. We thought the letter deserved wider distribution.)

March 10, 2005

Mike Nisenbaum – CEMA Membership Committee

Bill Casey – CEMA Marketing Committee

Bob Reinfried - CEMA

Why Martin Engineering belongs to CEMA

During the annual meeting there was discussion on this topic and I made a few notes that I would like to share with you.

- **CEMA Image**

There is no doubt that CEMA is widely recognized as THE manufacturers association for the products and solutions Martin Engineering offers. Our customers are very aware of CEMA. The ability to promote that Martin Engineering is a member in good standing of CEMA is a valuable marketing advantage. We mark those products covered by a CEMA standard as manufactured to CEMA standards by Martin Engineering, a CEMA member. Our involvement with various Committees and on the Board brings a level of credibility to Martin Engineering with the upper level management of customers. Even though CEMA is a North American association its standards are used and known worldwide. I have been invited to write several papers and give speeches about CEMA at events around the world because there is a high level of interest in CEMA's position on a wide range of issues. Even though you present a CEMA topic on behalf of CEMA you are introduced by your company name and position and in the abstract you can tell customers how to contact you by putting in your phone number or web address.

- **Involvement in Committees**

CEMA's open meeting policy makes it very easy to get involved in the organization. Unlike other associations we belong to there is no waiting list or need to be voted onto a committee. New members can become involved in a significant manner right from their first meeting. New issues brought to the association by new members are quickly brought to a level of active discussion through the Bulk and Unit Section organization of CEMA.

- **Participation in Writing Standards**

The writing of CEMA standards creates for member companies a unique opportunity which is not available to non-members. The CEMA process requires an inclusive approach where the point of view and product physical characteristics of all companies are incorporated. This standards-writing process often takes several years. When you are involved in the process you get a substantial head start over companies that are not members in knowing what the standard is going to require. This gives you a competitive advantage in that you can begin to conform to the standard before it becomes public. If you are not involved there is a risk that your products will not meet the CEMA standard when it is issued.

- **Networking**

CEMA's antitrust policy prevents discussion of pricing and other topics that could be legal problem areas. But the CEMA meetings give you an opportunity to know your competitors on a personal basis. This allows you to size up the management talent of your competitors at the Annual and Fall meetings, and also the technical talent at the Engineering Conference. When you call a CEMA member and let their operator or assistant know that it is CEMA business your calls are put right through. The face to face meetings create a balance between being competitors yet helping the industry flourish, because we are all in the same industry.

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- **Statistics and Surveys**

Our products and services are specialties that do not fit into large statistical categories for which the government collects and distributes data. Prior to joining CEMA we could only guess at how much was sold by competitors. While we can not tell the specific numbers for each competitor the aggregate statistics reporting and periodic surveys help us validate our estimates of market size and share. When we first joined CEMA there was no reporting on several of our key product lines. Together with several of our competitors we requested CEMA add these categories. This type of data simply would not be possible to obtain with out involvement in CEMA.

- **Business and Labor Conditions**

At every meeting of the Sections there is an agenda item called Business and Labor Conditions. This is where you and all of your competitors, in round table fashion, give a general report on the condition of their business and what is happening with the cost of labor and benefits. The reporting is done in such a manner that you do not discuss specifics, only trends. After you belong to CEMA for a while you begin to identify member companies or groups of companies that are leading indicators. For example it is normal that Bulk leads Unit in business trends. This information has been very helpful to Martin Engineering in validating strategic plans and budgets.

- **Return on Investment**

OK, so what is the bottom line? We get a 50% discount on our dues because we report statistics. We send one or more people to each of the three meetings a year. We spend about \$5,000 on dues and maybe \$5,000 on travel a year. We spend time working on committee assignments and serving on the Board. In an average year I would estimate we spend 9 man days attending meetings and another 9 man days working on committee assignments.

I can recall several specific cases where I have referred customers to CEMA members who offer a product that Martin Engineering does not. In fact I just referred a customer looking for a unit handling solution to another CEMA member. I have had CEMA-member companies do the same for me. I have also had members call and tell me about competitive activity going on at customer sites which they recently visited. Of course this level of trust requires the development of personal relationships. It is my opinion that those relationships would not have existed with out the networking opportunities CEMA provides.

Another example of return on investment is outsourcing to CEMA members. Through our involvement in CEMA we came to understand the capabilities of CEMA member companies. We have a product which uses idler rollers as a component of a larger fabrication. Our customers would specify the brand of idler. We do not make idler rollers so we always bought them from various manufacturers as replacement idlers and therefore at end user list prices. We made the fabrication and assembled the product. We often had problems with fits, tolerances and even delivery. After getting to know one member company at CEMA functions, we were able to have them manufacture the whole assembly, reducing our cost for the finished product by 40% and cutting the delivery time in half. We worked out a confidentiality and non-compete agreement with the CEMA member. We now offer this CEMA member's rollers as the standard roller in our product. Sales of this product line have doubled in the first year because we were more competitive and could deliver quicker. If I had not known the CEMA member and trusted their integrity I don't think Martin would have entered into such an agreement.

Is there a payback for belonging to CEMA? Yes there is!



R. Todd Swinderman
CEO & Chief Technology Officer
Martin Engineering

CEMA MEMBER COMPANY NEWS

MEMBERSHIP

As of December 9, CEMA's membership stands at 88, with 80 Manufacturing Members and 8 Technical Members.

NEW MEMBERS

Boston Gear - Altra Industrial Motion of Quincy, Massachusetts, joined CEMA on August 22, 2005. They manufacture Bulk Belt Conveyor Components and Unit Handling Conveyor Components. Their Official Representative is **Jon Ward** and their Alternate Representative is **Craig Schuele**.

TGW-Ermanco of Spring Lake, Michigan, joined CEMA on August 12, 2005. They manufacture Unit Handling Conveyors.

The company was a member, Ermanco, Inc., as part of SI Handling Systems until their sale to TGW. They immediately rejoined CEMA as an independent company upon completion of the sale. Their Official Representative is **Gordon Hellberg** and their Alternate Representative is **Leon Kirschner**.

Holz Rubber Company Inc. of Lodi, California, joined CEMA on September 27, 2005. They manufacture Bulk Belt Conveyor Components and Accessories. Their Official Representative is **Dave Smith** and their Alternate Representative is **Rob Walker**.

Orthman Conveying Systems of Columbia, Missouri, joined CEMA on November 14, 2005. They manufacture Screw Conveyors, Bulk Conveyor Systems, Equipment, and Components. Their Official Representative is **Terry Styles**, and their Alternate Representative is **Brian Richey**.

We welcome these companies and hope their participation in CEMA will be mutually beneficial.

COMPANY NEWS

Martin Engineering has opened a new wholly-owned business unit to manufacture and market Martin Products for the bulk solids handling industries in the Peoples Republic of China. The new unit, **Martin Engineering (Kunshan) Co. Ltd**, recently received its license to operate as a foreign-owned enterprise. The business unit will assemble Martin Products from components made locally or imported from other Martin Engineering operations. Martin Engineering China has leased a new building of 10,700 square feet in Kunshan, to provide office and warehouse space for storage, assembly, and shipment of Martin Products. The company will continue to occupy a sales office in Nanjing.

Ermanco was purchased by TGW Transporteräte GmbH of Austria on August 5, 2005. The company will now do business in North America as **TGW-ERMANCO INC**. Their expanded product line includes material handling technology for totes, cartons, pallets, and storage and retrieval systems. TGW has subsidiaries in Germany, the U.S.A., and Spain.

PROMOTIONS AND APPOINTMENTS

FKI Logistex Manufacturing Systems North America has appointed **Ted Clucas** as President, **Dave Baker** as CFO, and **Dick Braatz** as Vice President of Manufacturing. Additionally it has promoted **Ken Thouvenot** to Vice President of Project Management and Engineering, **Matt Wicks** to Director of Systems Engineering, and **Brett Felton** to the new role of International Sales Manager.

Martin Engineering has named **James Turner** as Vice President, Sales. Mr. Turner was previously Vice President of Modernization for Kone, Inc.

Paragon Technologies, Inc. announced October 14 that **Joel L. Hoffner** has been appointed President and Chief Executive Officer of the Company effective January 1, 2006. Hoffner has been a consultant to SI Handling Systems, Inc. and

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CEMA MEMBER COMPANY NEWS ... continued

Paragon for various marketing and business evaluation assignments during the last ten years.

The Company's current President and Chief Executive Officer, **Leonard S. Yurkovic**, will continue as the Company's President and Chief Executive Officer until his retirement on December 31, 2005. Following his resignation, Mr. Yurkovic will continue to serve as a Director of the Company.

Paragon also announced the promotion of **William J. Casey** to Executive Vice President of the Company and President of Production &

Assembly Both promotions are effective immediately. Mr. Casey held a variety of senior management positions at Paragon including Executive Vice President, Vice President Sales and Marketing, and Director of Sales.

Paragon also announced the promotion of **John F. Lehr** to Vice President of the Company and Managing Director of Order Fulfillment. Mr. Lehr has over 22 years of experience in the material handling systems integration industry with specific expertise in the design, sale, and implementation of highly automated distribution centers.

TRANSITIONS

Donald E. Abell, retired Principal Engineer of Alvey, recently asked us to remove his Curriculum Vitae (CV) from the CEMA Expert Witness List and allow him to retire from that service to the industry also. We quote his letter to highlight how active participation in CEMA activities can have serendipitous consequences for the better. We wish Don well in his second retirement and thank him for his service.

September 20, 2005

Dear Phil,

This may be late as I have been vacationing. I have made the decision to have my CV put to rest. My experience with CEMA has been unique. In 1976 I attended my first Engineering Conference. There were two speakers that had a major influence on the rest of my career. One described a mission to Poland during the so called Cold War and the other was an attorney who described the need to be aware of the existing dangers in the growth of product liability law suits. When I reported the latter situation to my management it substantially changed my responsibilities. Then, for reasons I never knew, I was asked to join the team to Poland.

Upon retirement I started getting calls to represent companies to help in defense of their litigation. I didn't want a full time occupation, but the opportunity to get out of the house and travel across the country and visit many different industries was an enjoyable hobby. I was able to testify from Maine to California and visit industries from Breweries to Steel Mills, from super market distribution centers to pet food manufacturing.

Most of the experience was the result of the CEMA Expert Witness list. It's now time to say thanks and really retire.

EDITOR'S NOTE: CEMA Maintains a list of Expert Witnesses who are available to support CEMA members, and other manufacturers, in their legal defense efforts. Member Companies who are aware of good expert witnesses should nominate them to join the list. Member Companies who would like a copy of the list should contact CEMA HQ and request a copy. Arrangements for use of these witnesses is a contractual matter between the company and the witness with no CEMA involvement other than maintenance of the list.

OTHER ITEMS OF INTEREST

SAFETY LABEL PRICE INCREASE

The price for CEMA Sales will increase by half a cent each to members effective January 1, 2006. This modest price increase covers the increased cost of the quality label material that was passed on to CEMA HQ by our label printer and his suppliers. Labels are available for purchase from CEMA via our online web store at <http://cemanet.org/ecommerce/index.html>

In the 2004-2005 CEMA Fiscal Year that ended in August, 2005, CEMA had sold 1,226,000 safety labels. Since the program began in 1993, CEMA has sold 15,000,000 labels.

If your company is not using Safety Labels, you are unnecessarily exposing your company to adverse safety consequences.

Recommended CEMA Safety Label Placement Guidelines have been developed for typical conveyor types and are available for free download from the CEMA Web Site at <http://cemanet.org/safety/guidelines.html>

NEW UNIT HANDLING SAFETY VIDEO BEING DEVELOPED

Phil Kaffenberger, Chairman of the CEMA Safety Committee, is leading a project to update the Unit Handling Section Safety Video. Phil gave an overview of the new video, including a script and shooting plan, at the CEMA Fall Meeting where the Unit Handling Section gave him the go-ahead to complete the project as soon as practical.

This project is being worked on jointly by Automotion, TGW-Ermanco, FKI, Intelligrated, Siemens, HK Systems and Hytrol. The next step will be to distribute a master to the OR's for review by January 2006 followed by completion and distribution at the annual meeting in March 2006.

Any companies wishing to participate or support the project should contact Phil Kaffenberger at 859-334-2400.

BELT BOOK UPDATE

Sales of the Sixth Edition of CEMA's Belt Conveyors for Bulk Materials, commonly known as "The Belt Book" have been going very well. To date we have sold over 1,900 copies and have had orders from 16 countries.

Unfortunately, as with many technical documents of this magnitude that are completely revised, some typographic errors were discovered after the document was printed. Also, since we introduced new engineering information we have had calls for clarification in some areas. The errors found to date in the current printing have been posted on the CEMA Web Site Home Page and are available for free download from there. (<http://cemanet.org/BBErrata-Oct-18-2005.pdf>) The CEMA Belt Book Committee is collecting reader inputs and will finalize error correction and any elucidation required when it meets at the next CEMA Engineering Conference.