



MidEquip Quarterly

Surplus Plant Asset Newsletter

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Surplus Plant Asset Update

Issue 6 - October 11, 2005

Hello and welcome to the sixth edition of MidEquip Quarterly, your surplus plant asset newsletter.

The midwestern Fall is a wonderful season in the United States. There's nothing quite as brilliant as the mix of orange and yellow leaves that follow the row of trees down Michigan Avenue in Chicago, Illinois. In the surplus plant asset industry, we find ourselves reviewing and evaluating the current and future trends in plant liquidations. In other news: Manufacturers weather the impact and embrace their roles as corporate citizens by donating money, products and food, as we recover from the damage of hurricane Katrina. Read about these and other development below.

This issue's contents:

- Welcome to MidEquip Quarterly Newsletter
- Current and Future Trends in Plant Liquidations
- Manufacturers and Hurricane Katrina
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- Hot off the press

Please remember, we have a national network of dealers and end users that are waiting to provide you with quality used equipment. Find out more by contacting us - online, via fax, or by telephone.

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Welcome to MidEquip Quarterly Newsletter

Welcome! Welcome! Thanks again for your positive feedback and support. Our subscriber list has increased a healthy ten percent (10%) since the Summer 2005 issue! We currently have more than 500 dedicated readers on our newsletter mailing

ists. As we have stated in the past, our goal is to make this newsletter a valuable experience for the surplus asset industry. Our readers are manufacturers, dealers, brokers, banks, consultants, leasing companies and many other network partners and affiliates. So, continue to forward this email to your colleagues and encourage them to sign up!

If you have feedback related to this newsletter or suggestions regarding content that you would like to see included, please email us at newsletter@midwesteqt.com.

Thanks for your support.

Current and Future Trends in Plant Liquidations

Want to know what's happening in the world of plant liquidations? Well, we decided to ask some of our industry experts to share their perspectives on current and future trends. To collect the feedback, we posed eight strategic questions to key individuals at companies with slightly different business models. One of our questions was, "What are the latest trends in plant/complete facility liquidations?" All of our respondents indicated that auctions are still the hottest trend. However, our respondents also provided specific feedback on the different benefits and trends associated with auctions. For example, according to Bob Breakstone, President of Equipment Exchange C. of A., "A well orchestrated auction with a blend of desirable equipment (will often result) in selling all of the assets in a condensed timeline." Bruce Schneider, President of Schneider Industries, noted that "Live auctions combined with traditional onsite sales" are becoming a trend with plant liquidations. It makes sense to combine liquidation methods. As most of us know, custom or unique equipment sells best via an orderly negotiated sale.

Though auctions remain at the top of the hot trend list for plant liquidations, there is still a strong demand for the use of traditional methods such as sealed bid and orderly negotiated sales. According to Alan Cohen, CEO of Aaron Equipment, "Auctions are very effective because they are low cost and can be executed relatively quickly. However, auctions do not always satisfy the buyer's order fulfillment requirements" which sometimes involve equipment modifications or detailed technical support for assets prior to a purchase decision. Bob Breakstone, who's company specializes in meat equipment, also noted that their company executes auctions primarily for clients, "...who want to hire a specialist in the (meat) field."

When we asked our experts what they thought the future trends of plant liquidations will be, we received an interesting variety of responses. One of our respondents felt that video-broadcasted auctions will become a strong trend in the future. Two of our respondents pointed out that plant auctions utilizing the internet have yet to reach their full potential. And as a result, we have yet to see the auction model that appeals to the majority of plant asset customers. Our conclusion is that auctions, orderly sales, and sealed bid sales each have their place and are here to stay. Which method is most appropriate for a given plant liquidation appears to have to do more with the type of equipment being sold and the level of service required.

For more information on the companies that contributed to this article, click on the following links:

[**Aaron Equipment Company**](#)

[**Equipment Exchange Company of America, Inc.**](#)

[**Schneider Industries**](#)

Manufacturers and Hurricane Katrina

If you have wondered what the impact of Hurricane Katrina has been on manufacturers over the past few months, the news is positive and may even be a bit surprising. Accordingly to an article published by the National Association of Manufacturers (NAM), "...manufacturing activity actually accelerated in the month following the worst natural disaster in recent memory. Not only did September's PMI beat Katrina-dampened expectations, it was the largest monthly percentage point gain in 14 years." Another NAM article states that, "Sixteen industries reported growth last month, including paper, wood-product manufacturers, electronics, components and equipment, chemicals, instruments and photographic equipment, transportation, textiles, and rubber and plastic products." When all appears dim, it's nice to have good news to fall back on.

The news gets even better. Many of our manufacturing partners have done an outstanding job of upholding their end as corporate citizens. According to the attached [Hurricane Relief](#) report, manufacturers have contributed over \$400MM in

money, labor or products to assist the general populations of the disaster affected states. If you or your company would like to assist businesses directly with their recovery efforts, the Louisiana Association of Business and Industry (LABI) has set up a fund that is taking donations. Credit card donations may be made on the [LABI](#) web site or checks can be sent to: Small Business Disaster Relief Fund/BRAF, 402 N. 4th St., Baton Rouge, LA 70802.

To learn read more about the impact of Hurricane Katrina on manufacturers, click on the following links:

[NAM Article - Manufacturing Regains Momentum](#)

[NAM Article - Manufacturing's Post-Katrina Surge a Welcomed Surprise](#)

Industrial Equipment Sales on eBay, Part 2

In our February 2004 edition of MidEquip Quarterly, we reported on eBay's establishment of an industrial equipment category where participants can buy and sell equipment. According to a March 2005 article by Industry Week (IW), "Since launching it's business and industrial categories three years ago, eBay has seen more than a tripling of business, from \$1 billion in 2002 to \$3.3 billion in 2004. About half of that (\$1.65B) is the buying and selling of capital equipment and MRO items." According to Laurence Toney, a senior category manager at eBay, "We've seen tremendous growth as buyers discover the value and selection eBay offers and as equipment dealers learn how eBay can help them reach customers around the world." Our research has led us to discover that some surplus equipment liquidation companies, such as [EquipNet](#), have already included eBay as a method to execute sales transactions for it's clients. According to Toney, "...small manufacturers with 5 to 50 employees mostly use the service, but some large, multinationals have used it."

Ebay's entrance into the used industrial equipment arena represents another valuable tool for internet based commerce. It's very likely that Ebay's sales tool will inspire the formation of new companies that focus on supportive services (e.g., equipment inspections). As always, equipment sellers will need to determine which business model works best for their organization.

To read the full article, click on the following links:

[IW Article: Equipment Sellers and eBay](#)

Hot off the press: "Procter & Gamble purchase of Gillette approved by FTC"

On Friday, September 30, 2005, Procter & Gamble Co., the leading U.S. maker of household products whose products include Crest, Pampers, Tide and Charmin, received approval from the FTC to purchase Gillette Co., the razor and battery maker, for \$57 billion in a deal that will create the world's biggest consumer-products enterprise. The deal would create a company with revenues of more than \$60B that would have even greater mass market clout than Wal-Mart.

To read the official news release, click the following link:

[News Release: P&G to Close Gillette Acquisition on October 1](#)

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If you have any questions about any of the information in this newsletter, how to register, or are looking for information on something not covered here, contact me on.

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Until next time,

Andrew Turner
MidEquip Quarterly
Newsletter Editor

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