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2023 7-Hour USPAP
Course Dates

Message From The President

*John Lawton, CEA
AMEA President*



2022 is almost over! The manufacturing business has remained strong with a country and many businesses still dealing with Covid and post-Covid issues. Machine tool sales for new and used equipment were great through at least the first three quarters of the year. In several instances, demand is still outpacing supply for machinery. Shortages and delays are fewer, but they still exist throughout most business sectors. I have noticed that some discounting has started up again among some of the higher volume CNC Machine builders. I can only imagine this is driven by a slowing in their recent sales, and perhaps wanting to get sales made ahead of a predicted drop in demand.

Our auction results have remained excellent. Machine shop equipment and tooling continue to be in high demand, and the bids are still high – keeping liquidation value closer to fair market value in most late-model and wide-appeal equipment. Will the demand and value remain this high? Most likely not. The manufacturing demand for machinery and equipment has been so high for so long. Cries of recession and predictions of a dipping economy that includes manufacturing are abundant.

But what about “reshoring”? US manufacturers with businesses impaired by shortages of outsourced components are said to be bringing manufacturing back to the US. So if sales volumes drop on products, but the amount of components made for those products here increase, will the resulting “new manufacturing” opportunities bolster the US manufacturing economy enough to offset a total manufacturing downturn?

Will the new business brought home to the US be enough to maintain the demand for machinery and equipment as it has been until recently? Let me get out my crystal ball.... don't have one of those. I will consult the old Magic 8 Ball, and it says “try again.”

What do you think the new year will bring? I hope it will bring you all good health, love, and prosperous business. May your appraisal opportunities be many, and may your machinery deals be fruitful.

PS Come and see us in Nashville in March for the Appraisers' Forum!

AMEA President
John Lawton, CEA

**SAVE
THE
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2023 AMEA
ASSOCIATION OF MACHINERY
AND EQUIPMENT APPRAISERS
**APPRAISERS'
FORUM**
March 8-10

Nashville

APPRAISER

ASSOCIATION OF MACHINERY AND EQUIPMENT APPRAISERS



AMEA APPRAISER

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MISSION

To certify and accredit the most qualified capital equipment appraisers in the appraisal industry through promotion of standards of professional practice, ethical conduct, and market-based experience.

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AMEA Appraiser welcomes contributions from members and others in the machinery and equipment appraisal community.

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Tools of the Trade

The Art of Being Credible Life as a Certified Equipment Appraiser

Nick Howard, CEA
Graphics Equipment LTD.

Article originally published by Howard Graphics Equipment LTD. on Monday, November 14, 2022



"Credible" is the keyword when preparing an assignment, just as is specific knowledge of a specific industry. I've been carrying out plant appraisals for over forty years, and, almost exclusively, for the Print Communications industry, although anything from 5-axis machine tools, to a winery, has been part of recent assignments.

There are good arguments in support of an appraisal. Banks and leasing sectors insist on a valid and certified opinion of value and often turn to professional appraisers or auction companies, most of whom offer this service.

For the appraiser, there is a great temptation to acquiesce when lenders and especially potential purchasers of a business make insinuating comments as to where they "hope" to end up and how they wish the valuation comes in at a number that will let a transaction proceed. Many of my appraisals have received some version of a preamble like this and in all cases, although I listen intently, it will never affect my ultimate conclusions. Impartiality is also why lenders have no interest in considering a manufacturer as an appraiser, even though the company may have produced the asset.

Appraisals don't always just provide a financial value, they can include an asset's condition and usefulness. Software, now a key element of a machine's operation, is expensive. But perhaps surprisingly software often retains no monetary value in an appraisal especially as systems are older or licensing restrictions negate a transfer to another firm. Much the same as dry ice on a hot summer day, the software only has monetary value before it's installed.

A particular example of this is in Canada. One of the world's largest digital equipment manufacturers usually leases their equipment.

However, because of lower finance rates, printers are outright purchased instead. This manufacturer's contract has buried in small print a clause that precludes a buyer from actually owning the intellectual property (IP), even though the buyer owns the hardware. If that same buyer attempts to sell his machine (in Canada) the manufacturer will initiate hefty fees to re-certify and/or permit their software to be used. Not only does this severely affect a machine's value, it generally kills any transaction unless the manufacturer is involved.

There are plenty of steps printers can take to maximize their asset's dollar valuation. The initial appearance of the plant, offices, and machinery is important. If you keep a clean shop and machinery uncluttered, chances are this will be indicated on a report.

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AMEA New Members Bio

Timothy Pfister, CEA
Integra Asset Solutions



I'm a professional auctioneer and valuation specialist with a range of skills to help companies recover value from difficult situations. I began my career in the capital equipment market in 1999 and have been involved with the purchase and sale of new and previously owned machinery. As Vice President of Hilco Industrial, I was able to manage projects in a wide variety of industries. My experience includes: sale setup, project management, online and webcast auctions, privately negotiated sales, and auction licensing. Being involved in so many different aspects of asset management, I bring the experience and knowledge to projects from very diverse backgrounds and circumstances.

Presently at Integra Asset Solutions, I am fortunate to be able to use all my experiences in a direct and meaningful way for our clients, without having them incur large overhead and project staffing costs. A small, family-owned business will benefit from the economy of Integra's personal, high-touch model. But we also have the ability to handle large, complex, multi-national projects for industry leading corporations. Through my over 20-year tenure, I have handled transactions in the metal fabrication, machine tools, plastics, food & beverage, packaging, woodworking, automotive, transportation, oil & gas, and heavy equipment segments throughout the United States, Mexico, and Canada. I am an Adjunct Instructor for the Nashville Auction School in Tennessee and an Ambassador for the Illinois Chapter of the National Auctioneers Association. I also am an active member of the Machinery Dealers National Association (MDNA), and recently rejoined the Association of Machinery and Equipment Appraisers (AMEA).

Richard D Schur, CEA
Schur Success Group



Rich is the Chief Operating Officer of the Schur Success Group, located in Monument, Colorado, a business he co-owns with his wife, Shannon. The company provides auction services, real estate services, and personal property appraisal services.

Rich is a Champion Auctioneer, a Master Personal Property Appraiser (MPPA, as designated by the National Auctioneers Association), a Certified Machinery & Equipment Appraiser (CMEA, as designated by the NEBB Institute), and is a Certified Equipment Appraiser (CEA) with the Association of Machinery & Equipment Appraisers (AMEA), and the employing/managing real estate broker for the company.

Rich became involved in the auction and appraisal business in 2005 after meeting (his now wife) Shannon. Rich was trained as an appraiser in the Graduate Personal Property Appraiser (GPPA) designation program offered by the National Auctioneers Association in 2010, and subsequently became the lead instructor for the program. He subsequently became a Certified Instructor for USPAP training, through the Appraiser Qualifications Board (AQB) of the Appraisal Foundation. Rich is a staff instructor for the NAA and America's Auction Academy based in Dallas, TX. He also works with Hindman Appraisals as a senior firearms appraiser. Rich holds several designations from the National Auctioneers Association including Auction Marketing Manager (AMM) and Benefit Auctioneer Specialist (BAS), and is a graduate and instructor of the Certified Auctioneers Institute (CAI), the association's highest level of professional training.

Rich has a Bachelor's degree in Workforce Development and a Master's degree in Continuing Adult Education. He is currently the Board President of a local non-profit Human Services organization, and has served in board and leadership roles in several community and industry organizations.

He gained his love of mechanical things as a child, and learned how to rebuild carburetors at 14, to his parent's dismay, at the kitchen table. His first career was in law enforcement, followed by a career in education & human resources. After marrying Shannon, he shifted his professional life to the auction and appraisal industry.



Tools of the Trade (Cont'd)

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Messy shops and filthy machines are a drag on valuations – particularly if the equipment is only a few years old. I recently appraised a two-year-old 140-inch inkjet roll-to-roll, particularly filthy with ink tanks and flushing tank looking as if someone had taken a gallon of ink and thrown it at the machine. Regardless of performance, poor housekeeping is often reflected in an appraisal.



Depending on the degree of an appraiser's knowledge, it's pointless to provide a "Walt Disney" tour, pointing out what you believe to be relevant about equipment. Often this is the case when I arrive at a plant. Perhaps the printer thought making a list would be desirable but rarely is it used: I insist on verifying everything myself. A funder upon receiving my plant appraisal, called up to query two assets which according to him, did not have the correct serial number. I double-checked and confirmed my document was indeed correct. This led to an earlier appraisal performed by a different company that had made the mistakes. The resulting mix-up went on to generate substantial work to re-register these assets; for if they had not caught the error the funder could lose all legal rights to the chattels.

A large sheetfed manufacturer has been buying LCD sheet counters, since about 2002, with a flaw. These counters are installed to record the total impressions of a press, but when a three-dollar lithium battery is depleted, the counter's display goes blank. This issue has been known for years and it's a big problem. The total usage of a particular press is now unknown. If accurate (service) records are kept perhaps the technician wrote down the impression count. Today, I see machines of this builder with very low impression counts and know the reason. Usage is a major input to valuation dollars and opens up the potential for deceit if attempting to sell a very low usage press that may have twice as many impressions as advertised. Knowing how to access the overall condition is key for the appraiser as he or she has to be familiar with wear and tear.

Over the years, I've carried out assignments for various interests across North America. The majority have been lenders and businesses buying or selling to each other. But, I also have had some avant-garde files.

One rather memorable and with hind-sight slightly humorous episode occurred in the north-west United States, where I completed two appraisals for this State's Department of Justice. Two of the largest printers were involved in litigation with the Department of Revenue over tax-related asset book values. On arrival at one of the businesses, a group of government staff and myself found ourselves sequestered in a boardroom awaiting a senior member of management who would escort us through the facility. It seemed as if we were in that room for hours and since a massive amount of work was involved I could sense delays in what was already going to be a long couple of days. We were finally given a frosty reception when the executive eventually turned up.



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2022—2023 AMEA Important Dates

January

January 28
AMEA Board and Committee Meetings
San Antonio, TX

March

March 8
7-Hour USPAP
Nashville, TN

March 8-10
AMEA Appraisers Forum
Nashville, TN

For more event information:
Call AMEA: **703-836-7900**
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I went to work with the gaggle of five accountants and attorneys in tow, firing off questions in my direction. The plant was a substantial web and bindery facility and late in the day as we neared completion the executive turned to us and said “anything else?” I quickly mentioned the pollution control equipment and suddenly he opened a side door where we all shuffled out to a rear parking lot. Once outside he strode up to each of us and unsnapped our visitor passes- right off our clothing - while muttering “here’s the door: over there is what you wanted to see”. Without another word, the man spun on his heel and disappeared with the door slamming shut behind him. There we were, standing in a parking lot wondering what had just happened.

The west-coast file isn’t typical but did have one thing in common - plenty of variety, and if you love to travel then that too. Another assignment proved both when I was assigned to appraise the largest printing operation in Atlantic Canada. This involved twelve individual plants spread across four provinces. Just the physical process of travel kept me away from the office for well over a week. The plants ranged in sophistication from large web, sheetfed, and bindery to small-town businesses. Hundreds of miles later I managed to complete the inspections and the file ended up filling several binders. Not only was each facility unique but the individual management styles varied, with some plants highly organized and using up-to-date management tools while, others looked as if they were stuck in the 1970s. Just as I was to fly from Halifax to St John’s, a once-in-a-decade snowstorm hit Newfoundland and left me sitting around the airport for a day. A later flight to Gander had me asking which stall my rental car was in. With a smile, the lady told me to “just walk out to the lot and keep pressing the key fob”



Whether it be one company buying another, a loan for a new piece of equipment, estate planning (especially if families and real estate are involved), or tax matters, a good appraiser, firm, with knowledge of print technology, can handle the assignment.

Today, an appraiser must also be conversant with the myriad of new technologies constantly appearing on shop floors. For me, it’s obvious how our industry has changed so rapidly, as I appraise more digital (both inkjet, dry, and liquid toner) platforms than offset. The large format and point-of-sale business have blossomed and with it an increase in cutting tables and routers. The bindery has also changed considerably as traditional manufacturers of large signature work are purchasing lighter duty equipment designed for speed and short runs.

All this digital technology contains wide variables in value retention as compared to older traditional equipment of the 1990s. In many cases, depreciation is swift as suppliers plow massive resources into research and development, making even recently purchased equipment quickly obsolescent. This pattern will only increase because digital is the future. However, without a credible and accredited appraisal, there would be no possible way our financial sector could function with a sense of assurance and continue to support the printing industry.

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2023 **AMEA**
ASSOCIATION OF MACHINERY
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**APPRAISERS'
FORUM**

March 8-10

Nashville

Save the Date
AMEA Appraisers' Forum
Nashville, Tennessee
March 8 - 10
7-Hour USPAP Course March 8



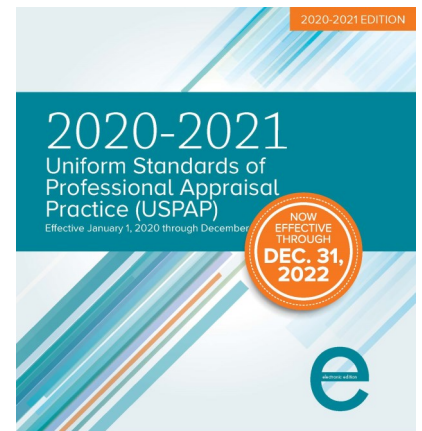
UPCOMING 7-HOUR PERSONAL PROPERTY USPAP COURSES

2023 USPAP Dates and Locations

March 8th—Nashville TN

June 5th—Online

September 18th—Online



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