



MHSNJ
Material Handling Society
New Jersey

MATERIAL HANDLING SOCIETY

NEW JERSEY, INC.

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NEWSLETTER

JANUARY 2009

PROFESSIONALS DEDICATED TO ADVANCING THE APPLICATION
OF MATERIAL HANDLING SCIENCE & TECHNOLOGY

CIRCULATION
500

MHSNJ will tour newegg.com DC in Edison On January 21st, Dinner Program to follow



newegg.com Distribution Center at 45 Patrick Ave., Edison

Geoff Sisko of Transystems /Gross Associates To Present 2008 Warehouse/DC Survey Result

Logistic Magazine's 3rd Annual Warehouse/DC Operations survey revealed that today's DC managers are "battening down" their operations as they ride out 2008's economic storm. Although some managers have tried keeping warehouses and DCs "leaner and greener," most are proceeding with caution, sticking with the equipment and plans they already have in place, and making very few plans for expansion. In short, managers are holding tight.

Geoff Sisko of TranSystems /Gross & Associates will dig into all of the details of this highly anticipated annual survey and offer the annual state of warehouse and DC operations in North America at the dinner meeting following the tour of newegg.com.

Geoff spent twenty-four years in operations and two years in consulting prior to joining Gross & Associates seventeen years ago. Gross & Associates was acquired by TranSystems Corporation in May of 2008. Geoff is an Assistant Vice President at TranSystems. His career has included experience in manufacturing, distribution, production and inventory control, construction management and general management.

NO COMPETITORS, CAMERAS OR CELL PHONES ALLOWED ON THIS TOUR

Newegg is an online e-commerce company offering more than 25,000 computer hardware and software, consumer electronics and communications products in stock at competitive prices and ready to ship at lightning speed. They serve do-it-yourselfers, hard-core gamers, students, stay-at-home parents, small to medium size businesses, IT professionals, resellers, and anyone desiring a comprehensive digital lifestyle.

The company opened for business in 2001 and achieved \$1.5 billion in annual sales in its first 6 years of operation. Inc. Magazine recently distinguished Newegg in its list of America's 500 Fastest Growing Private Companies. It is one of four in the list's 25 year history to qualify on growth merits while also recording over \$1 billion in annual sales.

Newegg emphasizes superior customer experience through a user-friendly website that continually improves serving their customers' needs. Stressing superior logistics, 99% of their orders ship same-day. More than 9 million registered shoppers have applauded their efforts by rating them among the highest-rated online retailers in the world. Their headquarters is located in City of Industry, California.

- 5 warehouses nationwide
- Over a million square feet of secure warehouses
- In-house SKU capacity of over 18,000 for small items and unlimited for bulk items
- Employee headcount of 429 highly-trained warehouse workers
- 24-Hour monitored security and fire protection

Facility Facts:

- Location: Edison, NJ
- Largest Newegg OPC
- 380,000 Sq. Ft
- 8 miles of conveyer
- 20,000 SKU locations
- Processes 17,200 sales orders per day
- State-of-the-art pick to light system
- Intelligent bar code management
- 7 shipping lanes
- 30 packing lanes

**Our January Meeting Sponsor is
Dematic/Rapistan**

**JANUARY TOUR AND MEETING
REGISTRATION ON PAGE 3**

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BOARD OF GOVERNORS**CHUCK KRONER****LAWRENCE SHEMESH****CARLTON JOHNSON****CARL GUBKIN****WILLIAM M. OSTERMEYER****HARRY BALDEO****MHSNJ PRESIDENT'S MESSAGE****January, 2009**

Dear Members and Friends:

I hope you had a wonderful holiday season, and would like to wish all of you a Happy New Year. MHSNJ is celebrating of our 60th anniversary in 2009. Since 1949 we have served the supply chain and distribution community of New Jersey. We are the oldest and largest local material handling organization in the country. We are the oldest because of the efforts of the founding members, but we are the largest because of the efforts of our current members. You should be proud of the fact that you make us the best organization of our type by far.

It looks like this will be a "special" year for all of us with regard to our businesses. As the sales and profit numbers begin to roll in for the 2008 holiday season and fiscal year, they seem to bring only disappointing news. This means companies will have to react accordingly. I am a firm believer that a

down economy is a great opportunity to strengthen yourself and your company. MHSNJ provides you with an opportunity to help strengthen your knowledge by coming out and seeing other operations like we will see this month with newegg. You will see some great applications of automation to help make newegg compete in a very tough electronics market. I think we have to resist the natural urge to hunker down and not waste time away from our day to day business activities. We have to realize that the several hours we take to learn about how others achieve their goals will actually save us time and maybe make us better at what we do.

We are just finalizing the remaining tours and programs for the rest of the year. I think you will really like what we have to offer, and hope you will agree that it will be time well spent. Since we have taken the newsletter to an electronic format we will be in touch with you more often during each month with more helpful information. We started this month with an article about the legal rights of distributors with their relationship with manufacturers. We hope you will find this informative. I look forward to seeing you at the newegg tour. We especially look forward to Geoff Sisko's presentation on the 2008 Warehouse Survey at the dinner meeting following the tour.

HAPPY NEW YEAR!*Dave Lodwig*

Geoff Sisko of Transystems, our Guest Speaker this month



Executive VP Fred Gerstler (above) presents Plaque of Appreciation to Dave Sasson (l) at decisionpoint tour dinner meeting. In photo below, Gus Kellogg of Snelling accepts Membership Certificate for Kevin Case from VP Allison Clancy.

**MHSNJ SCHEDULE
2008 / 2009****Wednesday, January 21 2009**

Tour of newegg.com, Edison
and Dinner Meeting

Wednesday, March 25 2009

Tour of Stryker Spine, Allendale
and Dinner Meeting

Tuesday, May 12, 2009

Tour VW/Audi & Dinner Meeting
60th Anniversary of MHSNJ
Scholarship Presentations

Thursday, June 4, 2009

26th Annual Scholarship Golf Outing
at Minebrook GC, Hackettstown

LINKED-IN: Are you a member of the Linked-in business networking community? If so, come and join your fellow members in the "MATERIAL HANDLING SOCIETY OF NJ" Group! Open to current paid members. See you there! www.linkedin.com.

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ARE YOU PROTECTED BY THE NJ FRANCHISE PRACTICES ACT ?

By *Jeremy I. Silberman, Esq.*



In these uncertain times, with manufacturers consolidating, reducing product lines, and reorganizing their distribution systems, the New Jersey Franchise Practices Act can save a dealer from unfair and unlawful treatment by a manufacturer. Many people think of fast food restaurants when they hear the word “franchise.” However wholesale and retail distributors of a wide variety of products and services, including material handling equipment, can be considered “franchisees” under the New Jersey’s franchise laws.

The New Jersey Franchise Practices Act was enacted in 1971 to protect local businesses from unfair treatment by larger, more powerful companies. The Act makes it illegal for a manufacturer to terminate or refuse to renew a dealer unless the dealer substantially violated the terms of their agreement. A manufacturer cannot terminate its New Jersey dealer simply because the manufacturer has decided to make changes to its distribution network. Even where the dealership agreement states that the dealer can be terminated “with or without cause,” or states that the agreement expires after a certain period of time, the statute can require the manufacturer to continue the dealership relationship. The Act also prohibits manufacturers from imposing “unreasonable standards of performance” upon the dealer; a manufacturer cannot create an unreasonable situation to force a dealer to give up the line. By reducing the threat of termination, the Act helps to level the playing field between manufacturer and dealer.

A dealer or distributor can be a franchise protected by the Act even though the word “franchise” does not appear anywhere in its agreements. The law looks at the nature and history of the business relationship. The arrangement must meet six requirements: (1) A written agreement between the parties; (2) a “place of business” in New Jersey where the dealer/distributor displays and offers for sale the manufacturer’s goods or services; (3) implied or express permission for the dealer/distributor to use the manufacturer’s trademarks or other identifying marks, such as in the dealer’s advertisements and promotional materials; (4) at least \$35,000 in gross sales of products or services from the manufacturer to the dealer/distributor in the prior twelve month period; (5) at least 20% of the dealer/distributor’s gross sales derived from the franchise; and (6) a “community of interest” in the marketing of goods or services, either at the wholesale or retail level.

There is also a bill pending in the New Jersey legislature to expand the definition of “place of business” to include a warehouse or office from which sales calls are made and goods delivered, even if the goods are not displayed to customers at the warehouse itself.

Not all dealers and distributors are protected by the Act. Whether a particular dealer or distributor qualifies for protection requires a careful analysis of the specific business. There are, however, many steps a dealer or distributor can and should take now to ensure that the business will be considered a franchise in case the Act’s protection is ever required.

Jeremy I. Silberman, Esq., (MHSNJ Member) is a member of Norris, McLaughlin, & Marcus, P.A., and specializes in franchise and distribution law. Norris, McLaughlin, & Marcus is a full service law firm located in Bridgewater, New Jersey. For more information visit www.nmmlaw.com.

REGISTRATION FOR DINNER MEETING and TOUR OF newegg.com

45 Patrick Avenue, Edison, NJ (732) 321-0624

WEDNESDAY, January 21, 2009

Registration at Tour Site.....3:30 PM
Tour Begins.....4:00 PM
Reception at Restaurant.....5:15 PM
Program by Geoff Sisko begins.....5:45 PM
Dinner.....6:30 PM

**Dinner Meeting is at Sheraton Edison Hotel, Raritan Center
 125 Raritan Center Parkway, Edison NJ 732-225-8300**

Directions: Exit 1B on I-287 (US 1 South to Trenton), approx 0.8 mile on Rte.1, turn right onto Prince Street, go approx. 0.1 mile to left turn onto Patrick to newegg.com facility.

To the Restaurant: Leaving newegg, turn right onto Prince St, stay to the right at light; turn left onto Rte. 1, and take first exit on right to 531 (South Bonhamtown) merges into Main Street. Continue straight to light at Woodbridge Ave (Rte 514 East). Turn left on Woodbridge Ave. to exit for Raritan Center on right. Stay right at bottom of ramp, go straight thru light to Hotel parking lot.

Please register the following people for the Tour and Dinner Meeting on Wednesday, January 21, 2009

Name	Company	Phone	Email	Member (X)	Fee(\$)
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Pre-registration: Members: \$50.00 Non-Members \$60.00
Registration at Door: Members: \$60.00 Non-Members \$70.00

**Make Checks Payable to: MHSNJ Mail to: 3614 Kennedy Road
 South Plainfield, NJ 07080**

For Credit Card Payments go to website: www.mhsnj.com and register using PayPal
 All major Credit Cards accepted including **VISA, MASTERCARD, and AMEX**

**CALL-IN/FAX
 REGISTRATIONS
 and
 QUESTIONS:
 Chuck Kroner
 (732) 477-5112**

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MEMBERSHIP RENEWALS

Dear Fellow Material Handling Professionals:

By now you should have received your membership dues invoice in the mail. If not, then perhaps we do not have a correct address for you. Please contact us at 732-477-5112 to update your current contact information.

Given the current economic issues we have experienced this year, it is important to continue to stay connected to those within our profession. That said, the Society will be updating and distributing a revised Membership Directory in the first quarter of 2009. Only those paid members will be eligible to receive the updated directory.

I encourage everyone to stay current with your dues, so that we may continue to work (and stay) together as an industry. In addition, if you or a colleague knows of anyone in our industry interested in joining MHSNJ, please encourage them to visit our website at www.mhsnj.com and sign up.

Allison Clancy, Vice President and Membership Chair

MATERIAL HANDLING SOCIETY NEW JERSEY INC.

First Name

Initial Last Name

Position/Function

How did you learn about MHSNJ?

Company Name

How do you hope to benefit from joining MHSNJ?

Mailing Address

Have you ever attended an MHSNJ event?

City/Town

State

Zip Code

Business Phone Number

Home Phone Number

Sponsoring Member

E-mail Address

INDIVIDUAL MEMBER- SHIP APPLICA- TION

DUES are \$95.00 per year. Do not send any money. Send your application for membership to **MATERIAL HANDLING SOCIETY NEW JERSEY INC.**, Attn: Membership Chairperson
3614 Kennedy Road, South Plainfield, NJ 07080

NOT TOO SOON TO PUT OUR ANNUAL SCHOLARSHIP GOLF OUTING ON YOUR CALENDAR FOR 2009. ONCE AGAIN MINEBROOK GOLF CLUB IN HACKETTS-TOWN IS THE SITE AND ALL WHO HAVE ATTENDED IN THE PAST CAN TELL YOU WHAT A GREAT TIME IS HAD BY ALL. THE DATE IS THURSDAY, JUNE 4TH.