

Anglo-American double act poised for global expansion

Spiroflow has emerged as one of the UK's foremost manufacturers of precision, high end bulk handling equipment, while its sister company in the USA has achieved similar national success. In recent months the group has significantly expanded its product portfolio through the acquisition of Dynamet Inc. and the UK company has entered into a joint venture with Horizon Systems of Lawrence, Kansas, USA, which will introduce into the European market novel pneumatic conveying technology designed to ensure gentle handling of delicate and friable products. EuroBulkSystems managing editor Richard Miller talks to the company's founder Michel Podevyn about how he has developed the two closely integrated sister companies on both sides of the Atlantic, while at the same time expanding sales beyond Europe and North America.



Michel Podevyn, 60, chairman, Spiroflow Group Ltd and president, Spiroflow Systems Inc

RM: The acquisition of Dynamet Inc. by Spiroflow Systems Inc. will probably bring major benefits to your US company in terms of new customers (previous buyers of Dynamet equipment) and an expanded rep network throughout the USA. You will also have a broadened equipment portfolio, notably tubular chain drag conveyors. Will the tubular chain technology also be transferred to Spiroflow Ltd and will this in future become one of the equipment ranges available in the UK?

MP: Yes, Dynamet will add to our line of mechanical conveyors. We had already started to develop a rope driven drag conveyor based on our range of aero-mechanical conveyors. This meant fitting discs with closer running tolerances and running them much more slowly. The opportunity to acquire the Dynamet range of chain driven drag conveyors was too good to miss as it dovetails perfectly into our plans to offer the widest range of conveyors in the business – always ensuring we can offer the best solution for any application. We already have a good rep network in the States that we are currently growing. Tubular chain drag conveyors have already been transferred to Spiroflow Ltd and we are already discussing potential applications with customers.

Is Spiroflow Ltd likely to benefit from any other advantages, apart from an expanded product range, following the Dynamet acquisition?

The UK operation will not only have the new ranges of cable and chain driven drag conveyors, they will also enjoy the technical support of the previous owner plus the long serving technical director of Dynamet Inc. both of whom we have retained. In addition, Dynamet have an interesting range of dust-less bag emptying stations that we will add to our portfolios both sides of the Atlantic.



Part of the test plant at the Clitheroe factory.

Comparing the two sister companies Spiroflow Ltd and Spiroflow Systems, which is the larger (a) in terms of turnover and (b) number of staff?

Believe it or not, they are virtually identical in both respects. The only difference being that the US operation will see the greater growth this year as it is benefiting from the earlier recovery of the US economy.

To what extent are the two Spiroflows one company with bases in Clitheroe, UK, and Charlotte, NC? Or perhaps, up to a point, they pursue their own separate goals in terms of product development? For example, for the sake of argument, perhaps Charlotte has greater in-house expertise in the field of bulk bag dischargers, whilst Clitheroe has a greater knowledge of aero-mechanical conveyors.

We operate as a global entity. We have a unified new product development strategy with each

company devoting both human and material resources. Because we now have a professional MD running the UK operation and a professional CEO running the US factory, that leaves me to split my time equally to ensure a common approach to market and sharing product development ideas. For example, last year, the US adopted the direct drive for their range of flexible screw conveyors to match those we have been selling in the UK for over 35 years! Over here, we have benefited recently from some development work in Charlotte on our range of bulk bag fillers. The UK has recently generated a new high-hygiene bulk bag discharger with CIP system and that will be launched in the USA soon.

Are the equipment ranges offered by Spiroflow Ltd and Spiroflow Systems more or less identical? For example, would the new C Series bulk bag filler (described briefly on p14) also be available in the identical specification from Spiroflow Systems? What about differences in metric and imperial sizes?

They are now more or less identical. You are correct, we manufacture to imperial dimensions in the USA and metric in Europe. However, given that the USA was supposed to have gone metric many years ago now, we are doing our bit to push metric equipment in the States! Our metric ranges are available over there and are finding favour in Canada and Latin America in particular where there is a greater preference for metric dimensions.

I note that Spiroflow Systems also offers flexible silos. Do you have any plans to make these available in Europe as well?

No, there are already established manufactures in Europe and the biggest markets are in agriculture and wood pellet storage for commercial and domestic heating – not our traditional markets at all. We have not been that successful in the USA given that they cost almost as much as aluminium or steel silos. Their only real

advantage is for customers wanting to install silos in existing buildings. Even then, we only normally sell them as part of a complete handling system.

To what extent is there cooperation between the Clitheroe and Charlotte sites? Could it, for example, happen that if a major order needed to be delivered at short notice, that both plants shared the production work?

Oh yes, there is much cooperation, although the US operation is responsible for the Americas, Australasia, the Philippines and Japan, with Clitheroe looking after the rest of the world. If a US customer wants equipment that is to be installed in Europe, we manufacture it in Europe to European standards so that it complies with the ATEX regulations and can be CE marked. When we win orders on short lead times, we have the opportunity to short-circuit the engineering time by pooling resources given that we use identical CAD systems at both factories. Both factories have in-house electrical/electronic design and build capabilities too. Again, here there is constant cooperation.

Are the test plants at the two plants more or less identical? Is R&D data shared between them?

Yes and yes. I'd say that there's almost daily contact.

It seems to me that Spiroflow Ltd is best known for its flexible spiral conveyors, aero-mechanical conveyors and bulk bag fillers & dischargers. Would it be accurate to say that this last category of equipment nowadays accounts for more business than your traditional sack filling & emptying machines?

Yes, very much so as far as sack/bag packers are concerned. We acquired ID Packaging here in the UK many, many years ago. It was a good



Service vans in front of Spiroflow's Clitheroe headquarters.



The Charlotte, North Carolina, factory and administrative offices of Spiroflow Systems, Inc.



The BBF C3 is the US version of Spiroflow's new bulk bag filler (see p14).

acquisition at the time and many of our key staff today originated from ID Packaging. We have not developed the sack/bag packers and therefore we no longer promote them in the UK. We have several existing customers to whom we supply repeat orders from time to time. However, the UK factory still manufactures sack/bag packers for the USA where there is still greater use of 25 and 50 lb bags. They are not as far advanced with FIBC usage over there but things are starting to change as fuel prices start to affect transport costs in the USA.

Sack emptying is a different story, sack tip stations are very much an integral part of many of the conveyors that we sell. These we are developing all the time.

Spiroflow Ltd also offers vacuum conveyors, although I imagine the company is a comparative newcomer to pneumatic conveying technology and does not have the same depth of experience in this sector as competitive manufacturers which specialise primarily in pneumatic conveying. Does your company actively seek vacuum conveying contracts (where the conveying system is the main item) or is vacuum conveying just one of several areas of expertise that you can provide that may form a lesser part of, for example, a bulk bag discharge installation?

Not true! Over in the USA, we acquired a company called Pnevuc and imported their technology into the UK. However, it proved not to be ideal for European applications so we worked for a while with European suppliers until recently when we formed Spiroflow-Horizon Systems Ltd – a joint venture with Horizon Systems Inc of Lawrence, Kansas. They have a comprehensive range of both positive pressure and vacuum pneumatic conveying systems including some ingenious technology for conveying delicate, fragile extruded or shaped products with no damage. This joint venture will take us deeper into areas such as petfood and cereal production.

So, yes, we do seek pneumatic conveying systems in their own right. Our increased range of conveyors now enables us to offer the customer the optimum solution for his budget, the lowest cost solution or that offering the greatest longevity!

Could you please tell me more about the Spiroflow-Horizon Systems joint venture?

Horizon is well known and very successful in the USA. They have the people, experience, manufacturing capabilities and test centre to support us. In fact, we have just established a state-of-the-art pneumatic/vacuum conveying facility within the Spiroflow test centre in Clitheroe.

Horizon also brings a processing capability to the table that really will expand what we can offer from now on!

Do you see Spiroflow Ltd as being primarily a manufacturer of bulk handling equipment, or would you like to align the company more towards plant engineering, possibly with the aim of seeking large turn-key contracts involving, where necessary, subcontractors?

Both! As stated above, Horizon have designed and installed some multi-million dollar storage, handling and processing systems and that is clearly an area we have targeted for growth. Having said that, Spiroflow Ltd has recently completed major installations at Mozyr and Luk-Oil oil refineries in Russia and for Shell in Turkey. Our US factory has provided a major system for Lonza Pharmaceuticals.

With regard to the European market, do you aim to enter into any similar joint ventures in the foreseeable future? Are there any further planned company acquisitions in the pipeline (similar to Dynamet)?

Now that I'm relieved of the day to day running of the business, this is exactly the sort of area that I'll be focusing on. We are seeking appropriate opportunities to grow the business whilst keeping true to our core technologies.

Looking at Spiroflow Ltd's turnover, approximately what proportion of this derives from sales within the British Isles and how much comes from overseas business?

It varies year to year but typically overseas business accounts for between 30 to 50%

Spiroflow Ltd has agents in various parts of the world. Do you also have any licensee agreements or is all equipment manufactured and supplied from Clitheroe?

We have a joint venture in India. We prefer JV's to licensees as that way we have greater control over our intellectual property.

How important to Spiroflow is the Continental European market? Although you have agents in a number of European countries and your website is translated into several European languages, the overall impression remains that Spiroflow is first and foremost a UK company which is "semi-detached" from mainland Europe (a bit like Great Britain as a country!). This is perhaps surprising, in view of your Belgian background. The fact that your company chose not to participate at this year's POWTECH exhibition perhaps adds further weight to this argument?

We have had limited success in Germany. Most German companies prefer to buy from German companies and there is no shortage of quality suppliers of bulk handling equipment. We have participated at several POWTECH Exhibitions but the visitors are typically 70% from Germany. We have had much more success in the Netherlands and Belgium!

We are currently looking beyond Europe where growth is slow at best. We participated in the highly successful GULFOOD Exhibition in Dubai, UAE, in February. As a result we have established a representative there and are winning orders already.

In addition, we have been very successful in satisfying some challenging orders from Russia and other parts of the Middle East.



Spiroflow pharmaceutical-quality bulk bag discharger.

Have you given any thought to setting up a European subsidiary company – for example, in the Benelux region – which could provide a European sales office, spare parts stockholding, and technical support for your customers in Continental Europe?

We have tried this in Belgium and Germany but time and time again we have proven that we can operate better from the UK where we have a wealth of high quality, local fabricators here in the North West on whom to call – many of whom have been in business since setting up during World War 2.

Given that we are less than an hour away from Manchester, Liverpool, Blackpool and Leeds/Bradford airports, and with the advent of budget airlines, travel to a multitude of European destinations is so convenient. Equally, customers from Europe can easily visit Clitheroe within a day to witness tests or to inspect equipment being manufactured for them in our factory.

Returning to the above Great Britain analogy, perhaps you feel – as with recent UK governments – that your long-term prospects are better served by maintaining close links with the USA, rather than venturing deeper into Europe?

Certainly having British roots can be an advantage with some US customers but, for most, the fact that we manufacture in the US, we are competitively priced, have a US test centre and offer after-sales support from there are the key considerations.

Cynics might say that British engineering technology, especially in the field of bulk handling, has plenty to offer our friends on the other side of the Atlantic, whilst it is viewed with less enthusiasm in Continental Europe. Here – rightly or wrongly – German technology is widely considered to be superior. This perception, however unfair, would perhaps make it difficult for Spiroflow to achieve any significant expansion in mainland Europe.

The Germans have done a good job in creating that perception. However, when we inspect their equipment there is nothing that we can't match or better. Many customers outside of Germany are not prepared to pay the price for things that are often 'over-engineered'. Given that it is more difficult for us to expand in Europe because of the potentially stagnant European economic situation, as stated already, we think that we have more to offer countries beyond Europe over the next few years.

Thank you for the opportunity to talk to you and to your readers.



An installation in the USA which includes Spiroflow bulk bag dischargers, flexible screw conveyors and aero-mechanical conveyors.

Spiroflow Group at a glance:

The two sister companies	Spiroflow Ltd Lincoln Way Clitheroe Lancashire BB7 1QG UK	Spiroflow, Inc. 2806 Gray Fox Road Monroe NC 28110 USA
	Tel: + 44(0)1200 422525 Fax: + 44(0)1200 429165 sales@spiroflow.com	Tel: (1)704 291 9595 Fax: (1)704 291 9594 info@spiroflowsystems.com
Founded	1971	1991
Number of staff	25	26
Key executives	Michel Podevyn, Chairman Robert Hudson, Managing Director Catherine Podevyn, Sales & Marketing Director	Michel Podevyn, President Jeff Dudas, CEO Mathias Lee, VP Sales David Hesketh, VP Engineering Marlene Carlisle, VP Finance
Combined turnover:	Euros 15 million	
Main products	Flexible screw conveyors; aero-mechanical conveyors; pneumatic conveyors, vacuum conveyors; tubular chain drag conveyors; bulk bag fillers; bulk bag dischargers; sack fillers; bin, sack and drum emptiers	
Main industries served	Chemicals and plastics; foodstuffs (including bakery, confectionery and beverages); pharmaceuticals; cement, ceramics and glass; pulp and paper; water, effluents and sewage; tobacco; etc	
Further information	www.spiroflow.com www.spiroflowsystems.com	