DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY











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Guest Speakers



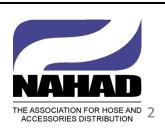
Focus of this Presentation

Industrial Market Place
Industrial and Military Hose Focus

NSN - 4720 and 4730









An Industrial "HOSER"

I am often referred to as a "HOSER" Hose -- The Flexible Connection Where do you see Industrial Hose?

Industrial Applications

- Air
- Water
- Steam
- Chemical
- Materials
- Petroleum
- Food
- Beverage -- Coke

Military Applications

- Petroleum
- Air
- Water Drinking
- Steam Ship to shore
- Hydraulic
- Metal hoses





















Industry Updates and Agenda

- State of the Industry
 - Present Trends
 - Impact on DLA
- What actions can the DLA take to improve its ability to service our Warfighters?
- If there is time
 - Present Channel Strategy and Organization –
 - Manufacturer / Distributor
 - Value and Role of a Distributor
 - Value of Trade Organizations Like Nahad









A Changing Industry

- Common words in the Industry Today
 - Merger
 - Acquisition
 - Consolidation
 - Global Footprint









Merger / Acquisition

- Manufacturer
 - Consolidation through Acquisition

- Common Actions taking place
 - Transition
 - Synergy Objectives
 - Rationalizations
 - Plants
 - Product Lines









M & A – Impact On DLA

Favorable

- Broader Product line offering
- Cost efficiencies gained through consolidations

Concerns

- Product Rationalization
- Long Term Value of Military opportunities
- Lesser number of small business suppliers









M & A – Distribution Activities

- Private Distributions Ownership Aging
 - Looking and Seeking an exit strategy
- New ownership types
 - Publicly Traded Companies
 - Much Larger Private Owner
 - Large Equity Groups
- Note: Being a small business supplier to DLA impacts company valuation models by non small business concerns looking to acquire.









Distribution M & A Impact on DLA

Favorable

- Larger Distributors' Buying Power
 - More competitive pricing
- Larger product line offering

Concerns

- Less Small Businesses available
- Product Line Rationalization
- Profit focus making DLA business less attractive









DLA Opportunities

- Commercialization
 - Review of all products purchased today
 - Compare to present day commercial products available
 - Reduce and seek alternative branding requirements
- Making it Easy to Do Business
 - Review of present bid process
 - Review and shortening of Far Clauses









Commercialization Impact to DLA

- Reduce custom products –
 Use Industry standard catalog merchandise!
 Rationalize and update old specifications
- Favorable impact!
 - Reduced Lead times Distributors have stock!
 - Reduced Inventory Levels at Centers
 - Reduced space requirements
 - Quick reaction to emergency requirements
 - Greater number of companies interested in quoting
 - Standard products are produced in Volumes that will lead to more competitive pricing
 - Greater opportunity and willingness for LTC's









Conclusion







The Common Channel

Manufacturer



• Distributor - Fabricator



User









Present Day Hose Manufacture Channel Strategy

Role of the Manufacturer

- Produce and supply quality products that exceed market needs
- Continued introduction of new products and advanced technology
- Provide Market data, product, application and sales training
- Provide all necessary sales tools

Role of the Distributor

- Be the conduit to the end user
- Stock necessary product to service the local market
 - Both OEM and End User
- Provide market required service needs
 - Proper hose recommendations
 - Proper hose assembly
 - Require service









Present Day Channel Strategy

- Hose Hydraulic and Industrial
 - Authorized Channel Distributors
 - Service local markets
 - OEM's Do Manufacturers ever sell direct?
 - At times the largest OEM's are serviced on a direct basis
 - End Users / MRO Market
 - Serviced through Distribution









The Value of a Distributor

- Local Service Meeting immediate needs
- Local Stock
- Local Knowledge Product & Application
- Proper Hose Assembly

Imagine if you had to deal with an Auto Factory to get service!









Value of NAHAD

- Helping Raise the Bar of Excellence
- Membership
 - All reputable Manufacturers
 - All reputable Distributors
- Outcome Developed by Membership
 - Hose Safety Institute!
 - Training and Education Tools
 - Hose Assembly Guidelines
- Membership Commitment!









Summary and Conclusion

- Value of Partnership
 - Manufacturer and Distributor
- Value of the Trade Organization
- Industry Trends
 - M & A both Manufacturer and Distributor
- DLA Impact -- Concerning
- DLA Suggestions
 - Product review with goal to commercialize









Conclusion



