



DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



**Joseph Mika
Eaton**

**Michael Helfer
Specialty Hose Corp**

Guest Speakers



Focus of this Presentation

Industrial Market Place

Industrial and Military Hose Focus

NSN – 4720 and 4730



Powering Business Worldwide





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



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND ACCESSORIES DISTRIBUTION



EATON

Powering Business Worldwide

NAHAD

THE ASSOCIATION FOR HOSE AND ACCESSORIES DISTRIBUTION



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



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND
ACCESSORIES DISTRIBUTION



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



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND
ACCESSORIES DISTRIBUTION



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



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND ACCESSORIES DISTRIBUTION 8



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



Powering Business Worldwide



10



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



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND ACCESSORIES DISTRIBUTION 11



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



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND
ACCESSORIES DISTRIBUTION



Conclusion





The Common Channel

- Manufacturer



- Distributor - Fabricator



User



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND ACCESSORIES DISTRIBUTION



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



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND
ACCESSORIES DISTRIBUTION



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



Powering Business Worldwide



16



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!



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND ACCESSORIES DISTRIBUTION 17



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!



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND
ACCESSORIES DISTRIBUTION 18



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



Powering Business Worldwide



THE ASSOCIATION FOR HOSE AND ACCESSORIES DISTRIBUTION 19



Conclusion

