

NAHAD News

A Bimonthly Newsletter of the
Association for Hose and Accessories Distribution

AUGUST 2012

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Save These Important NAHAD Dates

Sept. 19 – 20 ... 2012	Manufacturer and Associate Council Gaylord National Harbor Washington, DC
Sept. 21 – 22 ... 2012	Board of Directors Meeting Gaylord National Harbor Washington, DC
April 20 – 24 ... 2013	29th Annual Meeting & Convention Gaylord National Harbor Washington, DC
April 26 – 30 ... 2014	30th Annual Meeting & Convention JW Marriott Desert Ridge Phoenix, AZ

VISIT
www.nahad.org
for
NAHAD Convention 2012
Slide Show

2012 NAHAD Manufacturer & Associate Council

September 19 & 20, 2012

Gaylord National Resort, "On the Potomac near
Washington DC", National Harbor, MD

Program Overview

NAHAD's Manufacturer & Associate Council provides a unique opportunity for Manufacturer and Associate members to meet together to learn first-hand about the latest association initiatives, to address important program and services issues of interest to members and the industry and to hear the latest updates on U.S. public policy, legislative and regulatory matters that directly impact manufacturers.

Historically, the Council has offered recommendations which have had a direct impact on the development of critical association educational and program services and have resulted in changes to the association's bylaws, including the extension of full voting privileges for all Manufacturer and Associate members. *The event is offered exclusively for NAHAD Manufacturing and Associate Members.*

This Year's Event

Coming only weeks before the U.S. national elections, this year's Council will provide the perfect opportunity to hear the latest news about regulatory, legislative, workforce and political policies, as well as insights about the upcoming presidential election. Special guests from the National Association of Manufacturers (NAM), National Association of Wholesaler-Distributors (NAW), Manufacturers Alliance for Productivity and Innovation (MAPI) and the Manufacturing Institute will offer their insights and suggestions regarding important policy issues that can, or do, directly impact your business.

Also, new this year, NAHAD will introduce at the Council, its partnership with the New Market Export Initiative of the U.S. Foreign Commercial Service, International Trade Administration, U.S. Dept. of Commerce. This program will help to directly link interested and eligible NAHAD members to new export opportunities, with valuable training, support and assistance provided by the U.S. government.

Register online at www.nahad.org or use the registration form provided on page 4. 

Profit Improvement Report

Help Stamp Out Budgeting

By Dr. Albert D. Bates
President, Profit Planning Group



For at least thirty years this author has been extolling the virtues of budgeting in improving company

performance. I have been wrong all of this time.

It is not that budgeting itself is wrong. It is simply that budgeting alone does not seem to improve profitability. Budgeting must be augmented with what will be referred to as a Managerial Profit Plan. Fully implemented, this plan has the potential to help firms dramatically alter their financial results.

This report will examine the nature of traditional budgeting versus using a Managerial Profit Plan. It will do so by looking at two different issues.

- **The Problems With Traditional Budgeting**—An explanation of how the budgeting process too often leaves the firm in virtually the same financial position as before.
- **Developing a Managerial Profit Plan**—An examination of how the firm can develop an improved process to actually improve profitability.

The Problems With Traditional Budgeting

The problem with traditional budgeting is twofold. First, it is top down in nature. Second, it involves a lot of trees and not much forest.

Top Down Approach—Typically a budget is prepared by starting with sales and working down through the line items in the income statement. Nothing could be more logical. The firms plans sales, then

Continued on page 10

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PRESIDENT'S LETTER



Dear NAHAD Member,

For those of you who were unable to attend the annual meeting in Las Vegas in April, I would like to share a brief personal message about lost opportunity that I related in our business meeting. Having the good fortune to find the industrial rubber industry by accident 38 years ago it was not until 2002 that I became engaged in NAHAD and attended my first annual meeting in Orlando in 2003; after the organization was in existence for 18 years. A previous owner of our distribution company did not understand the value of the network and the benefits of the annual meeting and as a result I never had the opportunity to attend.

We are in a relationship driven business and while our customer relationships are very important to our companies, the relationships with our vendors and with other non-competing distributors cannot be overlooked. Our annual meeting presents a forum for the top management of our large vendor community to meet with the owners and management of our distributor membership in a relaxed environment away from the pressures of our offices to maintain and grow business and personal relationships. Many vendor members use our Contact Table Program as the launching pad for new product announcements. This venue has been enhanced over the years to include the latest in not only new hose and fitting constructions and styles but the latest in hose assembly, tagging and testing equipment in our evolving marketplace. The vendors are provided the opportunity to meet the decision makers within the distributor network to influence their trade purchases as well as their capital spend.

Our industry pioneers did a lot of "heavy lifting" over the years to refine and improve this networking event. While there are training events, featured industry speakers and a variety of local tours scheduled; the value of the network has created a competitive advantage for many of our annual meeting attendees. There are social events as well as the business environment that drew our annual attendance this spring to over one thousand members. In the spirit of this lost opportunity that I have personally missed over nearly two decades; I would encourage you to attend if you have not in the past. For the regular attendees, please consider our event as a training and mentoring ground for the rising stars in your organization and have them join you in Washington, D.C. in April, 2013.

Regards,

Don Fritzingler, *NAHAD President*

Gaylord National Harbor Resort – Host to both the 2013 Annual Convention and the 2012 Manufacturer & Associate Council

GAYLORD NATIONAL HARBOR RESORT is the crown jewel of the newly developed National Harbor, a dynamic waterfront community in the Washington D.C. area / National Harbor, MD. A world-class hotel and convention center covering 41.7 acres, Gaylord National overlooks the monuments and skyline of our nation's capital. Ideally situated along the scenic shoreline of the historic Potomac River, Gaylord National is the largest combined hotel and convention center on the Eastern Seaboard. The promise of elegance and comfort can be felt by attendees inside their amenity-laden guest rooms and punctuated by the excitement of signature restaurants, elegant retail shops, live entertainment and first-rate recreation. The centerpiece of Gaylord National is the climate-controlled atrium of glass and steel, soaring 18 stories above the water to reflect the power, glory and majesty of the nation's capital.

Site of NAHAD's 2013 Annual Convention, scheduled for April 20 - 24, The Gaylord National Harbor offers a special NAHAD hotel rate for the NAHAD 2012 Manufacturer & Associate Council: \$160 per night, single or double occupancy, plus tax and a resort service fee of \$15.00. **Reservations may be made by calling the hotel at 301-965-4000.** Please identify yourself as a NAHAD member attending the NAHAD Council Meeting or use the reservations code X-NA912. **The hotel will accept reservations for the discounted NAHAD rate until Monday, August 20, 2012.** Room reservations made after August 20, 2012 will be accepted at the special group rate based on availability.



Gaylord National Resort & Convention Center

201 Waterfront Street
National Harbor, MD 20745
(301) 965-2000

NAHAD 2012 Manufacturer & Associate Council

Program Agenda

Wednesday, September 19, 2012

6:45 pm – 9:00 pm -

Welcoming Reception & Attendees Dinner

Thursday, September 20, 2012

7:30am – 9:00am -

Breakfast, NAHAD Updates & Discussion

9:00am – 9:45am – Introduction & Presentation of the new NAHAD / US&FCS New Market Export Initiative

10:00am – 10:45am -

Washington Policy & Issues Update - Wes Irvin, V.P. Government Relations, NAM

11:00am – 11:45am -

Manufacturing Economic Outlook - Daniel Meckstroth, Ph.D., V.P. & Chief Economist, MAPI

12:00pm – 1:00pm – Luncheon

1:15pm – 2:00pm -

American Workforce Update - Brent Weil, Sr. V.P., The Manufacturing Institute

2:15pm – 3:00pm -

Capital Hill Insights / Election 2012 - Jade West, Sr. V.P., Government Relations, NAW

3:00pm – 4:15pm -

Topical Roundtable Discussions & Conclusion

6:00pm – 10:00pm -

'Out to the Ol' Ball Game' - Washington Nationals vs. Los Angeles Dodgers (ticketed event)

Friday, September 21, 2012

7:00am – 12:00pm -

Morning Golf Outing with NAHAD Board Members (ticketed event)

NAHAD PARTNERS

NAHAD is grateful to the following organizations for their participation in, and support of this event:

- National Association of Manufacturers (NAM) – nam.org
- National Association of Wholesaler-Distributors (NAW) – naw.org
- Manufacturers Alliance for Productivity and Innovation (MAPI) – mapi.net
- The Manufacturing Institute – themanufacturinginstitute.org
- U.S. Dept. of Commerce, New Export Initiative – <http://www.trade.gov/nei/new-market-exporter-initiative.asp>

Logistics

Transportation Information

Gaylord National is 15 minutes due south of Washington, D.C.—just off the Capital Beltway (I-95/I-495)—making it an easy drive from the surrounding Maryland and Virginia areas as well.

Daily Parking Rates

Parking at Gaylord National Resort is \$22 per day for overnight self-parking and \$32 per day for overnight valet parking.

Reagan National Airport (DCA) — approximately 8 miles, 15 minutes

Gaylord National Airport Shuttle to Reagan National Airport (DCA)

Gaylord National is now proud to offer an exclusive, express shuttle to and from Reagan National Airport. This convenient new service will depart every twenty minutes from Gaylord National's front door to Reagan National Airport, and every twenty minutes from the Reagan National Airport baggage claim. Reservations are recommended, but tickets also will be available from the SuperShuttle desk, located on the lower level of the airport, near baggage claim.

Daily Shuttle Schedule:

6:00 am – 8:00 pm

Alternative Airports:

- **Washington Dulles International Airport (IAD)** — approximately 35 miles, 45 minutes
- **Baltimore/Washington International Airport (BWI)** — approximately 42 miles, 45 minutes
- By Train:
Washington Union Station — approximately 10 miles, 20 minutes



Pictures from past Council Meetings



Registration Form NAHAD 2012 Manufacturer & Associate Council

Gaylord National Harbor Resort • National Harbor, MD • September 19 – 20, 2012

Please Check One: Manufacturer or Associate

Please type or print information, as you would like it to appear on your Registration Badge and in the 2012 Council Roster & Program.
Please submit one copy of this form, or a photocopy for each individual.

Payment must accompany your registration. To register by fax, sign this registration form, indicating your VISA, MasterCard, Discover or American Express number and the expiration date. Or, mail a copy of the completed form with your check to: NAHAD, 105 Eastern Avenue, Suite 104, Annapolis, MD 21403-3300.

Delegate Name _____ Badge Nickname_ _____

Title _____

Company Name _____

Company Address _____

City _____ State/Province _____ Zip/Postal Code _____ Country _____

Phone _____ Fax _____ Email _____

Do you have any physical conditions requiring special needs? YES NO

If yes, please specify. _____

Do you have any dietary restrictions? YES NO If yes, please list: _____

Spouse Name (if attending) _____ Badge Nickname _____

Do you have any physical conditions requiring special needs? YES NO

If yes, please specify. _____

Do you have any dietary restrictions? YES NO

If yes, please list: _____

REGISTRATION FEES/ OPTIONAL TOURS AND ACTIVITIES SIGN UP SHEET

Delegate Regular Registration Fee \$359 \$ _____

Spouse/Companion/Guest Registration Fee \$159 \$ _____

Golf Outing, Friday, September 21 \$139 \$ _____

Delegate: Golf Club Rental Indicate Left or Right Rental Clubs \$45 \$ _____

Indicate Handicap/Avg. Score _____ / _____ I'd like to play with _____

Spouse/Guest/Companion: Golf Club Rental Indicate Left or Right Rental Clubs \$45 \$ _____

Indicate Handicap/Avg. Score _____ / _____ I'd like to play with _____

Nationals vs. Dodgers Ball Game, 6:00 pm – 10:00 pm \$36 \$ _____

Total Fees Due For Each Attendee: \$ _____

GRAND TOTAL DUE: .. \$ _____

PAYMENT OPTIONS

Please make checks payable in U.S. dollars, to **NAHAD**, and mail to: NAHAD, 105 Eastern Avenue, Suite 104, Annapolis, MD 21403-3300.

Please charge to my (check one) VISA MasterCard Discover American Express

Account # _____ Exp. Date _____ Verification Code _____

Name on card (please type or print) _____ Card Signature _____

Telephone Inquiries (800) 624-2227 Register by Fax (410) 263-1659 • Register online at www.nahad.org

For office use only Check Date: _____ Check # _____ Invoice # _____

NAHAD has welcomed 32 new member companies since January 1, 2012. The NAHAD News and hoseconnections newsletters will feature profiles of new companies.

Tour de Force CRM

Tour de Force CRM is a software solution that provides customer relationship management (CRM), sales force automation (SFA) and business intelligence (BI) functionality.




The goal of Tour de Force CRM, Inc. is to provide the tools and features that a business-to-business (B2B) sales organization needs to be more efficient and more effective. Tour de Force CRM is installed on top of Microsoft Outlook,

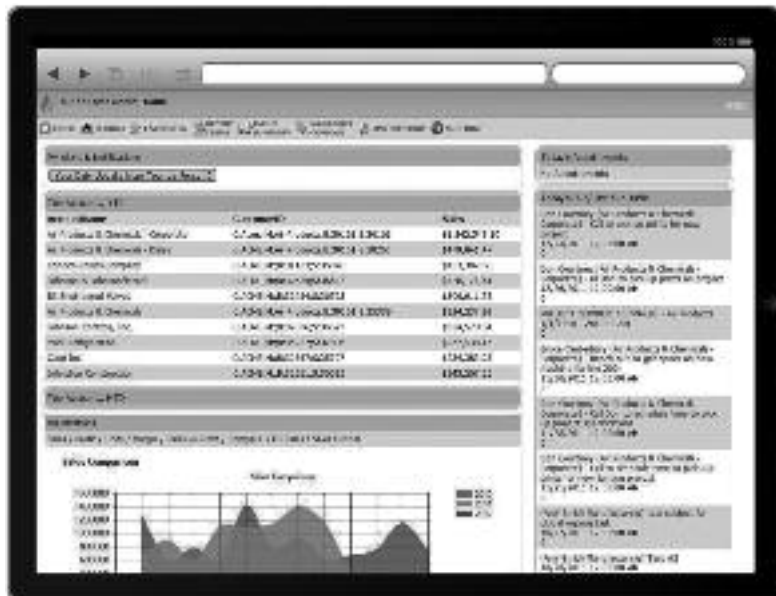
and is accessed directly through Outlook. Tour de Force CRM integrates to a company's ERP system, allowing sales data to be easily viewed and analyzed.

While Tour de Force CRM is a solution for any B2B sales organization, it was designed and developed specifically for the wholesale distribution market. Distributors and manufacturers currently make up 90% of the Tour de Force CRM user base. In addition to providing a software application, the experienced consultants at Tour de Force CRM, Inc. provide the people, the processes, and the tools necessary for a successful implementation.

Matt Hartman, President/CEO of Tour de Force CRM, Inc. founded the Findlay, Ohio based company in 2001. As the former owner of a Rockwell Automation Electrical Distributor, Matt spent most of his time working in sales and managing a sales team. One of his greatest struggles was the ability to efficiently and effectively manage a sales team while also providing with them the tools to manage themselves. During this time he tried to implement various contact management software products, but found that none were built to work in the distribution selling environment. Several years after selling his distributorship, Matt founded Tour de Force CRM, Inc. to drive the creation of a software application that could meet the needs of a distributor. Tour de Force CRM was truly created by a distributor for distributors.

According to Mr. Hartman "Tour de Force CRM, Inc.'s industry experience, integration with Microsoft Outlook, integration with an organization's enterprise resource planning (ERP) system, and mobile CRM capabilities provide distributors and manufacturers with a unique solution designed to drive them to be more efficient and more effective."

Tour de Force CRM, Inc. believes that industry association groups provide invaluable services to both the industries they serve and their individual member companies. They have quite a few customers that are members of NAHAD and feel that now is a great time to get involved with their association. 



Hose/Conveyors Inc. (HCI)


Established in 1971, Hose/Conveyors Inc. (HCI) has become a premier distributor/manufacturer in the Upper Midwest. According to Jay Adams, Vice President of HCI the company's "70,000 square foot facility in Eagan,

HOSE / CONVEYORS INCORPORATED

Minnesota allows (HCI) to maintain extensive inventories by world class manufacturers, including Gates HAF, Goodyear GAD, and Kuriyama."

Complementing the distribution side of the business is HCI's manufacturing and machining division. They maintain in house mechanical/electrical engineering and manufacturing capabilities to meet most conveying, packaging and robotic palletizing needs. This division specializes in conveyor belt fabrication and hose assembly. Mr. Adams adds "HCI has the broadest mix of inventory and markets served in the area, servicing agriculture, construction, food, printing, timber, government, recycling, manufacturing, and OEM."

OEM high production runs is a specialty of HCI. According to Mr. Adams, their "efficient, high speed process provides consistent high quality while ensuring fast production times." They also perform secondary operations such as, flushing/capping, abrasion guard banding, branding and labeling, and packaging operations. HCI's Quality Control department stands ready to meet QC needs from pressure testing to pull testing or setting up abrasion and lifetime testing.

Mr. Adams believes Hose/Conveyors Inc.'s commitment to inventory, value added capabilities and quality enable the company to meet the JIT/MRP demands of OEM's as well as the MRO and end-user markets. As a new NAHAD member, Hose/Conveyors Inc. looks forward to networking and building relationships with existing and new vendors. 

Member to Member Exchange

Houston-based **GHX Industrial, LLC** (ghx-inc.com), reports that it has acquired Abilene, Texas-based Key City Warehouse Sales. Key City specializes in the distribution of belts, hoses, fittings, valves and other products to customers primarily, in the upstream oil and gas business.

Key City's five locations will bring the total number of branches operated by GHX to 42 in the U.S. and Edmonton, Canada.

Headquartered in Houston, the addition of Key City Warehouse Sales will significantly boost GHX's presence in major oil and gas exploration and production areas in the U.S.

"Of particular interest to us is the addition of Key City's Alice, Texas and Elk City, Okla. locations which enhance our ability to serve customers operating in the Eagle Ford shale, Woodford, Anadarko Basin, and Texas Panhandle areas," said Richard Harrison, president and CEP of GHX.

GHX Board Chairman Dan Ahuero noted, "Key City's assets fit like a glove with our other locations. This acquisition allows us to expand into additional active exploration and production areas in the U.S. with an already-experienced staff and a loyal customer base," he added.

According to Harrison, Key City will operate under the McCarty name, which GHX maintained after the acquisition of McCarty Equipment in September 2011. "McCarty has a very strong customer base which was built by providing superior service and by opening new locations to support customers' growth into new areas," he said.

"Closer to our client" is the program introduced by **IVG** during this past NAHAD convention, and so far it has been a tremendous success. It allows medium and small distributors to be able to initiate a container load program with a quality manufacturer like IVG and not worry about running out of hose in between containers. The "buffer" stock created in Houston is capable of fulfilling the needs of all of IVG's container load clients. By filling in with items that a distributor may run out of until their next container

shipment comes in, this program allows distributors continuous access to the same products minimizing the need to buy from unknown, unreliable, and often more expensive sources. For more information on IVG's container load program and "buffer" stock, contact Paolo Valente 1-888-IVG-HOSE, paolo.valente@ivgusa.com.

In June, **Tribute, Inc.** held its 28th annual User's Group Conference in Cleveland. It was a success with attendees from many companies taking advantage of the networking opportunities, the break-out sessions and seminars, and talking with vendors. The Tribute and TrulinX review committee members ranked the TrulinX and Tribute open project lists, helping to determine the direction for future software development.

New officers for the group were selected with Sybille Hamilton (Seals Unlimited) continuing in her role as president, Emily Thompson (Hose/Conveyors, Inc.) serving as V.P., Brian Teddlie (Wilson Company) serving as secretary and Delilah Wirtjes (Monarch Automation, Inc.) serving as membership chair.

Introducing **Dixon's** Mobile App: The King Crimp Calculator allows the user to enter hose dimensions with resulting crimp diameter and corresponding sleeve, ferrule and fitting part numbers all linked to the product's specification page on the Dixon website.

The Dixon Quick Coupling Global Interchange allows the user to quickly cross-reference Dixon Quick Coupling part numbers with those of other manufacturers.

Visit <http://itunes.apple.com/us/app/dixon/id506096967?mt=8> to download the Dixon app, read reviews, get customer ratings and view screen shots. Dixon's mobile app is currently available for iPhone, iPad, and iPod Touch only. For additional information, please contact Dixon at advertising@dixonvalve.com.

Epicor Software Corporation announces the general availability of version 12.9 of its Epicor Prophet 21 wholesale distribution enterprise resource planning (ERP) solution, featuring new Customer Buying Trend Analysis, Demand Replenishment Planning, and Rewards Program functionality.

The Customer Buying Trend Analysis module for Prophet 21 applies a series of Six Sigma statistical models to determine a distributor's customer/item combinations that have a proven, consistent buying pattern. Demand Replenishment Planning provides analytical tools to support purchasing stock now for long-term future requirements and the Rewards Program option allows distributors to reward their customers for buying targeted items. A distributor can identify items or groups of items for which to offer rewards, based on product group discount group, price family, or supplier, and can determine how quickly customers will be rewarded for purchasing these items or groups of items. The distributor also has the ability to limit rewards or customers who belong to a specific category. For more information, call 1-800-766-7438 or email info@epicor.com.

Flexaust celebrates 75 years of manufacturing durable, long lasting, flexible hose and ducting solutions for industrial and commercial applications by introducing a brand new catalog and website. The catalog features more than 11 new products, an easy to use Product Selection Guide and designated 24-hour ship products throughout. There are many new additions to their Flex-Lok® family of high temperature ventilation products. They have improved the crimping process of the Flex-Lok® hoses adding additional strength to the products in this line, as well as having the versatility of crimp sizes and materials to meet the specifications of several applications. Flexaust also highlights their new static dissipative FlexStat® hoses. These hoses have a copper grounding wire to help prevent static buildup and improve plant safety in a wide range of applications.

The new website offers the most up-to-date information to help navigate through any hose and ducting need. Go to

www.flexaust.com and find details on all of Flexaust's industrial and floor care hoses and accessories, answers to applications questions, press releases, product guides, videos and much more. Check their site often for new blog postings, press releases and most importantly – matching the appropriate Flexaust hose to your application.



RYCO is pleased to announce that the new **RYCO Hydraulics Inc.** BioTrans BT1 hose family is now in stock in their Houston warehouse and available for order. This new hose is available in sizes -04 thru -16 and approved for use with the RYCO T200 series and field attachable couplings.

RYCO's new BioTrans BT1 hose is recommended for transportation, marine fuel and engine hose applications. Low pressure hydraulic oil return lines, general purpose water, glycol antifreeze solutions, biodiesel, diesel fuel, ethanol, gasoline/petrol or air. It meets SAE 30R2 performance requirements for non-marine applications and SAE J1527 Type A Class 1 and USCG SAEJ1942 for marine applications.

For more information on RYCO Hydraulics BioTrans BT1 hose, please call 1-866-821-RYCO (7926) or visit them at www.ryco.com.au



Gates introduces Premo Flex® AR, a 300# working pressure hose that stands up to the most demanding industrial multi-purpose applications for reduced downtime and increased efficiency. Its cover provides exceptional abrasion resistance resulting in improved hose service life. To learn how one can save with Premo Flex AR, visit Gates.com/PremoFlex. Available in standard and 500' one-piece reels.



Veyance Technologies, Inc., Hydraulics is pleased to announce the launch of BOP 5000 (Blow Out Preventer) Hose to support the Oil & Gas industry. This new 5000 PSI hose is available in 3/8" through 2" ID. The BOP 5000 is fire test certified to API 16D, including over-ferrule to protect hose/ferrule interface.

One of the toughest cover compounds used on Goodyear Engineered Products branded conveyor belts, the Survivor compound, is now available inside Goodyear Engineered Products Material Handling Industrial Hoses. It's able to withstand serious abuse and last twice as long, which is why the Survivor

name says it all. Please visit www.goodyear.com for full details on both the new BOP 5000 and the Survivor compound.



Piranha® Hose Products, Inc. proudly announces their recent move into a new 40,000 sq. ft. addition to their present manufacturing plant. With continued growth in mind, Piranha® will utilize the added space for additional manufacturing equipment and improved warehousing, to provide better service with shipments to their customers. As Piranha® continues to grow in their current and new product markets; more space was needed for additional manufacturing equipment to keep up with the demand for high pressure thermoplastic hoses. The initial ground breaking ceremony took place in May 2011.

For more information on Piranha Hose Products, call 1-231-779-4399 or visit their web site at: www.piranhahose.com



Ultra Clean Technologies is proud to announce the opening of their new manufacturing facility. Opening July 2012, the 25,000 square foot facility allows the company to expand and improve its production and automate packaging processes to cut down on lead times and serve their customers more efficiently.

Also, there has been a running change to the popular and innovative heat-shrinkable Clean Seal Capsules: By popular demand, the Clean Seal Capsules are now being offered with a colored tint for easy recognition. According to Derek Davis, "In addition to the color change, other modifications such as a wider tear-strip for easier removal have been made to make the capsule the easiest capping product on the market!"

In other Ultra Clean news, the Clean Seal Flanges are taking over the mining industry. For customers who service any mines or mine supply depots, visit the newly redesigned website www.ultracleanantech.com to see why the cutting-edge Clean Seal Flanges are fast replacing traditional blanking flanges as the go-to flange seal for disconnected hose & tube assemblies with flange connections.



Flowline's sales force is now state of the art. With the launch of Eaton's Power Source, and strong leadership from owners



Larry Blackburn and Greg Johnston, Flowline is ahead of the technology curve. Flowline has integrated Eaton's iPad app technology into their sales process; giving faster, clearer information consistently. Their service will continue to grow in effectiveness and efficiency thanks to Eaton's thorough integration and well-rounded app – Power Source. Flowline's sales team will surpass customer's expectations with knowledgeable, informative, and proactive responses. Flowline believes that increasing their technological stance by utilizing the functionality of this app will improve their customer's product knowledge, encouraging accuracy throughout the purchasing process, which is ultimately mutually beneficial.



Spectronics Corporation has introduced the **SPECTRONICS CORPORATION** OPK-341 Industrial Leak Detection Kit, an effective and efficient way to pinpoint the exact source of all fluid leaks in hydraulic equipment, compressors, engines, gearboxes, fuel and other synthetic and petroleum-based industrial systems.

At the core of the kit is the OPTIMAX™ 3000 — a cordless, rechargeable, super-powerful blue light LED inspection flashlight. It's 15 times brighter than regular LED flashlights and has an inspection range of up to 20 feet (6.1 m). Powered by a rechargeable NiMH battery, the flashlight has an LED life of 50,000 hours.

Also included in the kit is a 16 oz (473 ml) twin-neck bottle of patented OIL-GLO™ 44 concentrated fluorescent oil dye, which is compatible with all synthetic and petroleum-based fluids. When a leaking industrial system is scanned with the OPTIMAX™ 3000 flashlight, the dye glows brightly to reveal the precise location of the leaks each and every time!

Rounding out the kit is an 8 oz (237 ml) spray bottle of GLO-AWAY™ dye cleaner, smart AC and DC chargers, dye treatment tags, and fluorescence-enhancing glasses. All components are packed in a rugged carrying case.

For more information about the Spectroline® OPK-341 Industrial Leak Detection Kit, call toll-free 1-800-274-8888. Outside the United States and Canada, call 516-333-4840. Website at www.spectroline.com



CONNECTIONS

continued

Kuriyama of America, Inc. is pleased to announce the addition of the following new products to their product line.

Kuriyama of America, Inc.

Kuri Tec® Endure™ Air Brake Tubing: Now available are the Endure™ 251 Series non-reinforced air brake tubing – Type A and the 151 Series reinforced air brake tubing - Type B. Both products utilize polyester compound materials and offer a superior service temperature range than traditional nylon tubing which contributes to longer service life.

Redi-Fill™ Farm Tank Coupled Assemblies: A durable quality fuel dispensing hose that is oil and abrasion resistant; ideal as a fuel filler hose for agricultural, construction and industrial equipment. Available in ¾" and 1" ID coupled assembled lengths using brass M X M couplings.

New updated Alfagomma Industrial Rubber Hose Catalog: Includes the new T606AE – 150 PSI Corrugated Petroleum S&D – Arctic Hose: Intended for suction and discharge applications in truck and tank car transfer of gasoline and other petroleum-based products where extreme low temperature flexibility is needed. Hose is rated at -65 F (-54 C) and is available in 2", 3" and 4" ID sizes.

For more information on these and other Kuriyama products, call 1-847-755-0360 or visit their web site at: www.kuriyama.com.



PAGE International Hose, of Parker

Hannifin Corp., offers USP Class VI certified RCTW (Rubber Covered Fluoropolymer Hose) to transfer materials without contaminating the integrity of the product. USP Class VI certification includes stringent testing of the tube materials to determine biocompatibility, toxicity and extractables of a product. For end users, especially in the pharmaceutical and food industry, purity, taste, smell, color and extractables are critical characteristics. With a USP Class VI certified hose, assurance of purity is absolute.

Parker PAGE RCTW Hoses are extremely flexible, easy to clean and handle temperatures up to 300°F/149°C. The EPDM rubber covers the FEP tube with multi-layers of rubber and polyester reinforcement with an added helical wire for support. The rubber

and polyester insulates the tube, eliminating the risk for burns that are associated with Stainless Steel reinforcement, and the wire helix supports full vacuum service.

Sizes range from 1/2" I.D. up to 4" I.D. For more information, please contact page@parker.com.



Reelcraft Industries, Inc. has added an all new Low Profile Spring



Retractable hose reel to its extension product line of hose and cord reels.

The Series SD10000 hose reels are designed to facilitate larger diameter (¾" and 1.00" I D) hoses up to fifty feet (50'). Standard models are available to handle low pressure air/water hoses, medium pressure oil hoses and vacuum recovery hoses. All types are available either with or without hose and bumper stops.

The reel's compact low profile space saving design is ideal for applications with space constraints including mobile equipment and service truck cabinetry. The rugged all steel constructed reel features an external containerized drive spring, a long lasting stainless steel torsion latch spring and widened aluminum ratchet/pawl, high impact UHMW hose guide rollers and a corrosion resistant baked on powder coat finish for long lasting reliable service.

For additional information on the new series SD10000 or any Reelcraft hose or cord reels, please visit www.reelcraft.com or call 1-800-444-3134.



BAND-IT – IDEX®, INC., is proud to **BAND-IT®** announce its release of the latest version of the cordless UL4000-C ULTRA-LOK® band clamp installation tool!

Powered with the next generation lithium-ion battery, the UL4000-C Increases productivity with its longer battery life and portability, installs 10 times faster than conventional banding tools, provides a tighter and more consistent band clamp, reduces the risk of injury caused by hand tools and training takes only minutes!

For additional information regarding the cordless UL4000-C ULTRA-LOK® band clamp installation tool, the UL 9010 AC powered tool or other BAND-IT® products and tools, please visit us at WWW.BAND-IT-IDEX.COM.



Powell Industrial announces the purchase of Fluid Handling Solutions Pty Ltd. Fluid Handling Solutions (FHS) is a well established, respected supplier to the industrial hose and fittings markets with branches in Melbourne, Sydney and Newcastle. This will increase the entity of Powell Industrial/Fluid Handling Solutions to a combined branch network of seven and give the organization solid growth opportunities and a coordinated network along the East Coast of Australia.

Fluid Handling Solutions have approximately 27 staff, terrific industry contacts and experience, similar types of customers across a range of industries, similar range of suppliers, hose assembly and testing capabilities and a friendly, knowledgeable culture similar to that of Powell Industrial.

Paul Nunn and Jamie Zuidema, the founders and shareholders of Fluid Handling Solutions will remain with the business and will form an important part of the senior management team of the combined business. All other staff at Fluid Handling Solutions will also remain with the business.

In the short to medium term both businesses will run as is with very little noticeable change. Fluid Handling Solutions will run independently of Powell Industrial but we will coordinate purchasing and supply to ensure we have the best, most competitive buying that ensures our customers end up with a more competitive, service oriented supply offer.



Fluoropolymer tubing is used for a wide variety of applications because of its heat resistance, excellent chemical resistance, and non-stick properties. Many fluoropolymer tubing manufacturers – especially those producing PTFE fluoropolymer – have been faced with a shortage of raw materials this year. What's the reason behind this?

Fluoropolymers such as PTFE, FEP, PFA, and PVDF are made using a mineral called fluorspar. Fluorspar is mined primarily in China, Mongolia, Mexico, and South Africa, with China controlling most of the world's resources. That country's demand for fluoropolymers has surged, and China has tightened its exports of fluorspar. At the same time, the number of PTFE processing companies has dropped as some processors shifted focus. The result has been shortages and dramatic price increases.

No tubing material is an exact replacement for fluoropolymer, but when it isn't available, other materials such as polypropylene provide an alternative. **NewAge Industries'** Prolite® polypropylene tubing offers general chemical resistance that approaches fluoropolymer. Other properties in common between the two materials include low surface friction, excellent corrosion resistance, and high dielectric strength. Prolite also offers low moisture absorption and light weight, plus it's manufactured from a compound that is NSF-61 certified for drinking water applications. Additionally, Prolite is less costly than fluoropolymer tubing.

NewAge Industries stocks Prolite polypropylene tubing in sizes ranging from 1/4" through 1-1/4" O.D. Custom options include non-stock sizes, color additives, and thermoforming. A semi-rigid product, Prolite is best joined with push-to-connect fittings such as NewAge's Newloc® style but may also be joined by welding.

For more information, call 1-800-506-3924 or 1-215-526-2300.



Parker has revised their Series 7219



E-Z Form® MP Multipurpose hose which

features unique, precision engineered corrugations to allow flexible routing through confined spaces where formed hose or metal tubing might normally be required. The hose now incorporates a higher temperature tube - rated to 250°F (121°C), in popular sizes for challenging oil transfer applications.

For more information, download product bulletin BUL 4835 E-Z Form Hose System from the literature section of www.safehose.com or contact Parker at 1-866-810-HOSE.



NAHAD's Support of ICP Continues with Meeting in Annapolis

The Industrial Careers Pathway® (ICP) steering committee met at the NAHAD offices in Annapolis, June 11-12, to plan strategy for the initiative as it launches an online job board dedicated to helping young people, aged 18-34, find jobs in industrial distribution.



The group included, in alphabetical order, Ann Arnott, Executive Director, PTDA Foundation, John Buckley, Executive Director, Industrial Supply Association Foundation, Mary Jawgiel, ICP Program Director, PTDA Foundation, Terry Knight, Director Strategic Sales & Business Development, SKF USA, Inc., Amy Luckado, Membership Development Director, NAHAD-The Association for Hose and Accessories Distribution, Past President of

NAHAD, Curtis Sprague of Branham Corporation-Mt. Empire Rubber Company, Molly Thompson, Program Manager, NAHAD-The Association for Hose and Accessories Distribution, and Ginger Wheeler, Marketing Manager, PTDA Foundation. All are employees of ICP Alliance Partner organizations working in support of the ICP initiative.

Together the group looked at demographic characteristics of Millennials, the target audience, and their media consumption habits in order to develop tactics for a marketing plan to reach this target audience, sometimes referred to as "digital natives." In addition the group developed metrics with which to measure the outreach efforts in order to gauge the effectiveness of future outreach efforts.

The mission of ICP is to meet the need for a skilled industrial distribution workforce for today and



tomorrow. Key strategic goals include reaching potential employees with information on distribution career paths in ways that prompt interest and action by "right fit" individuals, as well as serving as the most effective voice of the industrial distribution sector speaking about workforce needs and the importance of the industrial distribution sector.

Profit Improvement Report Help Stamp Out Budgeting

Continued from page 1

cost of goods sold. Subtraction produces gross margin. Next, expenses are planned. Finally, profit is whatever is left over when expenses are subtracted from gross margin.

The problem is that profit becomes a residual factor. It is, in fact, whatever number is produced after all of the subtractions are completed. There is no real focus on improving profitability.

Trees, Not Forest—Budgets tend to be extremely detail oriented. Almost every budget has at least twenty expense categories. Budgets with fifty items are not all that unusual.

At some point such detail is essential. However, in the real planning part of the financial improvement process such detail gets in the way. It is essential to understand the nature of the forest before reviewing the individual trees.

A Managerial Sidebar: You Can't Do It That Way

Profit-First Planning is not without controversy. The concept of setting a profit target before planning sales volume or anything else about the firm seems completely alien to many individuals.

To be successful with Profit-First Planning, firms need to take the attitude that they have to generate enough sales to meet the profit objective. The same is true with gross margin and expenses. Profit first; how to get there second.

The key to making the approach work is to ensure that profitability improvements are implemented slowly and systematically. Using NAHAD data the following worksheet demonstrates the process.

Their essential point is in line four. A meaningful, but realistic improvement in ROA is somewhere between one and two percentage points. The goal needs to make the firm stretch, but also needs to be attainable. By staying within that range, real profit improvement is possible.

Setting a Profit Target

1	Profit Before Taxes		\$350,000
2	Total Assets		\$2,750,000
3	Return on Assets	[1 ÷ 2]	12.7%
4	Improvement in ROA	[2.0 to 3.0%]	2.3%
5	New ROA	[3 + 4]	15.0%
6	Profit Plan	[2 x 5]	\$412,500

Exhibit 1: The Impact of Systematic Planning For the Typical NAHAD Member

Sequence	Item	Current Results		Planned Results	
		Dollars	Percent	Dollars	Percent
2	Net Sales	\$8,000,000	100.0	\$8,400,000	100.0
	Cost of Goods Sold	4,960,000	62.0	5,191,200	61.8
3	Gross Margin	3,040,000	38.0	3,208,800	38.2
	Expenses				
4	Payroll Expenses	1,760,000	22.0	1,812,800	21.6
5	Non-Payroll Expenses	930,000	11.6	983,500	11.7
5	Total Expenses	2,690,000	33.6	2,796,300	33.3
1b	Profit Before Taxes	\$350,000	4.4	\$412,500	4.9
	Total Assets	\$2,750,000		\$2,750,000	
1a	Return on Assets		12.7%		15.0%

Developing A Managerial Profit Plan

The function of a Managerial Profit Plan (MPP) is to determine where the company is going regarding profitability and how it is going to get there. Within that structure there are two elements. The first is to plan profit. The second is to focus on the Critical Profit Variables to the near exclusion of everything else.

Exhibit 1 reviews the process by looking at the performance of a typical NAHAD member based upon the IPR report. The exhibit presents the income statement for this firm along with total assets and return on assets.

The firm has sales of \$8,000,000 on which it generates a profit of \$350,000, or 4.4% of sales. To generate this level of sales and profit, the firm invested \$2,750,000 in total assets. This result is a pre-tax return on assets (profit before taxes divided by total assets) of 12.7%.

The remainder of the exhibit demonstrates the structure of the **financial portion** of a Managerial Profit Plan. As will be discussed momentarily, each financial action needs to be supported by an action plan as well.

Plan Profit First—The left side of the exhibit presents a suggested sequencing of actions in the plan. The very first step that needs to be taken is to determine a profit requirement. This is a decision for top management. It cannot be off-loaded to the accounting staff.

Profit-First Planning overcomes the problem of profit as a residual. It forces the entire organization to focus on how much profit must be generated. It is absolutely essential to success.

For the typical NAHAD member in Exhibit 1, the firm is planning to increase its ROA from the current 12.7% to 15.0%. This reflects a philosophy of slow, but steady improvements. Assuming that the asset base

does not change, dollar profit increases from \$350,000 to \$412,500 (\$2,750,000 times 15.0%).

The Critical Profit

Variables—At this point a very logical and real question emerges, namely, "how are we going to get to that profit level?" The answer is not by developing a 50-line budget; that will come later. The real answer is to focus intently on three critical items, what are commonly referred to as the Critical Profit Variables. There are the three that matter most.

The first of the CPVs is sales growth. The one requirement to planning this item is to develop a conservative sales forecast. That means a sales increase that the firm is close to certain it can achieve.

In Exhibit 1 the firm is planning on 5.0% sales growth. This figure includes inflation, growth in the overall market and any gain in market share the firm may enjoy. It is important to note that while the firm may well think a higher growth rate is possible, it is essential to temper such expectations in the financial plan.

As with every one of the CPVs the financial plan must be supported by a corresponding managerial plan. There must be an explicit statement of how the sales goal is going to be achieved. Again, this is a top management issue.

The second of the CPVs is the change in the gross margin percentage. In virtually every industry the gross margin percentage is the key driver of financial performance. NAHAD is no exception.

In planning gross margin, the same philosophy as was used for sales growth applies. The firm should plan on only a modest increase. Luckily, a small increase produces large results. The exhibit shows an increase from 38.0% of sales to 38.2%. Once again a supporting plan for getting there is required.

The final CPV is the control of payroll. Here an almost universal improvement factor. Sales needs to increase about two percentage points faster than payroll expenses. This forces the firm to leverage payroll expense effectively. Since sales increase by 5.0% in the example, payroll can only increase by 3.0%.

The rest of the plan, pardon the phraseology, is simply plug and chug. Total expenses must equal gross margin minus profit. Non-payroll expenses must equal total expenses minus payroll.

At this point the plan can be turned into a thirty-line budget, a fifty-line budget or even a two-hundred line one. What is essential is that before the final budget is set, management must put together a comprehensive plan that emphasizes profit improvement and control of the Critical Profit Variables.

Moving Forward

For the overwhelming majority of firms, budgeting as practiced has not resulted in significant improvements in profitability. A Managerial Profit Plan must be constructed well before the detailed budget is developed. If the Profit Plan is properly thought out and supported with an appropriate set of action steps, almost every firm can generate greater profits. 📄

About the Author:

Dr. Albert D. Bates is founder and president of Profit Planning Group. His latest book, *Triple Your Profit!*, is available at: www.tripleyourprofitbook.com, as well as Amazon and Barnes & Noble.

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Norwegian Odyssey

Joseph Thompson, NAHAD EV; Kristin Thompson, Dir. Communications & Conferences; Molly Thompson, Conference Manager and Alex McGill, president of McGill Hose & Coupling / NAHAD past president experience Oslo with NAHAD member, TESS.

(Oslo, Norway – July 6, 2012)

Sometimes, even a family vacation (in this case, a one week cruise in the North Sea and Baltic) can turn into a chance to get up close and personal with a NAHAD member.

With Oslo, Norway on the summer cruise itinerary, I met with Erik Jølberg and Benthe Ronne of TESS (NAHAD members since 1992) while at the NAHAD Convention in Las Vegas to arrange a visit to the TESS facilities while in Oslo. Erik graciously offered to provide a full day excursion to Oslo and Drammen, to include visits to one of his local shops and TESS's main facility, for Alex McGill and me, while Benthe would provide a local tour for Kristin and Molly.

With 100 operating locations throughout Norway, TESS is a major hydraulic hose, fittings, and hose-handling player, and also manufacturers hose floats for offshore loading operations in the North Sea. TESS is also heavily involved with Subsea Valley operations, providing engineering services, hydraulic jumpers, umbilicals and hose bundles serving oil and gas operations in an 80 kilometer area off the Norwegian coast.

The company is also very proud of its *TESS Hose Management System*. TESS executives provided us with a detailed overview of the web-based hose tracking, documentation and service process, designed to prevent down-time, spillage and accidents; particularly important on ships, drilling rigs and subsea operations. We also toured the main TESS facility to see the production of the subsea umbilicals, carrying data, communications and hydraulic lines. TESS engineered the equipment to produce the umbilicals, as well as the process for construction, packing and shipping the units to the underwater locations.

Following the facility tours and presentations, Erik provided a personal look at the beautiful Drammen area and local fjords, including a 'top-speed' boat cruise to

two area villages, with a bit of drop-line fishing and a stopover for a beer and fishcakes. The perfect summer weather only added to the delightful day and rewarding experience.

For more information about TESS, visit them at TESS.no. 📄





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NAHAD NEWS PRODUCTION SCHEDULE

Newsletter Issue	Material Due to NAHAD	Mailing Date
August	7/6/12	8/5/12
October	9/8/12	10/6/12
December	11/4/12	12/5/12

Put NAHAD on your P/R List! Send press releases and your company logo by email to kthompson@nahad.org

NAHAD member companies are invited to submit brief news items for inclusion in the "Member-to-Member" section of the NAHAD News. Please write your articles in complete sentences, and limit them to 60 words, including pertinent phone numbers, etc. Camera-ready logos may be submitted and will be included on a space-available basis.

News items should focus on new or additional personnel changes, appointments or promotions, facility expansion, new products lines or advertising/promotion plans. Articles submitted must be typed or neatly printed, and should be written in the third person (use "they" instead of "we"). Exclude sales features claims and direct or indirect comparisons with competitors' products. Of course, all articles will be published on a space-available basis. NAHAD assumes no liability for incorrect or deleted information, but will publish corrections upon request.

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