

NAHAD News

A Bimonthly Newsletter of the
Association for Hose and Accessories Distribution

APRIL 2013

Inside this issue

Industrial Careers Pathway	1,2
Profit Improvement Report: Bending the Payroll Cost Curve	1,10,11
NAHAD's President's Letter	2
NAHAD Member Companies Celebrate Anniversaries	3
Spotlight on Hose Safety Institute Advisory Council Member	4
In Memoriam	4
New Members	5
Connections	6-10

Save These Important NAHAD Dates

April 20 – 24	29th Annual Meeting & Convention 2013
	Gaylord National Harbor Washington, DC
April 26 – 30	30th Annual Meeting & Convention 2014
	JW Marriott Desert Ridge Phoenix, AZ

VISIT
www.nahad.org
to register for
NAHAD Convention 2013
in Washington, DC

NAHAD Partnership with Industrial Careers Pathway Connects Members with Job Seekers



Effectively connecting with Millennials to let them know about the incredibly rewarding careers in industrial distribution means speaking to them through the communication vehicles they use. With the Internet usage habits of a Millennial audience top of mind, Industrial Careers Pathway® (ICP) completely overhauled its website to attract more job seekers and inspire them to aim for careers in industrial distribution and manufacturing. NAHAD has partnered with ICP for several years and is a strong supporter of its mission. NAHAD members can view the results at the newly designed, mobile-enabled www.industrialcareerspathway.org.

The site is divided into three sections: The Work section (aimed at the 18-34 year old job seeker) quickly directs job seekers to search out employers and jobs by directing them to post their resumes to the ICP Job Board. Social media feeds have been embedded into the site to help the viral spread of information over social media. Young viewers can also watch video testimonials about the great careers in the field of industrial distribu-



tion from real people. Open positions on the ICP Job Board show up in a dynamic feed on every page of the Work section, offering expanded exposure for employers' job postings.

Continued on
page 2

Profit Improvement Report



Bending the Payroll Cost Curve

By Dr. Albert
D. Bates

President, Profit Planning Group

The phrase “bending the cost curve” is widely used today, largely with regard to health care. That is, as a society there is a need to slow the growth of the cost of providing health-care services. Bending the cost curve is also a useful concept for distributors, but it needs to be expanded.

Distributors, such as NAHAD members, need to think in terms of bending the entire payroll cost curve, not just the health-care component. Simply put, the poor management of payroll costs is second only to inadequate gross margin as a barrier to achieving desired levels of profitability.

At the same time, payroll is not just an expense item, like, say utilities. Payroll costs represent the employees who provide the services that allow the firm to generate adequate sales. Slashing and burning with regard to payroll is, at best, a counter-productive activity. The real task is to lower payroll costs relative to sales without diminishing any aspect of customer service.

This report examines the nature of the payroll challenge. It will do so from two important perspectives:

- **The Long-Term Payroll Challenge**—A discussion of the experience of distributors, including NAHAD members, in controlling payroll over time.
- **Actually Bending the Curve**—Some specific suggestions for improving payroll performance while maintaining employee *esprit de corps*.

The Long-Term Payroll Challenge

The central reality in distribution is that over time, payroll has remained an almost constant percent of sales. The Profit Planning Group has a

Continued on page 10

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PRESIDENT'S LETTER



Dear NAHAD Member,

On behalf of your Executive Committee and Board of Directors we extend a warm invitation to our 29th annual meeting being held in Washington, D.C. We are so pleased to see a very strong early registration for the event and hope you will take advantage of the robust schedule of meetings, industry leading speakers, more than ample time to network and a keynote speaker in Andy Card, former chief of staff for former president George W. Bush. My wife, Amy and I selected our nation's capital as a meeting site as the hotel provided an impressive venue as well the area being simply extraordinary in its historic splendor. We hope you enjoy the meeting and receive great value from its content.

At this time, I would like to express my gratitude to a number of people and companies who are so important to our association.

A special thank you is extended to our vendors who provide for a relaxing environment for distributor members to meet with their principals at the hospitality suites as well as the annual trade show where they annually showcase new and innovative products.

A special thank you is extended to our distributor community who use our annual meeting as a forum to improve their businesses and use the meetings and speakers as a training platform for their organizations.

A special thank you to the Executive Committee and Board of Directors for their commitment in time and their valued contribution that has enabled our industry's trade association to grow over the years despite industry consolidation.

A special thank you to our industry pioneers who created NAHAD nearly 30 years ago and its outstanding contribution to the strength of our industry and its members. Did you ever dream we would have the membership and the annual meeting and program we enjoy today?

A special thank you to the entire NAHAD staff for their support in creating an annual networking event that provides an outstanding forum of value for distributor and vendors members alike.

A special thank you is extended to the Hose Safety Institute Committee and in particular the core team that has rebuilt the testing programs and handbooks that provide a forum for credibility and excellence within our industry.

We truly hope you have planned to join us in Washington to participate in the Power of Distribution while capitalizing strategy, resources and leadership. Thank you all for sharing the passion we hold for this outstanding industry.

Sincerely,

Don Fritzingler, *NAHAD President*

NAHAD Partnership with Industrial Careers Pathway Connects Members with Job Seekers

Continued from page 1

The Inform section is for educators and parents of job seekers. The section was designed to tout the benefits of the field to individuals who influence job seekers and might pass along the information. "We want these influencers to know as much as possible about industrial distribution so they can guide their students or young adult children into this career path," said Mary Jawgiel, ICP program director.

The Hire section is for employers in industrial distribution and manufacturing. Here, employers will find links to the ICP Job Board and other useful resources to assist in recruiting, hiring and managing new employees.

Some of the free resources available include:

- Original articles written by ICP staff to assist industrial distribution employers in the quest for human resources ideas

- Archives of the ICP Talent Tipsheet, a bi-weekly e-blast that summarizes and links to original articles by thought leaders on managing the Millennial generation
- The free ICP Media Relations Guide to help employers generate publicity with local media to further promote the industrial distribution industry
- The ICP Internship & Co-op Guide to help employers provide a meaningful experience for young workers
- Hand-outs for employers to use to explain the industrial distribution career field when attending career fairs or other such public events
- A PowerPoint presentation aimed at high school-aged audiences to further explain what industrial distribution careers are all about

And, of course, employers can use the site to link to the ICP Job Board where, once registered, free resume searches are available of the thousands of people who would like to seek a job in the field.

Visit the new ICP website,

www.industrialcareerspathway.org. 

ANNIVERSARIES

Several NAHAD Members companies are celebrating Milestone Anniversaries in 2013.

TIPCO Technologies Celebrates 125th Anniversary

TIPCO Technologies, a family-owned company, is a large distributor of hose and related products in the Mid-Atlantic region. Headquartered in Owings Mills, Maryland, TIPCO has been a source for quality

industrial, hydraulic and high-purity applications since 1888.

Formerly known as the Goodyear Rubber House, TIPCO Technologies began as a rubber footwear and clothing firm in Downtown Baltimore. George P. Thomas, Jr. bought the manufacturing company in 1888 and his son expanded the business to sell mechanical rubber goods in 1929. On January 3, 1983, Bob and Jane Lyons purchased the new trade, George P. Thomas Rubber Company, from previous owner R. Wallace Cadle. The Lyons relocated to Owings Mills and changed the company name just two years later.

Today, the company maintains strong partnerships with select world class brands (Goodyear Engineered Products, OPW and SSP) in order to best meet the demands of its customers. Employees follow a Customer First, Always approach and strive to promote areas of quality, speed and safety.

TIPCO has endured the test of time by changing with the markets they serve and the geography they cover. The company is proud to be a charter member of NAHAD and credits the association for much of their growth.

There are currently nine different TIPCO branches, spanning the regions of Maryland, Virginia and Delaware. Each branch features an Eaton Aeroquip Express Center, offering a wide range of hosing accessories and fabrication/repair services. To learn more about TIPCO Technologies, please visit their website at www.tip-cotech.com or contact Dana Hummel.

Coxreels is pleased to announce its 90th Year Anniversary manufacturing in the USA

Coxreels, a third generation family owned and operated business, will observe 2013 as a time to remember its strong and loyal customers, the many achievements of the past, celebrate its accomplishments of today, and look forward to a successful future.

Established in 1923 as Cox Air Gauge, Coxreels set the bar as the industry standard and is a leading U.S manufacturer of hose, cord, and cable reels. Aimed at enhancing the automotive service station market in the beginning, the Coxreels brand has evolved and the offering has grown to be a global product used in over 24 different industries. Many patents have marked the company's milestones of quality and innovation, and they continuously improve the hose, cord and cable handling industry, introducing proprietary technologies and superior special features. Building off its founding principles, advanced engineering teamed with unmatched manufacturing processes has allowed Coxreels to refine the industry resulting in top quality reeling solutions.

While strongly forging ahead, Coxreels acknowledges the roads that have led the company to be who it is today. As they celebrate their 90 years of success as a U.S. manufacturer, the company keeps alive the tradition, passion and conviction of their founders with every reel they make.

Coxreels has remained steadfast and focused on manufacturing high quality professional grade hose, cord, and cable reels since 1923. Offering a full product line serving the industry in every channel and application, Coxreels takes great pride in designing, building, and supporting all of their products in the U.S.A. For further information on the Coxreels product line, contact Customer Service at 1-800-269-7335 or visit www.coxreels.com.

Brennan Industries Celebrates 60 Years

Brennan Industries Inc., a leading international manufacturer of hydraulic fittings and adapters, marks its 60th anniversary this winter.



The company celebrates 60 years of superior customer support backed by an extensive inventory of high-quality hydraulic, pneumatic and instrumentation critical flow components; as well as looks forward to continuing to meet customer needs and expectations through further innovations.

“While we pause to honor the past and the friends we’ve made over the years, we are also looking ahead and embracing new technologies,” said David M. Carr, president of Brennan Industries. “Brennan is committed to serving our customers through innovations, product development and continuous quality in our service and all of our products.”

Founded by Michael Brennan in 1953, Brennan Industries started in the hydraulics industry as it was blossoming during World War II. Today, Brennan serves both the OEM and replacement parts markets with extensive product lines.

The company is a third-generation, family-owned company, headquartered in Solon, Ohio, but has distribution centers throughout the United States as well as in Canada and China. Brennan Industries supplies a wide range of industries throughout the world, and offers more than 30,000 standard and special hydraulic fittings and adapters in sizes ranging from 1/8 to 2-1/2 inches. These include a wide choice of fitting and adapter types such as tube, O-ring face seal, instrumentation, metric bite type, push-to-connect, conversion and flareless bite type, as well as valves, clamps and swivels. Most products are available in carbon steel, stainless steel and brass, and meet or exceed J.I.C., S.A.E. and other specifications. Brennan's mobile app provides easy access to its product catalog and product cross-reference tool. The company's website features its online parts catalog, configurator and a free CAD download solution.

Brennan products are stocked at seven strategically located, full-service distribution centers in: Atlanta, Cleveland, Dallas, Los Angeles, Seattle, Toronto and Shanghai. For more information, phone 1-440-248-1880 or Email: sales@brennan-inc.com or visit www.brennaninc.com.

“I want to thank all of our customers for their support during Brennan's first 60 years,” said Carr. “And pledge to provide them with consistent, world-class customer care and quality products that they can depend on in the years to come.”



Spotlight on Hose Safety Institute Advisory Council Member

Ken Wyatt, Senior Compliance Manager for TVA's Equipment Support Services (ESS) Group



Ken Wyatt is Senior Manager of Compliance, Methods and Processes for the Equipment Support Services (ESS) group of the nation's largest public power provider, Tennessee Valley Authority. He oversees business planning and procedure development and also directs TVA's crane inspections, heavy equipment certifications, environmental and safety protocol and employee training. Wyatt is a member of NAHAD's Hose Safety Institute Advisory Council and will attend the 2013 NAHAD Convention in Washington, DC, April 20-24.

NAHAD: Tell me about your background and how you got into equipment maintenance and compliance.

Ken Wyatt: I've worked in the heavy equipment industry for over 30 years. I attended a technical college and after I graduated, I started as a technician for Caterpillar where I specialized in hydraulic and electrical troubleshooting. I've been with TVA about 21 years now and I've held numerous positions, primarily within the Equipment Support Services group, or ESS. We internally supply fleet and utility construction equipment to all TVA departments and contractors, kind of like a rental company within the company, but running like a separate business. We manage and maintain a fleet of nearly 4,000 pieces of equipment within TVA.

NAHAD: Tell me about your work. What is your role in ensuring employee safety at TVA?

Wyatt: I manage work process and procedure development to assure best practices and compliance with regulatory requirements. I also manage what we call our CAP program, our Corrective Actions Program, where we identify and mitigate working exposures to safety or environmental hazards. Another aspect of the job is managing a group of crane inspectors and training professionals that keep our cranes and our people within compliance.

We do all required annual inspections for cranes, aerial lifts and forklifts internally, and we certify all of our operators through our own internal program, which uses OSHA and ANSI requirements. We've had the program in place for about 10 years, critiquing it every year and adjusting it when requirements change.

NAHAD: What projects or challenges have you been focusing on recently?

Wyatt: TVA just completed a large steam generator replacement and refueling outage at our Sequoia Nuclear Plant where four of the large steam generators were replaced. Each of those weighs over 345 tons. They have to remove the dome from the nuclear unit and pull them out through the top, so we needed really large equipment or that. Projects like these are on really short timelines and equipment availability is very important. It was a big project for us, but we finished it on schedule, nearly a week ahead.

NAHAD: TVA was named "Utility of the Year" by the American Wind Energy Association in November (adding 1,100 megawatts of wind energy capacity from seven wind power sites in 2012). What are TVA's plans for the future of its renewable energy portfolio?

Wyatt: TVA is seeking to expand its generation portfolio to include additional sources of renewable energy. Our Integrated Resource Plan aims to reduce our environmental footprint through demand reduction and by increasing clean energy resources in its generation mix. TVA's renewable and clean energy capacity is now more than 5,000 megawatts, including the hydroelectric production at its dams, wind contracts, TVA's Generation Partners and Renewable Standard Offer initiatives, and other TVA-owned wind, solar and biomass generation.

We also generate energy from landfill methane, where we burn off the methane from some of the old landfills at some of our old fossil plants. So it's a pretty diverse mix, and we don't really see any types of renewables increasing largely above the others.

NAHAD: How did you get involved with NAHAD and why did you become a Hose Safety Institute Advisory Council member?

Wyatt: We do our own hose assembly work, and we work closely with our fitting and hose suppliers who recommended us to the council. I see the Institute Advisory Council as the perfect forum to have input on processes related to assembly, since being the process and procedure person with TVA, I'm the one who writes and critiques these policies. It also gives us some input into new technologies, long-term reliability, as well as the ability to network and learn from other end users.

NAHAD: How has your background helped you to contribute to the goals of the Council?

Wyatt: I have a really diverse background in construction and fleet equipment maintenance. Just working for TVA, we have a really broad fleet, from forklifts to very large cranes. One of our cranes is 1,000 tons. So our diverse fleet gives us a lot of end-user information for the Council.

Working for TVA also gives me a different perspective than many other organizations. It is a wholly-owned federal agency, yet we are totally self-financing and receive no appropriated funds. So we're governed by many federal regulations and are held to high standards in safety, performance and environmental compliance, but we also have to meet all those goals while living within our financial means.

NAHAD: How do the NAHAD Hose Assembly Guidelines provide value within the manufacturing and distribution industry? How do they provide value for TVA?

Wyatt: In today's climate the expectations are much higher to maintain environmentally-friendly work sites. We have a really vast network of natural resources in our area, and TVA's original mission has been to manage those resources while bringing prosperity to the Tennessee Valley. This is a mission that we still believe in, and we see ourselves as stewards of our many natural resources. Following the Hose Assembly Guidelines assures that our hoses and fittings are safe and reliable, while protecting our workers, our customers and our environmental resources. 

This interview first appeared in NAHAD's online newsletter Hoseconnections – the March 1 issue.

In Memoriam

Jimmy Willis passed away on Monday morning, February 18th, 2013. He was part of Salem-Republic Rubber Company for most of their 40 year history. He started in production and was promoted to sales engineer in 1982. Jimmy was the sales manager and sales training manager for the last 6 years responsible for ensuring the satisfaction of our customers and the training of new sales employees. He was on the eve of retirement when he got ill. The company had planned for him to work a couple more months while training another new sales engineer.

Jimmy left behind his daughter Sarah who will graduate from high school in June, daughter Carly, three granddaughters, and his wife Sue. Jimmy was a good man with a sense of humor and a kind heart. The customers, employees, friends and associates of Salem-Republic Rubber Company will miss him.

Welcome NAHAD New Members

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Member to Member Exchange

I.R.P. Industrial Rubber Ltd. is pleased to announce the purchase and installation of a new FP170UC Finn-Power Crimper in their Edmonton facility. This will enable IRP to crimp up to 10" ID hose to meet the demands of its customers and the industrial hose industry for large bore engineered coupling systems. To view all their products visit the updated web site at www.irprubber.com or contact by e-mail at sales@irprubber.com.



Globe Products Co. is pleased to announce that Herb Williams has joined their organization as National Sales Manager. In his role, Herb will focus on expanding Globe's products and customer base in North America.

"Herb brings with him over 30 years of experience in metal stamping and over 10 years' experience in the hose and coupling industry. His addition reinforces Globe's commitment to our customers and to our continued growth." says Jess Haupt, President of Globe Products Co.

Globe Products has been manufacturing high quality deep drawn metal ferrules, eyelets and custom stampings for over 30 years. In addition to offering a complete line of Steel, Stainless Steel, Brass and Aluminum ferrules, Globe's capabilities include engineering design, in house tool making, a complete laboratory, a state of the art heat treating facility and an automated Zinc plating line.

For more information call 1-800-880-4562 or visit www.globeproducts.com



AMFM Incorporated announces the acquisition of Evandy Co. a business specializing in automatic screw machine products. This acquisition targets their weld fitting product line. Added capacity improves quality with ISO 9000 Certification, improves lead time while focusing on domestic manufacturing and materials. For more information, contact Morgan McIntosh President, AMFM,Inc.MMcIntosh@Braidbands.com or by phone 1-440-953-4545.



Dyna-Flex has successfully tackled two technically challenging thermoplastic hose design and fabrication opportunities. Dyna-Flex Hot



Water Drilling Hose helped make scientific history. A team of US Scientists became the first to drill through a polar ice cap and remove water samples from a submerged lake. They accomplished this using a special 1-1/4" 3280 Ft. continuous length thermoplastic hose that was designed, tested and manufactured by Dyna-Flex, Inc.

Another application presented more challenges. Building hose to withstand hydrodynamic pressure presents one set of design issues, add 800 lbs of static load to a 1" thermoplastic hose, while imposing a tight elongation requirement, and the challenges becomes an order of magnitude more complex. Dyna-Flex analyzed test data from a standard hose and then began reviewing various design concepts which could possibly solve the problem. When subjected to a high dead weight load, the O.D. of a normal hose wants to contract as the hose stretches. If the hose is too stiff, it will not pass bend radius requirements and, as measures are taken to prevent stretch, adequate design margin must be maintained to prevent overstressing the reinforcement layer, especially when cycled over a restricted bend radius.

In the end, two design concepts were expanded upon and calculations were made to determine which would be more suitable. A design was selected, special manufacturing techniques were developed and a test hose was fabricated. This hose passed testing and the follow-on production hoses were then fabricated and shipped on time.

Dyna-Flex, is also pleased to announce the promotion of Drake Ritchie from National Account Manager to Sr. Vice President. In this position, Drake will have full responsibility for the financial and operational performance of Dyna-Flex, Inc. and its sister company, Flex, Inc. Through Drake's direction and leadership, both companies anticipate improved customer service and growth.



Eaton is pleased to announce Jeffrey A. Finch is now senior vice president and general manager leading its hydraulics business' products and markets organization. The new organization comprises the former Fluid Conveyance, Power & Motion Controls and Global Markets organizations and includes global product marketing and engineering, pricing and strategy, market and business development, commercial excellence and program management. Reporting to Jeff will be Paul David who leads the business' global market development organization; Greg Gumbs leading the hydraulics hose and fittings unit; Ryan Williams leading the specialty hose and fittings group; Farrokh Batliwala, leading the power and control unit; and Willie Harbert, leading the actuation, projects and services unit. Over the past 10 years the business has more than tripled in size through the successful integration of approximately 12 acquisitions. These acquisitions have added significantly to the Eaton product portfolio and expanded geographic capabilities to position Eaton as a true global player.



Dixon is pleased to announce the appointment of Tony Haston as Market Specialist / Energy and Sales Manager of Dixon's newest division, Dixon Eagle. In his new position Tony will investigate opportunities and execute sales strategies to grow Dixon business within all segments of the Energy Technology industry. In addition, Tony will lead the efforts to grow Dixon sales within the 'Upstream' and 'Midstream' segments of the Oil & Gas market and assist with new product development for fluid transfer applications. Dixon Eagle manufactures bellows seal valves used in refineries and other target end user markets for Dixon.



The Right Connection™

Dixon also announces the publication of its 2013 illustrated product catalog and price list. The 776-page book, effective April 1st, features new product offerings in the King Crimp, cam and groove, dry disconnect, Boss, air, brass, clamps, hydraulic, sanitary, fire, valve, pipe and welding, tank truck and swivels and rack equipment product lines.

For additional copies of the 2013 catalog, or to learn more about the Dixon Eagle product line, please call Dixon at 1-877-963-4966 or visit dixonvalve.com.



Fluid Hose & Coupling, Inc. is proud to introduce Coreblast Hose. The Coreblast Hose is used for transmitting industrial waste and raw material, and was developed to have ultra-high abrasion and corrosion resistance. Used for sandblasting, shot blasting, and specifically for the steel industry for blowing coke and mending material into the blast furnace. Coreblast is also designed for suction and delivery of other extremely abrasive products for all sorts of applications. This product promises to reduce shutdowns and downtime for customers. For more information, call 1-905-670-0955 or email bobby@fluidhose.com.

Brennan Industries, Inc. has expanded its capabilities in Canada by moving into a more efficient distribution facility, located in Mississauga, Ontario. "By moving to a more efficient facility, Brennan will be able to streamline the distribution process and serve its customers in Canada even better," said David M. Carr, president at Brennan Industries. The new distribution center is located at 3397 American Drive in Mississauga, Ontario.

Brennan opened its Canadian distribution center in 2009 to provide customers in Canada with time and cost savings since shipments would no longer need time to clear customs or be subject to customhouse brokerage fees. Brennan products are stocked at seven strategically located, full-service distribution centers in: Atlanta, Cleveland, Dallas, Los Angeles, Seattle, Toronto and Shanghai. For more information, contact by phone 1-440-248-1880, Email: sales@brennaninc.com or visit the web site at www.brennaninc.com.

HBD/Thermoid, Inc. has announced it has received a 2012 Boeing Performance Excellence Award. The Boeing Company issues the award annually to recognize suppliers who have achieved superior performance. HBD/Thermoid, Inc. maintained a Silver composite performance rating for each month of the 12-month performance rating period, from Oct. 1, 2011, to Sept. 30, 2012.

This year, Boeing recognized 594 suppliers who achieved a Gold or Silver Level Boeing Performance Excellence Award. HBD/Thermoid, Inc. is one of only 441 suppliers to receive the Silver Level Award. Last year, HBD/Thermoid, Inc. was also recognized for a Silver Performance Award by Boeing.

"The HBD/Thermoid employees at the Chanute, KS Plant are very honored to have achieved this Silver Performance Excellence Supplier Award from The Boeing Company" said David D. Cawthon, General Manager of HBD/Thermoid, Inc. "Our employees take pride in producing quality hose and ducting products that meet or exceed our customers' toughest application requirements, from large aircraft manufacturing companies, like The Boeing Company, to the US Government, to our smallest industrial user."

HBD/Thermoid, Inc. supplies The Boeing Company with environmental ducting products for on-board ventilation use in their commercial airline models: 737, 747, 767, and 777. The HBD/Thermoid Chanute, KS manufacturing plant produces Aeroduct®, a complete line of aviation ducting, hose and ground support products, as well as industrial ventilation, fume control and material handling ducting products.

For details on Aeroduct and other ducting products, or Thermoid industrial rubber products available from HBD/Thermoid, Inc., call 1-800-835-0682 or visit: www.hbdthermoid.com.

NewAge Industries' CEO and majority shareholder, Ken Baker, recently announced that in early 2013 he will sell an additional ten percent of NewAge's shares to the company's ESOP (Employee Stock Ownership Plan), raising the total of the ESOP's ownership to forty percent.

"This action ensures that additional shares are available to team members who are entering the plan," stated Baker in a December 13 company-wide meeting. "The shares will be purchased by the ESOP through an internal company loan, just like we did when we launched the ESOP in 2006."

Having strengthened NewAge in several ways, the ESOP continues to: Give employees the pride of ownership, Provide retirements savings with no out-of-pocket expense to employees, Establish a succession plan for the company, Discourage a competitive buy-out, Improve employee morale and camaraderie, and most importantly, benefit customers because employees know that their actions are a direct investment in their future.

The meeting continued with Baker noting that 2013 holds many promising opportunities. NewAge's AdvantaPure product line continues to grow, particularly in the biopharmaceutical market where customers are adopting single use technology. The company is also putting increased focus on its industrial business with the recent hiring of a new divisional

manager, Stephen Kuhns, who is actively connecting with customers, seeking opportunities for expansion, and looking into new markets. For more information, 1- 215-526-2190 or e-mail: info@newageindustries.com.

Jim Lager, owner of **PIRTEK** Love Field located in Dallas, TX has opened his second center in Ft. Worth. Lager opened his first PIRTEK franchise in Dallas, Texas, in October 2010, and he has been pulling in Texas-sized profits ever since. The mobile-based hose and fitting replacement business specializes in minimizing equipment downtime by "manufacturing" replacement hydraulic hose assemblies at customer jobsites. Although all PIRTEK franchises start out with three mobile service vans based at their PIRTEK Hose Service & Supply Center location, Lager saw the potential and quickly increased his mobile fleet to ten. Since opening his second location Jim has is now blanketing the market with his mobile support vehicles. It doesn't stop here. In addition to Jim's two locations, there is a third PIRTEK Hose Service & Supply Center located just northeast of Dallas in Plano, TX. This location has been owned and operated by Ed Louterback since February 2010.

Serving as home base for its mobile fleet, PIRTEK Meacham's Hose Service & Supply Center located at 5317 Superior Parkway, Ft. Worth is also a convenient hose assembly source for walk-in customers. Like the mobile service vehicles, it too is stocked with a wide variety of hoses, fittings and adapters for made-to-order hose assemblies. Service is available 24/7 by calling 1-817-989-6425.

"**Campbell Fittings** continues to build the best sales team in the industry," states President Tom Paff. "We are proud to introduce our new managers."

Doug Widell, Southeastern Territory Manager, who lives in Jacksonville, Florida, with his wife Colleen and two teenage children. A graduate of Boston College with a BS in Marketing, Doug starred on the football team and was drafted as an offensive lineman by the Denver Broncos. He protected quarterbacks from blitzing offenses for 9 years in the NFL (perfect training for a salesman in the industrial hose industry). After the NFL, Doug spent several successful years in the real estate industry, but his desire to get back into a competitive game with a successful

CONNECTIONS

continued

team lead him to Campbell last September. He completed six months of training and is looking forward to assisting our distributor customers.

Jeff Giuliani, Midwest Territory Manager, lives in Williamstown, New Jersey, and works from the company's Boyertown corporate office. He is married to Melinda and they have two children. Jeff has a BA in Political Science from Villanova University where he did not play football, but is an avid life-long, Philadelphia Eagles fan. Jeff spent the last eight years in the resort and entertainment industry.

Marc Savell, Houston Territory Manager, is the newest member of the team having joined Campbell in March. He lives in League City, TX, with his wife and children. Marc graduated from the University of Phoenix, Houston, with BS in Business. He spent the last 14 years in the chemical processing industry at Bayer Material Science. Although he is currently in training, Campbell Fittings is looking forward to him providing them with a unique perspective from the end-user point of view.

PureFlex, an ISO 9001:2008 company, is pleased to announce it now offers Canadian Registration Numbers (CRN) on its Fluoropolymer lined hose, bulk fittings and finished factory made assemblies. Products included in this registration are FlexChem rubber covered FEP hose, SmoothFlex SS braided smooth-bore PTFE hose, MultiFlex SS or PP braided convoluted PTFE hose, ProFlex SS or PP braided convoluted PFA hose, UltraFlex SS or PP braided heavy wall convoluted PTFE hose, MTH Series PTFE lined smooth bore metal hose and CL2 Series chlorine transfer hoses. For more information please call 1-616-554-1100 or visit their website www.pureflex.com.

Veyance Technologies, Inc., Hydraulic hose is pleased to announce the new High Temperature Desert 2.0

DR2SN, meeting SAE 100R2AT/EN 853 2SN-pressures. This new CPE tube, with blue CPE cover hydraulic hose is rated to 302F

and available in 6 sizes from 1/4" to 1"ID. The DR2SN is made in the USA and will utilize our Bite-to-Wire one-piece fittings.

Please visit online www.goodyear.com for full details on the new DR2SN hose and stop by their booth at the NAHAD convention to see the product.

Omni Services continues its strong momentum into 2013, acquiring yet another location in the Northeast, this time in the South Boston area. "Omni

Services is - and always will be - about growth; and following all of our acquisition and new branch start-up activity in 2012, this new Quincy Massachusetts location is a perfect way to kick-start 2013." said Chuck Connors, President of Omni Services.

Omni acquired nearly all the business assets of Cedrone Luber-Finer Sales Inc., a long-standing Aeroquip hose distributor with links to the (customer/segments) industries in and around the Boston and Cape regions. Says Connors, "With all of their experience and expertise with the Aeroquip brand, it was a natural fit. We're extremely excited about growth prospects in this region and we're delighted that Brand Cedrone (the key principal) is joining with us to make it happen."

The addition of the location brings Omni's count to fourteen total, and significantly bolsters the density of Omni's operating platform in South East Massachusetts. Headquartered in Worcester Massachusetts, Omni Services, Inc. is a leading independent distributor of fluid conveyance solutions in the Northeast. To learn more about Omni Services, visit www.omniseservices.com

Coxreels® is proud to announce the addition of the Pure Flow Series.

The Pure Flow Series has been designed specifically for breathing air and clean fluid transfer applications. These models have non-corrosive air and fluid paths with machined from high quality stainless steel full-flow swivel and Nitrile non-toxic food grade seals ensuring clean, non-contaminated, safe and reliable transfer of breathing air, potable water or other clean fluids.

These reels provide safe storage of respiratory air hose line for low and high pressure breathing air systems, as well as storage for potable water hose line for drinking water systems, or storage of any hose requiring sanitized and non-contaminated fluid transfer applications. The Pure Flow reels are conve-

niently offered in spring rewind, hand crank, and motorized retraction options. These reels are used in fields of application such as fire rescue, pharmaceutical manufacturing, food and chemical processing plants, hazardous site cleanups, and medical and hospital air services.

Offering a full product line serving the industry in every channel and application, Coxreels takes great pride in designing, building, and supporting all of their products in the U.S.A. For further information, call 1-800-269-7335 or visit www.coxreels.com.

Hi-Tech Duravent has once again expanded their Core Products Line. The Core Products Line now includes: UFD Black, ARH, UFD-AP, CVD Blue, and UFD-SD. With the new further expansion, the Core Products Line now has seventy products. All Core Products are guaranteed in stock and ready to ship. To see the complete listing of the Core Products, please visit www.hitechduravent.com/core-products.

At Hi-Tech Duravent, they offer a comprehensive hose and ducting product line. Their vast array of resources and worldwide locations allows them to continually expand their product line and offer excellent customer service. Hi-Tech Duravent is committed to offering flexible hose using advanced technology. For more information, please contact Hi-Tech Duravent at sales@hitechduravent.com or 1-800-348-6500.

PRC Industrial Supply, a platform company of Singer Equities, has been named as one of the Best Places to work in Maine for

2012. This award was presented to PRC Industrial Supply by the Society of Human Resource Management (SHRM) based on employee feedback from surveys sent to Maine Companies. The 2012 Best Places to Work in Maine program recognizes companies that have established and consistently fostered outstanding workplace environments.

Gates introduces a mobile version of its comprehensive eCrimp database, which includes the most up-to-date crimp specifications for any Gates hydraulic or industrial hose application. Download the mobile application for a smartphone or tablet to

access eCrimp even when Internet access is unavailable. To learn more or download the app, visit the Apple or Android app store.



Spectronics Corporation has introduced the MDE-2000NC Marksman™II, an ultrasonic diagnostic tool that converts and amplifies inaudible ultrasonic sound into audible “natural” sound. This highly advanced tool allows the technician to “hear” even the smallest compressed air, natural gas, propane tank, vacuum, steam, and other pressurized leaks... before they lead to major breakdowns.

The Marksman II uses a two-tiered approach to ensure accurate diagnosis. The receiver converts inaudible ultrasonic sound into audible sound using heterodyne circuitry. Then, its unique Sound Signature Technology finetunes the audible sound into the natural sound emitted by the leak itself. A 5-LED signal intensity indicator and audible alarm pinpoint the exact source of the problem. An Internal Noise Control (INC) feature safeguards against ambient noise.

The Marksman II comes complete with an ultrasonic receiver, full-sized, heavy duty, noise-canceling headphones, a hollow air probe, a solid contact probe and an ultrasonic emitter that helps locate faulty seals, gaskets and weatherstripping in doors, windows, ductwork and other non-pressurized enclosures. All components are packed in a sturdy carrying case. For more information, call 1-800-274-8888 or 1-516-333-4840. Website at www.spectroline.com.



Triad Technologies, LLC, announced it has acquired the **Pennington Rubber Company** and its in-house affiliate OEM Hose and Services, Inc. to further expand its product offering in key markets. Pennington Rubber Company is headquartered in Cincinnati, Ohio where it has served regional customers for over 50 years.

Pennington Rubber Company, is a full-line industrial hose and accessory distributor that supplies products to both original equipment manufacturers and end users. Pennington operates as a certified cut-and-couple hose assembler for Goodyear Engineered Products and provides customized solutions for industrial, mobile and institutional customers.

“Pennington is a very appealing add-on. We can now offer an expanded line of industrial hose products, backed by best-in-class service, across our entire territory,” explains Doug Wissman, President and CEO at Triad Technologies, LLC.

The Parker Industrial Hose Division



announces their move to a new location in Wickliffe, OH. The new division headquarters, located at 30242 Lakeland Boulevard, houses a spacious product showcase area. Visitors to the new building are also welcomed by a “script Ohio” display made from one continuous piece of E-Z Form™ hose, and can view artwork created by kindergarten students from the local elementary school.



Tribute, Inc. is pleased to announce the release of features specifically for the Dixon Valve & Coupling distributor. Working in partnership with Dixon Valve & Coupling, Tribute has created file formats for the Tribute Software System and TrulinX to allow PO files to be exported to Dixon in their required format, streamlining their distributor’s business processes. Scott Jones, VP Sales & Marketing of Dixon Valve & Coupling, states, “It is part of our strategic plan to make it easier for our customers to order from Dixon. We are excited about the release of the Dixon features on Tribute and TrulinX software.” A representative from Dixon Valve & Coupling will be attending the annual Tribute User’s Group meeting in Denver this June.



Hose Master is pleased to announce the addition of Kevin Wykoff to their team of skilled managers. Kevin joins Hose Master as Operations Manager and comes with 18 years of operations and engineering focus expertise.

As a graduate of Kent State University with a degree in Aerospace Engineering, Kevin’s career has encompassed all aspects of plant management and operations. From production layout, manufacturing process development and engineering to sales management, purchasing and inventory control.

Continuous improvement and operational flexibility as well as quality and cost control initiatives have been the key performance drivers throughout Kevin’s career.

“Kevin’s role in overseeing operations affirms Hose Master’s commitment to continually improve performance, quality, dependability, and value, enabling Hose Master to provide the best products and service to our distribution network,” explains President Sam Foti, Jr.

The company is also proud to reveal its new Metal Expansion Joint Catalog, highlighting Hose Master’s unique ability to offer customer-driven solutions from design phase

through implementation. For more information, email insidesales@hosemaster.com or visit on line at www.hosemaster.com.



PT Coupling Company will be introducing a new line of Oil Field & Fracking Products to the market. The Oil Field & Fracking line will consist of several PT



Products that they have been producing for several years along, with an expansion to the Safety Bump Line. The Safety Bump parts include a 4 inch coupler by hose shank and a 4 inch adapter by hose shank.

PT Coupling Company will also be producing fittings used in frac water transfer. These fittings will offer a quick and economical way to use lay flat hose in the transfer of frac water. Consisting of a pipe groove by segmented bolt clamp hose connection, and a segmented bolt clamp connection hose mender. These new products are all Aluminum and will be available in 6 inch through 12 inch. These fittings are all made in the U.S.A.

The PT U.S.A. Oilfield products brochure is available through the PT website www.ptcoupling.com. These products will be available to view at the April NAHAD convention in Washington D.C.



TESS and its US partner, **Tubing & Metric Hydraulics Inc.**, have finished the first year of joint venture, exceeding all expectations.

This has provided groundwork for further growth in the US market with expansion plans already put into action. “We have the pleasure of announcing the opening of our second branch in the US; Odessa was chosen as the correct location given the increasing activity in the surroundings,” reports Eric Jolberg, TESS CEO. “The branch office was officially opened on February 13, proving local service to many of our global clients.”



World Wide Fittings is pleased to announce the opening of its newest regional



warehouse, in the Lehigh Valley area of Allentown PA. The new location will be open May 1, 2013, and staffed with experienced World Wide employees. The newest addition to their regional location enhances World Wide’s foot print geographically throughout the country. Other warehouse locations for World Wide include, Jupiter FL, Houston TX, Reno NV, and Niles IL (corporate headquarters).

CONNECTIONS

continued

To learn more, please visit www.worldwidefittings.com or contact Patrick Oconnor at Patrick@worldwidefittings.com



TEXCEL is pleased to announce the grand opening of their California warehouse in Sacramento. This move enables Texcel one or two day delivery times to the entire Pacific Coast. Texcel has made an extensive inventory commitment to further serve distributors in that region.

Texcel appreciates their NAHAD customers' continued support and is looking forward to seeing everyone in D.C. For more information please visit www.texcelrubber.com or call Texcel at 1-800-231-7116.



The **Flexaust** Genesis® family continues to grow with the addition of Uni-Loop HT (high temperature). The light weight thermoplastic rubber vacuum hose handles temperatures up to 245°F, higher than traditional plastic hoses. Uni-Loop HT is designed to resist corrosion caused by the combination of hot water and chemicals making it ideal for use in carpet cleaning machines and extraction equipment. Very flexible and crush resistant, this hose handles a full vacuum, has a smooth interior to assure efficient fluid flow and is ideal for use with permanent and portable equipment. Uni-Loop HT is compatible with Flexaust-TUEC's many vacuum attachments, wands and end fittings allowing for multiple "cleaning" solutions. Applications include carpet and vacuum cleaners, R.V. duct, pet grooming equipment, drainage and conduit. Visit www.flexaust.com or contact Flexaust's Inside Sales Team at 1-800-343-0428 or sales@flexaust.com for additional details on this new product.



RYCO is pleased to announce their new Isobaric line of hose products. RYCO's Isobaric range of hose offers a selection of spiral (H Series) and wire-braid (T Series) hoses to meet all hydraulic systems requirements delivering valuable benefits of flexibility and ease of selection. Having a very small bend radius, by up to a half the minimum bend specified by industry standards with improved routing and installation along with reduced weight means your hydraulic system is more compact and economical.

There are 60 products in the T Series wire braided range and 78 products in the H Series spiral range, 138 products within Isobaric range of hoses that will cover all of a customer's constant pressure system's needs. All of the RYCO Isobaric hoses are available in either the Avenger, Diehard or Slider cover options. Plus, all of the RYCO Isobaric spiral range is tested to a minimum of 1,000,000 impulse cycles to deliver extended hose life cycle. For more information, call 1-866-821-RYCO (7926) or visit www.ryco.com.au.



Titeflex Commercial, Inc. is pleased to announce the addition of Barco Sales and TKA Sales as rep groups.



Barco Sales has been in business for twenty-two years and has six outside sales people and three inside sales people. They will be covering the Midwestern states for Titeflex. They are hard-working individuals and possess over one hundred years of combined sales experience. Barco Sales is heavily entrenched in the hose and rubber industry and represent only top quality principals.

TKA Sales has been serving the Rocky Mountain Region since 1999. This region's industries are primarily mining and oilfield related but TKA Sales also gets involved with solar and wind energy as well as brewery and semiconductor businesses. Tom Chojnacki, TKA Sales President, has been working in this region for nearly 30 years and has been involved with projects going into each of these fields. TKA Sales is Colorado based but also travels into Idaho, Montana, New Mexico, Utah and Wyoming. For more information on Titeflex, please call 1-800-765-2525 or visit www.titeflex.com.



CRP Industries and Tudertechnica are proud to offer the Teflon PFA SIL hose, a suction and delivery hose for foodstuff, pharmaceutical, cosmetic and chemicals. The hose is resistant to extremely high and low temperatures with ranges between -40°F up to 302°F. Working pressure is also available up to 150 psi.

The hose is produced with high quality elastomers, with excellent chemical and mechanical properties. It is lightweight, flexible, easy to bend, and has a smooth, white, silicone rubber cover. Teflon PFA SIL will be marketed and sold by CRP Industrial, Cranbury, NJ

Later this spring, CRP Industrial will be launching a new website designed to provide a user-friendly experience with improved navigation and functionality, allowing users to access detailed product information and industry solutions.



Bending the Payroll Cost Curve *Continued from page 1*

financial data base of more than fifty lines of trade in distribution. For many of those associations, information goes back twenty to thirty years.

Adjusting for economic conditions, payroll costs are virtually unchanged from twenty years ago. That is, in a moderate-growth period twenty years ago, payroll was about the same percent of revenue as it is in a moderate-growth period today. NAHAD members are not exempt from this reality.

There are three factors at work to undermine the inability of firms to lower payroll as a percent of sales: Workload Growth, Productivity Reliance, and Sales-Based Planning. Each of these has its own implications.

Workload Growth—As firms continually increase their sales, there is a need for more warehouse employees, more drivers, more credit analysts and the like. This is a benign inevitability that offers little potential for meaningful cost control.

Productivity Reliance—Distributors have steadily increased productivity, especially on the operations side of their businesses. Indeed, key productivity measures, such as sales per employee have experienced impressive growth.

The reality is that productivity improvements are a necessary, but not totally sufficient, means of controlling payroll costs. If investments in technology are not made, payroll costs will probably rise as a percent of sales. At the same time, improved productivity does not translate into lower payroll costs relative to sales. Expansions of the services provided seem to offset productivity gains.

Sales-Based Planning—The real culprit is the planning dynamic pervasive throughout the economy that tends to relate sales growth and payroll growth. Part of this is a tendency to pay employees for breathing. As long as employees continue to breathe each year, they continue to receive pay increases.

The most serious aspect of the philosophy of sales-based planning is that management does not have realistic parameters for actually improving payroll performance. Without them, it seems inevitable that the no-improvement trend of the past will continue in perpetuity. A new planning perspective is essential.

Actually Bending the Curve

The fundamental necessity in bending the curve is that sales must grow faster than the payroll expenses required to generate those sales. Payroll does not just include wages alone; sales must increase faster than fully-loaded payroll expenses—including all salaries, commissions, bonuses, social costs (Medicare and FICA) as well as health insurance and retirement, usually a 401(k) program.

The concept of increasing *sales faster than payroll* is what is commonly called a sales to payroll wedge. Astute readers will remember that the author has hounded them on this concept before. Since payroll costs continue to rise in tandem with sales, the author is dedicated to hounding once again.

Exhibit 1 demonstrates the impact of the sales to payroll wedge on the typical NAHAD member based upon the latest IPR Report. As can be seen, the firm generates \$8,000,000 in sales, operates on a gross margin of 38.0% of sales and produces a bottom line profit of 4.5% of sales or \$360,000.

Three different scenarios are presented in the exhibit. They all involve sales growth of 5.0%. This modest growth rate was chosen

specifically to demonstrate that rapid growth is not needed to drive higher profit. What is essential is payroll control in relationship to that sales growth.

The first scenario has payroll increasing at the same 5.0% level as sales growth. In essence, this is a microcosm of what has happened among NAHAD members over time. Some years payroll grows faster than sales, other years the situation is reversed. Over time the two factors move forward together. Profit is up 5.0%.

The second scenario examines the impact of achieving a 2.0% sales to payroll wedge. Specifically, payroll increased by 3.0% while sales grew by 5.0%. The impact of a small one-year delta is dramatic. Profit is increased by 14.8%. Further, profit is now 4.9% of sales.

The last scenario presents the impact of a negative sales to payroll wedge. In this instance, payroll grew by 7.0% in conjunction with 5.0% sales growth. As a result, profit actually fell by 4.8%. In short, even modest changes in the size of the sales to payroll wedge produces large changes in profit levels.

The entire discussion has focused on planning for a positive sales to payroll wedge. It employed a 2.0% delta, which is a realistic planning goal. However, planning for improved results and generating them are two different things.

The key in actually producing a positive sales to payroll wedge continues to be a careful analysis of transaction economics. That is,

the same level of sales volume can produce very different profit levels, depending upon the amount of work required in each transaction.

Two key factors have always been important in transaction analysis. The first is the number of line items sold per transaction. The second is the average line value. A system that measures these factors and then uses them in planning can go a long way towards actually producing a positive sales to payroll wedge.

Moving Forward

Sales growth must be maintained at a level that allows the firm to produce a sales to payroll wedge of something in the 2.0% range. With such a delta, the long-term challenge with payroll control can finally be overcome. With even modest sales growth, higher profits will become a reality. 

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. It includes Excel templates for understanding and building the sales to payroll wedge discussed here.

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A Managerial Sidebar: Some Productivity Enhancements

The list of changes that distributors have made in their operations in the last twenty years is impressive. Old timers will remember when inventory records were actually maintained on three-by-five index cards.

Almost every employee can recognize the following list of productivity tools currently employed in distribution. Alas, they have not helped solve the payroll challenge.

- Bar Coding
- Fleet Scheduling Algorithms
- Activity-Based Costing
- RFID Technology
- Internet Sales Activity
- Supply Chain Management

**Exhibit 1:
The Impact of Various Sales and Payroll Growth Scenarios
For the Typical NAHAD Member**

	Current Results	5% Payroll Growth	---5% Sales Growth--- 3% Payroll Growth	7% Payroll Growth
Income Statement--\$				
Net Sales	\$8,000,000	8,400,000	\$8,400,000	8,400,000
Cost of Goods Sold	<u>4,960,000</u>	<u>5,208,000</u>	<u>5,208,000</u>	<u>5,208,000</u>
Gross Margin	3,040,000	3,192,000	3,192,000	3,192,000
Payroll and Fringe Benefits	1,760,000	1,848,000	1,812,800	1,883,200
All Other Expenses	<u>920,000</u>	<u>966,000</u>	<u>966,000</u>	<u>966,000</u>
Total Expenses	<u>2,680,000</u>	<u>2,814,000</u>	<u>2,778,800</u>	<u>2,849,200</u>
Profit Before Taxes	\$360,000	\$378,000	\$413,200	\$342,800
Income Statement--%				
Net Sales	100.0	100.0	100.0	100.0
Cost of Goods Sold	<u>62.0</u>	<u>62.0</u>	<u>62.0</u>	<u>62.0</u>
Gross Margin	38.0	38.0	38.0	38.0
Payroll and Fringe Benefits	22.0	22.0	21.6	22.4
All Other Expenses	<u>11.5</u>	<u>11.5</u>	<u>11.5</u>	<u>11.5</u>
Total Expenses	<u>33.5</u>	<u>33.5</u>	<u>33.1</u>	<u>33.9</u>
Profit Before Taxes	4.5	4.5	4.9	4.1
Change in Profit--%		5.0	14.8	-4.8



THE ASSOCIATION FOR HOSE AND ACCESSORIES DISTRIBUTION

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

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.

Newsletter Issue	Material Due to NAHAD	Mailing Date
February	1/4/13	2/4/13
April	3/1/13	4/2/13
June	5/3/13	6/3/13
August	7/2/13	8/2/13
October	9/5/13	10/4/13
December	11/4/13	12/3/13

NAHAD NEWS PRODUCTION SCHEDULE

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").

NAHAD NEWS • CONNECTIONS FORM

Member to Member Exchange