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Rubber & Plastics News **SPECIAL REPORT** |

Hose



The municipal market is one of the main sectors for fire hose, along with industrial and government/military.

North American Fire Hose makes acquisition during pandemic

By Bruce Meyer

Rubber & Plastics News Staff

SANTA MARIA, Calif.—Michael Aubuchon, along with his father Joseph, started North American Fire Hose Corp. during a recession in 1992.

So it seems logical that the younger Aubuchon not only would continue a major expansion at the firm's operations in Santa Maria during a global pandemic, but complete an acquisition as well.

And that's exactly what happened, as NAFH closed March 1, 2021 on the acquisition of Pineville, N.C.-based Superior Fire Hose Corp., according to Aubuchon. Terms of the transaction weren't disclosed.

"I guess you set goals and you pursue them, and you try to manage the outside noise as best you can, without letting it affect the bigger goals," the NAFH president and CEO said in an interview with *Rubber & Plastics News*.



Aubuchon

Since the closing, North American Fire Hose moved 15 truckloads of equipment from Superior's factory to NAFH facilities in Santa Maria, where it will be used to enhance the expansion project that has been ongoing there for the past several years.

The fire hose manufacturer has three buildings in Santa Maria. The first is its original factory, from its formation in 1992, which encompasses about 40,000 square feet.

It later bought a second facility a half-block away, initially to use as a warehouse. But as part of the expansion project, NAFH has been creating the infrastructure with power and other resources to enable manufacturing at that 20,000-sq.-ft. site.

The third facility, located in the middle of town, is a 30,000-sq.-ft. building that now fills its warehouse needs.

Road to acquisition

Much work already had been done to prepare the second facility to house manufacturing before the Superior opportunity came along. Aubuchon said the company had purchased additional looms used in fire hose manufacturing and had designed the plant for a higher level of factory automation and automated

"In the intervening years before the expansion and acquisition, we greatly improved our scaling system and reduced our delivery times."

Michael Aubuchon



North American Fire Hose has three facilities in Santa Maria, Calif., with two used for manufacturing and one as a warehouse

data acquisition to better monitor and manage quality.

"It really was a re-engineering of the whole textile side of the business," he said. "The weaving, the yarn preparation. Everything involved in the fabric component of our products."

The improved efficiencies also have been implemented at the main site in Santa Maria, as Aubuchon has long been a proponent of automation and data acquisition, and welcomed the chance to redesign with those tools in mind. The data acquisition part of the equation, he said, is a byproduct of the automation process.

"Since we've automated, we're generating a tremendous amount of data that we are monitoring to manage production," he said. "We can identify any quality issues, and it ensures a much more consistent output. The variables that used to be

controlled manually in our process are all done automatically.

"Plus, it creates a history to tell us if anything is out of line. The good thing is that rarely occurs because the automation assures consistency."

The entire expansion plan was based purely on an organic growth model, and North American Fire Hose was well on its way to implementing a 50-percent increase in looming capacity. But then Aubuchon received a call that would take the trajectory of his firm's growth plans to another level.

Superior Fire Hose had been owned by Fire End & Croker Corp., a distributor organization based in New York. The principal owner wanted to wind down his career and his exit strategy involved selling the two businesses as a package deal.

The purchaser was Morris Group International Inc., which also owned Potter-Roemer Fire Pro, a distributor with sites in California that was a good customer of North American Fire Hose. They gave Aubuchon a courtesy call to let him know that they had bought both Fire End & Croker and Superior Fire Hose, knowing that the hose maker was a competitor of NAFH.

Now Aubuchon figured that the main part Morris was interested in was the distributor, which would bring synergies with Potter-Roemer, but also had to take Superior as part of the deal.

"I paused all of about 5 seconds and said, 'You sure you want to be in the fire hose manufacturing business,'" Aubuchon said. "It was very quiet for a few more seconds, and they said, 'Well, what do you have in mind.'"

He explained the ongoing expansion, and how it was likely the Superior Fire Hose factory would have looms, rubber extrusion equipment and other assets that would be of interest to NAFH. The deal basically was hatched out "old school" style, with Aubuchon and Don Morris, president and CEO of Morris Group, handling most of the negotiations over several phone calls and a "verbal handshake over the phone," according to the North American Fire Hose CEO.



The Superior Fire Hose acquisition gives NAFH more capacity.



These spools are used in the production process for North American Fire Hose at its California manufacturing facilities.

Of course, from there, the attorneys had to get involved to make the agreement between the two principals into a legal document.

“We went from a two-page purchase agreement to a 63-page purchase agreement with attachments,” Aubuchon said. “You can’t get away from that part. We already both knew what we wanted to achieve and we outlined that before the nuts and bolts really engaged.”

The whole process took just about a month, a “really quick pace” for such a deal, he said.

Transferring assets

Aubuchon calls the purchase of Superior a bit of a “hybrid” acquisition. They received all the physical assets, including such things as fork lifts in addition to the looms and extrusion lines. It also brought customer lists and other business assets of that nature.

But the hardest part of the process, he said, was making the decision to cease production at the Superior location in North Carolina and transfer that to California. That meant the roughly 16-18 people working for Superior lost their jobs.

Besides the production staff, the family that ran the Superior operation stepped aside. Aubuchon said President Rick Burgeron retired, and his wife also will leave after closing out the books. A daughter and son-in-law that also were involved have moved on to other businesses.

“That was probably the most difficult part (of the deal),” Aubuchon said about discontinuing the North Carolina operation. “We did the analysis, looked at the present lease rate from that facility and the financial performance. Between that and the additional overhead involved, it just didn’t make sense to continue operations there.”

The ongoing expansion in Santa Maria already had increased loom capacity by 50 percent in Santa Maria. The acquisition brings another 50 percent, so when the weaving capacity is all installed later in the year, NAFH will have doubled its capability in that area.

“The real bottleneck in fire hose manufacturing is the weav-

ing process,” Aubuchon said. “You literally are weaving 4 to 6 inches of fabric per minute, so it takes a high number of looms to weave adequate footage of fire hose reinforcing fabric.”

Having another rubber extruder also will help NAFH with more than just added production. It will give the hose maker the opportunity to do more research and development.

“When you have a line like that dedicated to production, there’s hardly any time for R&D work,” he said. “With the second line, we will be able to do our R&D and use it to help with our expanded requirements.”

Most production for fire hose uses EPDM, but thermoplastic polyurethane is used for where light weight and compactness is at a premium. Whereas EPDM is the predominant material for municipal and industrial fire hose uses, he said TPUs may be utilized for forestry products or high-rise backpack hose that a fire department may put in a pack and carry up a stairwell in a burning building situation.

North American Fire Hose tries to balance its business among municipal, industrial and government/military sales, while Superior mainly focused on municipal and industrial.

The Santa Maria-based firm will benefit from having access to Superior’s distribution network, which included a number of customers in the East that NAFH didn’t work with or have access to. Aubuchon said he isn’t worried about trying to service these clients from California.

“In the intervening years before the expansion and acquisition, we greatly improved our scaling system and reduced our delivery times,” he said. “We now keep inventories of finished goods where previously we’ve been a capacity-limited business. Keeping inventories of finished goods was a luxury we couldn’t pursue.

Quote of the week

“I’m the perpetual optimist. Sometimes I wonder why. But sometimes you just have to be. Sometimes when you’re in this position, you have to be the cheerleader and promote the positive.”

Michael Aubuchon, CEO, North American Fire Hose Corp.

“We do a pretty good job of analyzing histories so we know what we should have in inventory at different times, so that’s been a big help.”

Of course, even if Aubuchon did have doubts whether his firm could service a customer base that far from its production site, he would find a way.

“I’m the perpetual optimist. Sometimes I wonder why,” he said. “But sometimes you just have to be. Sometimes when you’re in this position, you have to be the cheerleader and promote the positive. You don’t want everybody with a cloud hanging over their head. I just thoroughly enjoy this business.”

NAFH operates through pandemic, sees sales rise in 2020

By Bruce Meyer

Rubber & Plastics News Staff

SANTA MARIA, Calif.—North American Fire Hose Corp. remained in business throughout the pandemic as an essential business, but it wasn't always easy.

The first 30 days were just sheer panic, according to Michael Aubuchon, president and CEO of the Santa Maria-based manufacturer of fire hose. "It changed all the rules we lived by for so many years. Employment rules, social rules—just how you exist," he said.

Supplying products to the fire and emergency services helped NAFH be classified as an essential industry, but in turn it forced the company to learn all about COVID-19 protocols and enact them as they were evolving.

To do that, though, required some ingenuity on the part of the firm. When face masks were all but impossible to obtain, Aubuchon engineered a face mask. He had to figure out what material and design made a proper filtering-type face mask, and source the material. Then he found a local company to manufacture the masks for the firm to distribute to its employees.

A lot of the work areas North American Fire Hose's main factory in Santa Maria are separated by six feet. But for the few areas where that wasn't the case, staff designed their own separators and dividers. If that wasn't enough, they also made their own hand sanitizer.

For Aubuchon, working remotely wasn't a good option. He knew when his wife asked him when he was going back to work, that was it.

"I needed to be here and physically see the building," he said. "As a manufacturer, we have to be at our facility,

observing, kind of hands-on. With engineering and things like that, it's hard to send that home and work remotely on any of those projects."

Despite the sharp business decline when the pandemic forced shutdowns early on, sales for NAFH bounced back and actually were up 1.6 percent over 2019. "Considering everything else that was going on, I felt pretty happy about that. Our whole team was. Maintaining sales was the goal, and even a slight increase was welcome."

New fire hose standard

One bit of business that did get accomplished during 2020 was a revision to the National Fire Protection Association 1961 standard on fire hose. Aubuchon said it was updated to include a new category for hoses that need to adhere to much higher levels of heat resistance as well as to be able to stand radiant heat, conductive heat and convective heat loads.

"The nature of fire has changed from many years ago, and the heat load in an involved structure is much higher than it was years ago, so NFPA saw the need to increase the level of the fire hose," he said. "I think you are going to see some new products emerging from various manufacturers to raise the bar as far as heat resistance. That's exciting from a research standpoint."

The NAFH CEO spent a good deal of time working on the NFPA committee studying the new nature of firefighting. "The increased BTU thermal loads presence as compared to 50 years ago have been documented. It's quite alarming and interesting how the severity of fires have increased."

He said the new revised fire hose

standard will address it and continue to evolve, just like other standards for firefighter turnout gear, breathing apparatus, helmets and boots. Doing the committee work remotely was a bit of a challenge, which caused the revision to take longer than normal, he said.

NAFH is working on several new products to reflect the new standard that will be introduced in the near future, said Aubuchon, who expects to see similar offerings from competitors.

"It's a new area for our market, more of a specialty, highly heat-resistant hose segment," he said. "It's still servicing the municipal market, but it will involve completely new products."



Things looked bleak at the beginning of the pandemic, but business picked up in a hurry.



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