

Coupled Products overcomes multiple obstacles on its road to revitalization

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The upheaval in the automotive business over the past five years has battered suppliers, driving some out of business, forcing some into bankruptcy and leaving others searching for new business.

At the same time, many companies faced new challenges from overseas competitors or saw product lines rendered obsolete by the introduction of new technology.

Coupled Products of Rochester Hills faced all of these challenges and more as it was challenged with labor disputes that remain unresolved.

Nevertheless, despite the challenges, Coupled Products has managed to survive and also has achieved some hard-won stability, according to Jonathan Drew, Coupled Products vice president.

"We've shifted away from being strictly automotive," said Drew as he described the company's efforts to survive.

Revenues have shrunk but the company is no longer posting eight-digit losses as it was when it was spun off by Toledo-based Dana Corp. as part of a corporate restructuring.

The restructuring was triggered by Dana's own bankruptcy and its decision to drop units such as Coupled Products, a supplier of tubular fluid routing products used in automotive, construction, agricultural and appliance industries.

"As the auto industry contracted, it was hard to watch companies like



A Coupled Products employee works at the company's manufacturing facility in Indiana.

Dana falter," said Brad Ginsberg, who, with his business partner David Sinclair, purchased the division through their Northbrook, Ill.-based venture group SG Industries, Inc.

"Coupled Products was losing tens of millions of dollars during its last few years while under the Dana umbrella. We saw an opportunity to save more than 600 jobs and reposition this company," he said.

Ginsberg, who received his undergraduate degree from Michigan State before earning his law degree from Emory University in Atlanta, has more than two decades of experience in investing in, restructuring and revitalizing distressed companies.

"The auto industry in North America is and will remain an important sector for Coupled Products," said

Ginsberg, who remains bullish on both the auto industry and the state of Michigan. "It's innovative, dynamic and demanding, and that pairs well with both our capabilities today and our vision for tomorrow."

Coupled Products' income has improved every year since 2007. However, soon after the spin-off, the company was almost swamped by the bankruptcy of traditional customers such as Chrysler and General Motors at the heart of traditional business.

At the same time, the company's traditional product line, which was engineered around supplying the lines carrying the hydraulic fluid used in power steering units, was facing new challenges, Drew said. Carmakers, such as Ford Motor Co., were switching to electric power

steering units, which could help improve fuel economy.

Within an intense, competitive environment, Ginsberg and his management team worked to recreate Coupled Products as a profitable, responsive and technically capable supplier.

Coupled Products sold off unprofitable product lines or those that would be featured less in future vehicles.

The company also focused on core capabilities and expertise in tubing, tube and hose assemblies, machining, and plating, which could be utilized in construction and agricultural equipment and appliances.

They began marketing and selling products and services that previously served only as a part of Coupled Products' internal vertical integration,

including plating, brazing, machining and testing, Drew said.

Drew said the company also strengthened its production, engineering and sales capabilities through its manufacturing facilities in Indiana and Mexico. The result has been a smaller, stronger and healthier \$70 million company, Drew said.

Drew also dismissed suggestions that Coupled Products has been too quick to use litigation. "We aren't anymore litigious than any other company," he said. "We have been involved in some pricing disputes and we have acted to protect trade secrets like any other company would."

The downside is the company wound up in a serious labor dispute with the United Auto Workers at the Coupled Products plant in Columbia,

Ind. The company also has a plant in Mexico.

Workers refused to accept the concessions and the UAW struck. The strike is continuing but Coupled Products has been able to maintain production because many union members crossed the picket lines to return to their jobs.

"They knew what we were offering was fair because of the competitive situation," Drew said. "We're in a commodity business and have to compete with companies from all over the world." ■

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