SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

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MAY — 2003

Casteel Commentary Highlights:

This month's Casteel Commentary recounts an unsolicited evaluation of the industry. The issues of late delivery and poor quality brand our industry as a poor performer. We need to change. We need to improve our performance and our image.

Combined Annual Meeting and Technical & Operating Conference

This year's Annual Meeting will be held in conjunction with the Technical & Operating Conference this November, in Chicago. This is being done only this year to make attending the meeting more affordable for SFSA members; next year the Annual Meeting will again be held as a separate event. Annual Meeting business content will be presented on the Wednesday and Thursday, alongside the normal T&O content. We are excited about this opportunity for the management and technical sides to come together.

Heavy Section Meeting

The Heavy Section/Operations Meeting will be held on the afternoon of Wednesday, May 21 at the Midway Hotel, Milwaukee Airport, WI (414) 769 2100, Fax: (414) 769-0064. The presentations will include Gasses in Steel - Its effects and control, MagmaSteel - Predictive Software, MACT, Defect Analysis, and SFSA review. A tour of Falk will be at 9:00 am Thursday, May 22.

Research Review

The Carbon & Low Alloy Research Review meeting will be held on July 29 & 30 in Chicago. Projects to be reviewed include: Casting Variability (Frank Peters, ISU), Burn-in (Von Richards, UMR), Pattern Prediction (Bob Voigt, PSU), Heat Treatment Procedure Qualification (Voigt), Effect of radiographic indications on performance (Chris Beckermann, UIA), High Alloy Yield (Beckermann), Prediction of Dimensions (Beckermann), Effect of Niyama on properties (Charles Bates, UAB), and Gating Trials (Bates).

GIFA

SFSA has arranged for some tours of foundries following the GIFA exhibition in June. If you would be interested in joining us, please contact Raymond Monroe.

Men Available

A956 has experience in production and process improvement in steel foundries, implementation of ISO quality system, defect identification, scheduling, safety, customer relations and supervision of production personnel.

A957 seeks a management position and has broad experience in steel and iron foundry management including P&L responsibility for a mixed jobbing and high volume ferrous based foundry with sales volume between $35 million and $50 million annually. Holds a B.S. in Metallurgical Engineering.

A958 holds a B.S. in Mechanical Engineering and has foundry research experience.

Market News

Orders and shipments for capital goods and the castings they contain were in rough balance for February at a low level. The rough balance indicates that no further decline is occurring but also that no significant improvement is beginning, The SFSA trend card indicate continued decline for carbon and low alloy steel castings continuing to fall below last year low levels. High alloy casting trends have been so volatile as to be not useful as an indication of business activity. Steel shipments mirror the slow stagnant demand in the casting industry. Continued improvement in the economy along with the successful resolution of military action in Iraq should allow some improvement in business for the balance of the year.

Casteel Commentary

I struck up a conversation with a new couple at church Easter Sunday between services. He and his wife had talked with my wife several times and so I asked him the inevitable question, “What do you do for a living?”

He replied that he was a manufacturers representative selling material handling and environmental control equipment. We spoke at some length about the poor state of manufacturing, the slow business climate, the lack of capital investment, the shortage of young people in manufacturing and the problem of trade especially China. The service was about to begin and we were finishing the conversation when he dropped the bomb.

“Do you know why we try to avoid castings?” he asked. He went on to explain that in his business experience, castings were long lead time items that routinely arrived late. Often the quality was less than expected when they arrived and replacement castings would take as long as the initial order. Long lead times, late deliveries, poor quality, and slow replacements led him to avoid using castings.

To compete, we must change our performance enough to correct these issues. How can steel foundries reduce lead times and improve quality? Perhaps more importantly, how can steel foundries reduce the risk of late delivery of inadequate quality?

Perhaps some foundries could take the Sears’ Craftsman Tools approach, satisfaction guaranteed. .Is there a way to replace the parts rapidly if the customer is dissatisfied? Can a steel foundry raise its internal quality standards so that they are higher than the customers’ expectations?

How can we dramatically reduce lead times? While increases in business levels may drive us to manage our capacity and lengthen lead times, through put needs to increase to achieve profitable production and will increase customer satisfaction. How can we apply six sigma to lead times? How do we change from a culture of back log and 4 to 10 week production cycles to production on demand with one to two week production cycles?

As an industry, the future of steel foundries will depend on our ability to improve quality and reduce lead times. Fundamentally, growth will depend on our ability to shift the risk from using castings that will be late and poor quality to the risk of not using castings that are high in quality and performance.

Raymond Monroe

STEEL FOUNDERS' SOCIETY OF AMERICA
MEETINGS CALENDAR

2003

May

6	Specifications Committee, Kansas City, MO
6/7	Marketing Committee, Birmingham, AL
21/22	Heavy Section/Operations Product Group, Milwaukee, WI

June

10/11	Board of Directors, Technical Steering Committee, Rosemont, IL

July 29/30	C&LA Research Review, Rosemont, IL

August

21/22	*Western Division T&O - provisional*
27/28	High Alloy Product Group - LaQue, Wrightsville Beach, NC

September

9/10	*Southern Division T&O - provisional*

November

5/8	National T&O Conference - Hotel Inter-Continental, Chicago, IL
5	Board of Directors - Hotel Inter-Continental, Chicago, IL
5	Marketing Committee - - Hotel Inter-Continental, Chicago, IL
18	Specifications Committee, Tampa, FL

2004

May

18	Specifications Committee, Salt Lake City, UT

September

11/15	Annual Meeting - Ritz Carlton Hotel, Amelia Island, FL

November

3/6	National T&O Conference - Hotel Inter-Continental, Chicago, IL
9	Specifications Committee, Washington, DC

STEEL FOUNDERS' SOCIETY OF AMERICA
BUSINESS REPORT

SFSA Trend Cards (%-12 mos. Ago)	3 Mo Avg	Feb	Jan
Carbon & Low Alloy			
Shipments	-14.9	-10.8	-7.2
Bookings	-11.3	-14.0	6.6
High Alloy			
Shipments	56.7	47.0	14.0
Bookings	29.6	-27.3	50.0

Department of Commerce
Census Data

Iron & Steel Foundries (million $)

Shipments	1,280	1,300	1,299
New Orders	1,270	1,330	1,295
Inventories	1,784	1,797	1,790

Nondefense Capital Goods (billion $)

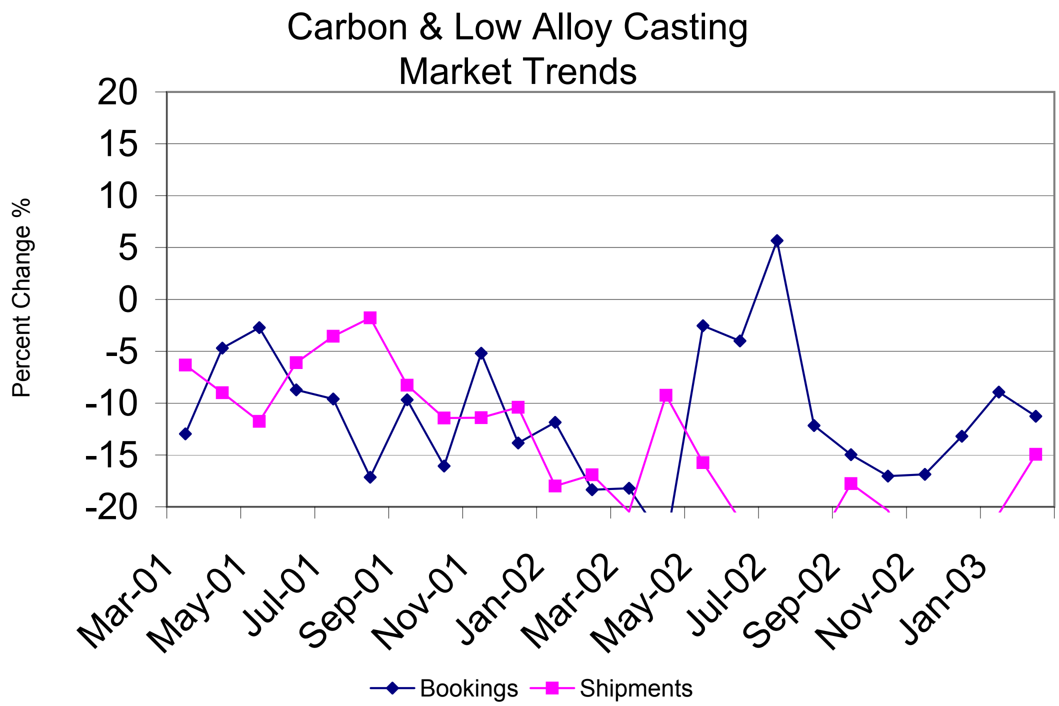
Shipments	55.5	55.3	55.9
New Orders	55.3	53.4	56.5
Inventories	112.0	111.1	112.4

Nondefense Capital Goods
less Aircraft (billion $)

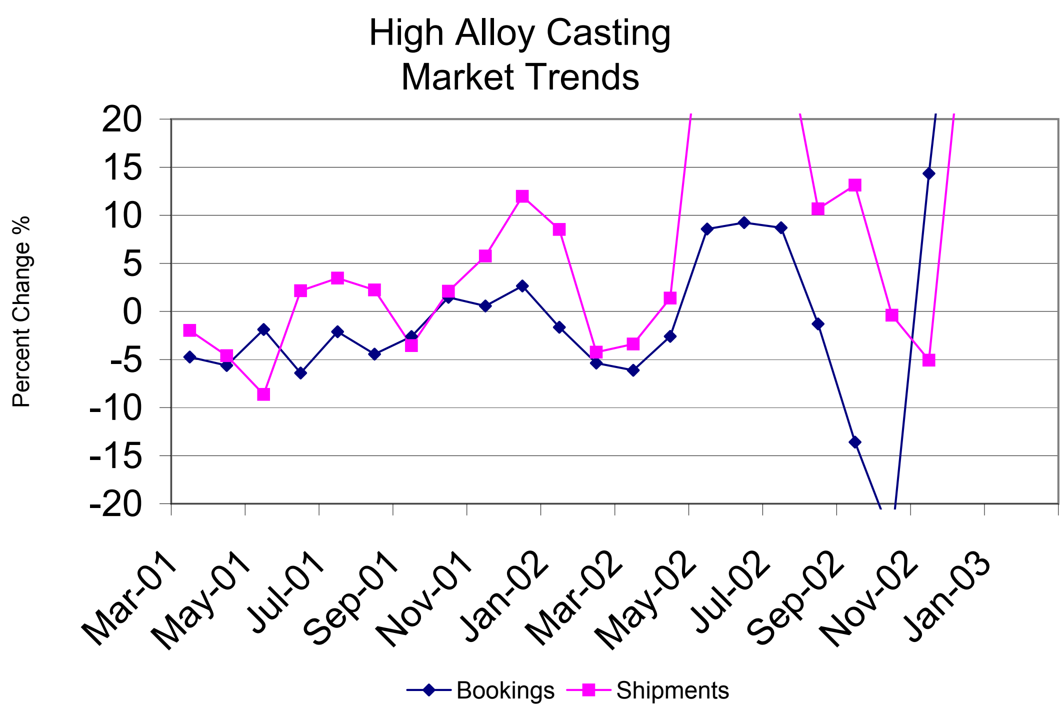
Shipments	53.0	52.4	54.2
New Orders	52.7	52.3	53.9
Inventories	89.2	88.5	89.3
Inventory/Orders	1.69	1.69	1.66
Inventory/Shipments	1.68	1.69	1.65
Orders/Shipments	0.99	1.00	1.00

American Iron and Steel Institute

Raw Steel Shipments (million net tons)	8.0	8.1	8.4



SFSA Postcards



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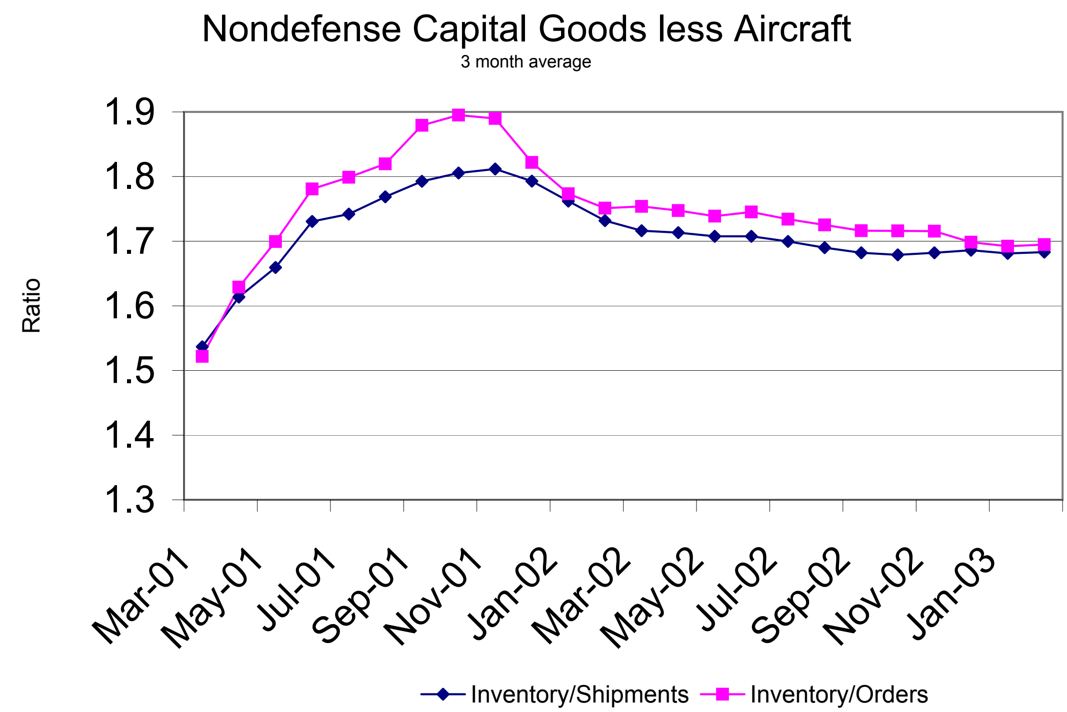
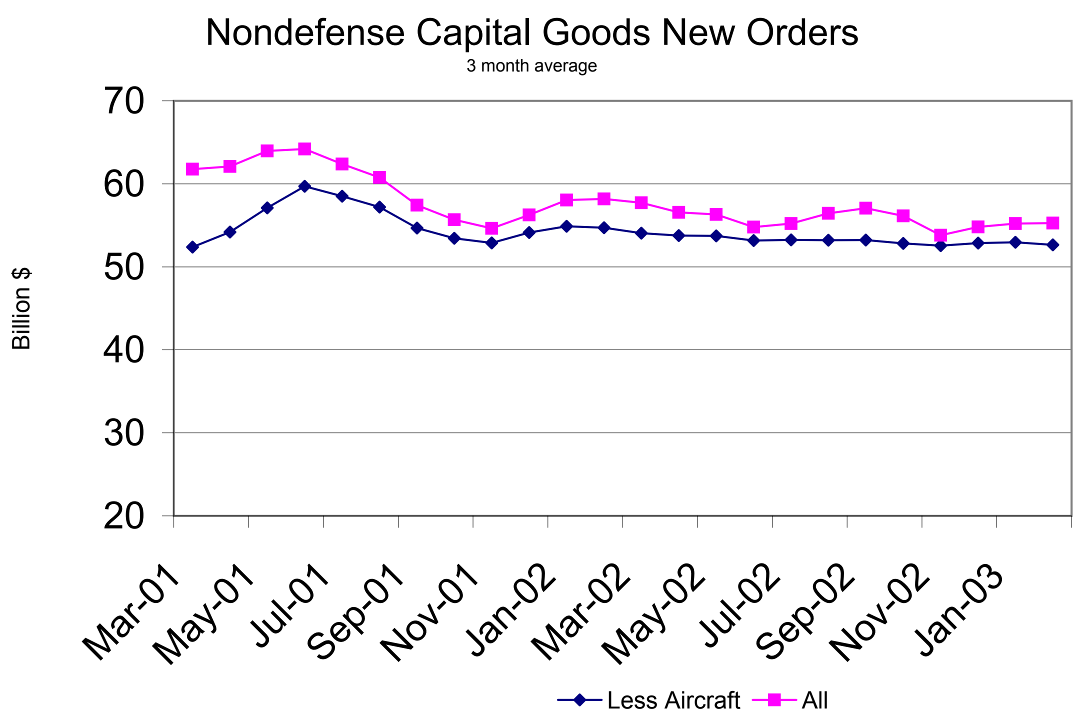


Department of Commerce



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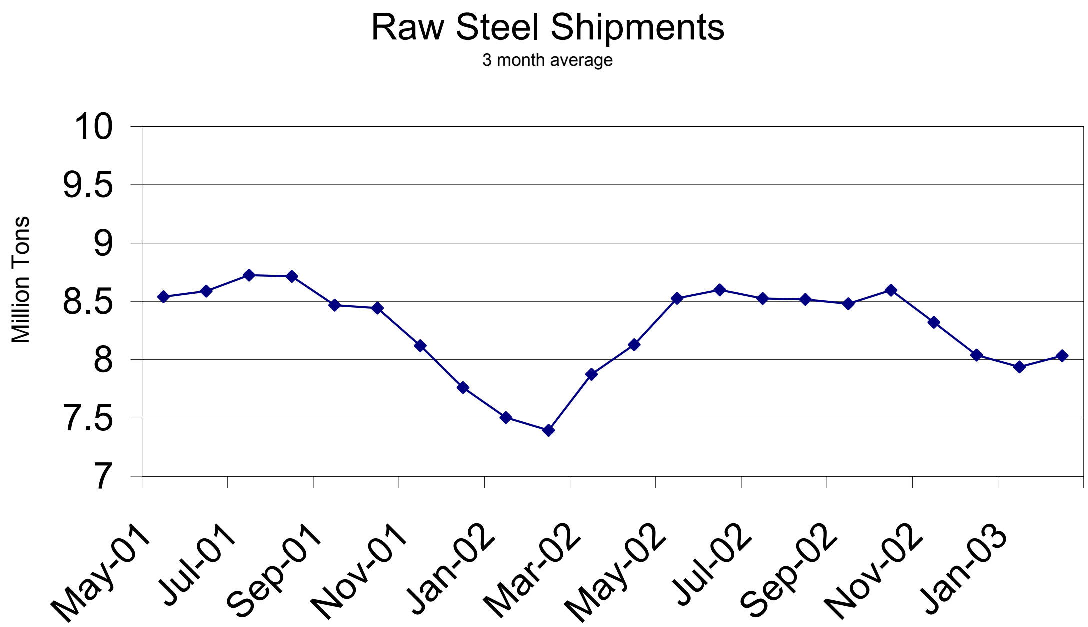
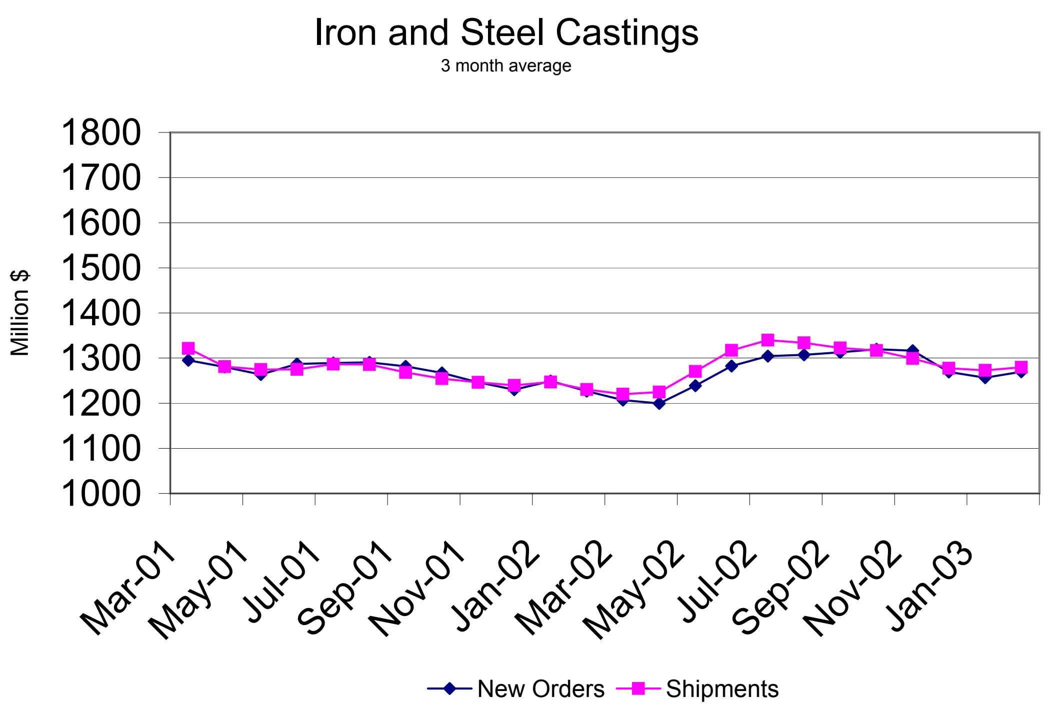


AISI Data



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