



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

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March — 2012

Casteel Commentary

This month's Casteel Commentary addresses the lack of subject matter experts in industry. This is systemic and provides a window of opportunity for us. If we as suppliers have the expertise, we can make it difficult to move our products to alternative suppliers offshore or other processes.

Spring Management Meeting

SFSA Spring Management meeting is on May 2 in the O'Hare area. This meeting is targeted at senior management personnel. We have a busy program. Bernie Lashinsky will review the economy and project future demand. Erin Blynn will talk about her work implementing Lean in a number of steel foundries. Doug Dallmer will cover costing for steel foundry operations. Sarah Joyce will talk about sand market conditions. Malcolm Blair will discuss REACH and the PED for steel casting exports to the European Union. Raymond Monroe will review steel casting business conditions. Meeting details can be found here, <http://www.sfsa.org/meetings/spring12.php>.

SFSA Annual Meeting

The Board of Directors of the Steel Founders' Society of America cordially invites you to attend the 110th Annual Meeting, which will be held in Park City, UT, September 8-11, 2012. The Board of Directors looks forward to your attendance and participation in this valuable educational and networking meeting and welcomes the opportunity to share new knowledge of the steel casting industry with you. Park City is easily accessible, located just 40 minutes from Salt Lake City International Airport. <http://www.sfsa.org/meetings/annmtg12>

HR / Safety Committee

SFSA HR and Safety Meeting is scheduled for April 3-4 at the Rolls Royce foundry in MS. All members are invited. We will be discussing forming an apprenticeship program at SFSA for members. We will also have a safety roundtable including a review of the safety program of the steel manufacturers and the Nonferrous group. More information is available online at <http://www.sfsa.org/meetings/safety0412.php>. Register your attendance with Malcolm Blair.

Wax Room Training

Chris Fillmore and Randy Morss of Remet Corporation will be providing a training session on the use of waxes in the investment casting process. This course should of great interest to all front line supervisors who are involved in the production of wax patterns for investment castings and probably many other personnel involved in this process. A tour of the investment casting plant of the American Foundry group at Bixby, OK has been arranged, to be followed by a group dinner. All attendees must register. Information is available online at <http://www.sfsa.org/meetings/investment0412.php>

Future Leaders Group

The next Future Leaders meeting will be at Carondelet in Pevely, MO, on April 25 and 26. This is MetalTek's high alloy sand foundry. The meeting will include a training session on inclusions in castings. Plan to arrive by Tuesday evening on the 24th if you would like to join the group for dinner. Register your attendance with David Poweleit. All members are invited to send some of their younger newer leaders to help them meet their peers, network, and gain the perspective from visiting other foundries.

Market News

Business for steel foundries remained brisk in November. Booking and shipment activities were up more than 20% over a year prior. Stainless casting demand growth rate exceeds steel casting growth. Markets remain strong as well for iron and steel castings tracked by the DoC. Orders and shipments continue to increase and orders are growing faster than shipments indicating additional growth. Steel shipments that tend to lead steel casting demand continue to grow and has reached almost 80% of the capacity in North America.

Nondefense capital goods saw continued growth but inventories are beginning to rise relative to orders and shipments.

Backlog for castings exceeds 10 weeks indicating an active market. All indications in the marketplace are for continued strong demand for castings.

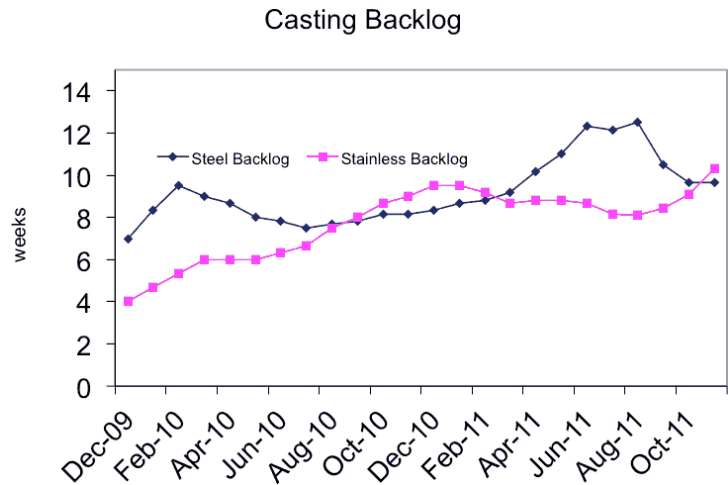
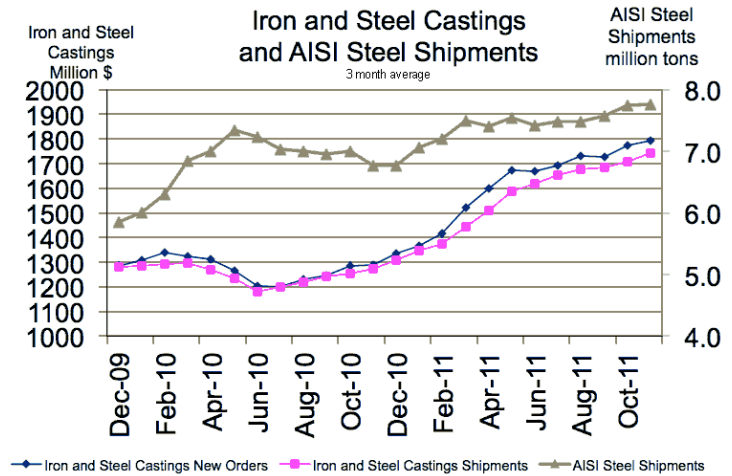
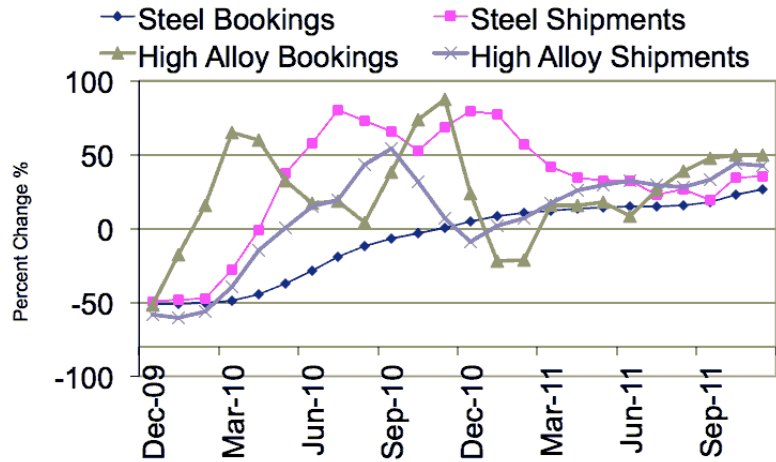
Worrisome is the bullishness in the stock market and the relatively high valuations of stocks. Low interest rates make assets attractive and play a role in supporting the price for key commodities triggering demand for steel castings. The financial problems of the EU, a likely slowdown in China, high gas prices and accumulating inventories suggest we may see a slowdown in economic growth in the latter half of the year. We might even have some decline in economic activity. I would not expect it to be severe but is likely to slow demand for us in the second half of the year.

Casteel Commentary

We have considered before the lack of skilled workers and the possibility of establishing an apprenticeship program for our industry. Another compelling problem that we face is the erosion of subject matter expertise in industry. This is a systemic problem that is a challenge and an opportunity.

When we as an economy overinvested in capital infrastructure in the late 1970s, we faced a systemic oversupply of capacity including in the steel casting industry. Our customers, especially OEMs, decided that they could reduce their costs and staff and rely on their supply base to provide the up to date technology needed to be globally competitive. Throughout the economy, staffs of knowledgeable experts retired without replacement as designers and producers using steel castings lost expertise.

At the same time, the supply base had over capacity and could only remain profitable through maintaining the lowest possible cost. As our customers became expert at squeezing their suppliers (us) for lower costs, we responded by minimizing our staff. We retained just enough technical subject



matter experts to maintain our current production levels. As our industry went through a series of market cycles, experts were retired or left the industry.

The result is that we are short as suppliers of subject matter experts and our customers are in worse shape. We could see this vividly in the mid 2000s when alloy prices spiked. In the past the technical staffs of our customers would confer with our staff to substitute alloy formulations to reduce cost. There was very little of that activity this time. In fact as you dig into the situation, customer specs and alloys are legacy decisions and the customer is unable to modernize or modify the practices because no one left knows why they are what they are.

Some of the modern tools, like 6 sigma, are an attempt to find a process or system that obviates the need to actually know the technical subject. The tools are extremely useful and capable in managing production but require subject matter expertise to be efficient and avoid unintended consequences.

This is an opportunity for our industry. Developing the subject matter expertise that is state of the technology will allow us to develop products that lock our customers in. Without their own capacity to make nuanced and complex technical assessments, they are hostage to a supplier that has demonstrated success. They become reliant on our capability.

To exploit this opportunity however, we need a plan of succession and a staffing philosophy that nurtures and supports knowledgeable subject matter experts in our organization.

Raymond

**STEEL FOUNDERS' SOCIETY OF AMERICA
BUSINESS REPORT**

SFSA Trend Cards (%-12 mos. Ago)	12 Mo Avg	3 Mo Avg	Nov	Oct
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Carbon & Low Alloy

Shipments	37.7	34.9	40.9	49.2
Bookings	16.7	26.7	26.2	30.7
Backlog (wks)	10.5	9.7	12.0	9.0

High Alloy

Shipments	26.6	42.3	23.7	48.3
Bookings	21.3	49.7	50.9	56.3
Backlog (wks)	9.1	10.3	12.0	10.0

**Department of Commerce
Census Data**

Iron & Steel Foundries (million \$)

Shipments	1,595.7	1,744.3	1,797	1,744
New Orders	1,652.9	1,792.7	1,838	1,868
Inventories	1,969.8	2,075.0	2,093	2,085

Nondefense Capital Goods (billion \$)

Shipments	68.4	70.7	69.7	71.3
New Orders	72.0	75.9	79.5	72.7
Inventories	156.5	168.3	169.5	168.1

**Nondefense Capital Goods
less Aircraft (billion \$)**

Shipments	64.0	65.8	65.2	65.7
New Orders	66.3	67.7	66.8	67.8
Inventories	110.5	115.0	115.5	115.0
Inventory/Orders		1.70	1.73	1.70
Inventory/Shipments		1.75	1.77	1.75
Orders/Shipments		1.03	1.03	1.03

American Iron and Steel Institute

Raw Steel Shipments (million net tons)	7.5	7.8	7.4	7.9
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Non-Ferrous Founders' Society Safety & Health Training Program

FREE! Foundry Noise Exposure Training Program

According to OSHA, approximately 30 million people in the United States are occupationally exposed to hazardous noise levels every year. Noise-related hearing loss has been listed as one of the most prevalent occupational health concerns in the United States for more than 25 years. Since 2004, the Bureau of Labor Statistics (BLS) has reported that nearly 125,000 workers have suffered significant, permanent hearing loss. In 2009 alone, BLS reported more than 21,000 hearing loss cases.

The exposure levels in the foundry industry is of particular concern. From October 2010 to September 2011, 52 citations were issued within the metal industry resulting in over \$113,000 in fines and penalties.

OSHA has taken notice. In May 2011, OSHA announced a new National Emphasis Program for the primary metals industries. The announcement included the following statement: *“OSHA inspection history has shown that individuals employed in the Primary Metal Industries are exposed to serious safety and health hazards on a daily basis. Previous inspections of primary metal establishments have resulted in citations for overexposures to a wide variety of health hazards including chemical exposures in foundry operations as well as physical stressors such as noise and heat.”***

***Text from Executive Summary contained with National Emphasis Program (DIRECTIVE NUMBER: CPL 03-00-013, EFFECTIVE DATE: May 19, 2011, SUBJECT: National Emphasis Program – Primary Metal Industries)*

OSHA clearly will be focusing on occupational noise exposure during facility inspections in the coming year. Now is the time to make sure your noise exposure program is properly implemented and up to date! Register to attend this ***FREE*** seminar today!



Seminar Dates and Locations

April 25, 2012

[Hilton Garden Inn Lancaster, 101 Granite Run Drive, Lancaster, PA 17601](#)

May 7, 2012

[Embassy Suites Hotel O'Hare, 5500 North River Road, Rosemont, IL 60018](#)

June 20, 2012

[Hilton Garden Inn Montebello, 801 N. Via San Clemente, Montebello, CA 90640](#)

July 18, 2012

[Hilton Garden Inn Cleveland, 4900 Emerald Court S.W., Cleveland, OH 44135](#)

August 22, 2012

[Hilton Fort Worth, 815 Main Street, Fort Worth, TX 76102](#)

Seminar Agenda

8:00 am	Sign-In/Coffee with Speaker and NFFS Staff
9:00 am	Morning Session
10:30 am	Morning Break
12:00 pm	Lunch - On Own
1:00 pm	Afternoon Session
2:30 pm	Afternoon Break
4:00 pm	Seminar Adjourns

Seminar Topics Include:

Noise?	Effects of Overexposure to Noise
Noise	Sound Control Measures and Techniques
Sources of Noise	Audiometric Testing
Noise Regulations	Selection of Hearing Protection Equipment for Employees
Permissible Exposure Limits	Employee Training Requirements
Threshold Shifts	Hearing Conservation Programs

About the Instructor:

Instructor: Martha Guimond

Martha Guimond is no stranger to the cast metals industry. She is the author of the NFFS safety and health compliance newsletter and a frequent speaker at industry and Society events. Her no-nonsense approach to regulatory compliance issues consistently makes her one of the Society's highest rated speakers. Martha has been assisting foundries and die-casters with OSHA assistance for over thirty years, including providing training seminars, written compliance assistance templates, and individual consultations.

How to Register:

- 1) Visit www.nffs.org on the internet
- 2) Select “Register for Free Foundry Noise Exposure Training Seminar” on webpage
- 3) Select the seminar venue that is most convenient
- 4) Select “Register for this Event”
- 5) Log-in with your username and password (or create a new user account)
- 6) Complete registration process as instructed

Or click here to register for any event!

Register

For questions, or if you need special accommodation or assistance, please contact:

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