

Steel Tank Institute Steel Plate Fabricators Association

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NEWS

STI/SPFA 2004 ANNUAL MEETING FORGES A NEW TRADITION

LAKE ZURICH – June 28, 2004 - On January 31, 2004, Steel Plate Fabricators Association President Carl Stevens and Steel Tank Institute President Tim Woofter welcomed 185 members to the first joint Annual Meeting of STI/SPFA in Bonita Springs, Florida. During the course of this historic meeting, the Steel Tank Institute and the Steel Plate Fabricators Association officially combined to become STI/SPFA. The Annual Meeting theme, forging new bonds, played a strategic role in development of an agenda that tied together the disparate world forces shaping our marketplace.

Patricia Panchak, Editor in Chief of Industry Week, set the framework with an overview of the compelling demands of the Chinese economy, and the world's ability to meet those demands. To meet this challenge, Panchak highlighted the strategies adopted by successful US manufacturers, including focusing on customer relations, offering proprietary products in new markets using new technologies, and adopting Lean thinking to increase productivity by cutting out waste, and continually looking for the competitive advantage to manufacturing in the US.

Manufacturing comprises 17% of the Gross Domestic Product in the American economy, according to *Bill Canis of the National Association of Manufacturers*. 23 million Americans are employed by the manufacturing industry. The manufacturing innovation process takes place

where the manufacturing takes place – maintaining the significant US share of Research & Development means ensuring that manufacturing remains viable in the US. Significant challenges must be overcome including mitigating the 22% additional cost to US business imposed by the combined costs of taxes, benefits, litigation and pollution abatement.

Climbing base prices, escalating surcharges, pricing volatility, material shortages, excess capacity, and the insatiable demand from the growing Chinese economy are impacting steel producers and buyers in unprecedented ways. Dan Miksta of IPSCO, Dick Garvin of Industeel and John Campo of Corus Tuscaloosa explored the impact of these issues, providing a historical frame of reference for demand, materials availability, base prices and surcharges. Cautiously optimistic over improving economic conditions, panel members suggested keeping as flexible a financial position as possible, to take advantage of supply opportunities and hedge looming problems (more mergers and takeovers are expected). The economy will continue improving at a slow pace, but manufacturers must find future markets and gain back the ground lost by utilizing the best available technology. The steel mills are actively seeking solutions.

Jim O'Day of O'Day Equipment and Murray Hugel of Westeel, shared the tremendous gains achieved through implementation of Lean Thinking. O'Day Equipment adopted lean and lowered its expenses by 10% annually for three years in a row. Westeel reduced labor costs by 20 – 49% by adopting lean principles. The similarity in benefits to the employees, the physical plant, and the customers served by O'Day and Westeel are striking. Motion, space and processing waste are eliminated in the drive to make things faster, better and cheaper through lean thinking. This job is never finished – there are always opportunities to improve. Jim described the philosophy of Lean as an antidote to competition, “If you get into the continuous improvement mode, you can't be copied. It builds innovation and urgency in the organization”.

The Steel Tank Institute and the Steel Plate Fabrications Association are Divisions of STI/SPFA, an association serving companies in the business of fabricating steel tanks, piping and pressure vessels for use in the petroleum, food, water and chemical processing industries. STI/SPFA provides training and certification for piping and tank inspections, performs quality assurance inspections, develops industry standards and specifications, produces safety manuals, and serves as a liaison to regulatory and code authorities. For further information, contact Anne Kiefer at STI/SPFA, 570 Oakwood Road, Lake Zurich, IL 60047, Phone: 847/438-8265 Fax: 847/438-8766 E-mail: ankiefer@steeltank.com Web: www.steeltank.com and www.spfa.org.

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