

Top 100 Metals Service Centers

Recessionary strategies: Cost-containment for supply operations and expanded services for end-use customers

By Tom Stundza -- Purchasing, 4/29/2009

With business results softening for many metals processing and distribution companies, numerous service center groups have initiated cost-containment measures this year ranging from facility consolidations, head-count reductions, inventory cutbacks and such other expense reductions as reduced self-owned delivery fleets.

Some smaller firms have shut and some larger firms actually are adding plants in new locations where business has been expanding--mostly on the Upper Midwest, the Plains states and the Rocky Mountains region--while they continued to shut older facilities in market-saturated Northeast, Mid-Atlantic, Southeast and lower Midwest regions. Actually, 18% of the Top 100 metals distributors added stocking locations in 2008

Overall, the Top 100 metals service centers maintained an average of 18 stocking locations. Of the companies answering, half had 6 or fewer stocking locations.

Many companies also reported efforts to enhance customer performance by providing additional processing services, managing end-user inventories, increasing their customer-specific marketing efforts and providing speedy distribution/delivery services. In fact, expanded value-added services sought by buyers are being planned by 23% of the service center management polled.

The pre-production processing services performed by half or more of the Top 100 metals distributors include cut-to-length (75%), shearing (63%), cutting and sawing (59%), slitting (59%), leveling (54%), and blanking (50%). The availability of machining services has seen an uptick over last year; 28% of companies offer it. Both smaller and larger companies are both offering this service equally. Coating and plating, heat treating, bending, leveling and polishing are value-added processes that are more likely to be provided by larger distributors (those with sales of \$175 million or more) than smaller companies.

The most common new equipment mentioned included temper lines and cut-to-length lines for flat-rolled steel, aluminum, copper and superalloys and automatic sawing lines for plate and bars. To improve efficiency, several firms reported plans to buy metal-specific processing and inventory control software--what Edgen Murray of Louisiana calls its "centralized inventory management system that couples supplier and service center offices around the world."

The group of companies run by Steel Warehouse of Indiana's have "an information system with the tools that enables many of our customers to lower our mutual inventories without jeopardizing their need for quick and reliable deliveries," says Mike Lerman, president. "There is a tremendous amount of volatility in the market and our customers are continuously evaluating whether they are going to be outsourcing or insourcing and what is value-added and what is just higher-priced materials." He also says that "customers understand that there will be some consolidation and fallout that will occur and they are interested in dealing with the survivors."

Of those distribution executives polled, 47% are adding or marketing their processing services more than in the past. Eastern Metal Supply of Florida has purchased a specialty machine for its new metals-fabrication shop. Industrial Metal Supply of California has installed a 3D 6-Axis laser-cutting machine in its Sun Valley main branch to process tube and structural components. Still, many of the service center executives this year agreed that buyers talking about value-added services are talking not just about metals processing but also on speedier delivery, innovative pricing options and even consignment planning.

CEO John Adams says Atlas Steel in Ohio "has increased value-added services including tube processing, tube bending, polishing, buffing, just-in-time (JIT) delivery, consignment, flexible pricing and extended terms." The firm's strategic direction, he says, is to continue the reduction of fixed costs so the firm can offer buyers "competitive pricing and outstanding quality and service." **At Klein Steel Service, President John Batiste says the Upstate New York firm is investing in state-of-the-art automated storage and retrieval systems and upgraded steel processing equipment. "We will continue to invest in our future by investing in the best technology and by partnering with select customers to drive costs out of the supply chain."**

In fact, 38% of the service center execs mentioned inventory management and increased marketing efforts as key goals to counteract the recession. David Sheer, vice president & general manager of The Steel Supply Co. in Illinois says there have been renewed efforts to contact previous or lost customers and, importantly, "to process dead inventory into a moveable product." The firm also is reevaluating "roll-and-hold" programs with existing customers by revising quantities produced into smaller runs.

Delivery and turnaround time also are areas where service center companies believe they add value; 34% gave an answer that fell into this category. James Burstein, president of Admiral Metals in Massachusetts is understated when he says that "fast, reliable deliveries are always important." Brian Robbins, CEO of Mid-West Materials in Ohio "continue managing our strengths, which begin with our relationships," noting that "trust and candor, are qualities which have become synonymous with our customer service, so we strive to stress its importance." He says his firm also works at its relationships with metals suppliers so they have been able to offset such special circumstances as increased leadtimes due to decreased steel-mill capacity utilization and subsequent delivery-scheduling delays. "Our customers count on us to still deliver when the circumstances require it," Robbins says.

President Richard Farmer at Farmer's Copper Ltd. says the Texas company's "MRP system allows us to plan purchases based on inventory safety stock; this keeps inventory levels under control, when sales begin to soften." However, managing inventory doesn't always mean reducing it. Kevin Beckmann, president of Trident Steel Corp. in Missouri, says that what is needed is "increased breadth of inventory items to satisfy diverse customer requirements with 'job ready' material at key stocking locations." Megan Humpal, marketing manager at Industrial Metal Supply says the California-based firm "is constantly looking for ways to save customers time and money" and cites "such custom

inventory solutions for specific customers (as) special stocking programs, support of JIT manufacturing, broker buying for hard-to-find items and same-day pickup of processed materials.”

Interestingly, several firms noted expanded expenditures, even with soft sales, on specialized marketing literature and processing capabilities copy for their sales and marketing personnel. CFO Terry Rogers says service center giant (and No. 2) Ryerson of Illinois “continues to extensively market its product range, processing functions, fabrication capabilities and supply chain management offerings (to) aggressively seek out new opportunities to serve customers.” Even a much smaller Almetals of Michigan (No. 93) has increased its “marketing budget to aggressively pursue new customers,” says James Chain, president.

See the complete Top 100 Metals Service Centers Below!



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| 1. Reliance Steel & Aluminum Co., Los Angeles, Calif. | 51. Cambridge-Lee Industries Inc., Reading, Pa. |
| 2. Ryerson Inc., Chicago, Ill. | 52. Standard Tinsmith Supply Corp., Brooklyn, N.Y. |
| 3. McJunkin Red Man Corp., Tulsa, Okla., and Charleston, W.V. | 53. Admiral Metals, Woburn, Mass. |
| 4. Samuel, Son & Co. Ltd., Mississauga, Ontario, Canada | 54. Schmoltz + Bickenbach, Doylestown, Pa. |
| 5. Russel Metals Inc., Mississauga, Ontario, Canada | 55. Turret Steel Industries Inc., Leetsdale, Pa. |
| 6. O'Neal Steel Inc., Birmingham, Ala | 56. (a.) Industrial Metal Supply Co., Sun Valley, Calif. |
| 7. ThyssenKrupp Materials NA Inc., Southfield, Mich. | 56. (b.) Petersen Aluminum Corp., Elk Grove Village, Ill |
| 8. Macsteel Service Centers USA, Newport Beach, Calif. | 58. Varsteel, Lethbridge, Alberta, Canada |
| 9. Metals USA Holdings Corp., Houston, Texas | 59. Wyoming Steel Supply Inc., Cincinnati, Ohio |
| 10. Carpenter Technology Corp., Distribution Division, Reading, Pa. | 60. Atlas Steel Products Co., Twinsburg, Ohio |
| 11. Namasco Corp., Roswell, Ga. | 61. Kelco Metals Inc., Schaumburg, Ill. |
| 12. Steel Technologies, Louisville, Ky. | 62. Sabel Steel Service, Montgomery, Ala. |
| 13. Worthington Steel Group, Columbus, Ohio | 63. Curtis Steel Co. Ltd., Houston, Texas |
| 14. A.M. Castle & Co., Franklin Park, Ill. | 64. Three D Metals Inc., Valley City, Ohio |
| 15. Edgen Murray Corp., Baton Rouge, La. | 65. O'Brien Steel Service Co., Peoria, Ill. |
| 16. Olympic Steel Inc. | 66. Owen Industries, Omaha, Neb. |
| | 67. MST Steel Corp., Warren, Mich. |

Lists from previous years

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[2006 Metals Service Centers](#)

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[2004 Metals Service Centers](#)

[2003 Metals Service Centers](#)

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|-----|---|-----|---|
| 17. | <u>Bedford Heights, Ohio</u>
<u>Marmon/Keystone Corp.,</u>
<u>Butler, Pa.</u> | 68. | <u>(a). Amsco Steel Co., Fort</u>
<u>Worth, Texas</u> |
| 18. | <u>Alro Steel Corp., Jackson,</u>
<u>Mich.</u> | 68. | <u>(b). Lee Steel Corp.,</u>
<u>Detroit, Mich.</u> |
| 19. | <u>Steel Warehouse Co. Inc.,</u>
<u>South Bend, Ind.</u> | 70. | <u>Pierce Aluminum Co.,</u>
<u>Franklin, Mass.</u> |
| 20. | <u>Central Steel & Wire Co.,</u>
<u>Chicago, Ill.</u> | 71. | <u>Benjamin Steel Co.,</u>
<u>Springfield, Ohio</u> |
| 21. | <u>Kenwal Steel Corp.,</u>
<u>Dearborn, Mich.</u> | 72. | <u>(a). Horizon Steel Co.,</u>
<u>Shelby Twp., Mich.</u> |
| 22. | <u>Heidtman Steel Products,</u>
<u>Toledo, Ohio</u> | 72. | <u>(b). Stripco Inc., Osceola,</u>
<u>Ind.</u> |
| 23. | <u>Barzel Industries Inc.</u>
<u>(formerly Novamerican</u>
<u>Steel Inc.), Norwood,</u>
<u>Mass.</u> | 74. | <u>Klein Steel Service Inc.,</u>
<u>Rochester, N.Y.</u> |
| 24. | <u>Triple-S Steel Supply Co.,</u>
<u>Houston, Texas</u> | 75. | <u>Westfield Steel Inc.,</u>
<u>Westfield, Ind.</u> |
| 25. | <u>Cargill Steel Service</u>
<u>Centers, The Woodlands,</u>
<u>Texas</u> | 76. | <u>Pennsylvania Steel Co.,</u>
<u>Bensalem, Pa.</u> |
| 26. | <u>Norfolk Iron & Metal Co.,</u>
<u>Norfolk, Neb.</u> | 77. | <u>Block Steel Corp.,</u>
<u>Skokie, Ill.</u> |
| 27. | <u>Majestic Steel USA Inc.,</u>
<u>Cleveland, Ohio</u> | 78. | <u>Mid-West Materials,</u>
<u>Perry, Ohio</u> |
| 28. | <u>Brown-Strauss Steel,</u>
<u>Aurora, Colo.</u> | 79. | <u>High Steel Service</u>
<u>Center, Lancaster, Pa.</u> |
| 29. | <u>Northern Steel Group Inc.</u>
<u>(formerly Esmark Inc.),</u>
<u>Chicago Heights, Ill.</u> | 80. | <u>Denman & Davis, Clifton,</u>
<u>N.J.</u> |
| 30. | <u>Kelly Pipe Co., Santa Fe</u>
<u>Springs, Calif.</u> | 81. | <u>Singer Steel Co.,</u>
<u>Streetsboro, Ohio</u> |
| 31. | <u>Ranger Steel Services LP,</u>
<u>Houston, Texas</u> | 82. | <u>(a). Farmers Copper Ltd.,</u>
<u>Galveston, Texas</u> |
| 32. | <u>Empire Resources Inc.,</u>
<u>Fort Lee, N.J.</u> | 82. | <u>(b). Precision Steel</u>
<u>Warehouse Inc., Franklin</u>
<u>Park, Ill.</u> |
| 33. | <u>Eaton Steel Bar Co., Oak</u>
<u>Park, Mich.</u> | 84. | <u>Center Steel Sales, Allen</u>
<u>Park, Mich.</u> |
| 34. | <u>McNeilus Steel Inc.,</u>
<u>Dodge Center, Minn.</u> | 85. | <u>Basic Metals Inc.,</u>
<u>Germantown, Wis.</u> |
| 35. | <u>MISA Metals Inc., West</u>
<u>Chester, Ohio</u> | 86. | <u>Action Stainless &</u>
<u>Alloys, Carrollton, Texas</u> |
| 36. | <u>Trident Steel Corp., St.</u>
<u>Louis, Mo.</u> | 87. | <u>Erickson Metals Corp.,</u>
<u>Cheshire, Conn.</u> |
| 37. | <u>Robinson Steel Co., East</u>
<u>Chicago, Ind.</u> | 88. | <u>Vulcanium Metals,</u>
<u>Northbrook, Ill.</u> |
| 38. | <u>Chicago Tube and Iron</u>
<u>Co., Romeoville, Ill.</u> | 89. | <u>Scion Steel, Warren,</u>
<u>Mich.</u> |
| | | 90. | <u>Metals Master Sales</u>
<u>Corp., Glendale Heights,</u>
<u>Ill.</u> |
| | | 91. | <u>Alliance Metals Inc.,</u> |

39. [Mill Steel Inc., Grand Rapids, Mich.](#)
40. [Contractors' Steel, Livonia, Mich.](#)
41. [Liberty Steel Products Inc., North Jackson, Ohio](#)
42. [Lapham-Hickey Steel Corp., Chicago, Ill.](#)
43. [Ulbrich Stainless Steels & Special Metals Inc., North Haven, Conn.](#)
44. [Tubular Steel Inc., St. Louis, Mo.](#)
45. [Saginaw Pipe Co. Inc., Saginaw, Ala.](#)
46. [Eastern Metal Supply Inc., Lake Worth, Fla.](#)
47. [Pacesetter Steel Service, Kennesaw, Ga.](#)
48. [McNichols Co., Tampa, Fla.](#)
49. [Monarch Steel Co., Cleveland, Ohio](#)
50. [Friedman Industries Inc., Houston, Texas](#)
92. [West Chester, Pa.](#)
92. [Berlin Metals, Hammond, Ind.](#)
93. [Almetals Inc., Wixom, Mich.](#)
94. [Loveman Steel Corp., Bedford Heights, Ohio](#)
95. [Eastern States Steel, Norristown, Pa.](#)
96. [Pemco Inc., Pembroke, Ontario, Canada](#)
97. [Tomson Steel Co., Middletown, Ohio](#)
98. [Tico Titanium Inc., Wixom, Mich.](#)
99. [Steel Supply Co., Rolling Meadows, Ill.](#)
100. [Grand Steel Products Inc., Wixom, Mich.](#)