

ITALFOND

finds to fit

Bigger does not always mean better. This is proved by the case of Italfond, a relatively small player in the stainless steel market that, over several years, has established a reputation for high-quality materials and short delivery times that is hard to match. *Stainless Steel World* travelled to Italy to find out more.

Excellent products and service, flexibility and very short delivery times. These are the keywords of our policy." Italfond's Managing Director Mr Antonio Longhi cannot stress this often enough. "We have the shortest delivery time in the market and, because we do not strive to be the largest supplier in the market but choose instead to focus on efficiency through a lean organisation, we feel that our service is unrivalled. Most of our offers are made the same day the inquiry was received. Other requests are mostly handled within hours of receipt. We are always ready to discuss with customers what their requirements and therefore their options are. That is what distinguishes us from the competition. Over the past years we have never lost customers because they were unhappy with our service or delivery times and that is something we are very proud of." Italfond was founded in the early 1960s in Bagnolo Mella, a little town just to the south of Brescia, Italy. It was not by chance that the company was established here, in an area famous for its steel production. Brescia is known as "La Città del Tondino" ("the city of the iron rod") and steel runs in the blood of every family in the area. Mr Longhi: "All of our employees have fathers, uncles or grandfathers who worked in this industry all their lives." Until the 1980s the town boasted over forty furnaces, but today only about 20 remain. Italfond is one of the steel companies that remained successful and competitive because it transformed its existing facilities in the 1990s to make new products: stainless steels and nickel-based alloys. Mr Longhi: "We didn't find it difficult to transform

from a producer of carbon and low-alloy steels to stainless steel, because we had a solid know-how in working with stainless steels within the group we belong to and also because we were at the right place at the right time. In the mid-nineties, there was an explosion in the stainless steel market and we benefited from this. We simply began contacting customers who might be interested in our products and tried to find their approval. In this way we won our first orders for stainless steel in no time."

From there on things developed rapidly. In 1994 Italfond received ISO 9001 certification; today the production is also type-approved by TUV of Munich (AD/W0-AD/W2). The company now produces 20,000 tons of stainless steel and nickel-based alloys per year. At first, Italfond did not have its own forging equipment. Then, in 1988, it started its own forging and heat-treatment facilities. Over time, the company added a turning machines, peeling machines, a straightening machine and other equipment. Recently a new electric furnace and new filters to prevent pollution were installed. Mr Longhi adds: "One of our most noticeable investments in the recent past has been a new forging machine. This machine is an integrated forging operation: the press and the manipulator are fully integrated." Italfond also invests a lot of money in research, especially in duplex and superduplex, to stay on top of new developments in the industry. "All in all, we have invested about USD 30 million just in the past four years, which is a lot of money for a company of our size. Customers who haven't been here in a few years hardly recognise the facility. It was transformed from an old foundry into a modern stainless steel mill."

Italfond has integrated the production system into three steps. The process starts from scrap, from the company's own 6500-ton park. The first phase of the production takes place uses a 30-ton electric furnace and a 30-ton AOD furnace that melt the steel. Both furnaces have an automated alloy-loading system. Then the liquid steel is put in the ingot mould. The forging department has a 4500-ton hydraulic press, completely integrated with a 40-ton manipulator, a

Unlike many other companies, Italfond has no desire to expand but invests continuously in new equipment to guarantee an optimum product and service at a low price. Shown is the melting phase with the electric furnace.

second 20-ton manipulator and six forging and heat-treatment furnaces with remote management. During this phase, the quenching process also takes place. Lathes, peeling machines and grinders are used to satisfy all requirements and bar surface condition specifications. Italfond can peel, grind, polish, turn, whatever the customer requires.

As a result of this transformation, Italfond can produce a wide range of stainless steel grades, mainly martensitic, austenitic, superaustenitic, duplex and superduplex, and nickel-based alloys. Mr Longhi: "We can produce low quantities if necessary, for special steels and for restrictive technical requirements, covering extremely diverse market requirements. Italfond has licenses to supply steel for companies such as Sandvik Steel, Weir Materials and Meights and we supply stainless steels to exact specifications patented by these companies. Focussing on the subject of special steels, Mr Longhi states that Italfond can make special alloys at a competitive price and with a short delivery time because they can melt in batches as small as 20 tons, producing 15 tons of bars so that customers can buy in these smaller amounts. A modern laboratory ensures that the material is of the best quality before the product is delivered to the customers. In terms of shape and size, the company produces round and square bars, from small to very large diameter (5 to 32 inches). All the bars supplied are forged. The company does not supply rolled material or



Italfond has invested about USD 30 million in the past four years, which is a significant amount for a company of its size. Consequently the company has been transformed from an old foundry into a modern stainless steel mill. The photo shows a new filter, installed to prevent environmental pollution.

continues casting. Furthermore Italfond supplies polygonal and round ingots fully ground if and when required.

MARKETS

Just as versatile as their product range are the markets Italfond serves. The company operates within three main markets: the first is the market for hot-transformed products such as forgings and flanges. Mr Longhi: "To these companies we supply forged and ground bars and ingots. A recent change in this market is that these companies consistently reduce their stock. Italfond supports this development because we can supply the ingots in the desired form and grade with minimum delivery times, ensuring just-in-time delivery." The second market consists of stockists of stainless steels, to which the company supplies turned and peeled bars. The third important

market is the energy market. Italfond services tube producers, extruders and producers of pipes. From a geographical point of view, 85% of Italfond's production is for export. Large markets in Europe include Germany, France, the UK and Spain. Overseas, the company has customers in South Africa, Canada, United States, Mexico and Singapore. With the exception of the UK and South Africa, where Italfond has an agent, all contacts are directly with the customer. There is a good reason for that, as Mr Longhi explains: "Stainless steel and nickel-based alloys are usually highly technical products. Often, we have to talk to the customers from a technical point of view and it is difficult to find an agent who has the required technical expertise and who shares our knowledge and enthusiasm for what we do." Continuing on the subject of the market, Mr Longhi explains that the main reason companies do business with Italfond is the service the company offers. "We truly believe that this is what sets us apart from the competition. We can be flexible because of

our small size and still deliver a wide array of products within a short period of time. We can deliver all kinds of grades in stainless steel and nickel-based alloys in the form of ingots within two weeks. We deliver ground bars in three or four weeks, turned bars in four or five weeks and peeled bars in seven or eight weeks."

One of the reasons why Italfond can be so flexible and have these short delivery times is because of this limited size. "We can live up to our policy because we are a relatively small company, with 58 employees. This enables us to work very closely with customers. We can offer a much more personal and flexible service than large stainless steel suppliers." Managing orders is simple in a plant of this size. From receiving the order to the opening of the internal job takes fifteen minutes to half an hour, while a bigger company may need two days for the same process. Almost all of offers are made the day the inquiry is received. Other requests are usually handled within hours of receipt. Mr Longhi: "We are always ready to advise customers, try different solutions, do technical analyses, and to think along with them. The fact that we are a small company also means that we have more direct contact with our customers. We call them at least once a week, even if there is no direct reason, just to see how things are going. We also try to visit them every year. They have to be aware of who we are and what we can do for them. We inform them about materials, services etc. and learn about their specific wishes. The customers are our future. If we can't make a delivery time, we prefer to lose an order than lose a customer." Italfond is also a very young company. The average age of its staff is 35. The staff is very involved, enthusiastic and eager to learn. Of course key staff members are more experienced in the industry. According to Mr Longhi, this results in an excellent combination of enthusiasm and experience. This year, Italfond's turnover is about USD 32 million. The company's goal in three to four years is to reach USD 50 million, and to expand staff from 58 to only 70 people. "I believe this is entirely possible. Italfond's limited size will remain an advantage in the future. We are not as dependent



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on what the market does in general. We don't have to make the market like major players in the market have to do. We sell our entire production even when the market isn't particularly strong. However, I am very optimistic about the market for stainless steels and nickel-based alloys in the future. I think stainless is such a good material. There are so many uses for it that have yet to be discovered." Italfond's success clearly explains why Mr Longhi has so much faith in the future. When asked about his plans for Italfond for the coming years, he answers: "We are in a comfortable position today as we continue to increase our sales and sell all our capacity. Unlike many other companies, Italfond has no desire to expand. We invest continuously in new equipment, however, to guarantee an optimum product and service at a low price. We must further expand our cost efficiency to be even more competitive in the years to come." An example of this is the new electrical furnace Italfond installed which enables the company to produce stainless steel in larger quantities more efficiently, using a fully automatised process, in fewer melts. Through this

investment, productivity increased by no less than 20%. Similar changes will occur in the coming years. Reducing costs and increasing quality will enable Italfond to maintain its service, flexibility and short delivery times. Mr Longhi concludes: "We do not aim to be the biggest but we certainly aim to be the best. I believe that the market needs suppliers like this, suppliers like Italfond."



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FACTS & FIGURES

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| Name: | Italfond |
| Location: | Bagnolo Mella, Italy |
| Founded: | 1961 |
| Materials: | Austenitic, martensitic, duplex and superduplex stainless steels and nickel alloys |
| Product forms: | ingots, ground bars, peeled bars |
| Number of employees: | 58 |