

# New strengths speed up continuous development at DMV

Heat exchanger tubes can be bent for immediate fabrication. An express programme for cold finished heat exchanger tubing is also part of the DMV service.

The magnificent scenery at Costa Volpino is surely reason enough for any company to settle here. At DMV's cold finishing mill, for example, visitors are treated to stunning views of the Alps on all sides. Pipe production first came to

Following a recent change in shareholders, DMV is now owned for two-thirds by Mannesmann-Röhrenwerke, a 100 % daughter of Salzgitter AG – the second largest German steelproducer – and one-third by Vallourec. DMV's management believes this new structure – embedded in one of the core businesses of the Salzgitter Group – can only help the company further its ambitions as a leading supplier of seamless stainless steel and nickel tubing. In a message to all their partners they stress it is business as usual, although the term 'as usual' is perhaps a misnomer for a company which is developing as rapidly as DMV. New products, on-going investments and a strengthening of partnerships are the order of the day, as Stainless Steel World discovered during a visit to DMV's cold finishing plant in Costa Volpino, Italy.

this area in the 1950s, when the Italian government sought to introduce much-needed employment to the region. In its turn, DMV has continued to bring prosperity to the surrounding countryside by further investing in a world-class facility for the production of seamless tubes and pipes in corrosion resistant alloys.

Indeed, DMV has constantly sought to invest and innovate since its formation in 1994. Since that date many changes have been implemented in terms of its organisation, production facilities and product range, and it was the latest of these developments that DMV's Mr Schwarz (Senior Vice President, Marketing & Sales), Mr Rizzi (Costa Volpino Mill Manager) and Mr Nembrini (Costa Volpino Quality Manager) wished to discuss with us in Costa Volpino. Mr Schwarz: "In its brief history DMV has been characterised by a constant process of development. Initially strong in the commodities products we have added step by step a wide range of specialty tubes, many of them developed and produced right here at our cold finishing facility in Costa Volpino." Asked to give some examples of these specialty products, Mr Rizzi quickly mentioned a whole list, including nickel-alloyed tubes, umbilical tubings for offshore applications, instrumentation tubing, special boiler tubes and special grades of heat exchanger tubing. Mr Rizzi: "These tubes have been specifically developed to ensure DMV can continue to meet the increasingly diverse and demanding requirements of our customers. For example, we can produce boiler tubes in 347HFG grade to provide the high creep resistance in high temperature applications such as required in power stations. Yet we also have the capability to produce boiler tubes in the special nickel alloy grades demanded by waste incineration plants or pulp and paper industry such as our grade AC 66. A different material is required here due to the specific operational circumstances." "In short", Mr Schwarz concluded, "we have put a lot of effort in extending our product range by developing these special grades. You might say they are the cream on the cake, and really demonstrate what DMV is capable of. We are no longer just a producer of commodities, but are very active in specialty markets too."

## WIN-WIN (see February 2000 Cover Story)

As well as developing new grades DMV is also actively pursuing new geographical markets. This, explained Mr Schwarz, will probably not come as a surprise given the mature state of DMV's domestic sales areas. "There are not many growth opportunities

left in Europe, so our growth is targeted overseas. That's why we are strongly thinking about opening sales outlets for special products in North America, the Far East and South America. A strong sales organisation with a personal, local touch in those countries will definitely help us to build strong partnerships with customers. In fact, we are already developing a presence in certain countries via extended agreements with two European stockholders who are acting as our distributors in defined overseas markets. These companies are very customer-oriented, with offices world-wide and the ability to put together complete sales packages. Without wishing to boast, we have in fact already doubled our sales to Asia in the past two years."

It should be noted that DMV has further gained considerable experience with project-type orders. These should stand it in good stead when promoting its special products in new market segments. Said Mr Schwarz: "End users, engineering companies, boiler-makers and others all appreciate the consistent quality of our product range as well as our transparent way of doing business. For their large, sophisticated project orders – which may easily involve several hundred tons of pipe – we regularly meet with them during kick-off and follow-up meetings. But I must emphasise that DMV will continue its 'win-win' policy with all its part-

## Mr Schwarz on DMV's guiding principles:

Stainless Steel World asked Mr Schwarz if he could sum up DMV's business principles in just three short sentences. His replies were:

- "As mentioned in a previous cover story (February 2000) our focus is not on increasing capacity or gaining market shares, nor forcing ourselves to the number one or two spot in the market."
- "We are however committed to making further rationalisation investments in order to become the best in terms of service and to develop our win-win partnerships by improving our HIC (Honesty, Integrity and Credibility) philosophy."
- "In spite of the tragic events of 11th September 2001 we can see quite a bright future and even challenges for our products to the mutual benefit of our key accounts and DMV as their reliable supplier."



'open air' design. These enable heat treatments to be performed at up to 1230°C, offering productivity and quality improvements as well as widening the range of materials that can be offered. Moreover, it is understood that these modern furnaces have yielded a beneficial impact for the environment, too. Other recent cost-cut-

DMV has recently introduced a new range of instrumentation tubes with an improved surface finish.

ners and especially the stockholders. They are an essential part of the supply chain. For example, they are best placed to meet the end user's maintenance and repair needs and have the range of products to put together packages. It is our long-term aim to continue to work with them. I am sure that all parties appreciate this clarity. And, quite frankly, letting distributors serve the final customer enables us to focus on with what we do best – producing good quality seamless tubing at realistic prices." DMV's win-win philosophy also extends upwards in the supply chain. Traditionally, all material requirements are sourced from a limited number of leading steel mills. This 'supply chain integration' offers many advantages, not only in terms of cost reduction but also in the field of product flow and product development. Mr Nembrini: "We are ideally placed to gather and interpret feedback from the market. We then share that knowledge with our steel mills and work with them to ensure grades and product forms are available as quickly as possible."

**COST-EFFECTIVE PRODUCTION**

Whilst on the issue of cost reductions, Mr Rizzi invited Stainless Steel World to tour the Costa Volpino production facilities. It quickly became obvious that DMV knows how to implement improvements without affecting the day-to-day running of the plant. At one side of the plant, for example, two new furnaces have been recently installed; one for 'bright annealing', the other of the



Following rigorous testing, tubes can be individually stamped to allow full traceability.

ting changes have been the integration of several work processes into single stations. For example, a single operator now monitors the straightening, cutting and brushing of tubes. "This integrated way of working obviously helps to keep production costs down," confirmed Mr Rizzi. "We are also planning to change two of our twelve pilger mills. Again, the idea is not to raise capacity, but rather to enhance flexibility and reduce costs." Also evident from the tour was the care with which tubes are handled. This helps to maintain their high level of quality, explained Mr Nembrini. He also pointed out that quality is naturally assured at a special work station, where ultrasonic scans monitor the wall thickness, for instance. "Once a tube has passed

the appropriate quality procedures it can be stamped with a unique number to allow full traceability. This can be used to determine the tests that have been performed, the heat treatment, and identify the original melt," said Mr Nembrini. Last but by no means least, a very interesting and obvious feature of the plant is that operators are capable of working with a minimum of supervision. Mr Nembrini explained: "We have introduced the so-called '5S' principle, which is in fact a Japanese idea. Basically, this principle provides for a system to organise each work station. Operators are further empowered so they take pride in their work and ensure machines are properly maintained and run. They all know what they are doing and why they are doing it. We have noticed an especial benefit during shift changes, which take place with a minimum of disruption."

**ETHICAL BUSINESS**

Summing up, Mr Schwarz believes that DMV's Costa Volpino plant is a model of flexibility. "Today we can produce anything, from tubes in bulk to custom-made products. When I joined this company DMV was hardly participating in the instrumentation tubing business. Now we have not only developed instrumentation tubing, we have even done so at a very competitive price. It's part of our continuous drive towards cost reduction in order to be able to sell a product at a competitive rate. Our equipment and organisation are designed on the one hand to be able to compete in the field of commodities and therefore to guarantee lean production and on the other hand they are flexible



Attention to detail and quality control are evident throughout the Costa Volpino plant.



DMV's CEO Mr Boschitsch (on left) together with Costa Volpino's Mill Manager Mr Rizzi. The latter explained that several hundred tons of standard finished products are held at Costa Volpino stock for prompt deliveries to key customers.



Operating at up to 1230°C, the new open air furnace offers productivity and quality improvements as well as widening the range of materials that can be offered. It can also easily accommodate tubes of up to thirty metres, the maximum length that can be produced at Costa Volpino.

enough for meeting special customer demands. We can easily accommodate orders for project business as every job processed in this facility is tailor-made to client specifications. In fact, the project side of our business has increased hugely." To help rationalise production, DMV-Italy keeps a certain number of hollows – the starting point for this facility – in stock. From this range of hollows, which includes special

grades, a large number of finished grades and sizes can be quickly produced. Mr Schwarz: "That's a very cost-effective system considering that we offer in the region of ten thousand different products and sizes! For us, the customer is king. Our goal is to be at his disposal, before, during and after the order. For example, we can help him to determine his initial needs, accommodate special requests during production and testing and re-

main on hand should anything crop up after delivery has been made. Yes, things do go amiss on the odd occasion. But in such instances we do not abandon the customer but stand by him. To DMV, business is all about honesty – to our customers but also to our employees, our suppliers and the community we work in. I don't say we invented the concept of ethical business, but that is certainly the way DMV strives to operate." ◀

**FACTS & FIGURES**

Name:	DMV
Products:	Seamless stainless steel and nickel alloy pipes and tubes.
Sizes:	6mm OD (0.5mm WT) to 1100mm OD
Production facilities and regional sales offices:	<ul style="list-style-type: none"> <li>• Montbard (France) - hot-finished stainless steel and nickel alloy tube in sizes between 32 and 250mm diameter. Also hollow bar / mechanical tubing.</li> <li>• Costa Volpino (Italy) - cold-pilger rolled tubes in sizes up to 89mm and cold drawn tube in sizes up to 250mm. Specialty tubes also manufactured here.</li> <li>• Remscheid (Germany) - hot extruded and cold pilgered sizes up to 250mm and OCTG up to 7".</li> <li>• Houston (USA) - cold pilgered and cold drawn tubing in sizes from 15 to 115mm.</li> </ul>
HQ / International sales:	Paris
Main applications:	(Petro)chemicals, Fertilisers, Power generation, Oil & gas, OCTG, Machinery industry, Vehicle construction, General/civil engineering
Workforce:	approx. 1,000
Output:	(tubes/pipes/hollow bars) 30,000 tons
Turnover:	EUR 210 million
Shareholders:	Mannesmann (2/3), Vallourec (1/3)

