

Tailor-made by Italfond



In a world where bigger often means better there is, luckily, still enough room for the exception to the rule. Italian steelmaker Italfond seems to be one of these exceptions. The company employs no more than 59 people and sells around 17,000 tonnes of stainless steels and nickel alloys a year. At the same time, however, the company offers an exceptional service level, a high-quality product and unmatched lead times, according to Mr Antonio Longhi, Italfond's Managing Director. Following a meeting two years ago Stainless Steel World visited the company, based in Bagnolo Mella near Brescia in northern Italy, for a refreshment course on how to do business in a different way.



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By Miel Bingen

“Italfond has a very clear business strategy. In contrast to many companies it is not our intention to grow significantly in the tonnage we produce through the years. What we want to do is offer the market a high-quality product with the shortest possible lead times. There is a clear need within the market for limited amounts of often very specialised products that can be supplied on very short notice,

and we are the ones that can serve this niche in an optimal way. Because of our limited size we are flexible. Our business culture is very open, and there is nothing our customers cannot discuss with us. Furthermore we are constantly on the lookout for ways to improve our service to the customer”, Mr Longhi explains.

Another true feature of the company is its willingness and ability to constantly invest in its facilities. The oldest piece of equipment that can be found in the plant is the AOD furnace that Italfond installed in 1993 after its strategic decision to switch over from carbon steels to stainless steels and nickel-based alloys. In fact, at that time the company did not have much more than an AOD furnace and had to outsource important steps in production such as forging, making it a true challenge to be effective in the market. Even so, Italfond managed to do this. Since then much has changed. With an ambitious investment programme the company has taken major steps towards transforming itself into a modern, state-of-the-art mill. Over the last two years Italfond has increased its productivity by no less than 20 per cent. A major contributor to the increase in productivity was technical innovation, which allowed the company to increase the number of heats from five or six to seven per day.

The next step in the modernisation process is close to being finalised with the start-up of a new peeling machine in May 2004. As a final stage in plant modernisation Italfond built a 4000m² extension to its premises. It also bought a new automatic forging machine that allows it to be more competitive in terms of production costs and lead times for smaller bars and has increased the product portfolio for finished bars to 90mm. Production on the new forging machine started this month. Also a new heat treatment furnace and a forging furnace were installed in the new building together with the earlier mentioned peeling machine which is now under construction. With these new forging and peeling machines Italfond can improve lead times for bars up to 330mm significantly. Lead times for bigger bars (up to 800mm) are already among the shortest in the market.

“With the last investment programme which we will finalise in the coming months we have reached a milestone for Italfond. The company has in fact reached maturity in the sense that when the project is finalised we will have a state-of-the-art mill that is more than competitive, in terms of both cost and lead time. With our forging machine operational we have doubled the forging capacity. This leaves us room for all kind of interesting activities in addition to an increase in normal production of 20 to 30 per cent. The new peeler will complement our automatic forgers and together they will enable Italfond to be competitive in all grades we can and will produce now and in the future. Combined with our very low general expenses the new equipment offers us the possibility to offer cost-efficient, high-quality products to the market at a minimum lead time”, Mr Longhi comments on the investment programme.

Minimal lead times really means minimal lead times at Italfond. When the new machinery is operational Italfond

guarantees its customer it can deliver all materials within a maximum of eight weeks and often one or two weeks earlier, independent of grade or quality requirements. Ingots can be produced and delivered in two weeks, ground bars (round, square and polygonal) in four and all other products such as turned or peeled bars within six/seven weeks' time.

sions from 90mm up to immense 700 or 800mm bars. In fact Mr Longhi believes there is no one in the world who can supply larger bars in certain grades than Italfond. However, maximum sizes clearly depend on the grade of the material. For duplex and superduplex material, an Italfond speciality, it has been quite a challenge to go up to the 650mm Italfond has produced so far. Mr Longhi: "Big bars have a big risk of cracking, especially with a material such as

superduplex. But because there is a demand for these kinds of bars we have developed a production cycle in close co-operation with the University of Brescia that allows us to produce these large bars. By a careful analysis of the melt and by precisely controlling the temperature during forging and heat treatment we can reliably produce a high-quality product. The whole project took us some four to five years but we feel it was well worth it. The co-operation with the University of Brescia has been very successful and we are now looking into other areas where we can benefit from the excellent know-how of the university."

Another challenge Italfond focuses on when it produces large bars is materials characteristics, Mr Longhi explains. "For many grades, specified materials characteristics refer to smaller bars of for instance 40 to 70mm. When you produce bars of around 400mm or even more things change quite

drastically and materials characteristics that are easily met for small bars are often quite hard to realise. Therefore we invest significant resources in ensuring that our products do not only show the right chemical composition but also give an optimal performance. In fact, trying to push a material to its limits has become a true challenge for us and I feel we are very successful in meeting this challenge. For instance, we were able to meet the Norsok specification for duplex bars of 500mm thanks to a well designed and complicated manufacturing process, but this certainly took quite an effort from our side."

Because Italfond specialises in such an advanced and often customised product the company feels it is of vital importance to stay in close contact with the customer. Therefore the company does business directly with customers wherever they are around the world and whenever needed. In this way Italfond makes sure communication lines are as open as



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EXOTICS

Looking more closely at the grades within Italfond's product portfolio, Mr Longhi remarks that, although the company is increasingly focussed on special grades, austenitic, duplex and superduplex remain the bread and butter of the company's production. Even so, martensitic and super martensitic, superaustenitics, non-magnetic stainless steels and nickel alloys are no novelties to the company. Moreover, Italfond is a true specialist in exotic grades thanks to the limited size of the heats it produces. Italfond can produce a cost-effective heat as small as 21 tonnes (about 15 tons of yield). Therefore many customers turn to the Italian company when they want this slightly adapted version of a superduplex or a material for a particularly small but promising market.

Because of Italfond's high-standing quality requirements the company produces forged bars. Italfond can offer dimen-

possible and that the company can respond quickly to the technical and commercial questions of its customers. Typically Italfond aims to respond within 24 hours to any inquiry it receives and thanks to its lean organisation the company has the flexibility to do so. There is more to it than pure speed, however. Mr Longhi feels it is of the greatest importance that Italfond functions as a true partner of its customers. Not only should there be an open discussion but the customer should also be confident that Italfond does what it promises to do. Therefore Mr Longhi is particularly proud of its customers, many of whom have worked with Italfond from the very beginning.

Italfond's customers typically consist of three groups. First, there are the major stockists to which the company mostly supplies turned and peeled bars. The second group of customers are the hot transformers such as forgings and flanges producers. Increasingly, hot transformers are having to limit their stock, so Italfond can play a vital role in providing forged and ground bars at short notice. A third important group of customers are pipe producers in search of high-quality suppliers of corrosion-resistant alloys for pipe production. Italfond's customer base is truly global. With around 80 per cent of its customers being non-domestic there is hardly a country in the world to which Italfond has not supplied material.

ROAD TO FOLLOW

Looking at the future, Mr Longhi remarks that after eight years Italfond has come to a crossroads. With the completion of Italfond's latest investment project this coming May, the company will have completed its eight-year programme of improving its production facilities. According to Mr Longhi, in May Italfond's production facilities will have reached a level that is hard to beat in terms of cost efficiency, competitiveness and capacity. "The new road to follow will mainly focus on a further widening of the range of specialised materials that Italfond can offer the market. Therefore the company will invest in research and equipment that enables us to process new and advanced materials in an efficient way, which our customers are used to."

For one, Italfond is looking into building a new plant of another 4000m². The heart of the new plant will be a new remelting facility. The new remelting facility will enable Italfond to extend its range of grades and, especially, its range of nickel-based alloys. The new plant will also enable Italfond to redesign the layout of its existing facilities and create a dedicated area for shipment and possibly a limited stock. Mr Longhi and his colleagues are looking into holding a limited stock to ensure the short delivery times for some of the more critical products within its product portfolio, but has no ambitions to take over the role of a stockist.

Even so, Mr Longhi concludes: "It is the demand from the market and our customers in particular that determine the direction we need to go. Therefore our main focus in the past has been on cost reduction, quality and competitiveness. Now that we have reached a first-class performance in



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these areas it is time to reallocate resources to other areas. A further specialisation to more advanced materials is a logical step for us, and our plans for a new remelting facility emphasise the new strategy. At the same time, though, our customers determine where we will have to go. Often much can change within a short time span and as Italfond is a small and privately owned company we are optimally geared to respond quickly to a change in demand from the market. This is what makes a close contact with the customer so important. It is the customer who tells us where their needs are and it is our responsibility to respond to that demand in a flexible way in the shortest possible time span." ◀

FACTS & FIGURES

Name:	Italfond
Location:	Bagnolo Mella, Italy
Founded:	1961
Materials:	Austenitic, superaustenitic, martensitic, super martensitic, ferritic, duplex, superduplex stainless steels, nickel alloys and other special alloys
Product forms:	ingots, ground bars, peeled bars
Production	17,000 tonnes (sales)
Number of employees:	59