



Titanium tubing ready for packaging.

RathGibson

A global force in stainless tubing

In their recent merger, Rath Manufacturing Company of Janesville, Wisconsin, USA and Gibson Tube Inc., North Branch, New Jersey, USA, joined forces to become RathGibson, an international manufacturer of stainless steel tubing. In light of this exciting new development, Stainless Steel World contacted RathGibson to find out more about the company's plans for the future. Mr. Harley B. Kaplan, President and CEO, Mr. David G. Pudelsky, Vice President Sales and Market Development, and Mr. Michel Griffith, Jr., Vice President Sales Domestic and International, were more than happy to offer an interesting insight into their move to consolidate business.

By Michael van Wijngaarden and Sarah Thompson



Metallurgical testing at RathGibson.



The newest laser mill at RathGibson, capable of producing up to .125" wall, 1.750" outside diameter stainless tubing in either straight lengths or coils.

For many years, both Rath Manufacturing Company and Gibson Tube have been recognized as leading manufacturers of welded stainless steel, nickel alloy and titanium specialty tubing for the oil and gas, petrochemical, pharmaceutical and food and beverage industries. Both companies are owned by the same shareholders and collaboration over the years has always been familiar territory. Mr. Kaplan began: "Considering the significant degree of cooperation between the two companies over the years, a merger seemed to be a logical step forward. Merging Rath Manufacturing and Gibson Tube has enabled us to combine the technical strengths of both companies as well as creating the unique ability to better serve the customers who comprise our various markets."

INTEGRATION

"As we complete the integration of the 2 companies, we intend to use this merger as an opportunity to focus on a number of specific goals. Objectives include continued growth in key existing market segments as well as opening up new markets for the RathGibson product line. Capital investment continues, which is targeting new products and enhanced manufacturing processes." Mr. Kaplan continued: "As individual companies, we realized that many business opportunities were just passing us by. We decided to step up the cooperation between the two companies and to capitalize on the strengths of both locations. In the fall of last year we started looking at how to incorporate both businesses into one entity. We combined the two company names into RathGibson, integrated our sales forces and technical teams and we now share one vision. For example, we were pleased that early in the integration process, we were able to expand our international sales presence with additional product lines. The company's manufacturing group is comprised of a dedicated team of highly trained and experienced individuals."

Mr. Kaplan emphasized: "We ensure that all our staff are

given the opportunity to participate in individual training programs and we emphasize daily feedback to help them in their day-to-day work. We put a lot of emphasis on educating our employees. Of course, our company also has a long tradition of effectively training and preparing our sales staff to perform to the highest standards ensuring our customers of reliable and efficient service. We do everything we can to make it easy to do business with RathGibson." Mr. Kaplan also highlighted the importance of safety training: "At the forefront of running our facilities is health and safety. Each daily production meeting is initiated with a safety review of the prior days activities. We hold monthly safety meetings at all of our facilities and we have designated safety officers who drive the safety program. We continue to build safety in the culture of our company."

NEW MARKETS

"We currently participate in nine different market segments, and our international sales activity is increasing rapidly", Mr. Griffith commented. "One of our largest segments is the petrochemical and chemical industries for which we manufacture 'commercial' quality tubing in the austenitic stainless grades like 304L, 316L for end uses such as heat exchanger and chemical processing equipment. In the U.S., our major customers include Fortune 100 companies who have recognized our ability to provide a fully finished stainless steel, nickel or titanium product which will out perform a seamless counterpart. Additionally, we see substantial growth opportunities for higher alloyed materials such as duplex and nickel alloys for harsher environments in the chemical processing and pulp and paper industries. RathGibson has been a market leader in the High Purity tubing market for years, and we are experiencing global opportunities for these products as well. RathGibson has established strong relationships with the most respected tubing distributors in North America."

Products are marketed not only through general line distributors, but also service centers who specialize in particular markets such as oil and gas, energy, and high purity. Mr. Pudelsky added: "Some of our larger customers are serviced by us directly, which is the case, for example for subsea umbilical projects. Projects such as these are managed very closely from start to finish. Regular structured meetings are held weekly with the contracting parties in order to manage all aspects of the project. It is not unusual for us to have numerous on-site inspectors in our factories who represent the customers for projects that are being run." A recently completed large subsea umbilical project, which shipped to Angola, is a good example of how RathGibson handles 'High Profile Projects'. This was one of RathGibson's largest subsea umbilical jobs to date incorporating in excess of 1.5 million feet of zinc clad, lean duplex stainless steel. The project was delivered on time and generated revenues of approximately USD 3 million.

In addition to expanding into new market areas, RathGibson continues to explore new product offerings. Mr. Griffith: "We manufacture welded tubing, including tubing in coil form, in the following grades: Most austenitic grades; 304, 309, 310, 316, 317, 321, 347, etc.; duplex stainless: 2205, 2507, 19D and 2101; specialty alloys: 200, C-276, 400, 600, 601, 622, 625, 800, 825, 904L, 6-moly, alloy 20 and commercially pure, grade 2 titanium. Our wide-ranging product selection enables us to be a major player in the global market. Having the capability to offer a large variety of grades has made us especially successful in supplying tubing for the heat exchanger market. North America remains one of our biggest heat exchanger markets, however global opportunities are opening up to us nearly every day."

NEW PRODUCTS

RathGibson's expansion into the field of subsea umbilicals has been predicated on the development of a zinc clad, lean duplex (A K Steel Nitronic 19D) stainless steel tubing product that can be produced in coils up to 80,000 feet in length. Mr. Pudelsky: "The 19D zinc clad product produced by RathGibson has secured a

solid position in the subsea umbilical market as a quality product which is a cost effective alternative to "seamless" super duplex tubing, which, of necessity, exhibits orbital welds every 80 to 100 feet throughout the length of the final product. RathGibson subsea

Cross section of a subsea umbilical manufactured in 2004 which features 7 RathGibson Zinc Clad lean duplex tubes.



A reel containing 30,000 feet of RathGibson Zinc Clad, lean duplex subsea umbilical tubing which is being prepared for shipment. (June 2005)

umbilical tubing frequently has 10,000 to 12,000 feet between orbital welds. Based on strong encouragement and cooperation from the oil and gas industry, we continue to explore other umbilical solutions such as welded super duplex (Outokumpu 2507)."

Though the High Purity Product is not new on the scene, many of the RathGibson product enhancements and production techniques are, reports Mr. Griffith. The standards for these high purity products are rigid. Electro polished products for example enable us to offer the pharmaceutical, food industry, as well as different types of hygienic markets high-quality, sanitary tubing and pipe. When asked how RathGibson can ensure it satisfies all of its customers considering this large variety of markets and products, Mr. Griffith replied: "We have developed a sophisticated quality control and quality assurance system which ensures that the customer receives what is ordered - products which conform to the customers' specifications and are delivered on time, every time. We manufacture specialty products, thus we frequently deal with very demanding specifications. We can assure all of our customers of tailor-made solutions with the highest quality and according to ISO 9001, PED and TUV standards for products produced in our Wisconsin facility." Mr. Pudelsky added: "In addition, we make sure that standards are very well communicated and documented both internally and to our customers. We have two very competent Vice Presidents of Operations, one at each facility, who are charged with managing the manufacturing process to ensure on-time delivery. We continue to set the bar higher each month; our Director of Continuous Improvement spearheads many of these improvements. One of the most important outcomes, in addition to productivity and quality enhancements has been on-time delivery performance. The percentage of on-time delivery from both facilities is over 95%."





RathGibson High Purity Tubing undergoing 'clean room' inspection.

GOING GLOBAL

RathGibson consists of two manufacturing plants in North Branch, New Jersey, USA and Janesville, Wisconsin, USA, which is also where the company's headquarters are located. In 2002, the company also opened a sales office in Houston, Texas, which has focused on the rapidly growing global subsea umbilical market, reported Mr. Pudelsky. Outside of North America, the newly merged company opened a new sales office in Shanghai in November 2004. "An exciting development last year was the opening of our sales office outside of North America", Mr. Griffith explained. "Our biggest geographical market has been North America, but the growth we have experienced in Asia has been very gratifying. We have had a number of significant projects in Asia, and have accumulated a large customer base in that region over the years. Of course the growing demand for stainless steel and special metals products in this region meant that Shanghai was the ideal location for our international sales office." Mr. Griffith continued: "This new sales office in Shanghai has made it much easier for us to communicate with our customers in the region, and to respond to their needs in a timely fashion."

INVESTMENTS

RathGibson has made substantial investments in both manufacturing locations over the past 5 years. Capital has been reinvested in such things as a 55,000 square foot addition, in New Jersey, new laser mills, new finishing equipment for the high purity product line, new NDT (Non Destructive Testing) Equipment which is on the leading edge of quality assurance, as well as zinc cladding equipment and technology. Mr. Pudelsky: "We have 37 TIG mills and five laser mills. The mills are very much state-of-the art and incorporate some very advanced technologies that allow us to make tubing very rapidly and consistently. Our entire organization has focused on

automating the manufacturing process where it makes sense. The technology for our encapsulated wire/fiber optic product line, for example, is a very sophisticated proprietary process which continues to be refined". Mr. Pudelsky continued: "More specifically, in the past 2 years we invested in our New Jersey facility in order to become a manufacturer of titanium tubing. Interestingly, many of our best customers for stainless steel products had been encouraging us for years to add titanium to our market basket of products. Titanium proved to be a natural extension to what we produced for over 40 years in New Jersey."

TO SUMMARIZE

Even with such manufacturing capacity, there is no place for complacency in today's market. Mr. Kaplan is well aware of this: "When we consider our leading position in the precision welded tubing market, we do not lose sight of the fact that there are many additional opportunities out there - one of our most important jobs is to select and pursue the best opportunities for RathGibson. In creating RathGibson, we have established one company, which has secured an even firmer footing in the market." Mr. Kaplan concluded the interview saying: "The growth opportunities in markets, products and internationally are obviously exciting for the employees at RathGibson. However there is no mistaking that continued growth will be based on the RathGibson philosophy that is engrained in every employee - on-time delivery of a quality product to our customers each and every time." ■

Facts and figures

Company Name:	RathGibson
Employees:	303
Products:	Welded, bead reduced and bright annealed stainless steel and specialty alloy pipe and tubing, 1/8 through 4 inch OD plus metric sizes 0.028 up to 0.250 inch wall. Lengths up to 80 feet. Specialty coiled tubing up to 80,000 feet in length.
Markets:	Oil and gas
Sanitary tubing:	food, dairy, pharmaceutical, electronics, bio-processing, etc.
Commercial tubing:	chemical/petrochemical, pulp and paper, sugar mills heat exchanger/evaporator, general equipment manufacture and piping systems.

Power generation

Headquarters:	Janesville Wisconsin
Sales offices:	Janesville, WI, USA North Branch, NJ, USA Houston, TX, USA Shanghai, China

Manufacturing

facilities:	Janesville, WI, USA North Branch, NJ, USA
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