



Hempel Special Metals a global player for niche

Think global, act local: one name - one brand; that's why Hempel Special Metals changed the name of their subsidiaries in England and Switzerland in 2007. Hempel Special Metals has positioned itself as a logistic service provider in niche markets for special metals around the globe. The company's core business is to procure, select, process and refine a range of stainless steel, nickel alloys, titanium and other materials which are used in applications as diverse as medical implants to process industry. Stainless Steel World spoke to two members of the Hempel team, Mr. Andre Hempel, Managing Director of the Group and Mr. Henk Ruberg, Managing Director of the German Operations, to learn more about how this large organisation fits so well into some very tight niches indeed.

By John Butterfield and Joanne McIntyre

Metals and more

Over the past couple of years Hempel Special Metals has developed a new corporate identity in order to integrate its various company brands around the globe.

"Integrated branding means that we focus on the same product range and services on offer in markets around the globe" explains Mr. Andre Hempel, Managing Director. "Our aim has been to create one well known name for our entire group of companies. Effectively we are a global consortium with regional offices to develop

local markets. We have built up an extensive global network of suppliers from which we purchase titanium, stainless steel and nickel alloys. Many of our larger customers are multi-nationals operating in several countries so having one brand makes good business sense.

Whether they are in the UK, Switzerland, or Hong Kong they all recognise the Hempel brand."

Although the company is integrating the various brand names within the group each individual company will still be considered and treated as a competent centre on

Is: the markets



its own. This means that each company has to develop its core business according to the local needs, while also offering its particular competences and expertise to the rest of the global Hempel network.

“Effectively this means we are trading knowledge between all parts of the company. For example in Switzerland we have served a strong market for titanium medical products for over 20 years. Five years ago we began integrating marketing efforts from Switzerland into Germany where we now have also developed a substantial share of the medical market. Similarly we have developed medical accounts in Northern Italy, UK, France or Spain. This demonstrates how core competencies developed in Switzerland are being transferred to other markets” explains Mr. Hempel.

“Hempel is a recognised name that one can rely on, with a big enough reputation to support our largest customers. Having a respected brand opens up markets that might otherwise remain closed. We now have six companies on two continents in five countries and a network of seven agents using the Hempel brand around the globe.”

Global expansion

Hempel has taken care to position itself well to penetrate the new markets, with a particular focus on Asia. This is reflected by its new office in Hong Kong which was large-

ly established to serve the watch industry. “Globally there are two centres for producing stainless steel watch cases and bracelets: Switzerland for high end products and Hong Kong for the medium to low end” explains Mr. Hempel. “Over the last ten years some major brands have been moving their procurement to Asia because there was simply not enough capacity in Switzerland. We have followed this trend, bringing our Staybrite 1.4435WCQ materials and our industry knowledge to the Asian markets. Our goal is to ensure that the same materials can be sourced in Asia from stock as currently in Switzerland. Basically we are following our customers, and they are happy to do business with us in Asia because we make sure that the high quality standards from material procurement and services are observed everywhere in the same way. Just as what applies for the watch industry also applies for our global medical implant customers by the way”.

“Another reason for expanding into Hong Kong is for purchasing reasons” continues Mr. Ruberg. “We have a long history of purchasing materials in Asia; we’ve sourced semi-products from Japan for more than twenty years and titanium from China for four years now. These markets have competitive products to offer. Asia is an interesting procurement market for which you really need to have local people on your team. For instance because of Japan’s reputation for producing top quality specialised metals some of our customers insisted to receive metals from specific Japanese producers. Our Japanese General Manager talks directly with the producer on technical issues. Similarly in China, now the world’s largest producer of stainless steel, it makes sense to have a local office staffed with local people.”



Nitriding tray made from Alloy 600

A further advantage of Hempel’s Asian office is the developing market for tailor-made products. “There is a strong market developing in Asia for high quality pipes, flanges and other products” says Mr. Ruberg. “These tailor-made products require high levels of expertise and because they are difficult to standardise they will remain a niche product which we are happy to supply from specialised European partners working with the material”.

After two years with a representative office, Hempel also opened a subsidiary in Poland in 2005. “The Polish nickel



Fabricated elbow dia 1220 x 6,0 mm in Alloy 926

alloy and titanium markets are growing, but not at a sufficient rate to support an infrastructure for those products alone. Therefore we are also focusing on the high-end stainless steel market. There's a lot of investment in Poland which is propelling growth in the metal business. We are going to relocate parts of our service centre to Poland to utilise machines and equipment more efficiently. Markets such as Switzerland and Germany are mature when it comes to stainless steel consumption. If you compare stainless steel consumption in Poland and Switzerland they are very similar at around 120,000 tonnes. However Poland has a population of 40 million people while Switzerland has only eight million. The Swiss stainless market may grow by 2% in a good year and nil in other years. Whereas in Poland growth is 3% in a bad year and 10% in a good year! The combination of offering stainless steel in a growing market together with highly specialised products and the possibility of global sourcing and the support of three distinguished service centers gives us a unique selling position in Central Europe. We have invested in machines such as laser and plasma cutters, a cut-to-lengths line, and grinding machines but it would be difficult to support this investment just by focusing on nickel alloys and titanium. Following on from a period of strong growth, Hempel Special Metals UK has recently moved to bigger premises in Wokingham near London. This unit is a specialist when it comes to 'hard-to-find materials' all over the world, e.g. we are serving customers in England as well as in China; English customers with material from China and Chinese customers with materials from Europe. Furthermore, Formule 1 or American Cup sailing teams are among our esteemed customers".

Helping Hempel in its drive to increase its presence in international markets is its team of agents. In 2006 the company employed an agent in France to market medical products. Once again, we distinguish ourselves from our competitors in France by catering to niche markets and tailor-made products" continues Mr. Hempel. "We've had an agent in Italy for many years and one in the Netherlands since 2003. It's a successful arrangement because these markets each have a very different scope requiring an individual approach for niche markets which a local agent can provide. Italy has a lot of local tube and fittings producers so we get fewer enquiries for packages in tubular products, whereas in Holland there's more interest in our nickel alloys and special alloys. We have also recently appointed an agent in the Gulf region and in China. We are receiving many enquiries for packages of tubular products, flanges, fittings, elbows, etc., for the oil and gas industry. Clients in these regions are particularly interested in our higher stainless alloys such as 254 SMO or nickel alloys such as C276. It is crucial that we were able to identify an agent who knows the people, the market and the customers' needs in the local market." Our philosophy remains that we are focusing on logistic services for industries with special material requirements in an international environment. This is how we can distinguish ourselves in the long run successfully in order to grow further and be attractive for customers, suppliers, agents, and employees".

Tailor-made and niche products

Hempel is actively expanding into niche market segments and tailor-made products, including those made from special stainless steel grades and other specialist materials.

"Our tailor-made service came about when we discovered that in case customers ask for a certain amount of sheet and plate, they often receive the plates at one door and send them out through another door to their subcontractor" explains Mr. Ruberg. "To streamline the process we suggested they send us the drawings for the parts they are producing from our plates so we can make them an offer for the complete product. This service is expanding and now includes increasingly complicated tailor-made products, including odd sizes of tubes or elbows that cannot be purchased from the market such as shop-fabricated elbows with a diameter of over 1.3 metres. Effectively we are offering intelligent solutions by finding out more about our customer."

"The special stainless grades which we offer are for instance the 6 Moly, alloy 31 and our latest addition duplex 1.4462. Many of our customers use these types of grades and demand is increasing, driven by the rising nickel price. In future we may extend our range to the super duplexes which fit into the gap between the 6 Moly grades and lower."

Another example of Hempel's pursuit of niche markets is its wire and profile manufacturing plant in England which opened last year. "Although Hempel has been in the wire market for some time with a partner, in 2006 we started our own profiling plant with four lines, producing 500 tonnes of profile wire per annum. This is a specialised market; round wire is a standard product but it is inserted into profile wire, which is a specialist product. Now companies are approaching us with their designs looking for long-term partnerships. It's not easy to find specialised-profile manufactures and we see that there is

a strong market for us in this sector."

The combination with titanium wire and profiles from first class US or Asian producers gives us the competitive edge for many big customers.



Support for cable tray in Alloy 926

Hot iso-static pressing

The Hempel product development team employs metallurgists in Switzerland and Germany who are constantly on the look out for innovative solutions for the markets they work in, sometimes with surprising results. "An excellent example of this is the manufacture of pumps or flanges using hot-isostatic pressing (HIP) instead of conventional forging" explains Mr. Hempel. "The HIP process involves filling an alloy powder into a welded container and then consolidating it at elevated temperatures under high pressure to a solid near-net-shape product". Products made using HIP are used in various industries but are particularly favoured in the off-shore business. The advantages of HIP are clear once you reach a

certain volume, and of course when it is used to replace very high grade metals the process becomes even more interesting economically."

"Let me give you an example" says Mr. Ruberg "We discovered that one of our best customers, who has ordered 300-400 mm discs from us for many years, uses them to make a circular product which requires him to machine away up to 60-70% of each disc. It would be hugely beneficial to this customer to be able to buy rings instead of discs. By using HIP it is possible to make a tube which can then be cut into segments to create rings, thereby saving up to 25-30% of the cost of forging.

Another advantage of HIP is that in certain metals it can

produce better quality products. For instance high quality cobalt-chrome steel which is used for medical implants is very difficult to produce using the traditional melting, rolling and forging method. The HIP process achieves better homogeneity. These examples demonstrate how we must understand industries to search for the best possible solutions. As a global company servicing niche markets we constantly strive to provide the best, most cost effective and most innovative solutions for our customers wherever they may be located" concludes Mr. Hempel.



spraying nozzle made from Alloy 59

Facts & Figures

Name:	Hempel Special Metals, a division of F.W. Hempel Erze & Metalle, Düsseldorf.
Group companies:	Hempel Special Metals in Germany, Switzerland, England, Hong Kong, Poland; Hempel Wire in the UK.
Agents:	France, Italy, Netherlands, China, Abu Dhabi
Products on stock:	Sheets, plates, bars and tubes in stainless steel, nickel alloys and titanium
Processing:	Wire and Profile; Laser, plasma, shear cutting; decoiling and slitting, grinding and coating; sawing
Key markets:	Medical implants, watch case and bracelet manufacturer; chemical industry, energy and environmental protection; architectural; off-shore industry.
Employees:	95
Turnover:	€ 75 million
Homepage:	www.hempel-metals.com