



Metals UK combines strength with American A. M. Castle & Co. where the sum is greater than the parts

British stainless and specialty metals service centre Metals UK recently announced a take-over by American Stainless Steel World met with Metals UK Managing Director Ian Griffiths to find out more about the acquisition. “The acquisition by A. M. Castle was a logical next step for us in order to achieve our ambitions on a world specialty metals service business. Our strategies and core values are very similar and our services, products complement each other almost to a tee. As such, it is one of those occasions where the sum is indeed

By John Butterfield and Esther Aiking-Martensen

Metals UK was established in 2002 by Ian Griffiths and Rob Pattenden. Under their leadership, the company flourished and became a thriving global specialty metals service centre. Within a year it took over British stainless steel specialist, E. Harding & Sons, and, almost immediately afterwards, another company well-known in the British stainless steel business, Loks Plasma Services. These acquisitions made it possible for Metals UK to offer a full range of stainless steel and specialty metals as well as a number of value-added services to a varied range of customers in the oil and gas, petrochemical, offshore, aerospace, building and automotive industries. Following upon the first two acquisitions, in 2005 the company also purchased bar specialist KKS. As

a result, Metals UK could also add bars in a wide variety of alloys and sizes to its product range. “These takeovers really made us one of the most comprehensive suppliers of corrosion resistant materials in Europe, certainly in sheet and plate products,” Mr. Griffiths says. In order to become a more competitive player on the international market, the company subsequently decided it was time to spread its wings beyond the UK, opening facilities in Bilbao (Spain), Houston and found an agent in Kuala Lumpur.

Time for the next step

“And now,” Mr. Griffiths explains, “it is time to take the next step.” Metals UK had already embarked on its

lengths with Co: the parts

Material utilization reduces customer costs.

merican specialty steel supplier A. M. Castle & Co. motives behind this new development: world stage, and be the first-class, world-wide product ranges and geographical footprints greater than the parts.”

own comprehensive expansion plans, which included moving a number of the activities into a new, sophisticated facility in Blackburn, UK, when A. M. Castle came knocking on the door: “I knew the company very well as I had sold them my first company in 1996. And although Metals UK was not for sale at that time, when we sat down to discuss our company philosophies as well as our plans for the future, we discovered that the similarities were striking.” A. M. Castle & Co. was founded in 1890 as a supplier to the booming railroad industry in the Chicago area. Today, it provides materials and value-added services to the aerospace, energy, and oil & gas markets. Its product portfolio varies from carbon steel plates (specialty end) to nickel al-

loys, stainless steel, titanium and aluminium. With 40 locations in North America and annual sales of about USD 1.5 billion, the company employs just under 2000 people “If you look at the A. M. Castle product range, their markets, services and their footprint, it is easy to see that the two companies are a perfect fit and when we sat down to discuss a possible takeover, we discovered that the similarities did not end there. Our core values, company philosophies, views on the specialty steel business and our ideas and plans for the future; they aligned and complemented each other almost perfectly. That is why, after doing some soul searching, we decided – relatively quickly – to go ahead and accept their bid.” The takeover was announced in January 2008 and although Metals UK, for the foreseeable future, will continue operations under its own name, the company can now offer the complete A. M. Castle range of products and services in addition to its own.

People are the key

When we asked Mr. Griffiths to name one of the core values that Metals UK shares with A. M. Castle, he says the answer is plain and simple: People power! “If you look at the growth of Metals UK over the past five years, it is the people who work here who have made that possible. We have grown from zero to a turnover of USD 80 million annually because we were lucky enough to pick the right people. We are fully aware of the fact that without our dedicated workforce we wouldn’t be anywhere near where we are today. And for A. M. Castle this is exactly the same. People are the key, and our most valuable asset!”

This people focus means that Metals UK has always spent a lot of energy and resources on recruiting new, talented staff but also on retaining the people already on board, he says: “We want this to be a company that



Metals UK Nickel Alloy plate processing bay.

people want to work for. That is why we have applied for the list of the Top 100 companies to work for in the UK this year. For anyone in our sector to be on that list would certainly be an achievement and it would probably say more about our organization to our customers and prospective employees and suppliers than anything else would.”

He adds that he firmly believes that, as a company, you have to have a vision big enough to excite and attract people and then offer them a platform where they can speak and express themselves clearly and continue to develop themselves. An essential part of this development is the variety of courses and training seminars the



New two-head waterjet machine.

Metals UK staff can sign up for, from traditional type courses to complete MBA programmes. In addition, the company has set up a training programme with the Institute of Customer Service: "We are the first steel service centre company, we believe, certainly in the UK and probably in Europe, to embrace this programme. We have a number of champions who are going to take professional qualifications in customer service and ultimately, within the next 12 months, the vast majority of our staff members who are in contact with our customers, from truck drivers or accounts clerks to the sales and customer service staff, will have followed this training programme. We think that it will truly differentiate us from other companies and will certainly benefit our customers."

Extended product range

Another advantage of the takeover by A. M. Castle is that it will allow Metals UK to broaden and deepen its product range for European customers considerably, as it now has access to the A. M. Castle inventory strength in the US. Mr. Griffiths states "We will be adding new materials to our range this way and also extend the range of products which we already have. And where Metals UK has always been a more plate-orientated company, in each category A M Castle stocks the appropriate sheet and bar as well. To the nickel alloy range we keep on stock, we will presently add A. M. Castle's sheet from .5 mm up to 3 mm and each thickness in between, which is where the current Metals UK offering starts. Again, it is a perfect fit and it will make our clients' lives easier as they can now procure all their specialty steel requirements from one and the same company."

The simple economy of scale will prove to be cost advantageous to the Metals UK customers as well, he continues: "It is a matter of sheer volume. If we look at



Waterjet cut edge (upper) and laser cut edge (lower).

our combined purchasing power, on a global scale there are simply not that many bigger buyers of specialty steel out there. This makes us a more competitive player and our customers will certainly benefit from this too."

Adding value

As a service centre, Metals UK can process all its materials before they are delivered to the customers. The company can cut a plate or bar using every technique currently available, from plasma to laser and water jet, and all under one roof. More than 80% of all products do indeed undergo some sort of treatment before leaving the facility. But for Metals UK, adding value does not just mean cutting, processing or bending materials. It goes far beyond this, Mr. Griffiths says: "It is the way





All stock is meticulously stored ready for use.

Global footprint

A final motive for the takeover was that Metals UK strongly feels that specialty metals distribution has become a true global market, which, in the near future, will be largely controlled by maybe a handful of companies. "Our view was that unless we were involved with one of those companies, in the long term, it would prove to be difficult for us to be what we set out to be, namely a first class, world-wide specialty metals service centre. If we were really going to realize that goal, we would have to join forces with one of these main players, which is exactly what we did."

With the A. M. Castle and the Metals UK footprints combined, the company is now a real global player and the companies plan to continue on this path together, Mr. Griffiths underlines: "Through acquisitions and the establishment of further Greenfield sites, we hope to move closer to our customers, in the UK, Europe and beyond. AM Castle has opened a new facility in China, taken into operation in April 2008, which we are hoping to make use of. And we certainly will not stop there."

He concludes: "We intend to be the one-stop shopping address for people who require specialty metals delivered to their plants wherever they are on the planet, in an integrated fashion, economically and productively. In 2002, we set out to create a worldwide, world-class enterprise, focused on providing high-quality products, exemplary service and innovation to the process industries. I believe we are well on our way in reaching this goal and will now continue on this path with the support of another world-class business, A. M. Castle. Together, we are highly determined to become a true global player in the specialty steel business, with the most complete range of products and services." ■



we deliver the products, how we deliver them, and where and when we deliver them. In short, we offer our customers specialized supply chain solutions. A lot of companies have outsourced their supply management function to us to free up their space and focus on their core business. And we can deliver their materials, processed, quality approved, with all the right certificates into their supply chain right when and where they can add some value to it immediately, bypassing the bottlenecks that come with supply chain

management. And again, now that we are part of A. M. Castle, we can do this on an even more global scale, especially with the new Oracle implementation; an IT platform which will allow everyone within the A. M. Castle or Metals UK organization to browse and move each other's inventories around the world easily, quickly and competitively, wherever they are on the planet."

SINGING THE SAME SONG

In a separate interview, Mr. Mike Goldberg, CEO of A. M. Castle, says that he is very pleased with the acquisition of Metals UK as well, as it will open up a range of new possibilities for both companies: "We see two major advantages. The first is that we will be able to facilitate Metals UK's growth through access to the A. M. Castle capital and inventory. The second benefit is that we have a growing number of North-American multinational customers who are seeking global supply chain solutions. Acquiring Metals UK increases our footprint and extends the workforce we have on hand to service those customers."

"And," he adds, "as Ian says, the synergy between the two companies is simply great. Not only do we share common markets and products, we also 'sing the same song,' and follow the same strategy if you will.

This will enable both companies to continue to grow and expand." He adds that what really caught his attention when he visited Metals UK is the strength and enthusiasm of the people who work for the company. "The Metals UK Management Team is knowledgeable, enthusiastic and energetic. They are high achievers. Since our business is very much a people business, this was a key factor in our decision to acquire this company."