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The Acquisition of Modern Aluminum Extrusion Systems

by Roger A.P. Fielding, BENCHMARKS

Like any successful business owner, the extruder seeks to increase profits by raising productivity while containing or reducing costs. However, the routes to increased profits are many and varied. While extruders in one part of the world pinpoint labor issues as their main focus —

regardless of the area of focus, all extruders seek increased profits.

Most extrusions are produced by heating an aluminum billet or log, loading a measured weight of billet into the container of a press, raising the temperature by extruding through a die, and cooling at a critical rate prior to stretching. The

equipment used in this process varies widely from plant to plant — differing in design, manufacture, age, condition, and labor requirements. Whatever the physical differences between the equipment, all use similar extrusion dies, and all depend on variations of the same metallurgical processes. The same extruded products can usually be produced without regard to manning levels or the differences in production equipment, methods, and practices found throughout the industry.

Competition with others is a strong motivator, and most

motivated by government regulations and the shortage of skilled persons, another area of the world is driven to reduce scrap — motivated by the relative cost of aluminum. Other extruders set their sights on quality improvement, lead times, and just-in-time delivery. The diversity of motivating factors is great, and

Motivation

Definition: Something that encourages.

Key Words:

profit, cost, lead time, productivity, recovery, safety, environment

extruders try to understand their competitors' businesses. As those who have been on the Aluminum Extruders' Council of International Extrusion Technology Exchange Tours have discovered, comparison with extruders in other countries can be most revealing. There are few published statistics which directly compare the performance of extruders in different countries, but using statistics collected and analyzed by industry-wide associations, an extruder can get a measure of how they're doing relative to local industry.

However, published industry statistics are at best averages compiled to disguise each individual plant's performance. The serious extruder is further ahead evaluating their current

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Worldwide

Lawrence Difatta
President of Granco Clark



The changing face of the extrusion industry spans a broad range of considerations. As acquisitions and mergers alter the playing field for extrusion businesses under both corporate and private ownership, new faces, modified strategies, and fresh ideas enter the marketplace. Despite the current influx of product and process innovations, traditional fundamentals such as quality, throughput, equipment uptime, scrap savings, and technology are still the words we hear spoken in the equipment decision-making process. Competitive pressures are ever present.

Considering the trials and tribulations of this dynamic environment, how does an extruder obtain and maintain an edge? An equipment partner is one answer. In an industry where change is accelerating, old methodologies still dominate equipment acquisition. Often purchase discussions are limited to price alone. While initial purchase price is certainly important, thoughtful consideration should be directed to long-term return-on-investment instead. A real partner demonstrates quantitatively the means which satisfy key requirements of an efficient and profitable extrusion operation. Your supplier partner should offer excellent post-sale support as well. If these conditions are satisfied, the transaction serves not only the customer by providing excellent value, but also the supplier by cultivating word-of-mouth referrals.

Too often however, flawed human thinking or corporate cultures create antagonistic relationships within a supply chain. Consequently, true partnership efforts are undermined, and potential advantages are lost for both parties. Every transaction then becomes only a price-driven decision as though each supplier was a mirror image of the other and offered identical products, services, and value.

All members of the Granco Clark organization believe in the merits of partnership — true collaboration between customer and supplier. As a leading worldwide extrusion equipment supplier, Granco Clark consistently endeavors to provide our customers the best product and process solutions for the greatest return-on-investment.

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performance at the extrusion press against what would be possible using the best practices and equipment, along with comparing plant operating performance against appropriate benchmarks established in unrelated industries.

Since the same extruded products can be produced without regard to manning

If conversion costs define profitability, why measure anything else?

non-financial measures which have a direct bearing on the extruder's future, and should therefore be measured. Safety, delivery performance, customer

complaints, inventory turns, and environmental values such as noise and effluent discharges — all these factors also impact profit. The benchmarks for these

Performance Indicator	Variance from the Benchmark	Benchmark Number
Safety	# Accidents	0
Effluent discharges	Quantity	0
Delivery	# Late Items	0
Complaints	# Complaints	0

levels or differences in production equipment and methods, monetary measures provide the simplest and most direct comparison between extrusion businesses. The performance of an aluminum extrusion company is measured by the cost of converting incoming billets into saleable extrusions. So while the volume of extrusion sales, labor costs, machine productivity, and recovery can be indicators of a profitable aluminum extrusion operation, the conversion cost defines the bottom line.

If conversion costs define profitability, why measure anything else? Well, there are other financial and

measures are sometimes obvious, as the chart above reflects.

What has all this got to do with the acquisition of modern aluminum extrusion systems? Modern aluminum extrusion systems are designed to operate with few people at high throughput rates. They are designed to maximize the recovery from each billet. They are designed to be reliable, safe, and environmentally-friendly. They are designed to reduce conversion costs and make money for the owners.

Look for further articles by Roger Fielding regarding the acquisition of modern aluminum extrusion systems in upcoming editions of "Worldwide." ●

If you've had the need to "shop" for a new extrusion press and handling system in the last decade you no doubt noticed that the cost of a modern automated extrusion handling system can (depending on specifications) equal or exceed the price of the press.

It's little wonder. The handling systems available today are several times more sophisticated than the press, and entail far more components and moving parts. They require mastery in multiple engineering disciplines to provide a reliable, productive system. Along with sawing and material handling expertise,

the system provider must have a solid understanding



of heat transfer for heating ingot, quenching, and heat treating profiles.

A dependable, efficient system is produced by personnel with years of industry experience to draw

upon and scores of existing installations to reference.

Building a team of such trained service personnel and the appropriate spare parts inventory results from years in the business.

Granco Clark has been the rare *single source* provider to the extrusion industry for many years. While others may try to make that claim, few have

the ability to provide all the preheating, quenching, handling, sawing, and heat treating equipment required for a complete integrated/interfaced system. Granco Clark was, in fact, the first to offer a complete Supervisory

Computer System (SCS) for the extrusion process, a product that continues today in the refined version of SCS Extrude.

So the next time a supplier says he's a single source for all your needs, challenge him to explain what his definition of *single source* really is. It should be more than some mechanical pieces that he *claims* he will make well.

Remember, you are investing a substantial amount of money in a long-term commitment . . . make sure it's the *right* one. ●

Granco Clark Headquarters Expansion Complete

Granco Clark ended 1997 with a flourish. On December 5th, the company held an open house to celebrate the completion of its expanded and remodeled corporate headquarters in Belding, Michigan. In attendance were the employees of Granco Clark along with their families, Granco Clark's executive board, and primary business partners.

"The open house afforded Granco Clark the opportunity to display our new facility to the people who contribute to our success on a daily basis — our staff and our suppliers," remarked Granco Clark President Larry Difatta.

Vice President John Bugai concurred, commenting, "The design and construction professionals who assisted us with the expansion helped make Granco Clark a better place to work and to visit. Their efforts are greatly appreciated."

Employees attending the open house were just as pleased with their new workspace. Systems Manager Gerald McPherson stated, "The new atmosphere in the office is more professional and more spacious. The design also increased our conference areas, which will really help our team learning and planning." ●



New Equipment Installations

Wells Aluminum Corporation

North Liberty, Indiana

Partial Automated Handling System

Indiana's Wells Aluminum Corporation occupies a 220,000-square-foot extrusion facility equipped with three extrusion presses. Wells produces standard and complex shapes to meet a variety of individual customer requirements. The company also has complete anodizing and fabricating capabilities. Recently, Wells purchased a partially-automated extrusion handling system, beginning with a 75-ton one-man/no-man stretcher and including all belt and conveyor systems through auto saw gauge.

Plant Engineer Ted Stull stated, "After our committee evaluated several extrusion equipment manufacturers for quality, reliability, performance, and price, we chose Granco Clark."

Temroc Metals, Inc.

Hamel, Minnesota

High-Efficiency "Hot-Jet" Billet Furnace

Temroc was founded with the mission to supply the finest aluminum extrusions with unmatched quality, service, and reliability — all at a reasonable price. This customer-oriented company recently placed an order for its second Granco Clark high-efficiency "Hot-Jet" billet furnace.

"We decided to purchase a second Granco Clark furnace because the first one we had installed performed at such an exceptional level.

Companies such as Granco Clark help us to effectively meet the needs of our customers, by providing us with high-quality products," stated Temroc Extrusion Manager Ed Goff.

Thermalex Inc.

Montgomery, Alabama

Multi-Compartment Die Oven

Thermalex, a joint venture between Mitsubishi Aluminum and Thermal Components/Insilco, is an ISO-9002 and QS-9000 certified supplier of micro-micro, multi-void aluminum tubing used in the automotive industry.



This is the fourth Granco Clark oven of its type the company has installed in its plant. "Safety and efficiency," noted Thermalex Maintenance Manager Bob Tally, "are two of the primary reasons Granco Clark's multi-compartment type die oven was selected to replace our traditional die box. Not only will the new oven allow us to produce more in less time, but it will also protect our employees from the intense heat that was emitted by our former oven."

Aluar

Argentina

State-of-the-Art Handling System

Aluar is a division of Elaborados, a major aluminum company located in Argentina. Aluar recently installed Granco Clark's state-of-the-art handling system including our high-pressure spray quench, double puller, automated handling system, one-man/no-man stretcher, and saw and gauge system. The company plans to add Granco Clark's log furnace, log shear, and extrusion stacker in the near future.

Granco Clark Systems Manager Gerald McPherson noted, "Aluar is currently taking full advantage of Granco Clark's excellent after-sale support to help them make the technological transition from a manual extrusion system to an efficient, fully-automated process."



Worldwide

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