

ALL FOR ONE. ONE FOR ALL.

When O'Neal Districts Pull Together, Everyone Wins



O'Neal Steel currently has 33 district operations. Each is strategically located, stocked, staffed, and equipped to provide the lion's share of products and services that O'Neal customers within a given area are likely to need. But, as we all know, needs fluctuate from time to time. That's been especially true in the past 12 months.

Historically, O'Neal has adjusted inventory and staff levels at all of its operations on an as-needed basis. But the economic slide that began in the last quarter of 2008 called for more than just a little tweaking. It required O'Neal to re-examine every aspect of its operations in search of new efficiencies that would not only conserve resources and improve productivity, but enhance customer service, too. Since that effort began, many steps have been taken to cope with the realities of recession. But the broadest, most all-encompassing adjustment has come in the form of regionalization.

Regionalization is not a new idea. In fact, it's been used by O'Neal on a limited scale for years. But it became clear to **Holman Head** at the beginning of 2009 (the same time he was transitioning into his new role as President of O'Neal Steel) that the time had come to begin implementing the regionalization concept in earnest.

"Having districts within a region work together and support each other has always been a good way to solve short-term inventory and production issues; and we've been doing that for quite some time," said Holman. "But now we're looking at the bigger picture and focusing on regionalization as a better way to do business in the long term. Economics have made it a necessity, but it's also an opportunity to streamline our operations and apply our Lean efforts and all other forms of process improvement on a broader scale for even greater impact, more value, and improved customer service."

How? The short answer is that all the district operations within a specific region would be restructured to varying degrees to avoid unnecessary duplication of inventory and



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services – then work with each other in a coordinated manner to fulfill customers’ needs in the most efficient way. While that sounds perfectly logical, it can be complicated and sometimes painful. But O’Neal is more committed to the idea than ever before. And there have already been some very successful efforts.

The concept was gradually introduced in O’Neal’s Midwest Region several years ago and has worked well. **Steve McCracken**, Regional Vice President for the Midwest Region, said that employees quickly got over their skepticism and began to see the advantages for O’Neal and the customers. “Working together through regionalization is simply the way we think and operate at this point,” he said.

“One of the big things we’ve done in the Midwest,” said Steve, is to concentrate much of our complex, planned OEM processing work at manufacturing centers – pulling that work out of the traditional service center locations. In most cases, the consolidation at the manufacturing center has freed up capacity on existing processing equipment at the traditional service center locations. This puts them in a better position to handle the short lead-time requirements of transactional customers. We’ve also regionalized some of our inside and outside sales efforts for planned-production OEM business, which has allowed us to bring this unique sales expertise to customers across a broader geographic area,” said Steve.

Knowing that regionalization does work, O’Neal took major steps earlier this year to apply the concept to situations where the loss of business due to the economy had dictated that drastic measures were necessary. The roles of certain districts were redefined. In several cases, full-service operations were downsized and converted primarily to stocking locations, which now coordinate

their processing needs with larger districts within their region.

Norm Browning, Regional Vice President for O’Neal’s Southern Region explained that staffing, inventory, and warehouse space at the Atlanta and Chattanooga districts were reduced, and those operations were re-aligned so that most of their processing is now handled through O’Neal-Birmingham. New truck schedules and routes were developed so that deliveries are now coordinated among the three locations and reach the customer within the same amount of time (if not faster) than before. The Knoxville and Nashville districts, meanwhile, have expanded their delivery zones to cover areas that would otherwise be out of range.

The Atlanta and Chattanooga locations continue to ship stock material and provide burning services on a daily basis for quick, transactional

business with customers such as fabricators and job shops. Inside and Outside Sales functions at both districts continue as before. As part of the re-alignment, the Atlanta and Chattanooga operations are now under the supervision of Birmingham District General Manager **Gary Gray**.

Looking at the Southern Region as a whole, Norm said that sales, capacity management, inventory management, and maintenance are all now intra-regional functions. “These activities are directed to where they create the best value for our customers,” he said.

A similar arrangement has been put into place in the Atlantic Region, where the Wilson and Lynchburg districts are now stocking locations and work with O’Neal-Greensboro for most of their processing needs. “Regionalization through shared resources and shared incentives has been in place for several years among our North Carolina and Virginia plants, as well as our Florida facilities that were already working together as a sub-region,” said **Dave Simpson**, Regional Vice President for the Atlantic Region. “The result in both cases has been more cooperation and the realization that we as a company have more to offer our customers than what exists inside the four walls of any single district. Although the changes in Wilson, Lynchburg, and Greensboro were extensive, they were not especially difficult – thanks to the close relationship and team spirit that already existed among those districts.”

Dave said that customer impact was always the top concern when consolidation was being considered. “Normal sales contacts have remained in place, regardless of where services are performed,” he said. “Some customers may know that a different shipping point exists for their orders and others may

not, but it’s been a non-issue because the time needed for a complete delivery on most orders has been reduced.” And as far as processing capacity goes, Dave said that even after consolidation, the region still has considerable reserve to support normal levels of business when conditions improve.

Putting regionalization into practice is one thing, but what are some of the really big-picture benefits? Dave points out that concentration of work allows for greater efficiency in material handling and material utilization. It also makes good use of very modern cutting equipment and subsequent processes such as forming and machining. An order that might have had to go to an outside processor for extra work in a smaller location can often be handled completely in-house at the larger operations within a region. Eliminating the receiving and rescheduling of customer orders at the consolidated districts not only saves time and money, but also eliminates an activity that always presents the potential for material damage or shipping errors. The resources and service capabilities at the regional hubs offer customers many benefits, but perhaps the greatest is faster service on a wider range of products and processing services.

So while it may take a little getting used to, regionalization at O’Neal is an idea that’s time has come. Working together is good for the company, it’s good for the customer, and it will go a long way toward making O’Neal even more competitive among all service centers in the years to come. Perhaps Dave summed it up best when he said, “We simply have more service potential as an integrated, cooperative team than we do as standalone districts.”

Many individuals. One company. All for one. ☺

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O’NEAL’S TW METALS ACQUIRES STAINLESS TUBING SPECIALIST

Earlier this year, O’Neal’s family of companies grew a little larger when Stainless Tubular Products (STP) became part of O’Neal affiliate TW Metals. The company is based in Fairfield, New Jersey and is a full-line supplier of stainless steel and nickel alloy pipe, tubing, and fittings, including the nation’s largest and most diverse inventory of ornamental and mechanical tubing. STP has its own production and polishing department and offers custom cutting and finishing for market applications ranging from architecture and aerospace to healthcare and petro-chemical.