

servicecenters



Best in CLASS

*Honorable business
tactics earn
Ratner Steel
most likely to succeed*

By Abbe Miller

Flip through any old high school yearbook and the pages are certain to be littered with the comment: Stay the same; don't ever change. Ten, 15, maybe 20 years later, do those words fall flat off the page as thoughtless and insincere or can any amount of genuine substance shine through? In retrospect, when those scribbles were first jotted down by that kid in gym class or the girl who sat in the front row in biology, the intentions were true. They wanted to convey a compliment: "I like you just the way you are."

At Ratner Steel, Roseville, Minn., that sentiment perpetuates. The core tenets of the flat-roll service center haven't changed since it opened its doors, and the company's commitment to stay on the same course is proving successful. Steve Gottlieb, general manager at Ratner, does admit, however, that while the company has no intentions of deviating from its fundamentals, growth is inevitable.

"In this industry I feel like you become an adolescent every 10 years," says Gottlieb. "You have to decide who you want to be when you grow up. There's a plethora of ideas and alternatives out there, but we've decided to stick with what we do best."

And what Ratner does best is cut-to-length. Without feeling the pressure of increasing the value-added services it offers, the company has continued to increase its output by 15 percent to 20 percent year after year. According to that trajectory, Ratner is slated to turn out nearly 100,000 tons in 2008. The purchase and implementation of a second cut-to-length line has facilitated that growth. The company can now handle coils up to ½ inch thick, promoting more plate capabilities than ever before.

"We've increased our product offering to customers, and we've done it all by staying true to our motto of keeping it simple," Gottlieb says. "We still only handle carbon coils and we haven't really delved into the nonferrous business. We continue to work with the same industries that we always have, as well as look for new ones that meet our parameters. We're nicely growing, both organically and through the right new customers."

If an opportunity makes itself available that falls outside the realm of Ratner's principle strategies, it, of course, will always be taken into consideration. The sturdy foundation that has been established at Ratner allows for that type of flexibility. The salient point, however, is that the company has embraced the idea that less is definitely more. Instead of being inundated by all of the different routes that the company could take, it keeps a tight and consistent focus.

Quality versus quantity

A lot of the names and faces in a yearbook are ultimately forgotten through time. Some friendships forged during the teenage years, though, can last a lifetime. The relationships that Ratner has with its customers, as well as with its suppliers, are intended to be long-term. To ensure its longevity, Ratner bases all of its associations on trust and respect. The importance of keeping a promise is utmost.



Ratner offers hot-rolled sheet and plate to the agricultural, fabrication and energy sectors.





Ratner Steel's 100,000-square-foot facility houses a slitter, two cut-to-length lines and four shears.

"People want to do business with people that they like and trust," says Mark Ratner, president of Ratner. "I truly believe that our customers perceive true value in our relationships. They don't have to worry whether we're going to do the right thing because we've established a relationship based on trust."

As opposed to taking pride in an excess of customers, Ratner takes pride in having the right customers. And instead of working in small-batch quantities, Gottlieb says that its customers purchase larger-than-average orders.

"Our average transaction is probably greater than those at other companies," he says. "Ratner isn't in the business of providing 2,000 pounds to people. Our average order is probably about 20,000 pounds. Therefore, we can manage our business better by concentrating on fewer shipments versus volume."

Ratner serves companies that fall into, amongst others, the agricultural, fabrication and energy sectors. If confronted by a customer that doesn't fit its philosophies, Ratner might direct the business to other local service centers. Uniquely, those service centers make up 15 percent to 20 percent of the company's business. This sharing of prospective orders is just another manner in developing and retaining each and every relationship that the company holds in high esteem.

Going steady

Gottlieb admits that new orders don't just fall in one's lap. "You can't just walk in and grab the business," he says. "You have to earn it. You have to do something right to get into it." And once the company secures a customer, the No. 1 priority is to let them know that the people at Ratner care about the success of their business — a surefire approach to success for both parties. "We've had good luck with them for quite a while," says a representative for a major agricultural equipment manufacturer that has worked with Ratner for several years. "They treat us fair, especially when steel is tough to get. They could jack up their prices, but they've never done that. Some other companies might say, 'take it or leave it,' but not Ratner. That's one of the things that they pride themselves on."

Not only is the company known for its honest and fair business practices, but it's also known for its top-of-the-line product. "The

thing that's really nice with them is that oftentimes when you buy heavy plate, it's not that nice," says a Midwest-based fabricator that also has had a long-standing relationship with Ratner. "There might be pits or imperfections in some plate. But not Ratner's. Theirs looks just like cold-rolled. It's beautiful; the quality is exceptional." In addition to cut-to-length product, Ratner can also supply slitting, blanking and shearing services.

The glowing reviews from Ratner's customers reiterate the integrity that both Mark Ratner and Gottlieb intend to maintain with anyone that they come in contact with. And they take that same approach when the tables are turned. The mills that supply Ratner recognize and appreciate the company's philosophy in doing business, as well.

"The biggest reason for our success is that we believe in relationships," Ratner says. "Those relationships extend both upstream and downstream. It's with our suppliers and it's with our cus-



Ratner's slitter works as a partner to the company's cut-to-length lines, cut-edging coils for customers.



Ratner's new cut-to-length line increased its offering of plate products.

tomers. It's the most important thing." For more than seven years, Algoma Steel Inc., Sault Saint Marie, Ontario, has provided Ratner with more than 80 percent of the company's steel.

"The relationship with Ratner, which is truly a friendship, developed for the most part on doing business with a company and people that carry themselves with integrity and honesty," says Greg Tombari, account executive for the United States for Algoma. "It's been like that since day one. It was a seamless transaction when we first got together. Companies like that are rare to find, and Ratner is the epitome of the benchmark."

Do your homework

When Gottlieb compares the physical traits of Ratner to those of other service centers, he says that they are barely distinguishable. "When you're in the commodity business, materially, we're all in the same ballpark," he says. "From a cost perspective and a quality perspective, a lot of us are alike." So while it would be nice to differentiate oneself from the others by exuding a brilliant personality and a genuine respect for others, a majority of the company's achievements are attributed to the simple idea of hard work paying off.

"We don't take any day for granted," he says. "Every single day

we look at every single order and figure out every single dollar that we made on every single transaction. It forces you to stay within the market. You have to constantly stay on top of the market and that forces you to evaluate yourself. It makes us discover what our customers are saying, what the mills are saying, what the new markets and trends are, and what are the forecasts. If you're on top of all of that, you can't help but to stay aggressive and proactive."

Keeping that high level of momentum going on a regular basis for a mid-size company could be taxing for the relatively small number of managerial heads that run it. But if Gottlieb has said it once, he'll say it again, "Our formula for success has been to keep it simple." By way of great customer service, low-cost operations and purchasing the best equipment for its needs, Ratner has stuck to its plan. It has improved its operations and will continue to do so when needed. Changing for the sake of changing, however, was never part of that approach. ■

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