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SFI of Tennessee LLC is in the final stages of negotiating a \$100 million contract with an internationally recognized original equipment manufacturer. The new contract will add 80 employees and \$10 million in capital improvements.

SFI declines to identify its client until the contract is finalized, but the move fits in with the growth pattern it has taken over the past two years.

In the last 24 months, SFI's revenues have risen from \$40 million to more than \$100 million, which makes it one of the top three steel and aluminum fabricators in the U.S.

SFI makes everything from crane parts to oil pans for locomotive engines. It currently makes a large percentage of parts for International Truck and Engine Corp., a market leader in bus manufacturing.

SFI's major clients include FedEx, UPS, Case Construction Equipment and Kubota Tractor Corp. It has been working with elevator manufacturer ThyssenKrupp for more than 30 years.

The company, which employs about 650 people, has more than 1 million square feet under roof between SFI of Tennessee and its sister company, SFI of Arkansas LLC in Conway, Ark.

The South Bend, Ind.-based Lerman family acquired SFI in 2002. The family owns Steel Warehouse Corp., a international steel service center, and Lock Joint Tube, Inc., a producer of premium high-precision steel tubing.

SFI's growth has been boosted by the \$60 million the Lerman family has invested in the company.

"We're continuing to build on our legacy of the past 50 years," "We want to build a world-class operation in Memphis and in Conway. We're investing in our people, our technology and we're not just looking at one project. We have a number of projects coming our way as a result of the investments we've made."

Consequently, company officials project a 25%-30% increase in revenues over the next 12 months.

In the past year, the company bought 10 laser systems at \$1 million each. These systems can cut one-inch thick steel. SFI also purchased a \$700,000 gas plasma system, which can cut steel up to eight inches thick.

In the last year, it also invested in a machining center that is one of the largest in the country. The \$4 million center's foundation is 200 cubic yards of concrete, the equivalent of 80 cement trucks. The machining center, which costs \$1 million to move, allows the company to machine pieces of steel that weigh 40 tons and are 18 feet long.

SFI also recently installed a \$1.6 million powdered coating line that can paint metal parts that

weigh 10,000 pounds and are 40 feet long.

It bought 127 state-of-the-art welding systems through Lincoln Electric Holdings, Inc., in the past six months and added a state-of-the-art retrieval system which uses bar codes to keep track of materials.

"It's an integrated MRP (Material Requirements Planning) system which allows you to inventory your steel and call it out based on your forecasts or demands," vice president of operations Dennis Ruch says. "It's popular in Europe, but it will be one of the first in the United States that does it with full integration with MRP."

SFI also has 70 presses to bend the steel at certain angles, with the largest press weighing 2,000 tons.

The company is having a robot-loaded press break delivered in late August. It would be one of the first five such press breaks in the country.

"The robot picks up the steel, orients it and puts it in a press break," Ruch says. "This one gives it up to five different breaks (bends) and puts it in an output stack. You put the raw piece in and get the finished piece out."

The company is also renovating or building 50,000 square feet of fabrication space.

Many original equipment manufacturers outsource work to SFI because it's cheaper than doing it in-house, says vice president of sales Eddie Hollomon. SFI's large capacity also saves time over other steel and aluminum fabricators.

"One thing we are able to provide that most of our competitors cannot is the one-stop-and-shop rule," Hollomon says. "We can take a print and hand you a completed part where most of our competitors will have to go to two or three different shops before it gets to the OEM."

As far as the future, SFI is focusing on controlled growth by being highly selective in determining its customers and clients.

"We would much rather have a long-term relationship with solid, like-minded companies than have one-off transactions, even if it means not growing as quickly," Langston says. "What we're trying to do is establish long-term relationships with a client where they can invest in us and we can invest in them. We're not afraid to invest in the capital and the people and the resources to provide a solution that works for both of us."