

# **84<sup>th</sup> Annual International Management Conference – PIMA**

*New York City, New York*

*June 29 – July 2, 2003*

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**-- Benchmarking Successful Companies –**

***Ladd Hall – NUCOR Steel***

***Lessons to Be Learned Across Sectors***



# Ladd Hall

## VP & GM Berkeley Division

- **NUCOR STEEL**

- ✓ **One of Largest US Steel Producers**
- ✓ **45 Facilities in 14 states, 9,800 employees with \$4.6 billion in sales**
- ✓ **Largest recycler in the United States**

**NUCOR**



# “BESTMARKING” @ Nucor Corporation

**NUCOR**



# Nucor Overview

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- Nucor's beginnings are rooted in auto manufacturing dating back to the turn of the 20th century
- Nucor entered the steel industry in 1962 with the acquisition of the Vulcraft plant in South Carolina
- In 1988, Nucor adopted German technology and introduced the first flat-rolled mini-mill in the U.S.
- Today Nucor is one of North America's largest steel producers



# Nucor Overview

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- **45 Operating Facilities in 14 states**
- **9,800 employees generating \$4.6 billion in sales**
- **Corporate Staff of under 50 Employees**
- **Largest recycler in the United States**



# Nucor Overview



## Key Facilities:

- Vulcraft (Joist/Deck - 3)
- Bar Mill Group (9)
- Sheet Mill Group (4)
- Structural Mills (2)
- Plate Mill (1)
- Cold Finish Group (3)
- Building Systems
- Fastener Division (1)
- Nucon (2)

- **Nucor is North America's largest steel producer**
- Ranked #1 by World Steel Dynamics in "2002 Positioning of World-Class Steelmakers."



# Nucor Overview

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- **Profitable every year and every quarter since 1966**
- **Steel production has grown from 3.9 million tons in 1991 to 18.6 million tons in 2003**
- **Sales have grown from \$1.5 billion in 1991 to \$4.6 billion in 2002**
- **Earnings growth trend - from \$75 million in 1990 to record \$311 million in 2000**



# It Starts With Culture

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- **Commitment to Employees**
  - ✓ **Incentive-based pay for everyone**
  - ✓ **Non-union**
  - ✓ **Lean management**
  - ✓ **Decentralized structure fosters entrepreneurial spirit**
  - ✓ **Egalitarian benefits**
  - ✓ **No lay-off practice**
  - ✓ **“Share the Pain” – pay cuts start at the top**



# It Starts With Culture

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- **Innovation**

- ✓ **First DC Electric Arc Furnace**
- ✓ **Prototype for mini-mill industry**
- ✓ **Thin-slab sheet steel**

- **Rural Locations**

- ✓ **Sought-after employer**

- **Environmental Stewardship**

- ✓ **Nation's largest recycler – 16 million tons this year**



# Position of Strength

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- **Financial Strength**
- **Market Leadership**
- **Diversified Product Mix**
- **Technological Innovation**
- **Low-cost Position**

# BestMarking @ Nucor

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- **We've analyzed ourselves, our competition, and the best performing companies across many industries to identify why success occurs.**
- **We've created, adopted, & modified best practices to meet our needs and foster an environment of continuous improvement.**



# BestMarking @ Nucor

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**We've formed corporate-wide teams that are dedicated to improving:**

**Safety, quality, productivity, costs, customer service, delivery performance, consistency, reliability, etc...**



# BestMarking @ Nucor

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**In Sales we measure our success based upon:**

- **Shareholder value**
- **Meeting customer needs**
- **EBITDA vs. our competition**
- **Selling values vs. our competition**
- **Market share in strategic sectors**



# BestMarking @ Nucor

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**In Manufacturing we measure our success based upon:**

- **Shareholder value**
- **Achieving the industry's low cost producer position**
- **Reducing costs & improving quality**
- **Maximizing our assets**



# Nucor Steel-Berkeley Division



# Nucor Steel-Berkeley Division

**Invested Capital: \$1.0B+**

- Melt Capacity: 3.0M Tons**
- Hot Mill Capacity: 3.0M Tons**
- Pickle Capacity: 1.5M Tons**
- Cold Mill Capacity: 1.5M Tons**
- Anneal Capacity: 650K Tons**
- Hot Dip Capacity: 650K Tons**

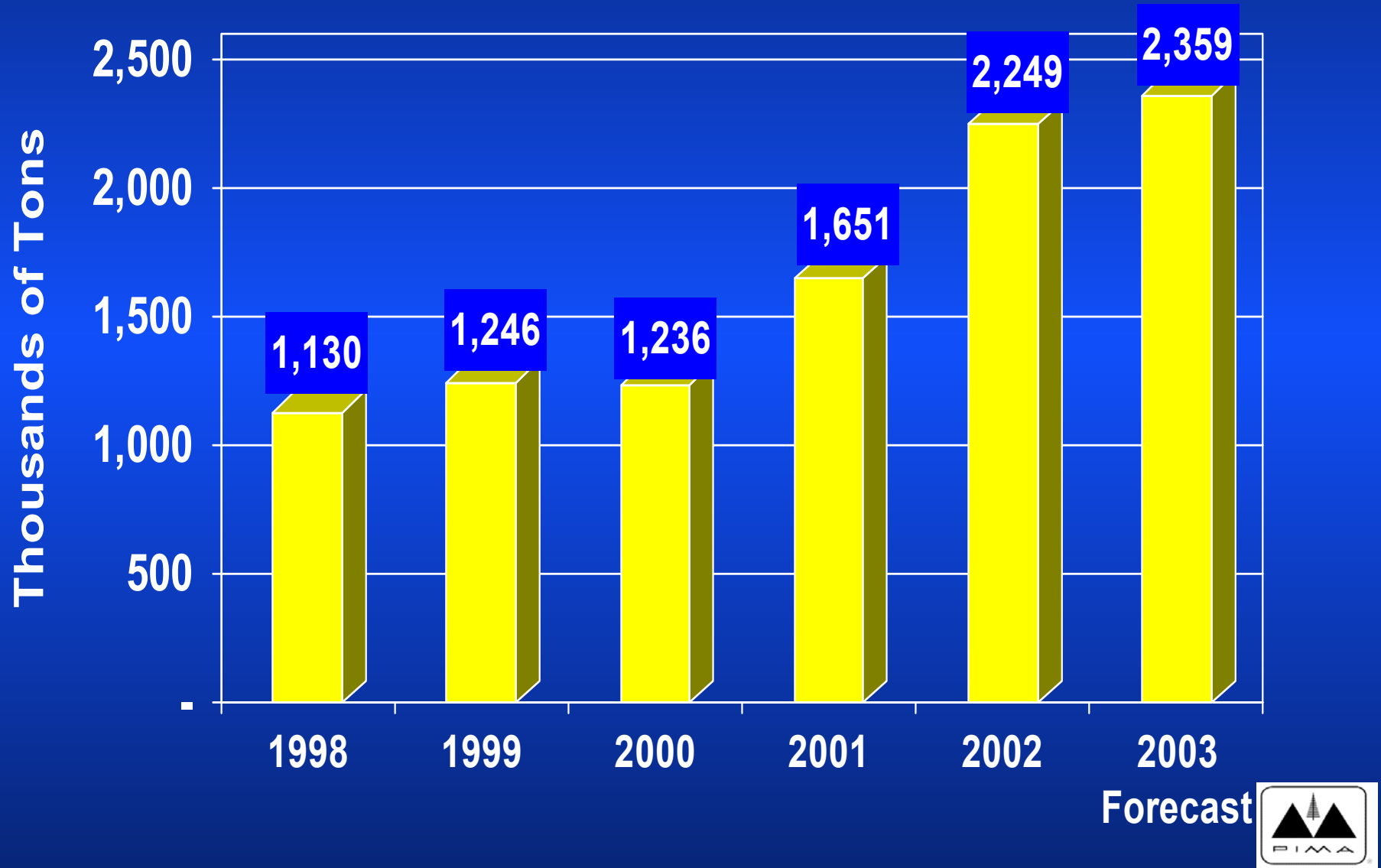
**Truck 40% of shipments**

**Rail: 50% of shipments**

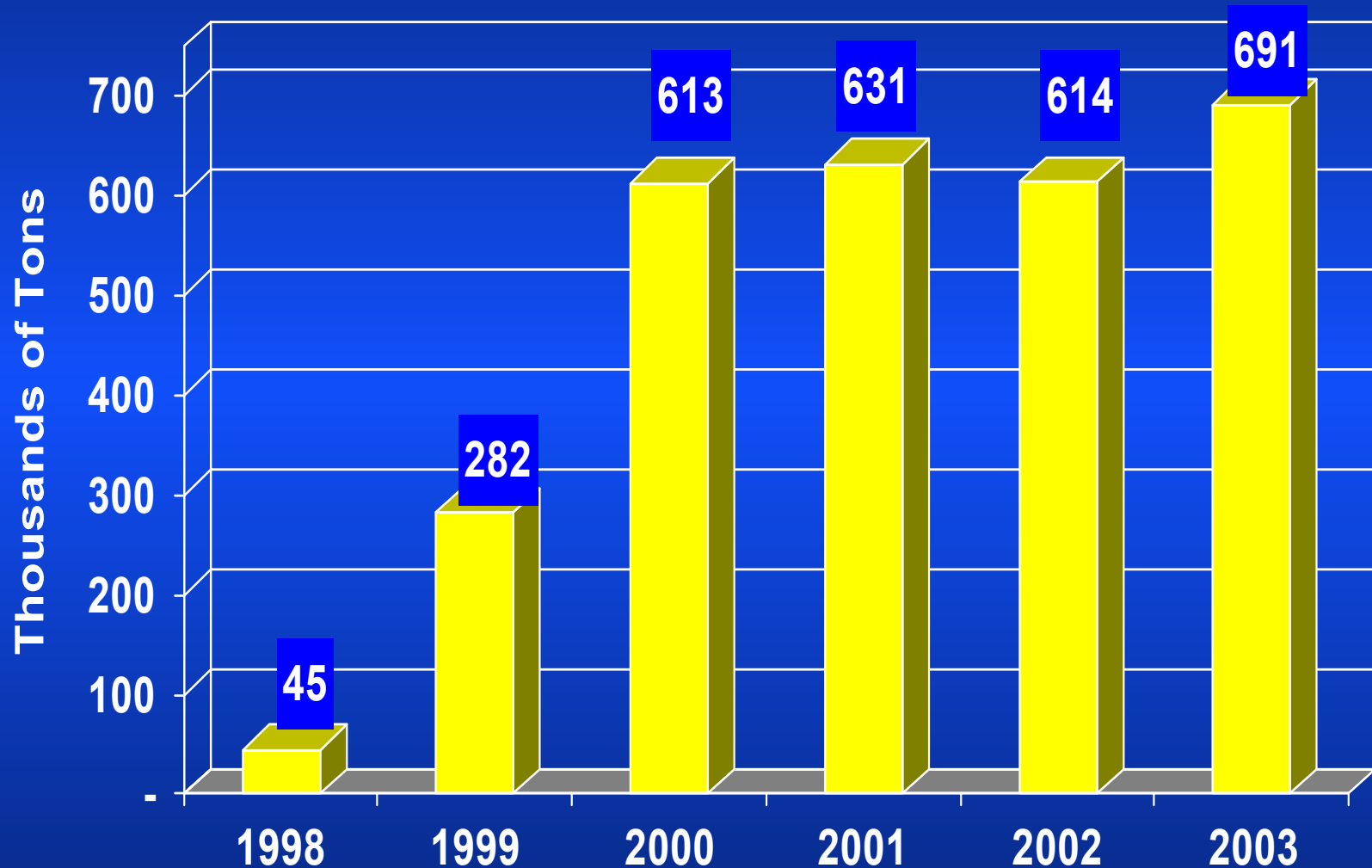
**Barge 10% of shipments**



# Berkeley CSP Shipments



# Berkeley Beam Shipments



Forecast



# Nucor Steel-Berkeley Division

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- **832 employees**
- **Several satellite companies**
- **Customers and suppliers on site**
- **Impacts on local businesses**
- **SPA**



# Nucor Steel-Berkeley Division BestMarking has helped us to:

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- Climb the value chain
- Increase profit margins
- Remain environmentally responsible
- Provide high quality workplace for employees
- Tap the latest technologies - ***Vacuum Degassing 4<sup>th</sup> Quarter 2003***



# Thank You

**NUCOR**

