

With retirement looming at year's end, Bill Partalis has continued to lead one of North America's leading service centers into a new world of doing business.

2017



Bill Partalis

CEO Kloeckner Metals

Kloeckner CEO Bill Partalis has been working hard right up until his retirement at year's end, leading several major initiatives for North America's fourth-largest service center company. (All photos by John-Paul Steele)

Service Center Executive of the Year

Bill Partalis is supposed to be coasting. After 40 years in the metals business, including the last 15 as CEO of Roswell, Ga.-based Kloeckner Metals and its predecessor Namasco Steel, Partalis will retire at the end of 2017. But going gently into that good night is not part of the plan.

Rather, Partalis has spent his final year of employment initiating the corporate restructuring of Kloeckner Metals, while also spearheading the distribution company's industry-leading efforts to embrace digitization. All the while, he's continuing to serve on the German parent company's managing board and overseeing its business in Brazil as the head of Kloeckner's Americas operations.

Partalis's success running his company, both past and present, has led to his selection as *Metal Center News*' 21st Service Center Executive of the Year. Each year, *MCN* honors a service center executive whose career and leadership serve as a model for the rest of the distribution industry.

The low-key Partalis downplays his role in Kloeckner's rise to become North America's fourth-largest service center company, with 2016 sales of \$2.6 billion. "I appreciate the recognition, but this is about our employees. I've been given the keys, and I've been the steward for the last 15 years, but in reality, they're the ones in the trenches, day-in, day-out, making it happen."

A Michigan native, Partalis started his career working part time in the maintenance department at Kasle Steel while enrolled at Wayne State University. He joined the former service center company full time after college, then followed colleague Don Beal when he set out to open his own company. That move proved instrumental, as Beal Steel was ultimately bought out by Germany's Kloeckner, a vertically integrated steel company looking to make its

first investment in the United States.

Partalis grew with the company, handling a variety of tasks before becoming the materials manager when Kloeckner made its first greenfield investment in Roseville, Mich., in 1979.

Looking for a new challenge, Partalis left Kloeckner to pursue a career in real estate, but a crash in the market had him seeking a return to his roots in steel. Fortunately, he had left on good terms and was welcomed back into the company.



Kloeckner chose Roswell, Ga., for its corporate headquarters in 2002, with proximity to the international airport appealing to the German parent company.



Bill Partalis prides himself on his strong relationship with all of the employees in the company. His replacement, John Ganem, describes Bill as 'the working man's CEO.'

Instead of returning to Michigan, however, he positioned himself in Atlanta, between the company's northern headquarters in Michigan and the newer southern office in Florida.

Ultimately, the company followed his lead by setting up shop in the middle, consolidating operations in Roswell. At the same time, they were looking to make management changes and turned the operation over to Partalis, who had been serving as a regional manager before the promotion.

Once in charge, Partalis led Namasco's growth from a \$789 million company to North America's eighth-largest, with 2009 revenues of \$1.2 billion. The company did so through two major acquisitions. In 2007, Namasco added Primary Steel to its portfolio, then purchased Temtco Steel the following year. "I was looking at our assets, and we were heavily weighted in long products. Expanding in plate products was

a good first step for us," Partalis says.

The big acquisition was still to come. In 2011, Namasco and South Africa's Macsteel Service Centers USA merged in a rare combination of distribution giants. Both companies had reported sales of \$1.2 billion in the final fiscal year before the merger. Upon completion of the deal, the new company was renamed Kloeckner Metals.

Though Namasco and Macsteel were similar-sized companies, they were different in many ways. Macsteel was primarily a flat-rolled supplier, which again expanded Kloeckner's product portfolio. And Macsteel's sales were mostly contractual, compared with the transactional nature of Namasco's business.

Integrating the two companies has been an ongoing affair. This wasn't the typical service center acquisition, where

Bill Partalis: The View from His Peers

Despite leading one of North America's largest, most innovative service center companies, Bill Partalis is pretty skilled at avoiding the spotlight. "I'm not one who needs to read my quotes," he says.

Fortunately, there are others who are more at ease discussing his skills as a business leader. "In my mind, he represents the broader steel industry with impeccable integrity," says Chuck Schmitt, chairman and CEO of SSAB Americas. "When we look at the supply chain from steel to customer and through distribution, the steel manufacturer could not have a better, more professional ally than Bill Partalis."

"Bill is a man of integrity. Once you had a handshake, a nod and a verbal agreement, you knew you could count on him to hold up his end of the deal," says John Ferriola, chairman and CEO of Charlotte, N.C.-based Nucor Corp. "He understands the meaning of partnership with his suppliers and, I'm sure, his customers. I never felt like he was trying to take advantage when it was a unique period of time when pricing may have been a little low or high. He was just a good partner who understood the value of a long-term relationship."

"Bill has been one of my favorite guys

throughout my years," says Ladd Hall, executive vice president of flat-rolled products for Nucor. "Part of his great management style is he spent a lot of time understanding the challenges within his own division. He has the trust and confidence of every teammate."

Gisbert Rühl has gotten to know Partalis from a different vantagepoint, as his boss. Rühl is the chairman of the management board of Kloeckner & Co., the German parent of Kloeckner Metals. Though Partalis was already heading up the former Namasco when Rühl joined the company, it was Rühl who appointed him CEO of the combined Kloeckner Metals following the merger with Macsteel, and invited him to become the first American to join the company's management board.

"The decision was, to be honest, relatively easy to make him a board member. He was always reliable, always straight and when decisions had to be made, he made them and followed through. He made a great contribution to Kloeckner Metals and Kloeckner in general," Rühl says.

Kloeckner's commitment to digitization began with Rühl, who told the company of the need to adapt to and embrace technology several years earlier.

Implementing it across the company was made easier with the commitment from the operation in the Americas, he says.

Given Partalis's position, with four decades in the steel industry and nearing retirement, it would have been natural for him to be hesitant to welcome such a drastic change in the way business was going to be done. But Partalis never clung to the old ways. "This is how Bill is. He was never someone who was resistant against changing something," Rühl says.

Hall has seen that as well. "He has the desire and drive to be on the forefront of technology, whether it's a piece of equipment or the move to digital," he says.

Ferriola says that Partalis's even-keeled nature has been beneficial on many occasions. "He doesn't get ruffled very often. He can go into situations where there are a lot of emotions, and Bill has the ability to settle everyone down, get back to the facts and resolve it. That's a good talent to have."

It also helps to have a lot of knowledge. "I've always said, if you met with Bill and you didn't come away a bit smarter, you weren't paying attention," says Schmitt. "It's been a privilege to have him as a friend and a business colleague."

a large company brings in a smaller enterprise, and there's no question about the hierarchy. This was a true merger of equals, with same-sized companies both maintaining an existing culture and way of doing business.

Before the deal was finalized, Kloeckner executives determined the new venture would go to market as a single company—an objective that was “easier said than done,” Partalis acknowledges. “You have strong personalities that are very territorial and want to protect their turf. It took some convincing that it was in the better interest of the whole to be more collaborative and work together rather than to compete with each other.”



In addition to the digital space, Kloeckner spent much of 2017 upgrading its physical space, with a new facility in Chicago and an expansion at its Greenville, S.C., facility (pictured here).

The new management team, which included key personnel from both companies, toured the operations, laying out their vision of the combined enterprise to get buy-in throughout the organization. “I wouldn't say, even today, we're there 100 percent, but we're pretty close. With this new executive team taking my place, that's the final push,” he says.

That new team is headed by John Ganem, a Macsteel veteran who had been serving as vice president of corporate purchasing. He will become Kloeckner's CEO. Bart Clifford, who joined the company with its acquisition of Primary Steel, will serve as the new COO. Kirk Johnson retains his position as the company's CFO.

Their task is to complete the transformation to a single, fully consolidated enterprise. Currently, the company oper-

ates three business groups: flat-rolled, heavy carbon and special products. Though the restructuring will eliminate these groups, they were necessary for the successful integration of Namasco and Macsteel. “Bill had the foresight. He didn't want to break up a good thing. You couldn't simply mesh it all together, because it would have failed,” says Ganem. “The next step in the reorganization, which we're going through right now, timed with Bill's retirement, is to break down the business units and put them all together in a more regional approach and say we're one company.”

Fortunately, there doesn't seem to be any resistance to this transformation among the rank and file. “Seven or eight months ago we went on a road show with our employees. And they wanted the same thing as we do on the executive level,” Clifford says.

Kloeckner's ability to go to market and provide the ideal experience for its customers is the idea behind breaking down the business silos. “We have the ability to go to a large OEM and say, ‘We can give you a single point of contact and handle your business coast to coast.’ We have that ability, but we don't exploit it to its fullest,” says Partalis. “We've made tremendous progress, but this is taking it to the next level.”

Partalis was involved in the selection of the managing team that will follow him, though his successors weren't hand-picked.

One important aspect of the succession plan was to choose from within the Kloeckner organization. “We thought it would be best to have the consistency and better for morale,” he says.

Ganem and Clifford, in turn, are determined to build on the foundation laid down by Partalis. “He's left a legacy, and we're going to continue that legacy,” Clifford says.

Fail Fast

Simultaneous with the company's push to reorganize is its drive to lead the entire metals industry into digitization. Spearheaded by the German parent company, Kloeckner Metals has been open about its efforts to transform the metals supply chain by exploiting the opportunities provided by digital innovation.

The push started at the top, with Kloeckner Group Chairman Gisbert Rühl instructing his organization that change was coming to the distribution industry. “He realized that the service center industry really hadn’t changed all that much in the last few decades,” Partalis recalls. “We’ve gone from telex to fax to email, but we still do things the same way.”

The digital revolution offered the opportunity to remedy that. And Kloeckner realized that if the industry players didn’t pursue the changes, some outside entity would come in and force the changes upon them.

So Kloeckner created a digital division in Germany to allow the company to become the leaders in the push, rather than get dragged along. Partalis authorized a similar effort be undertaken here, creating a digital division at Kloeckner Metals.

Digitization of the industry will take many forms. It includes operations, where the process of buying, inventorying, storing and shipping material can be dramatically streamlined. “Rather than someone in the plant looking at the rack and saying, ‘I need three skids of this,’ writing up a requisition, taking it to a purchasing agent and sending it out for bid, and on and on, why can’t the rack be scanned and an order generated automatically?” Partalis asks.

At both Kloeckner’s parent company and at home, individuals will ask those questions of the digital team, and

the employees will try to provide the solutions. “They’re not steel guys,” Partalis says of the members of his digital team. “They’re coders and programmers and developers. They liaise with the steel guys about what the customer needs.”

That is the true thrust of the effort. “What does the customer need, and how are we going to enhance the customers’ buying experience?” he asks. And it will lead to the industry-changing aspect of digitization.

Kloeckner envisions a sales platform developing, and is prepared to be out front in its creation. “Platforms are there in B to C, and companies like Amazon are talking about the B to B world. There’s a \$220 billion market. Some of it may be something we may not want to be a part of. But there’s got to be a slice of that pie that’s ripe for digital disruption,” says Matt Meyer, vice president of digital innovations for Kloeckner Metals. In addition to overseeing the 10-person innovation team, Meyer works closely with KCI, the parent company’s division in charge of digital development.

Meyer says the disruption will likely pull in smaller companies first, rather than giants such as Reliance, Ryerson or Kloeckner. The platform will attract mom and pop distributors and work its way up. The finished product can’t simply be a Kloeckner platform, but one that welcomes the entire supply chain, Meyer says.

The emergence of a platform will not eliminate the need for sales people. Nor does the company expect all its sales to go through that channel. The more value-added products the company sells will still require the relationships and partnerships Kloeckner has cultivated.

“We envision a horizontal axis and a vertical axis. The horizontal axis will put commodities on it, where you go buy a stick of 2 by 2 by 1/4 angle, but it and have it delivered by FedEx or somebody else. But the guy who needs a hole drilled or something welded, he’s going to call us up. It’s cloudy how exactly those things will work, but it will come together eventually,” Partalis says.

Throughout the process, Kloeckner has imparted an unusual lesson to its employees leading the digital undertaking. “In that kind of business, failure is an option. But you fail fast and you fail cheap. And then you fix it and move on,” Partalis says.

And now, after a metals career that had many more successes than failures, the time has come for Bill Partalis to move on as well. ■

For more on Kloeckner’s digitization efforts, visit www.metalcenternews.com.

Elite Company

As the 21st recipient of MCN’s Service Center Executive of the Year Award, Bill Partalis joins an illustrious group of past honorees:

- **Michael Siegal**, Olympic Steel, Bedford Heights, Ohio.
- **David Hannah**, Reliance Steel & Aluminum Co., Los Angeles
- **Norm Gottschalk Jr.**, Marmon/Keystone Corp., Butler, Pa.
- **Al Glick**, Alro Steel Corp., Jackson, Mich.
- **Sandy Nelson**, Earle M. Jorgensen Co., Lynwood, Calif.
- **Arnold Tennenbaum**, Chatham Steel Corp., Savannah, Ga.
- **Bud Siegel**, Russel Metals, Mississauga, Ontario
- **Dave Lerman**, Steel Warehouse Co., South Bend, Ind.
- **Bill Jones**, O’Neal Steel, Birmingham, Ala.
- **Don McNeeley**, Chicago Tube & Iron Co., Romeoville, Ill.
- **Wayne Bassett**, Samuel Son & Co., Ltd., Mississauga, Ontario
- **Gary Stein**, Triple-S Steel, Houston
- **Mike Petersen**, Petersen Aluminum Co., Elk Grove Village, Ill.
- **Richard Robinson**, Norfolk Iron & Metal, Norfolk, Neb.
- **Michael Hoffman**, Macsteel Service Centers USA, Newport Beach, Calif.
- **William Hickey**, Lapham-Hickey Steel, Chicago
- **John Bates**, Heidtman Steel Products, Toledo, Ohio
- **David Samrick**, Mill Steel Co., Grand Rapids, Mich.
- **Craft O’Neal**, O’Neal Industries, Birmingham, Ala.