

News: Morgan Construction marks record 2006 in specialty niche

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Ex-U.S. companies are its best customers

By CORY HOPKINS

Outsourcing has become a buzz-word for all that is wrong with American industry. But without the business and the customers created by out-sourcing, Worcester-based Morgan Construction Co. would have closed years ago, says a senior manager.

Morgan marked 2006 as a record year for its reducing sizing mills, or RSMs. It took five separate orders for the mills last year, bringing Morgan's total to nearly 40 strands, making it the market leader in the segment.

The privately-held Morgan, the world's leading manufacturer of steel milling equipment and technology, has stayed afloat in large part due to overseas orders for its state-of-the-art rod and bar reducing sizing mills. New Morgan technologies allow for a wider range of sizes and qualities in the production of steel rods and bars. Since the introduction of the equipment in 1991, 36 of the mills have been sold worldwide, only two within the United States.

"If you listen to the [media] and they say, 'You are exporting jobs outside of the United States,' that's true," says Michael Shore, Morgan's senior vice president for strategic development and rolling mill technology. "But if we didn't do that, we'd be shut down."

Privately-held Morgan Construction employs 430 in Worcester and 1,050 worldwide, and has sales in excess of \$150 million.

Between 1998 and 2005, eight RSMs were sold to China. Last year's five orders came from companies in India, South America and Europe. Clearly, says Shore, there is a desire in developing nations to compete on the international steel market.

"People who want to be the best, people who want to have the latest technology, are looking for this," says Shore of Morgan's advanced rolling, cooling and milling technology. Countries willing to spend hundreds of millions of dollars on new mills will happily spend a few million more for the best equipment.

As a result, Morgan has set up machine shops abroad with hopes of both growing the markets for their equipment overseas, but also in order to keep the shops at home humming.

"Technology enables our machine shop to work," says Shore. "We would sell the drawings to China to make this, or we would farm it out for no profit. By having the machine shop in China we can compete on a worldwide basis, because we have cost effectiveness and technology. Because of the market conditions and technology, we are growing slowly in Worcester. But to maintain that growth in Worcester, you have to maintain growth across the entire mill, not just this one piece."

Shore explained that international patents held by Morgan for their equipment and advanced technology protect them from international piracy and allow them to continue manufacturing their machines both at home and abroad.

The advent of new milling technology by Morgan engineers has not only enabled Morgan to thrive, it has allowed Morgan's customers to effectively compete as well. Without Morgan RSM's, Ivaco Rolling Mill in Ontario, Canada, would be out of business today, says Stewart McKechnie, manager of operations for Ivaco.