

JACOBSON/METAL CENTER NEWS  
CUSTOMER SATISFACTION SURVEY

# Satisfaction Gap *Widens*

Photo courtesy ABE Group



The industry's top-ranked steel producers are pulling away from the competition, widening the customer-satisfaction gap between the best and the rest.

**S**ATISFACTION LEVELS AMONG MILL customers dipped last year due to high steel prices and delayed deliveries, but producers appear to have turned that trend around. According to the latest data from Jacobson & Associates, which conducts a continuous census survey of steel mill customers, average overall customer satisfaction rates bottomed out in fourth-quarter 2004 for all major segments of the steel industry and have moved up for the past three quarters.

Average overall customer satisfaction rates for sheet mills increased to 55 percent in third-quarter 2005, up from 47 percent in fourth-quarter 2004. Minimills' ratings improved to 78 percent,

## Bio

John Jacobson is President of Jacobson & Associates, Lake Forest, Ill. The Jacobson Survey has been measuring steel customer satisfaction for more than 10 years. Jacobson can be reached at (847) 735-7250 or via e-mail at [jej@jacobsonsteel.com](mailto:jej@jacobsonsteel.com).



from 74 percent, over the same period, while plate mill ratings averaged 54 percent recently vs. 48 percent a year ago. The customer satisfaction rate is based on the percentage of customers rating suppliers at 8 or higher on a 1-to-10 scale.

The gap between best and worst performers continues to widen. As of third-quarter 2005, the differential between the highest and lowest satisfaction rates for sheet mills was 62 percent—the highest at 90 percent minus the lowest at 28 percent. For plate mills, the spread was 49 percent—the highest at 72 percent minus the lowest at 23 percent, while for minimills the gap was 48 percent—the highest at 95 percent minus the lowest at 47 percent.

Top suppliers in each market segment have continued to improve their performance, discovering new ways to

CHART 1

## The Leaders

### Top-Rated Mills by Product Category

- Sheet**—North Star Bluescope
- Plate**—IPSCO Montpelier
- Minimill**—Cascade Steel, Nucor Birmingham (tie)
- SBQ Bar**—Nucor Nebraska
- Tube**—Southland Tube, Independence Tube, Maverick Tube (tie)

SOURCE: Jacobson & Associates Customer Satisfaction Survey for the 12 months ended Aug. 31, 2005. Includes both service center and end-user ratings.

In spite of ongoing challenges with availability, pricing and raw material costs, many steel suppliers have been able to register double-digit advances in their customer satisfaction rates. For some, improvement means pushing the envelope to record customer satisfaction levels, while for others improvement means rectifying issues that have created dissatisfaction in the past.

Following are the most-improved suppliers in overall customer satisfaction, by product category:

#### Sheet Producers

1. North Star Bluescope
2. Wheeling Pittsburgh
3. Stelco
4. Mittal Canada
5. Steel Dynamics Inc.
6. WCI Steel
7. USS Fairfield Works
8. USS Great Lakes
9. Mittal Indiana Harbor
10. Mittal Riverdale

#### Minimills

1. Nucor Birmingham
2. Nucor Nebraska
3. Gerdau Knoxville
4. Nucor Jackson
5. Cascade Steel

#### Plate Producers

1. Oregon Steel
2. IPSCO Montpelier
3. CitiSteel USA

#### SBQ Producers

1. Niagara LaSalle
2. Gerdau Ameristeel
3. Mittal Inland Bar
4. Republic Engineered
5. Nucor Nebraska

In spite of ongoing challenges with availability, pricing and raw material costs, many steel suppliers have been able to register double-digit advances in their customer satisfaction rates.

meet customers' needs. Customers—including service centers and end-users—routinely describe leading mills as “customer focused,” “responsive,” and “easy to work with.”

Top suppliers for the 12 months ending Aug. 31, 2005, among all customers,

were: North Star Bluescope in the sheet category; IPSCO Montpelier in plate; Cascade Steel and Nucor Birmingham (tie), minimills; Nucor Nebraska, SBQ; and Southland Tube, Independence Tube and Maverick Tube (tie) in the tube market.

## Methodology

Jacobson & Associates conducts a continuous census survey of more than 2,000 major steel customers in the United States and Canada—including service centers and end-users—which stands as an objective, third-party measure of steel customers' satisfaction with their mill suppliers. This article is based on survey data for the 12 months ended Aug. 31, 2005. Customers use a 10-point scale to measure their level of satisfaction with supplier quality, delivery, price, service and overall performance. Jacobson compiles separate reports on sheet producers, plate producers, minimill producers, SBQ producers, tube producers and beam producers.



CHART 2

## Top Sheet Mills

Overall Customer Satisfaction

**Service Centers**

1. North Star Bluescope
2. Beta Steel
3. WCI Steel
4. Gallatin
5. Nucor Arkansas
6. Nucor Berkeley
7. Dofasco
8. Wheeling Pittsburgh
9. USS Mon Valley Works
10. AK Steel

**End-Users**

1. Nucor Arkansas
2. WCI Steel
3. Gallatin
4. Dofasco
5. Algoma Steel
6. AK Steel
7. Stelco
8. Nucor Berkeley
9. Mittal Sparrows Point
10. USS Fairfield Works

### Customer feedback

Honest customer feedback is necessary for suppliers who hope to maintain a high level of customer satisfaction. Suppliers who listen to their customers tend to be the most aware of problems and opportunities to improve satisfaction levels. At the end of each customer survey, Jacobson & Associates asks: "Where do steel suppliers need the most improvement." Not surprisingly, most answers call for more effective communication, better pricing, on-time deliveries, more consistent product quality, better use of computer technology, and integrity. "Commitment—doing what you promised" is where mills can most improve, said one respondent. "Do what you say you will, period," wrote another.

CHART 3

## Top Plate Mills

Overall Customer Satisfaction

**Service Centers**

1. IPSCO Montpelier
2. IPSCO Canada
3. Nucor Hertford
4. Nucor Tuscaloosa

**End-Users**

1. Oregon Steel
2. IPSCO Montpelier
3. CitiSteel USA
4. Nucor Tuscaloosa

CHART 4

## Top Minimills

Overall Customer Satisfaction

**Service Centers**

1. Nucor Birmingham
2. Roanoke Electric Steel
3. Nucor Auburn
4. Nucor Nebraska
5. Nucor Jackson
6. SMI Steel Texas

**End-Users**

1. Cascade Steel
2. Nucor Marion
3. Nucor Birmingham
4. Gerdau Canada
5. Nucor Jackson
6. Nucor Seattle

Asked for a short word or phrase describing each mill, respondents called some suppliers "opportunist," "old-school arrogant," "unpredictable," and "in disarray." Others were described as

CHART 5

## Top SBQ Bar Mills

Overall Customer Satisfaction

**Service Centers**

1. Nucor Nebraska
2. Nucor South Carolina
3. Niagara LaSalle
4. Chaparral
5. Gerdau Ameristeel

**End-Users**

1. Nucor Nebraska
2. Sheffield Steel
3. Gerdau Ameristeel
4. Chaparral
5. Timken

"supportive," "consistent," "dependable," "accommodating," "always on top of things," even "stellar." Such gut-level emotions, both positive and negative, help fill in the picture of each supplier's performance.

Recent industry trends put some mills' hard-won gains in customer satisfaction at risk. Short supplies force customers to evaluate alternatives to domestic steel, such as imported material, substitute materials or offshore manufacturing. Higher prices squeeze customer margins, forcing some to close or relocate plants.

In some cases, piles of profits have caused mills to lose sight of the importance of serving their customers. Industry consolidation is leading some customers to fear a return of the "Big Steel" mentality and the arrogant behavior that characterized the old-time steel industry.

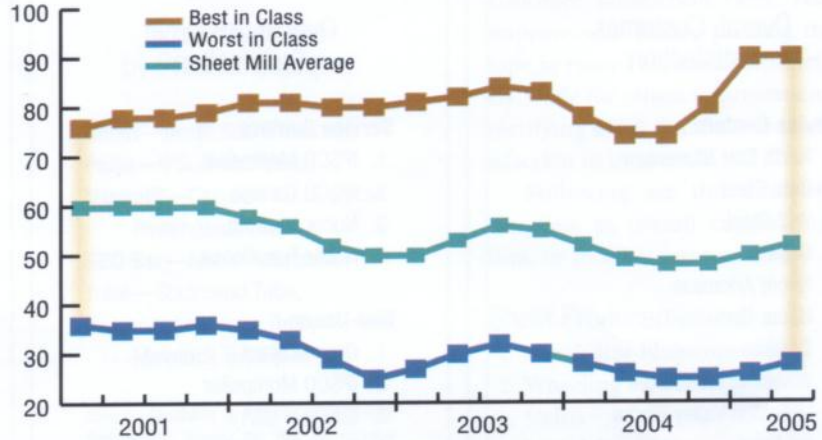
Steel mills that are able to avoid the pitfalls of pride and arrogance continue to show gains in customer satisfaction. Mills that lose sight of the fundamental importance of satisfying customers place

Since 2001, the gap has continued to widen between customer satisfaction levels achieved by the top performers in the sheet (shown), plate and minimill categories, vs. the worst-in-class performers. Top mills have demonstrated a proficiency in continuous improvement that has led to sustained gains in customer satisfaction, despite the market volatility of the past four years.

themselves at greater risk to the inevitable down cycles of the steel industry. ■

CHART 6

### Sheet Mill—Overall Satisfaction



Recent industry trends put some mills' hard-won gains in customer satisfaction at risk.