

Prolamsa: Packed with potential

Venerable in Mexico, the nearly 50-year old tube producer has a new plant, high ambitions, and is gaining ground in a market near you.

By Michelle Martinez, Editor-in-Chief

Walk down almost any street in Monterrey, Mexico, and you'll see evidence of Prolamsa's (Productos Laminados de Monterrey, S. A. de C.V.) influence. Founded by Don Juan Montemayor Martínez in 1954, the company quickly grew a reputation as an innovative producer of shapes for doors and windows. These days, the company is involved in a raft of industries—from construction to office furniture to, most recently, automotive—and is better known as one of Latin America's largest producers of as-welded mechanical and structural tubing, metal building components and finished metal shapes.

From its plant in Monterrey, the company serves Mexico, South America, the United States and Canada. Its reach is broad, and about to grow even further. After years of steady growth and a continuing stream of curiosity from potential customers from all sides of the border, Prolamsa began a program of heavy capital investment that culminated in an 800,000 sq. ft. state-of-the-art plant located in Escobedo, just outside of Monterrey. The new location will not only provide the space required for increased production, but will be the site of new equipment intended to propel the tube producer into new markets, and expand its presence in others.

Even with a nearly 50-year tradition under its belt, "we are all very modern and progressive," commented Jean-Marie Diederichs, general manager of Prolamsa's Houston, Texas sales office. "Thanks to ambitious goals, there is a lot of enthusiasm within and surrounding our company, and we believe that is the key to the success we have been enjoying in the global marketplace. As we grow, people have been ap-



From left: Jorge and José Garza Montemayor. Photographs courtesy of Prolamsa.

proaching us upon seeing that our potential is more considerable than they had originally thought."

Prolamsa is headed by a young management team: José Garza Montemayor, a descendant of the founder, is the company's general director; Jorge Garza Montemayor is its general manager; and Diederichs is the main conduit of sales to the U.S. José Garza's quiet intensity belies a contagious excitement about the company's future. Walk through the company's brand-new facility (which boasts a Japanese garden and art-strewn walls "for the employees enjoyment") and it's apparent: Prolamsa has been readying itself for this move for years, and now, poised to make the jump, is very clear about its destination.

New investments

From planning to completion, the Escobedo plant was over three years in the making. The original idea was to fold the Monterrey facility into the new one in Escobedo, "but our growth obliged us to keep both plants," explained Jorge Garza. "In the meantime, we continued to buy new equipment to cover our customer's needs." Together, the two facil-

ities cover more than 1.1 million sq.ft.

Prolamsa saw opportunity in the automotive industry, which prompted the purchase of a specialty tube mill. Later, the company added another mill for the structural market.



The mill can produce up to 6-in. diameter HSS tube, extending Prolamsa's product lines. Previously, the company could only produce product of up to 3 in. The mill has the additional feature of an in-line painting system, allowing Prolamsa to offer primed HSS tube to fabricators and contractors. According to Jorge Garza, there are only two companies in North America with in-line painting of HSS products. In Mexico, Prolamsa is the only one.

"For us, the idea of acquiring this mill was to add value to and differentiate our product," Jorge Garza explained. "We are trying to grow into a market brand new to us, but we are also giving our customers the option of color-primed material with our ColorShield™ line."

Primed HSS saves the OEMs, fabricators and contractors Prolamsa sells to time and money by saving them the work of post-painting operations, Garza said. It also improves productivity, increases the product shelf life and reduces product handling, without compromising quality.

"The new equipment that we have invested in is the latest technology available," Garza said. "A lot of attention has been paid to creating a more streamlined facility as well."

There is room to expand at Escobedo, and the company hopes that a healthy chunk of that future growth will be in automotive. As the likes of the Big Three, Volkswagen and Mercedes have increased their investments in Mexico, the market has become a logical extension for Prolamsa, although not without some hurdles.

Breaking into automotive

"We want to grow slowly but steadily in the automotive industry," Jorge Garza related. "We know of some companies that use our type of products, but we would like to learn as much as possible and acquire more experience before we expand further into the industry. This, we believe, will be in full benefit to our future customers."

Prolamsa gained its QS-9000 certification a few years back, a necessary pedigree to participate in the automotive industry. Earning its stripes by accommodating the myriad and often punctilious demands of the automotive set formed a different type of education for Prolamsa, but one that the executive team agreed increased its agility and efficiency. Taken with the company's ability to leverage its steel buys in Mexico, resulting in favorable pricing, Prolamsa has gained steady ground with Mexico's Tier I and II suppliers. "Because of volumes, we are able to purchase material quite competitively from various sources,



Paint line at Prolamsa's Monterrey plant.

making us very competitive," Diederichs observed.

Take Klender Garcia for example. Two years ago Garcia was responsible for finding new suppliers for Industria de Asiento Superior, an automotive seat manufacturer formed by Tachi-S Co. and Nissan Mexicana. The company couldn't waver on quality, but was looking for a better price to keep in line with Nissan's cost reduction program, which called for savings on the order of 33 percent. "Prolamsa provides the same quality at a better price," Garcia commented, noting that Prolamsa is now Industria de Asiento Superior's main source for steel tube.

Price was a deciding factor for Cooper-Standard as well when they first began to explore a program with Prolamsa. Cooper-Standard manufactures products for automotive sealing and fluid systems, as well as vibration control products and related items. The company's customers are located around the globe and require lengthy approval processes for every conceivable variable before a new supplier can be brought into the fold.

Called P-PAP (Production Part Approval Process), over 100 parts made from Prolamsa-produced steel tubing were sent through the testing gauntlet. Prolamsa received the stamp of approval about 18 months ago, winning the contract for over \$1 million of tubing that Cooper used to source through a U.S. mill.

"They demonstrated they were meeting all of the requirements the U.S. supplier was," Juan Green of Cooper-Standard explained, "and they were very competitive from a cost standpoint."

Green pointed out that Prolamsa's close proximity has moved Cooper-Standard to just-in-time delivery schedules, improving the Torreon, Coahuila location's efficiency and inventory turns.

"We have presence in both Mexico and the U.S. (Houston)," reminded Diederichs. "In Mexico, we are strategically located close to key automotive facilities where brands such as Ford, DaimlerChrysler, Nissan and Mercedes-Benz are assembled, several of which are presently our clients. This has given our product projection into the world market."

Prolamsa's cost, and subsequent price advantage could be a boon for automotive suppliers in the North American market (and cause for concern for the large number of U.S. suppliers already engaged in automotive). However, Diederichs continued, "we have made a conscious decision to not venture into the American automotive industry as of yet. We would like to first firmly establish ourselves in the national market. We do hope to venture out as soon as we feel completely ready to give the prospective clients what they need."

New kid on the block

It took Prolamsa approximately seven years to carve a place for itself in the U.S., and not without some resistance. As Diederichs put it, "when you start from scratch, it requires a lot of effort, but little by little, the business grows."

Prolamsa initially had to struggle with the perception that the quality of everything coming from Mexico was intrinsically bad, Diederichs said, adding that advanced equipment



A view of Prolamsa's new Escobedo facility.

and an efficient workforce went far in proving the contrary. "In fact," Diederichs declared, "oftentimes we were at least equal to, if not better than, many of the U.S. mills of our caliber. I believe that we now have a very good image in the U.S. We resell to different tubing mills in the U.S., and they know that they can buy from us without fear of potential quality problems with their customers."

Diederichs considers being a relative newcomer to the U.S. market as an advantage, suggesting Prolamsa, untied by convention, was able to do things that established domestic mills perhaps did not have the flexibility to attempt, "as they were perhaps limited by their organizational structure and habits," he noted. "Nothing was preventing us from expanding in any particular direction."

Prolamsa is growing at an equal pace on both sides of the border, and the company ultimately expects to ship a quarter to one-third of its products into the U.S. market. "I think companies nowadays are more willing to try new suppliers," José Garza observed. "They want to become more efficient and demand the same from their supply chain. For the past five or six years, we've been investing in new equipment that gives more precise tolerances, along with higher productivity and efficiencies. With our lean staff, that translates into better cost structures for us and our customers."

Diederichs agreed. "We've grown much more agile with experience, much quicker to respond. Our success might be attributed to a combination of creativity, dynamics and being in the right place at the right time." ■

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