

# A 'Rather Peculiar' Success Story

Christy Metals' success is as much about the evolution of the red metals market as it is about the Chicago-based service center's strategy.

Christy Helms is kind of like the guy who emerges from his basement after the tornado to find that he is surrounded by destruction yet somehow remains unscathed. The whirlwind of consolidation and price volatility has wiped many players off the red metals map in the past decade, but Christy Metals remains firmly in place. Even the company's president is somewhat surprised.

"We didn't really suffer much from the recession," says Helms. "We are way ahead of prerecession levels. Even with automotive, housing and consumer electronics down, we still picked up enough market share to increase sales and margins. It's rather peculiar that we didn't suffer like the rest of the market."

One likely reason is that Christy Metals is something of a peculiar company, certainly not a typical copper and brass distributor. Founded by his father, Creighton, in 1965, the company stocks over a million pounds of strip, sheet, coil and bar. While located in the Midwest, it has customers all over the country. Housed in its Chicago-suburban Northbrook, Ill., headquarters are both electroplating and hot-dip tinning lines, rarely found in a service center environment. Its metal-coating capabilities make Christy Metals a producer as well as a distributor. Indeed, the company sometimes acts as a toll processor for its mill suppliers as



▲ "We are way ahead of prerecession levels," says Christy Helms, president of Christy Metals in Northbrook, Ill. (Photos by Tim Triplett)

well as a master distributor of coated coils to both mills and end-users. To top it off, the company's Chris Industries division is a highly successful and very specialized fabricator of high-end architectural sheet metal goods in copper, aluminum, stainless, galvanized and kynar material.

MCN's conversation with Helms, his Vice President of Sales Lance Shelton and General Manager Sherrie Schram was as much about how the copper market has changed as it was about their company's approach.

Demand for copper has declined dramatically and will probably never return to previous heights, they acknowledge. Domestic consumption of copper and brass products has dropped from a peak around 1.3 billion pounds per year before the recession to roughly 700 million pounds today. "Much of the demand has migrated to China and other low-cost markets overseas. We have lost the U.S. manufacturing base, so we don't have the customers to support those millions of pounds we used to use in the United States," Helms notes.

As a result, the market has consolidated proportionally, both at the mill and distribution levels. Christy Metals sources product from just a handful of domestic mills still in business today, including Luvata, Revere Copper Products, Hussey Copper, PMX Industries and The Miller Co. It periodically buys material from overseas, as well. "Years ago, there were 25 different mills around the country that we

could buy from. Today, there are just a few," Helms says.

Red metals distributors have experienced a similar shakeout as the scale of copper and brass trade has diminished. "There used to be more than 20 distributors in the Chicago area, now there are just a handful," notes Shelton. The same is true in most regions of the country.

One of the more successful survivors, Christy Metals has managed to pick up market share as competitors have dropped out. It helps that the company's market area stretches from coast to coast. "Most of our customers are not in Illinois, they are all over the U.S." Helms says. To service the whole country, Christy Metals stocks material in El Paso and Dallas, Texas; Orlando, Fla.; and Joliet, Ill., where its Chris Industries division is located; as well as its Northbrook headquarters. Christy Metals operates

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*Christy Helms, Christy Metals*

three trucks to service the Midwest, and uses common carriers to ship other orders nationwide.

How much more consolidation is still to come for copper suppliers? None, says Helms, suggesting that the market may even be underserved. "We are at the end of it. In fact, we may have gone too far, as everyone got bought up, consolidated or shut down."

That condition presents opportunities, especially as the economy improves, beyond the fact there are fewer rivals in the market. One example is the sales talent that Christy Metals was able to pick up as competitors went down. Helms has hired half a dozen veteran salespeople from companies that have downsized or closed up shop, including Shelton, who was formerly with Guardian Metal Sales. "We have a growing customer base because of that," Helms says.

The very nature of Christy Metals' business has changed with an emphasis on fulfilling larger numbers of

## At a Glance

### Christy Metals

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### Chris Industries, Inc.

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### Chris Plating

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**Key Personnel:** Christy Helms, president; Lance Shelton, vice president, sales; Sherrie Schram, general manager

**Total Employees:** 55

**Facilities:** Northbrook, Ill.; Joliet, Ill.; Dallas and El Paso, Texas; Orlando, Fla.

**Products:** Aluminum, brass alloys, copper, beryllium copper, nickel alloys, phosphor bronze, cupro nickels, nickel silvers, stainless steel, zinc strip alloys

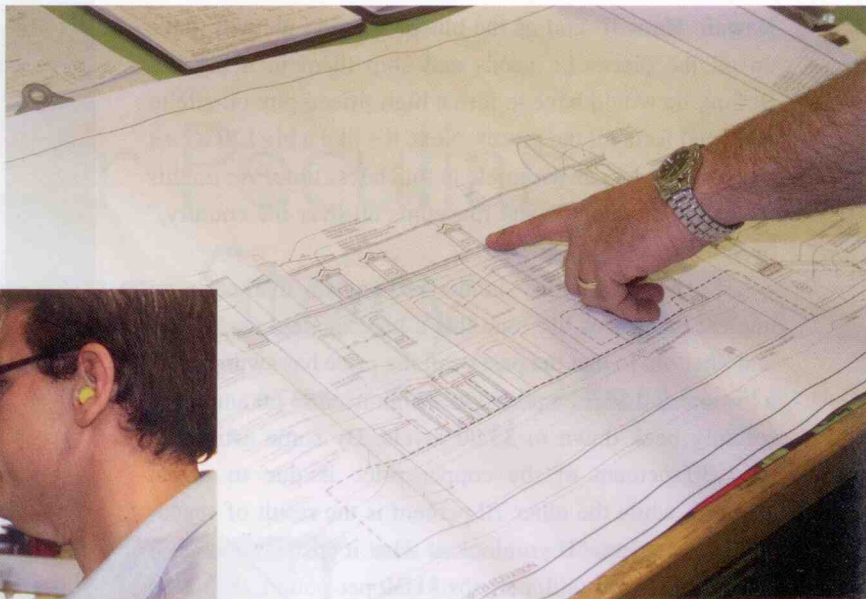
**Services:** Traverse winding, slitting, cut-to-length, tinning, solder coating, electroplating, silver plating, just-in-time delivery.

**Equipment:** Four slitting lines, 18-inch cut-to-length line, electroplating line, hot-dip tinning line, three delivery trucks.

**Markets:** Aeronautics, architectural, automotive, building, dental, electrical, forging, fabrication, machinery, marine, medical, structural, ship building, master distribution.

◆ From a set of blueprints, Chris Industries can fabricate all the architectural elements needed for a job and assemble them into a kit for easy installation.

◆ Christy Metals' Calypso Hammerhead waterjet cutter gives the company the ability to create and fabricate complex shapes at tight tolerances.



smaller orders on a just-in-time basis. "In the old days, we would get these nice 12,000-pound orders once a month. Now we might get an order for 2,000 or 3,000 pounds every Thursday. It literally has to be on the customer's dock at a certain time on a certain day. It goes right onto a machine. Nobody wants to put material into inventory," Helms says.

"We are family owned, we offer same-day or next-day service, and we can react to our customers' needs and demands very quickly," adds Schram.

Thus Christy Metals' willingness to keep a large inventory on hand makes it the go-to source for customers all over the country—even mills and other distributors. Christy Metals carries flat-roll, bar, rod and tube in a wide range of copper and brass alloys, and turns over its inventory an impressive eight times per year, on average.

"The mills don't want to cast a big lot just to fill a small order and end up with a bunch of extra material in inventory. They have a 60,000-pound furnace, so when they get a 2,000-pound order, they come to us. We're a customer and a supplier," says Shelton.

Copper and brass mills have downsized sharply and are reluctant to rehire workers until they are certain the improving economy justifies the added manpower. Meanwhile, mill

lead times have stretched out by eight to 10 weeks or more. For certain specialty alloys, the wait can be up to 16 weeks. Consequently, many mill customers now seek product more quickly from Christy.

Christy Metals is also a master distributor. Helms estimates about 20 percent of Christy Metals' orders come from other distributors. "We have no problem selling to our competitors," Helms says. "We might partner on a deal where we do the strip and they do the rod, and we make a nice package for a common customer. Then we both win."

Also making Christy Metals a nontraditional distributor is its extensive processing and fabricating services, which include slitting, traverse winding, electroplating and hot-dip tinning, edging, and cutting to length in gauges from very light to very heavy. The depth of its product offerings and its in-house plating and coating operations, known as Chris Plating, differentiate Christy Metals from virtually all competitors.

Also making the company unusual is its Joliet-based Chris Industries division, which fabricates architectural elements for commercial and residential construction in copper and aluminum. "Architects will come in with a giant blueprint for a multimillion dollar mansion and we will custom make all the flashing, windows, lighting fixtures and whatever else needs to be done," Helms explains.

The company's kitting approach offers big savings for architects and builders. "Say a guy is building a big house in