

Fraser Steel bucks economic downturn by investing in big equipment

While most metal manufacturers in Minnesota are responding to the economic downturn by retrenching, Albertville-based Fraser Steel is continuing to reinvest. The global specialist in precision tubular parts, components and assemblies is taking advantage of the temporary market lull to make strategic equipment purchases that will expand its production capabilities and position it for growth.

Fraser Steel Acquires “Big Bender”

Fraser Steel recently acquired a large-capacity rotary draw bender (photo attached). The “big bender,” which weighs 12 tons, will enable the company to bend large pieces of round and square tubing as well as solid steel bars that previously were too big to handle in-house. It will be in production in March.

The finished bent parts are used primarily in cab enclosures on heavy equipment needed for agriculture and road construction. That equipment is expected to be in high demand over the next several years as the country invests in infrastructure and farming.

“Even in a down market, there are pockets of opportunity,” explains Thomas Baxter Stephenson, chief operating officer of the precision tubular parts and assemblies manufacturer.

Investing in “The Next Big Thing”

“We understand that our acquisition strategy flies in the face of conventional wisdom, which is to hunker down and ride out the worst of the storm,” says Stephenson. “But we see this recession as a unique opportunity to put some distance between ourselves and the competition.”

This isn’t the first time that Fraser Steel has invested during a down economy. Literally days after 9/11, it purchased a laser tube cutting machine, making it the first contract manufacturer in the United States to own one. Over the next six years, it acquired three more tube lasers, giving it unmatched capabilities and capacity.

“We try to anticipate technology advances and be the first in the industry to get them on the floor. The big bender is literally ‘the next big thing,’” says Stephenson. This bullish approach to capital investments reflects the company’s business mantra: “The best way to predict the future is to create it.”

Funding Growth with Cash

“We’ve always believed in reinvesting the profits in the business. As a result, we have low debt and are in a strong cash position to take advantage of expansion opportunities when they present themselves. Not every manufacturer has that option, especially now,” Stephenson says.

Advantages to OEM Manufacturers

“The big bender will make us more attractive to OEM manufacturers who prefer the convenience and cost advantage of one-stop outsourcing. It also will help us capture more large welding business. Until now, we had to either forgo or contract out projects that involved large tube bending,” according to Sales and Marketing Manager Luke Fraser, a third-generation Fraser involved in the business.

To make the most of its equipment investments, Fraser Steel is stepping up its marketing efforts as well.

“It’s all part of preparing ourselves to be stronger and more diverse when the economy rebounds,” Fraser added.

About Fraser Steel

Founded in 1970, Fraser Steel is a global specialist in the design and fabrication of precision tubular parts, components and welded assemblies for OEMs with exacting standards around the U.S. Fraser Steel’s sophisticated concept-to-completion capabilities consistently achieve the precise tolerances, intricate profiles and specific finishes that customers demand.

Unlike other metal manufacturers that dabble in tubing, Fraser Steel excels in tubular applications requiring resourceful design solutions, short turn times, close tolerances, high quality standards or cost efficiencies. It partners with OEMs in virtually any industrial or consumer market that uses tubes. It does whatever it takes to help customers resolve an engineering dilemma, redesign a component, perfect an assembly process, or meet a tight delivery deadline.