

Osco Industries was intrigued by the double squeeze design of its new vertical molding machine and hopes it will help produce a better mold to help reduce scrap.

DISAMATIC 3

OSCO Delivers

AFS Corporate Member Osco Industries has finetuned its business to deliver quality parts with a short lead time by committing to gray iron, adding flexibility through inventory, and conservative revenue management. **SHANNON WETZEL, MANAGING EDITOR**



Oscos Industries (Portsmouth, Ohio), has carved a niche for itself as one of the few remaining medium-to-high-volume iron casting facilities pouring only gray iron in the U.S. The commitment to gray iron seems to go against industry forecasts for growth and market share. But gray iron is the key to one of Osco's main advantages: four-week lead times.

Tom Kayser, sales and marketing manager at Osco, admits ductile iron is the main growth market for the iron casting industry. But for the former Ohio Stove Co., gray iron has been providing enough growth to keep the business financially strong, and opportunity in the metal remains for casters who offer good customer service and dependability.

"Other foundries are dropping their gray for ductile because it's a growing market," he said. "But that's pushing more gray work our way. And

by only pouring gray, we don't have to worry about saying to a customer we can't make your parts because we are pouring ductile this week. It allows us to be more flexible."

Osco started as a stove company in 1872. It was purchased in 1942, and immediately, stove business was dropped in favor of commercial castings. Today, Osco runs out of three



Coremaking, patternmaking, and heat treating are all done at the Portsmouth, Ohio, plant. Cored work is typically kept in Portsmouth while the New Boston facility churns through the non-cored work.



An employee checks the dimensions of a casting to the CAD file specifications in Osco Industries quality control lab.

plants within 40 miles of each other. Two are medium to high volume green sand casting facilities operating vertical and horizontal molding machines, the other is a shell molding facility.

Last year, Osco Industries installed what is planned to be the first of four brand-new DISAMATIC D3 vertical molding lines to replace and update its aging equipment at its two green sand casting plants. The capital investment serves as a clear indication to its customers and employees that the business is healthy and working proactively to ensure stability and steady growth.

“What I try to get across to our customers is how reliable we are,” Kayser said. “Osco is a company that has been around for a long time and will be around for a long time.”

In the mid-90s, Osco Industries saw it would not be able to keep up with the organic growth of its customers with the existing single green sand casting facility (along with the shell molding plant), so it opted to build a second, new plant four miles away in New Boston, Ohio. Like the plant in Portsmouth, the new facility installed two high volume vertical molding machines, but because it was new, Osco could configure the

lines in a more efficient setup. Where the Portsmouth plant is set up with melting in the center feeding the two vertical molding lines, a cope and drag line, and two automated horizontal molding lines, New Boston is set up linearly, with product moving from one end of the plant to the other on conveyors and monorails. Only one forklift is needed at the end for shipping.

Around the same time the New Boston plant was being built in the 90s, Osco also installed new automated vertical molding machines in Portsmouth.

Fast-forward 25 years and 27 million molds later, the first of those new machines was due for a major overhaul or replacement.

“We are pretty aggressive about maintenance,” said Ryan Burke, president, Osco. “We don’t like to get to the point where we are repairing every day. We noticed that the things that were failing were becoming increasingly expensive.”

By design, Osco Industries replaces its equipment around the same time frame. A few years ago, it upgraded the rotary drums in all its plants. By keeping all four vertical green sand molding machines identical to each other, Osco

has flexibility to shift casting jobs from one line or plant to another based on scheduling needs. It is one facet of maintaining the strict four-week lead time promise to its customers.

“We like to have all the machines the same so we can keep spare parts,” Burke said. “With two machines, you have to double the parts. So our plan is to replace all four. Most of our parts can be made at either plant, so there’s flexibility.”

The first new molding line was installed last summer in Portsmouth. The second new machine is due to be installed this summer in the New Boston plant. The final two lines are planned to be replaced in the coming two years.

The replacement schedule is aggressive and a major financial commitment. Osco can proceed this way because it is so conservative, Burke said.

“The foundry industry is capital intensive, so we are very conservative with our money,” he said. “We like to be able to finance ourselves.”

The financial health of the business is a selling point for Kayser when he speaks with customers.

“We have seen a few foundries who could not keep up with obligations and have had to go out of business

Unfortunately, so customers want to know how we are doing," he said. "I will share our finances and show them our D&B rating, which rates our financial soundness. We have zero to very little debt, which allows us to remain strong when markets soften."

Osco Industries also spreads its customers across diverse markets, including automotive, air conditioning and industrial power transmission.

"What has been nice is when one industry goes down, we don't get impacted too much," Kayser said. "We have been able to just be the company we are and every downturn, we come out stronger."

Growth at Osco Industries does not come only by market attrition, however. Osco is finding footing in a current reshoring trend.

"We want to increase the pool of castings through casting conversions and reshoring, and we have had a lot of success in reshoring recently," Kayser said.

The turning point for Osco started a few years ago, when a customer came to Kayser and said he was importing a machined and painted casting, but felt if he could buy a machined and painted casting from

one campus in the U.S., he could source it locally.

"We joined forces with a local paint and machine shop on the job and were able to get that business," Kayser said. "That one job has led to other jobs for that customer."

Osco Industries is also taking advantage of the Wal-Mart "Buy American" plan it launched in 2013 to source an additional \$250 billion in products made, assembled or grown in the U.S.

The metalcaster used to make boat anchors for a company that sells the product to Wal-Mart's marine division, but a few years ago Wal-Mart began importing from overseas. Kayser would walk by the product in his area Wal-Marts on occasion and shake his head at the lowered quality.

"Of course, it's just a boat anchor, but it didn't look good," he said. "I would buy the anchors and take pictures and show it to the customer."

With Wal-Mart's Buy American initiative, some creative casting design and pricing, and increasing labor rates in China, the Wal-Mart saw now was a good time to start making the anchors in Ohio again.

"If a company is importing a cast-

ing that is not machined and painted, we can be very competitive here in the USA," Kayser said.

One of Osco Industries strongest customer-oriented provision is the four-week lead time, which Kayser said has been in place for longer than he has been with the company.

"That four-week lead time does not waiver," Kayser said. "We don't move that around. We don't think it makes sense to the customer to place an order one week with a 4 week lead time and then next week the lead time is 10 weeks."

The four vertical molding lines at two plants gives flexibility in scheduling, as does a focus on solely gray iron. To further ensure the lead time, Osco also will work with customers to warehouse inventory so it can be sent as scheduled or on demand. The warehouse is situated on the same campus as the New Boston plant. An order placed at 11 a.m. on one day can be shipped out the next day.

Warehousing also helped when Osco had to shut down a line to put in new equipment, like when the new molding machines were installed last summer and this summer. Warehousing also helps cover planned shut-downs for plant maintenance.

"Being financially conservative and sound allows us to hold inventory," Kayser said. "We are comfortable holding inventory; we don't feel comfortable unless we have two-four weeks of inventory so we don't miss orders."

"Our main selling points are service, quality and lead time," Burke said. "We do have a lot of castings in our warehouse, but we want to try to help our customers as much as we can and have it be a mutually beneficial relationship."

Currently, Osco's shell molding and New Boston green sand plant are working two full shifts, while the Portsmouth plant is running at about a shift and a half. The goal is to get that one at two full shifts as well.

If Osco can continue to reshore work and win customers through its competitive lead time and delivered quality, achieving that goal may not be too far off. **MC**



Osco Industries pours castings in the range of 1-40 lbs. on its green sand lines.