



## An Interview With Richard P. Teets Jr. 2006 AIST President

Richard P. Teets Jr. is vice president and general manager, Structural and Rail Div., Steel Dynamics Inc., Columbia City, Ind. Teets earned a B.S. degree in mechanical engineering from Lafayette College, Easton, Pa. and an M.B.A. from Duquesne University, Pittsburgh, Pa. After graduating from Lafayette College in 1977, Teets started his career in Pittsburgh with J&L Steel, a predecessor of LTV Steel. During his 11 years at LTV, he had various assignments in the engineering, maintenance and production departments at several of its steel plants. He left to join Nucor Steel to assist in building the first-of-its-kind thin-slab CSP (compact strip production) facility in Crawfordsville, Ind. His first assignment was as manager – engineering, and later he was manager — cold rolling and finishing. After six years with Nucor, Teets, along with Keith Busse and Mark Millett, left in 1993 to build their own steel producing company, Steel Dynamics Inc. Teets' first responsibility was for engineering and construction of the flat rolled facility in Butler, Ind. After start-up, he was responsible for production and maintenance in the hot rolling and cold rolling departments. His current responsibilities include overseeing construction, start-up and operations of the mill in Columbia City.

Teets is a member of the board of directors of Steel Dynamics Inc., the Columbia City Area Chamber of Commerce, and Anthony Wayne Services (AWS), a nonprofit organization dedicated to assisting people — everyone from toddlers to elderly individuals — with disabilities.

Dick and his wife, Lisa, have been married since 1988. They live in Butler, Ind., close to the first steel plant that SDI built, with their three children, Elizabeth, 14; LeClaire, 12; and Christopher, 10. In his spare time, Dick enjoys fishing and collecting antique fishing lures, and working in the garden or yard. While the steel industry has taken him all over the world, Dick expressed that if he's offered the chance to stay home, he takes advantage of that opportunity to spend the time with his family.

Spend 15 minutes speaking with Dick Teets and you will feel as if you've known him a lifetime. AIST's new president is a down-to-earth, straightforward engineer with an impressive track record and a magnetic personality. In the words of colleague Mark Millett, "Dick is a great engineer and an even better business partner." Dick Teets recently took time to tell *Iron & Steel Technology* a little about himself.

***Iron & Steel Technology:*** How did you first become interested in the iron and steel industry?

**Teets:** When I was first out of high school, I was a bit uncertain about what direction to go, so I decided to follow in my father's footsteps, being that he worked in the metals industry for Alcoa. The metals industry was a part of my background, as I heard bits and pieces about the aluminum mills and it sounded exciting. I remember that I'd look at my father's drafting tables and take note of a lot of interesting things. He thought the metals industry was a great occupation to pursue and encouraged me, but suggested that I look for work anywhere but at Alcoa. He said to me, "You would never know if you got here on your own or because of me." I concentrated on heavy manufacturing and ended up with a job offer and employment at J&L Steel.

***Iron & Steel Technology:*** What were your first impressions of steel industry organizations such as the Iron & Steel Society and the Association of Iron and Steel Engineers?

**Teets:** My first recollections include the conventions and conferences. I held jobs at plants in Pittsburgh, Youngstown, East Chicago and Cleveland, and I always looked forward to the big shows. The equipment suppliers would attend and bring in big pieces of equipment such as oscillators from a caster or even a rolling mill stand. To have the opportunity to walk around and ask questions was an amazing education for a young engineer. It was a type of smorgasbord of engineers and technology that was being displayed by equipment suppliers and vendors. To be able to interact with so many other engineers was a very rewarding experience.

**Iron & Steel Technology:** Can you share some background on your career and some of the changes you've seen in the steel industry?

**Teets:** I've been the beneficiary of an amazing career, starting with J&L Steel as a trainee. I had the opportunity to work in the coal mines, in research and development, construction, project engineering and as a junior supervisor, all in the course of a year. Later, I worked in project engineering in different plants and worked in maintenance at the BOF and caster in Aliquippa, followed by an operating assignment in Cleveland. I've run the gamut of responsibilities. In my own circumstance, I was willing to go anywhere asked to broaden the depth of my experiences. I worked with and have stories from coke ovens to finishing lines, tubular or galvanizing for sheet, and light small structures. I have met so many people that it's amazing. I've been very fortunate in my life with the breadth of exposure. I have worked in union integrated plants and non-union minimills. Some people choose to stay in one department and become experts in their field. I took a different approach to try to become a jack-of-all-trades. I enjoyed learning about new techniques and processes. Now my responsibilities extend far beyond the pure engineering that I started with nearly 30 years ago.

During my career in the steel industry, I've witnessed integrated facilities converting from ingots to continuously cast steels, the automotive-driven development of improved coated products and the expansion of steel products provided by minimills utilizing ARC furnaces. All these changes were made possible by investments in technology.

**Iron & Steel Technology:** Can you discuss what it was like starting Steel Dynamics with Keith Busse and Mark Millett?

**Teets:** Forming Steel Dynamics was very exciting but also a bit stressful at times. Keith, Mark and I each had our own personal reasons for wanting to start something new. Nucor was the best company I had worked for, and I always felt very highly about the people I worked with. But it was time for a change in my life and I began to take an approach of "let's see what's possible."



SDI's management team (left to right): Kevin Bort, engineering manager; Dick Teets, vice president and general manager; Will Hawley, construction manager; Kevin Perala, melting and casting manager; Roy Perala, rolling and finishing manager; Chris Graham, material and transportation manager; and Bill Kautz, controller.

Together with Keith and Mark, we began to think about what we could do and decided, why not try this?

For three guys with little money and initial backing, we began by creating a financial model to reflect the results of improvements to the processes and technology that we had previously worked on. Things started to move along when





Dean Spires, an employee of Steel Dynamics, sitting on the seat of his new Harley Davidson motorcycle, the grand prize at the company picnic. Also pictured (left to right) are Dean's family, Mark Millett of SDI Butler, and Dick Teets.

Heidtman Steel, a processor of hot bands, and Omnisource, a scrap processor in the Midwest — both highly successful companies — felt they could back us.

No one believed it could be done. People believed we were three nice guys who left good careers at Nucor, but responded, “Sorry, it’s just not going to happen.” However, we believed in the project so much, we were spending money on long lead-time items before the project financing was in place. In nine months, \$400 million was raised in equity and debt. For us, it was painstakingly slow, but the investment community felt it was amazing that it happened at all.

In August 1994, Steel Dynamics set up headquarters in Butler, Ind., at the site of our original flat rolled plant. We started construction in October and produced our first coil of steel in December 1995. After the seventh month of operations, we were making a profit, and during the 11th month we went public and started being traded on NASDAQ. The rest, as they say, is history.

**Iron & Steel Technology:** What are some of the personal benefits that you’ve gained as a member of AIST, and what would you say to potential members?

**Teets:** When I talk about AIST to employees or others in the industry, I always mention the assembly of knowledge at the conventions. To me, the relationships that are developed with individuals are a tremendous value. To have the opportunity to meet the industry suppliers in a casual environment, to talk to them and ask

questions, to follow up and get detailed answers — that’s a rare opportunity. At the annual AISTech show, these suppliers are displaying their wares and bringing technical expertise from all over the world.

I remember at one show, I was exposed to electrogalvanizing technology in the very early stages. I was able to see mock-ups and simulations by competing technologies. It was interesting to go look at this without having to travel around the world where these technologies originated. Later, I accepted an assignment in Cleveland for the construction and operations of an electrogalvanizing line.

As a personal benefit of being an AIST member, you can participate in discussions and talk to people who are trained in the details of cutting-edge technology.

Every engineer ought to avail him/herself to our annual conference, specialty conferences and symposia throughout the year. If you think back to being in school, being a member of AIST is almost like receiving the Cliff’s Notes from an operating perspective. You can read the summary and then decide if you want to pursue additional information. This feature alone is a benefit that is well worth the cost of the membership. With the exposure to peers and competitors, young engineers should be thirsting for such opportunities. If anyone walks away from an AIST event without newfound knowledge, he/she probably wasn’t listening.

**Iron & Steel Technology:** What should be the main focus of AIST as an organization?

**Teets:** In my opinion, the most important thing to concentrate on for AIST is member retention. We have a tremendous offering of specialty conferences where many people join, but the problem is that they don’t always remain members. Attendees sometimes feel that they got what they came for in that particular conference. But there is an added dimension of becoming a member of AIST. Even if an individual can’t attend every event, members will find that gathering together is so much more than the social aspect and well worth the drive for a Member Chapter or Technology Division meeting. There is added value that’s not being taken advantage of, and we need to do a better job of communicating this to members.

Another focus needs to be on a large group within the metals industry who work at affiliated

companies working on galvanizing or paint lines. They belong to product organizations, and sometimes we miss out on reaching these individuals. We need to co-locate or offer some trials of member benefits to show them the bigger value of AIST within the industry's own finishing world. We need to involve outside groups aggressively and show that there are benefits over and above the ones that they currently enjoy by joining AIST.

**Iron & Steel Technology:** How do you view your role as AIST president?

**Teets:** I think my role should be as a facilitator. I would like to do whatever I can to help realize the membership goals and to facilitate and increase the technical offerings of AIST — the backbone of our organization. There are five challenges that have been identified by the Executive Committee and, as president, I hope to help AIST face these. I've already mentioned two of the challenges: collaborating with other associations and societies, as well as membership growth and retention. We can create member value through partnerships with related organizations that offer similar programming. The AIST membership could certainly benefit from these collaborations with other organizations that have already established particular niches.

Another goal is to improve member communications through our Web site content and through the focus of our publications, particularly *Iron & Steel Technology*.

The strategic plan also includes establishing benchmark metrics regarding operations and technical efficiencies, through which our members can derive value.

Finally, additional programs are needed to reconnect the steel industry with academia. It is vital for industry and academia to work together to leverage the opportunities that exist today in order to create a sustainable industry in the future.

This is an organization where competitors can come together and mutually benefit for the good of the industry. Being a facilitator, I will do all I can to wholeheartedly support the visions and the programs that are the labors of the staff and our members.

**Iron & Steel Technology:** What insight can you share regarding the current state of the industry?

**Teets:** Everyone should already recognize that there will be fewer companies in the future. That

should provide a challenge to be a survivor. Each plant has to earn its own way every day. There are many things in the industry that are out of our control: the market, the exchange rate, and foreign competition, to name a few. But we have to react, and as the evolution takes place, that is all the more reason to be cognizant of technology and the opportunities it presents. There is constant improvement available, and many times improvements can be garnered by sharing ideas and experiences with your peers. Very small improvements can truly be the difference between a plant being around in five or 10 years, or not. These are exciting times. Today's steel industry is recognizing the value of good engineers and operators, and they will be rewarded for bringing fresh ideas to their companies.

**Iron & Steel Technology:** What do you feel has been your key to a successful career?

**Teets:** One comment that people make about me is that I'm tight with money, whether it be my own or our company's. I learned from my dad, as he was a man who bought something only if he had the cash, that you must need the item and it must return more value than its cost. It's hard to make a dollar in today's world, but pretty easy to spend it. At Steel Dynamics, we have created an incentive plan to reward employees for reducing the cost of production in their departments. Everyone is responsible for the cost of production, even if it is something as minor as turning the lights off or reducing waste. If employees expand that responsibility to every function, they add value each and every day. It is important to have people who are going to think about the bottom line. When the market turns down, you have to be properly positioned from a cost perspective. I'd like to think that every decision made is influenced by hard numbers. That is the economically correct thing to do. To a fault, I work hard to make the best decisions, putting the company in a position to be a low-cost provider and to maximize the return on investment.

Personally, I can remember many times early in my career when people would plan where they wanted to be in so many years. It's a good thing I didn't waste time doing that because I couldn't have scripted my own career path. I've worked with a lot of great people, and they gave me challenging assignments. Without my knowing what would happen, doors opened and opportunities became what I made of them. I have been very fortunate. ♦