



Organization
Tubular Steel, Inc.

Industry
Distribution

Tubular Steel is a leading national distributor of carbon, alloy and stainless steel pipe, tubing, and bar products.

Overcoming Operational Silos to Generate 4x Growth Despite a Rapidly Shrinking Market

Challenge

Tubular Steel, a national distributor headquartered in St. Louis, was burdened with a siloed culture characterized by politicking and infighting. The operational heads who comprised the executive team communicated to the CEO but not laterally with each other, resulting in massive amounts of waste and poor productivity. Though the company had engaged one of the highest-profile change management consultants in the country, the company could not seem to get any traction. Turnover was high, with some of the company's best talent leaving in scores. Throwing up their hands, the management consultancy then working with the company pronounced the situation as "hopeless."

Solution

Believing their challenges required a fundamental shift in mindset, the CEO engaged Arbinger. Arbinger began working with the executive team in weekly training sessions and with members of the management team one-on-one. Through this combination of group training and executive coaching, the leaders came to understand their impact on each other and the organization and began to reconceive their work to account for that impact. The then Executive Assistant to the CEO, Larry Heitz, delegated all other responsibilities in order to devote his full time to operationalizing Arbinger throughout the organization. This implementation included the training of staff company wide and the development of new metrics and processes that would enable each employee to measure their impact on overall company performance.

Results

Tubular Steel's employees transformed the company. Equipped with an outward mindset, team members devised new and innovative ways to adjust their work to improve productivity and performance. Team members rallied to develop unique approaches to create competitive advantage a declining market. As a result, during the time when the market for their products decreased dramatically from 10 million tons down to 6 million tons, the company nevertheless grew by a factor of four. "We grew from 30 million to over a hundred million and more than quadrupled our profits," said Mr. Heitz, who later became President and CEO. "This is not soft stuff. Bottom line is that Arbinger can help a company make more profit. You get further ahead with a cooperative culture and you make more money because of it." Unlike so many training initiatives that seem to amount to nothing more than a flash in the pan, the change Arbinger enabled within Tubular was a fundamental change in mindset, buttressed with new ways of working. Remarkable on the longevity of this change, Mr. Heitz noted, "the training and infrastructure that was put in place was so deep rooted that the company has continued to be successful ever since."

"We were such a basket-case that the most effective consulting firm we could find (and it has a very high national profile) could do nothing with us, despite months of trying. Fortunately, this firm was familiar with Arbinger and referred us to them. Nothing has been the same since. We are now the most profitable company in our industry – doubling and even tripling the ROI of our nearest competitors. As a result of Arbinger, we have exceeded goals and created camaraderie to an extent completely unprecedented in my career."

Larry Heitz
Former CEO
Tubular Steel