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Metal Market Magazine

**Carol Jackson
on driving
HWI forward**



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Carol Jackson

'We are going to be unstoppable'

In a quest to make HarbisonWalker International its customers' 'first and only call,' Carol Jackson has pulled out all the stops. "We are not your old refractory company," she tells Jo Isenberg-O'Loughlin

It took a few years longer than her classmates at Uniontown High in Southwestern Pennsylvania predicted, but the Class of 1990's crystal ball proved close to clairvoyant last year when Carol Jackson took the reins of the oldest and largest refractory producer in America.

"I missed it by five years," the president, chairman and chief executive officer of Moon Township, Pittsburgh, Pennsylvania-based HarbisonWalker International (HWI) reflects on the prescience of her classmates' senior-year prediction that she would be the CEO of a multi-national corporation by age 40. "But I gave myself that deadline," Jackson, 46, says.

Today, HWI's top executive, who was unanimously elected to the post that she assumed in July 2017, after serving three years as senior vice president and general manager of the company, is in the midst of a multi-pronged, people-centric, analytics-informed push to make HWI "the

first and only call for industry." Initiatives along the way range from a rigorously researched and carefully implemented rebranding program that re-launched the ANH Refractories family of companies under a 'new' name (HarbisonWalker International) and spirit in 2015 to the startup, only weeks ago, of a \$30 million refractory plant in South Point, Ohio, which Jackson describes as "completely revolutionary."

These days, HWI – like other suppliers to the US steelmaking sector – is riding a swell in mill sentiment. "Steel definitely is keeping us busy right now," Jackson says. "And what's good for steel is good for us. The entire value chain, whether it is those of us who support steel or downstream at the service center level, is very optimistic."

Hot stuff

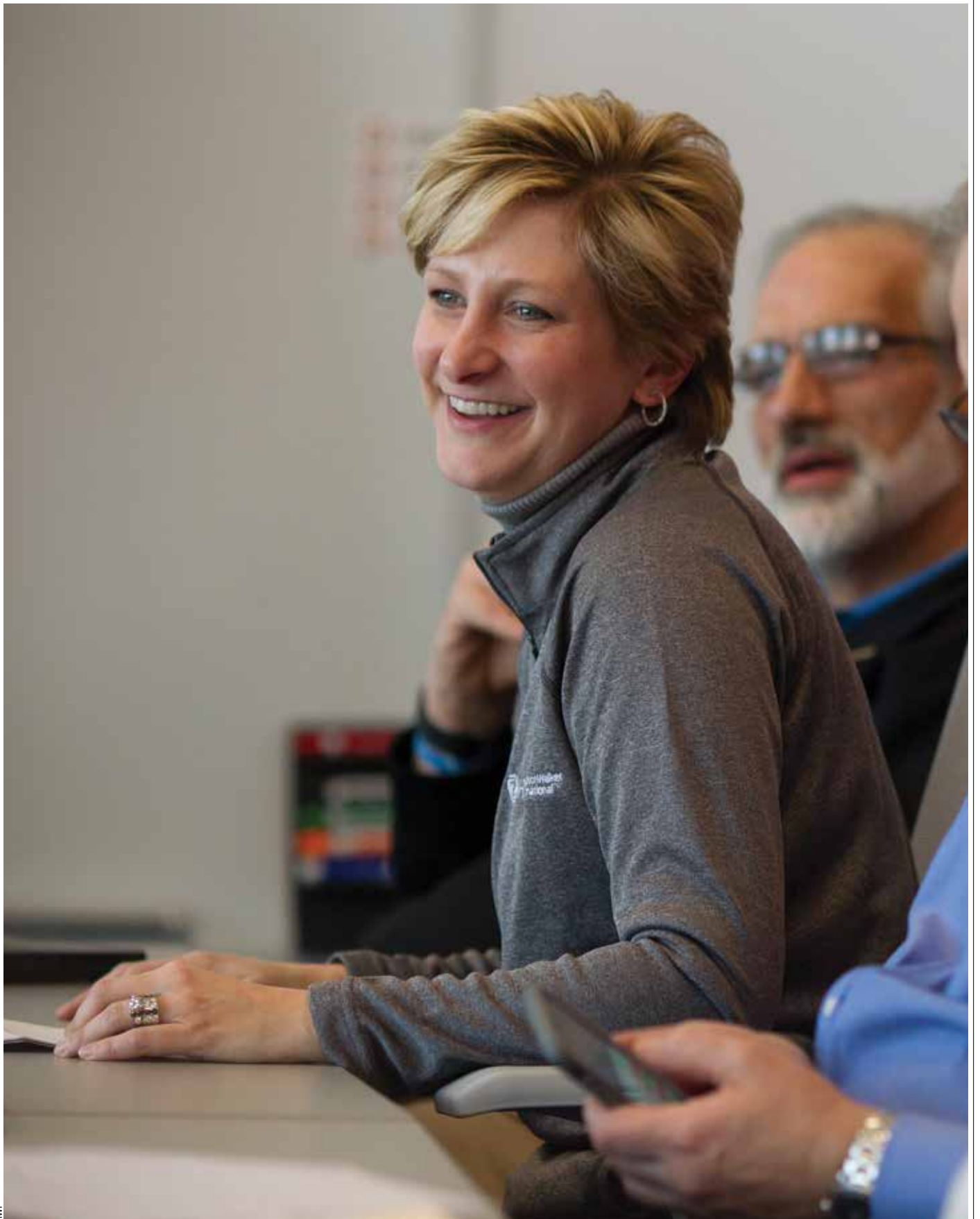
At last look, iron and steel accounted for an estimated 70% of refractory consumption by industry, easily dwarfing other

consuming sectors with non-ferrous metals pegged at a much more modest 3%, glass at 4%, chemicals at 6%, and lime and cement at 7%. And although refractory materials, as consumables, account for 2-3% of steel production cost, "they have much greater indirect influence on steel production," noted Rakesh K. Dhaka, a senior research engineer (Refractories) at Pittsburgh-based U.S. Steel Corp in an April 2017 paper.

Jackson, who brought more than two decades of experience in the paint, coatings, chemicals, glass, ceramic materials and specialty steel sectors with her to HWI, could not agree more. "Our industry is incredibly important to steel and others," she concurs.

To serve a customer base that cuts across industries ranging from steel and power generation to petrochemical, incineration and pulp and paper and spans countries around the world, HWI currently counts more than 1,800 employees operating

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19 manufacturing plants in North America, the United Kingdom and Indonesia. Add to that 30 Global Sourcing Centers (GSCs) located throughout North America and a contractor/installer network that includes more than 100 companies in North America and around the world.

Enter asbestos

The fact that HWI is not only standing but stable, meeting its near-term financial goals and driving forward to capture growth is no small achievement given the tsunami of asbestos-related lawsuits that hit refractory producers and other industries some 18 years ago. At the same time, the US refractory sector was undergoing consolidation. In moves keyed to deal with the mounting asbestos liability, three assets — A.P. Green, North American Refractories (Narco), and Harbison Walker — were bundled under one umbrella and called ANH, a name derived from the first letters of each company's name. The combined entity was no sooner formed than it filed for bankruptcy in 2002.

Today, some 16 years later and as part of that legacy, HWI is privately held, owned by two Trusts and governed by a Board of Directors. Although ANH, the predecessor company, emerged from bankruptcy in 2014 — the same year that Jackson joined the refractory producer — it surfaced suffering from what could be called a corporate identity crisis.

"The three companies were never integrated," Jackson reflects. "The Narco guys stayed the Narco guys and the Harbison guys stayed the Harbison guys. When the company emerged, we were kind of in neutral," she adds. "We were kind of in limbo for 12 years."

Driving forward

To shift out of neutral and in an effort to identify "what is great about us," Jackson, an avid reader and meticulous researcher, rolled up her sleeves and dug in. "The first challenge and one of the things I am so happy I was able to be a part of was a lot of research, talking to our customers, talking to our

employees to understand who we are because we needed to rebrand," she recalls.

The feedback was telling. "We had really good participation across industries, strong brand names and there was not a customer I visited that didn't say how great our people are," HWI's top executive notes. Research also showed that the name that emerged as the strongest, top-of-mind customer awareness and no negatives was Harbison.

"That was our first decision," Jackson says. "We are moving to HarbisonWalker, drop the 'Refractory' and add 'International' because we have aspirations."

A name change is one thing, but getting employees to understand the need and buy into the rebranding and culture change that comes with it is something else. "It was a real commitment on our part to get that done," Jackson emphasizes. "Because it's my personal opinion if I don't have everybody saying I'm Harbison, if we are not part of that family, then we are still fighting against each other. Common name, common identity, common brand," she says.

Add to that a common culture, one built from the ground up as part of the rebranding and carefully constructed around giving employees a voice. "Our cultural values and the beliefs that support those values were all driven by our people saying this is what we want to be," Jackson explains.

"Fundamentally, we built this program around the culture we aspire to be," she elaborates. "And you start with the results you want to accomplish, results that are based on people's actions, which, in turn, are informed by their beliefs and experiences.

"We wanted to achieve different results," Jackson acknowledges, commenting on the objective behind the rebranding and growing number of initiatives she has championed, spearheaded and/or been part of over the past four years. "We want to grow, top line and bottom line. We want to be an investable enterprise moving forward, creating value for our shareholders. And to achieve

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different results, we have to start at the bottom and create new experiences," she adds. "Those experiences are built around our cultural beliefs like 'Drive Forward' and 'Engage Others.'"

Full steam ahead

Driving forward in pursuit of growth, HWI has begun shipping product from a newly constructed, \$30 million, monolithics manufacturing plant located in South Point, Ohio. "We are not full-scale commercial yet, but we are up, running, and shipping to customers with a lot of feedback requests," Jackson told *Metal Market Magazine* in mid-June. "In fact, we are sending people on-site to make sure the products work right and the customers are happy. It's like no other, certainly in our world," she sizes up HWI's newest production facility. "And I would argue probably it's new to the refractory industry."

"A lot of the equipment is similar to what our competitors might have or we have," Jackson allows. "But the configuration, our approach, our adoption of automation and putting it all together in that combination is completely revolutionary."

Describing the new facility, HWI's top executive uses words ranging from "super lean" and "nearly no-touch" to "maximum efficiency," emphasizing that it is the configuration of the plant's equipment — the way things are structured — that is proprietary. "It is a configuration that is unique to us with the exception of packaging," Jackson points out. "We're implementing a state-of-the-art, world class, form, fill and seal packaging system that came from different industries."

Startup of the new plant has brought with it the need for a different skill set on the part of its operators. "We need folks who are familiar with automation, who understand and can work with different process controls, think analytically, and are able to move around to do different jobs," Jackson notes. "It's an extremely flexible workforce there so they can back each other up. It is very much a team-based environment."



"It is very much a team-based environment," says Jackson

While Jackson stops short of disclosing the details of any future expenditures, expansion or right-sizing plans, she makes it a point to note that HWI is always looking at footprint. “Part of the challenge is where the market is going,” Jackson says. “And certainly where steel goes, we go.”

“The reality is just the sheer volume of refractory materials that are consumed in steel drives refractories,” she adds. “And, even within that, the types of products, the chemistries really drive the decision with each facility because each plant is set up to manufacture certain types of products.”

“We will always have a need to evaluate our footprint and be thinking about where products should be made and what the future looks like,” Jackson allows. “What we are focusing on now is improving efficiency at our current operations, becoming more cost-efficient and doing what we can to get to a cost structure that gives us the flexibility to deal with the ups and downs of the business cycle.”

“That is the aspiration,” she says. “The notion of being flexible and having the ability to flex is really important to us.”

Trade tensions

Although no stranger to trade actions – the US refractory industry has filed cases against certain mag-brick from China – HWI’s Jackson stops short of assigning full credit for the recent upswing in steel prices and strengthening industry sentiment to the implementation of Section 232.

“Do I think 232 is helpful?” she asks rhetorically. “Yes, but I think it is a factor. I think there is a lot working in our favor. Right now, the market is up. The entire value chain is experiencing lift and that is going to help us all,” she observes. “Ultimately, I am hopeful we will get to a place of fairer trade. I don’t think we have all the solutions in place and there will be lots more sound bites and a lot more provocative comments from any number of government officials.”

Jackson, whose blue-chip résumé includes a 13-year stint at

PPG Industries, where she led the team responsible for the purchase of the entire \$5-billion portfolio of raw materials for all business units globally, is intimately familiar with the ebb and flow of global economic dynamics.

“Certainly, there are geopolitical concerns,” she says, acknowledging the potential for retaliatory actions launched in response to the imposition of tariffs and/or countervailing duties on certain products by one trading partner on another. “China is a concern,” she goes on to note, zeroing-in on refractory raw material supply. “And it has nothing to do with buying cheap materials.”

“For us, China is a mineral-rich resource. It is where the raw materials are located,” Jackson explains. “We’ve spent a lot of time building our capabilities in our supply chain and procurement functions. And that includes growing a team of Chinese-speaking professionals deployed both in the US and China to ensure we are getting those materials.”

“Security of quality supply is number one with us,” Jackson emphasizes. “And those materials come at higher prices. China is withholding explosives permits, which means less material mined,” she goes on to add. “And that means further constraints in supply, which will help keep prices up.”

“What this tells me more broadly is China is truly looking to be a global player,” Jackson concludes. “In the end, I think we will get to an equilibrium of supply but at a higher price. And that is not necessarily a bad thing.”

Meanwhile, back home

Closer to home, Jackson is busy keeping a careful eye on the progress and real-world results of a growing family of initiatives launched under her leadership while staying fiercely committed to retaining the deep-rooted values, traditions and institutional knowledge of the company she is evolving.

“We are not your old refractory company,” she says. “I really am committed to keeping the stuff that is working well. There’s a heritage



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of knowledge and deep industry relationships that I absolutely want to retain.”

“But let’s pepper-in supply chain concepts that are state-of-the-art, let’s pepper-in automation, let’s pepper-in new technology and open innovation,” Jackson emphasizes. “In my view, that is how we are going to completely change the game in refractories. And that is exciting.”

Jackson, who was born and raised in Southwestern Pennsylvania, cites her childhood experience growing up on a family farm – and participating during her youth in a Junior Achievement (JA) program – as key factors influencing her approach to business and the arc of her career. “I was raised on a farm but my parents had daytime jobs on top of that,” she elaborates. “So, I had two working parents, hard-working at that. That’s how I grew up,” Jackson says. “I learned the value of a hard day’s work. I learned respect. I had the city and the country. I had diversity in my own little bubble.”

Her involvement in a JA program, sponsored by the company her father worked at as a human resources executive, opened a new and different world. “I discovered that I liked this business thing,” Jackson reflects. “I liked the idea of making something. That is why Junior Achievement is so near and dear to me. It formed who I am,” she says. “It gave me that taste for business, making stuff and industry.”

In the midst of a myriad of forward-looking initiatives ranging from overseeing the implementation of ERP to leading HWI’s Open Innovation program, Rapid Technology Advancement Process and newly launched Intellectual Asset Council, Jackson is looking forward to a future very much formed and in her hands.

“We are just so busy,” she says. “I love the journey we are on, but I will tell you I am looking forward to the day when we get to a steady state.”

“I cannot wait to see when things are settled and we’re rockin’ and rollin’ and we’ve got the tools to run this business,” Jackson adds. “We are going to be unstoppable.”

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