

ÇOLAKOĞLU

TURNING BACK THE CHALLENGE



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With conditions in the steel industry continuing to prove challenging, it is Çolakoglu's ability to adapt to a constantly changing marketplace that has contributed most to its long-term success

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Çolakoğlu's meltshop is equipped with one of the world's largest electric arc furnaces

Boasting a proven track record for producing quality products that meet the needs of the market, Turkey is recognised throughout the world as a major player in steel production and exportation. Over the last several decades the country has experienced consistent growth within its steel sector, expanding exponentially to the point where, in 2012, it was ranked as Europe's second largest crude steel producer and eight in the world ranking of steel-producing countries.

Çolakoğlu's involvement within the industry began with the establishment of a steel trade business by its founder, Mehmet Rüştü Çolakoğlu, in Karaköy, Istanbul, in 1945. "The first Çolakoğlu rolling mill," explains Dr Koray Gunay, "was commissioned in Sötlüce in 1960, with the first meltshop going into production in Dilovası nine years later. It wasn't until 1985 that our operations expanded to include wire rod production, with reinforcing bars being added to our production line in 1990."

While business during this time remained constant, one thing that also remained was the gap between steel production and consumption levels that continues to exist in Turkey to this day. This resulted in Turkish companies having to export up to 60 percent of their production on long products. On the contrary Turkey imported 70 percent of their flat products requirement.

"Realising that the traditional way of doing business was no longer sustainable," Gunay continues, "it was in 2005 that we embarked on a new business strategy that would see us bring flat products in to the market."



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The finished steel rolls

The company further proved its determination by investing in a new meltshop and rolling mill for flat products in 2007. At the time of its commissioning, this meltshop possessed the world's largest electric arc furnace. "One thing," Gunay says, "that has always been true about Çolakoğlu is that we have always striven to make continuous improvements to ourselves when it comes to products and technology. This has helped us remain one of the real pioneering companies in the steel industry in Turkey."

This mentality is one of the three core characteristics that Gunay believes defines Çolakoğlu, together with its product reliability and flexibility as a business. "Of

what you see within our facilities today," he highlights, "95 percent did not exist as recently as five years ago. In 2010, as part of our commitment to improve our overall productivity, we undertook a programme designed to upgrade our processes and infrastructure. This was followed in 2012 with the work we did to increase the efficiency of our arc furnace. These projects highlight at first hand how we believe in trying to better ourselves each and every single day."

This improvement has allowed Çolakoğlu to retain the first-class product reliability that it feels instils confidence in its customers. "In addition to the degree of reliability that our products possess," Gunay enthuses, "we

1945

The year that Çolakoğlu established its steel trade business



Panoramic view of the entire line

“WE HAVE ALWAYS STRIVEN TO MAKE CONTINUOUS IMPROVEMENTS WHEN IT COMES TO PRODUCTS AND TECHNOLOGY”

also benefit hugely from being a very flexible operation.” From its facilities, Çolakoğlu is able to produce almost three million tonnes of liquid steel. This liquid product is then fed into either a billet caster or a slab caster, the former having a capacity of 2.5 million tonnes and the latter 3.5 million tonnes. Having the flexibility to shift between multiple products gives the company the ability to adopt changing market conditions accordingly.

Over the last couple of years these market conditions have been heavily affected by

the continued over supply of steel into the marketplace, a trend that has driven the price of steel down by as much as 15 percent. “What you have to remember,” Gunay says, “is that no matter what we do, we can’t change how the market is going to react to the fact that today, even the smallest of customers has the ability to see how mills’ prices are fluctuating around the world. This is something that we cannot do anything about; rather we have to be able to adapt in order to deal with it.”

The way the company has done this is

through a combination of knowing the right time to buy and sell materials, by increasing the productivity of its operations, reducing lead times and by focusing more of its efforts on delivering high end products to more specialist customers. “By only focusing on commercial products,” Gunay states, “you leave yourself open to much higher levels of competition. What we are doing is overcoming this competition by producing products suitable to produce LPG tanks, automotive rims, agricultural tools, line pipes and other niche items of machinery and equipment. This is also providing us with the opportunity to tap into new market segments, like the automotive industry for example, and act as a key supplier of raw materials to producers in these industries.”

In the years ahead, Gunay envisions competition within the company’s domestic markets only becoming more intense as new players enter the field. As he concludes, being aware of this now has allowed Çolakoğlu to put in place a clear strategy for future growth. “In order to compete at our best we have to continue to make improvements to our process; we have to continue to serve our customers properly and retain our ability to move with changes in the market, while preparing ourselves to become an even more diversified supplier.” **BE**

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