The Effects of Raw Material and Labor Shortages

by Laura Jean Null & Paul Jarossy

Telford, Pennsylvania: The current steel shortage in the U.S. is causing prices to surge and lead-times to be extended, directly or indirectly impacting most businesses. Major corporations and smaller manufacturers alike are feeling the effects every day. Despite these challenges, Vulcan Spring & Mfg. is expanding.

Vulcan Spring, classified as an "essential business" due to its support of the medical device, automotive, and aerospace & defense industries, has continued to remain open during this pandemic. With the broad range of products Vulcan manufactures and assembles, the end-products are considered either life-saving or vital to everyday life.
With the COVID-19 pandemic surpassing the one-year anniversary of the 2020 global lockdown, businesses are starting to see the reopening of economies. Unfortunately, during the past year, several steel mills shut down and, since they cannot be restarted quickly, this has led to a decrease in steel supply. The remaining open steel mills are struggling to meet the increase in demand. This situation is both problematic and challenging.

What really goes into making flat spring steel? To make stainless steel, mills melt nickel, iron ore, chromium, silicon, molybdenum, and other materials together. The specific “recipe” determines the grade of steel. Vulcan utilizes 301 stainless.

To form the steel, it is rolled to a specific thickness. Next, the steel goes to service centers who then slit the steel to specific widths. Vulcan’s relationship is usually with just the service center. The issue today is that the delivery time has gotten longer from the mill to the service center which has, in turn, affected Vulcan’s lead-time to consumers.

Historically, material lead times ran two to four weeks. With the steel shortage, lead times can now take up to 20 weeks. Vulcan’s Strategic Advisor, Bill Krauss, explains that their quoted lead time is based on material arrival. Once the steel physically arrives at their manufacturing facility, production and assembly can typically turn orders around in only a week or two depending on the project size.

Throughout the pandemic, Vulcan has been fortunate to have maintained its strong business results.

As explained by Krauss, in the fast reactionary phase during springtime last year, Vulcan made a concerted effort to communicate with all of their clients to let them know what was happening in terms of raw material supply, preparing them to look at their requirements, and plan ahead as best as they could despite the uncertainty.

Krauss added, “The improvement in communication and our usual transparency with clients has been Vulcan’s greatest strength through it all. This increased communication has encouraged clients to look at their inventory requirements sooner than they were used to, planning, and scheduling ahead to give Vulcan adequate preparation time.”
Hiring for In-Person Jobs

Likewise, as the price of steel has risen, Krauss explained that Vulcan is not trying to capitalize on this adverse situation, as they are sharing material costs with customers.

Vulcan, like other companies, is competing with remote positions and the ongoing incentives given by the government for people to stay home. Jokingly, Krauss said, “Unfortunately, we haven't figured out how to make springs from home yet.”

At Vulcan Spring, hiring is at an all-time high, to keep up with customer demand. “When we look at what goes into making a spring, it's the steel and the people [labor], and if we can't get one or the other, we can't make springs,” Krauss said.

Perhaps of greater concern is not the high demand for steel, rather it is recruiting and hiring for in-person positions. Throughout this pandemic, working from home has become the new normal.

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Regardless of the hiring challenges, he is hoping for a continued strong rebound in the economy. Krauss, who will be at Vulcan Spring for 25 years in June, said “I'm expecting us to come out of this as a more resilient company.”