

INTELEX

CASE STUDY



kloeckner metals

**A commitment to
better safety today and
a sustainable tomorrow**



“What sets Kloeckner apart from other companies in its industry is initiatives around digital tools, automated processes and now, sustainability”

Rick Gruca

Vice president of safety, health, environmental and sustainability
Kloeckner Metals

It makes sense that a steel industry innovator would team up with a pioneer in environment, health & safety and quality software.

A subsidiary of Klöckner & Co. of Duisburg, Germany, Kloeckner Metals Corporation is a distributor of steel and non-ferrous metals based in Roswell, Georgia. The company supports customers and suppliers with innovative metal solutions and strives to go beyond mere delivery of products.

“We continue our successful approach, which is to provide customers with the best solutions as the leading digital one-stop-shop platform for steel, other materials, equipment and processing services in Europe and the Americas as well as a pioneer in sustainability,” says Rick Gruca, Kloeckner’s vice president of safety, health, environmental and sustainability.

A Successful Past, A Green Future

Established in 1906, parent company Klöckner & Co has 140 locations in 14 countries and is one of the world's largest producer-independent companies in steel and metal distribution, ranking among the top suppliers of high-quality processed steel and metal products. To better serve its customers, it offers all key product-related services from consulting and procurement through warehousing and processing to distribution.

Kloeckner Metals Corporation is a full-line manufacturing, production and service center business specializing in metals industries, including hot-roll products, structural materials, sheets, pipes and plates. The company employs approximately 2,200 people and includes a 20-member

environment, health and safety (EHS) team of 11 corporate and nine branch-dedicated professionals. As a pioneer of digital transformation in the steel industry, the company is striving to fully digitalize and largely automate the supply and service chain.

Kloeckner's corporate values include a commitment to "a sustainable tomorrow." The company seeks to evolve beyond its digital pioneer status in the steel industry to also become a pioneer for sustainability through a range of "green solutions."

Kloeckner groups its decarbonization initiatives under the Kloeckner Takes Action 2040 strategy and it is the first company worldwide to receive net-zero carbon reduction targets approval within the latest standards of the Science-Based Targets initiative (SBTi). Today, Kloeckner is a carbon-neutral operation, and its next innovation endeavor is to offer "green steel" that features the lowest carbon footprint possible as well as sustainable services and solutions.

"Our new purpose is to partner with customers and suppliers to deliver innovative metal solutions for a sustainable tomorrow," says Gruca. "It underlines our contribution to society and serves as a North Star (metric) that will collectively guide us as individuals and as a team to reach our full potential. We measure success by ensuring all our employees go home in the same way or better than they arrived and that we have met our customers' and stakeholders' expectations."

The Challenge: Multiple, Siloed EHS Systems

Digital transformation is a defining priority for Kloeckner as it looks to digitize its entire operation - from product quotes to invoicing and everything in between. The company is also driving deeper into



the use of advanced technologies; among its newest equipment is a robotic welder.

In 2017, Kloeckner sought a solution to streamline its processes and make it easier for branch operations to meet the company's environmental health and safety (EHS) objectives. At that time, multiple EHS systems were used to:

- Track incidents
- Perform corrective actions
- Hold safety meetings
- Perform job hazard analyses
- Run other EHS programs

Each system was disparate and there was no interoperability. Kloeckner wanted to consolidate these workflows, close the loop on both corrective actions and audit recommendations, and enhance its overall EHS processes.

“We wanted a more effective and efficient end user experience as well,” Gruca says. “And we wanted visibility for our senior management team.”

The Intellex Solution

Kloeckner began discussions with Intellex in 2017. Solution development and implementation started a year later and was performed in two stages:

- Phase 1 introduced Intellex Sustainability Performance Indicators, Communication Management, Audit Management for EHS, Meetings Management (to replace LogicNets SafetyNet), Action Plans (provided a mechanism for following up on corrective actions) and Job Safety Analysis.
- Phase 2 introduced Intellex EHS Incident Management and was rolled out during May 2019.

“We started with the Phase 1 applications as we thought that they would be easier to rollout and would familiarize end users with the system before rolling out EHS Incident Management,” Gruca says.



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With Intelex, Kloeckner introduced a single integrated system that achieved full user acceptance and helped the company meet its overall goals, including the elimination of redundant claims reporting to its insurance carrier.

“In the past we would enter an injury or auto claim into our management system and then would need to either call in or submit that same claim through an online portal to our carrier,” he says. “With Intelex, as soon as an injury or auto claim is entered into the system and verified, an email is automatically sent to the insurance carrier with all relevant data needed to file a claim.”

After successfully implementing the Intelex EHS Incident Management application and sharing it with Kloeckner’s operations, a new opportunity presented itself. The company’s controlling and operations functions used a paper-based capital expenditure request and approval process that was extremely time-consuming.

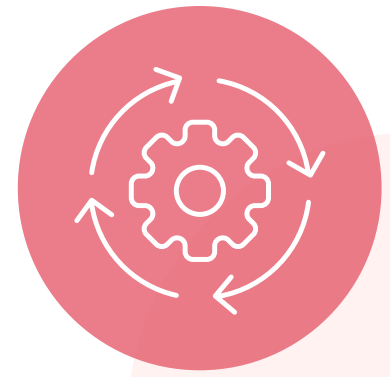
Capital expenditure requests were submitted via email, and each required several signed approvals before the entire request could be approved. Additionally, these requests required copies of quotes, specifications and justifications. Everything was handled through email.

“After speaking with these departments about our use of Intelex and the workflow processes that were created, we were able to develop a Capex approval process through Intelex, which cut down on overall approval time, collected and stored all relevant documentation and provided an auditable trail for every approval,” Gruca says.

“We also have used the system to help track and communicate both close calls (near misses) and safety observations, which has helped tremendously in increasing employee engagement,” he adds. “As part of this culture shift, we have also incentivized the use of close calls and safety observations to drive home our Safety First/Safety Always message.”

A Weekly Close Call Report is generated by the system and sent to all leadership throughout the organization. Kloeckner started the Close Call reporting towards the end of 2018. Earlier in the year, the company conducted a Safety Perception Survey to determine employee engagement.

“We conducted a follow-up at the end of 2019 and saw significant increases in engagement,” says Gruca. “We saw a 61 percent improvement in employee involvement in safety activities and a 26 percent improvement in employees feeling empowered to take action in safety. Finally, satisfaction



with safety in the organization increased 57 percent. With COVID, we chose not to conduct these surveys in 2020 and 2021 but will survey again later this year.”

Intelex technology has also enabled Kloeckner to generate a Safety KPIs Report using data collected from Intelex and shared monthly with leadership throughout the organization. It includes both leading and lagging Indicators. The information in the report is shared as part of regular communication and benchmarking throughout the organization.

Measurable Improvements

Gruca says Kloeckner sees measurable improvement in the company’s safety performance metrics since the implementation of Intelex technology and as a result of new initiatives.

He explains that Kloeckner introduced other processes and programs that helped improve safety performance, including daily pre-shift meetings and stretches, monthly safety review calls, a close-call reporting incentive program and an aggressive post injury management.

After the full Phase 1 and Phase 2 implementations of Intelex, Gruca says the company saw significant improvements compared to metrics from 2018, including:



The Future

The ability to improve data analytics will be a key focus for Kloeckner, and Gruca says introducing data analytics technology in 2023 may be considered. As the company looks to embrace environmental, social and governance (ESG) compliance, data gathering becomes a huge challenge. The administrative time and effort required to enter massive volumes of information into the Intelex system at the branch level – coupled with the amount of data contained within the system – is a huge undertaking, he says.

“There is an enormous amount of data that is difficult to analyze meaningfully,” Gruca says. “Data collection for ESG (such as for energy and fuel usage) is a huge issue currently.”

First a digital innovator, now a sustainability/ESG pioneer. If the past informs the future, then Kloeckner Metals Corporation will continue to lead the way to a more sustainable future for the steel industry.



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INTELEX

www.intellex.com

With 30 years of EHSQ experience, we know a thing or two about how safety, quality and sustainability can preserve lives and protect the planet. And we know you need to drive productivity and operation excellence, too.

That's why our technology solutions are built for EHSQ experts by EHSQ experts.