

EVOLUTION THEORY

MANUFACTURING • AGILE AND FLEXIBLE, SKOLNIK INDUSTRIES IS ONE STEEL DRUM PRODUCER WHOSE CAN-DO ATTITUDE KEEPS IT AHEAD OF THE GAME IN A CHANGING MARKET

AN INDEPENDENT COMPANY headquartered in Chicago, Skolnik Industries, explains president and CEO Howard Z Skolnik, has been an active member of the Reusable Industrial Packaging Association (RIPA) for some 75 years. "The result of this membership is that we are connected to the steel drum community worldwide for services related to steel drum manufacturing and reconditioning," he says. "The companies to which we are connected offer an array of products and services and all operate

in accordance with the Code of Operating Practices set forth by RIPA."

Over its long history, the company has continued to embrace change while never wavering from its commitment to produce high quality units designed for optimum performance and safety. "The business model of the company has evolved and we continue to be a 'niche' manufacturer of steel packagings and steel drums used for 'saving lives,'" Skolnik states. "Our products include [those for] the safe transport and disposal of dangerous goods and hazardous materials that are regulated by the US Department of Transportation (DOT), long-term burial of regulated nuclear and radioactive by-products and stainless barrels used for winemaking. Our customers are an array of industries from

aerospace to winemaking, pharmaceuticals to bee keeping. Our markets continue to change based on new customer needs and regulatory requirements. Skolnik continues to adapt to these new market requirements."

POSITIVE GROWTH

"Steel drums have been a mainstay of the dangerous goods industry for over 100 years. With changes in technology, the use of drums has had to adapt to process change but, due to the simplicity yet sophistication of the drum itself, it continues to be the most widely used container for the safe transport and disposal of dangerous goods," Skolnik says. Although "competitive packagings", such as plastics drums and intermediate bulk containers (IBCs), are "taking market share from the steel drum industry", the market for steel drums as a whole continues to enjoy positive growth globally. "While the growth has slowed from decades ago, and the number of manufacturers has diminished, steel drums continue to be seen as a reliable packaging option and thus the market for Skolnik is growing," he reports.

Steel drums, Skolnik notes, were originally designed as the maximum-sized container that could be handled manually. "For this reason, steel drums quickly became the worldwide 'go-to' packaging for small,

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medium and large companies in their package selection process. Even today, while many fillers and shippers of steel drums have automated lifting and filling operations, the customers to which these shippers ship use drums in semi-manual to manual ways. Whether being transported with a forklift truck or a two-wheeled tilt-truck, steel drums are reliable, easy to maneuver and good value," he states.

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"In addition, the resale of empty drums for reconditioning adds to the sustainability of steel drums," he continues. "When newly manufactured, a drum with a 1.2 mm or 1.5 mm wall thickness can have four to six lives, which means a continuous return on the initial raw steel investment. Thinner gauge drums are available, but they do not offer the benefits of sustainability and the risk of in-transit failure is increased," Skolnik says.

RAW MATERIAL COSTS

Understandably, "raw material costs are a significant portion of the selling price of a steel drum, as it is nearly a single raw material package". Consequently, the ups and downs of steel prices can impact the market. "In the past year, steel costs have been stable but we believe that the global market for steel products will soon see an increase in demand and the result will be increased steel costs. The only other factor

that limits growth of the steel drum is the package itself," Skolnik says.

"Limited predominantly to 55 gallon (208 litre) capacity, the steel drum is a less efficient bulk container than the larger IBC rivals. That said, the world of the IBC presents a host of other issues that point to the benefits of using steel drums. In the end, there are markets for all packaging types and sizes as the supply chain is not overgrown and saturated."

Nevertheless, the nature of the market is changing. "The steel drum supply chain is heading in the direction of having corporate solutions rather than selections from independent companies," Skolnik explains. "With corporate solutions, we see less customisation and greater limitations for customers. At the same time, the market for responsive manufacturers is growing and the demands for excellence for these independent manufacturers is critical. Quality programmes, such as ISO and Nuclear Quality Assurance (NQA) present challenges that can be costly to implement but necessary to attract customers with special requirements."

NEW CERTIFICATIONS

Indeed, to this end, the company recently attained ISO 9001:2015 certification. "The new ISO standard was introduced in September of 2015 and Skolnik is one of the first manufacturing companies in the US to receive this new level of certification," Skolnik reports. "Therefore, in addition to our existing NQA quality programme, we have embraced ISO 9001:2015 as the Business Management System (BMS) which will guide the company's performance."

What's more, this past November also saw the company becoming one of the first manufacturing firms in the US to receive Lesbian, Gay, Bisexual and Transgender (LGBT) certification. "Established by the National Gay and Lesbian Chamber of Commerce, headquartered in Washington, DC, certification is a vehicle by which expanding diversity in the supply chain and workplace is being accomplished," he says. "Furthermore, there is a movement among the LGBT business community to gain federally



recognised minority status for LGBT-owned companies. Benefits of certification include project set-asides, social recognition and access to a talented group of businesses looking to expand their opportunities. Of the US Fortune 500, there are nearly 200 companies and many government agencies that support and promote the diversity initiatives."

And when it comes to products, diversity is also a watchword for the Skolnik portfolio. As well as tighthead and open top stainless steel and carbon steel systems, the company's offering also encompasses *inter alia* UN-approved salvage drums, seamless/crevice-free designs and military-specification models in addition to numerous bespoke designs for often very demanding customer-specific applications.

"While Skolnik has an extensive array of products, the real strength of our company is our knowledge, our creativity and our culture," Skolnik asserts. "We are known internationally for being responsive to special and critical needs, helping our customers find solutions to their unique packaging needs and supplying steel drum options that no other company can offer. The fact that our products range from 3 to 110 US gallon (11 to 416 litres) capacities and that we offer more than 150 UN certifications is a testament to the variety of solutions that we offer our customers. In addition, we're a company that likes to have fun while performing with excellence." HCB

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