

# Allan Roy, a profile of 40 years of Improving Performance

The Bosphorus Straights offer unique beauty compounded with an endless history of geopolitical significance. It was precisely at this magnificent location, at the impressive Bosphorus Swissôtel in Istanbul, Turkey that Pyrotek hosted by invitation-only its 4th International Metal Quality Workshop, 20-23 May.

This was a perfect setting to explore further the vision of Pyrotek: Istanbul, literally where East meets West, is a truly international melting pot of cultures, religions, ethnicities – and today, modern industries and commerce.

Facing the busy shores of Asia from the 17th floor roof terrace of the hotel on the European side, we watched the endless traffic of local boats and ferries shuttle between East and West as well as the steady flotilla of cargo ships passing through the straights. It was sunset when we sat down, and an open discussion began with Allan Roy, the creative CEO and owner of Pyrotek, presenting a most pleasant challenge to this editor.

Pyrotek, is Allan Roy's privately-owned company, specialist in melt technology and high-temperature mate-

rials for industrial applications worldwide. Now 70 years old,

Allan has been with Pyrotek since 1968. June 1 this year marked precisely 40 years from the day when the Australian-born, and the then young chief metallurgist at the research centre of Kaiser Aluminum in Spokane, Washington joined Pyrotek as the company's third partner. In fact he had also studied solid state physics at the University of Syracuse, providing a basis for his keen interest in scientific advances. Allan says of the early days "It was a brave decision I took by leaving a well-paid and secure job at Kaiser's research laboratory to join Pyrotek at half the money but as partner."

## Solid Vision

This was Allan Roy's first big gamble and it wasn't his last with a solid vision of the future. And, he continues "the second, even bigger gamble was going international with Pyrotek right from the outset, starting with Europe and Australia in the late '60s when it was unusual for a US company to do this without involving joint ventures." Thus, Pyrotek's first overseas



Allan Roy, CEO and owner of Pyrotek Inc. with the Bosphorus as backdrop – a perfect setting to learn about his business vision and 40 years of success

facility was established in Australia.

This strategy for going international was based on certain principles, Allan lists, that are still firmly at work in Pyrotek today:

- "Having a direct presence – this meant buying plants with local managers who had to be good people with ethical values. They were paid a straight salary, not on commission.
- "We did not believe in using agents and this enabled us to maintain quality control over product, operations and service to clients.
- "The company retains its profits every year to invest in R&D and expansion, particularly at overseas locations.
- "All employees worldwide share 10 % of the profits every year - you cannot grow a business without good people that work hard and you must retain them."

## Good Management

One secret of Pyrotek's success, he adds, has been to choose managers extremely carefully and as a leader he took responsibility for this from the early days to develop Pyrotek internationally. The handpicked team of professional managers shares his clear vision, philosophy, values, strategy and boldness-- qualities that generate success.

Allan speaks with warmth and respect of his company's managers and adds, "when I found a good manager, the business would do well, when the manager was average, so was the performance of the business. And in turn managers must be treated with respect. It's essential to have good people in the pyramid to make decisions: good divi-

sional managers run the business in Pyrotek."

Mr. Roy thinks that partnerships within companies can be very difficult. As such he believes he was lucky to have had Dale Swanson, the founder of Pyrotek as his partner for 35 years. Sadly, Dale Swanson passed away in 2003.

Since Pyrotek's inception by Dale 52 years ago, the company with two partners and three employees has grown to employ currently 1,800 specialists of which 300 are qualified sales engineers generating USD\$300 million in annual sales. Now at 70 years old, Allan Roy has been adding value to Pyrotek methodically and continuously by most selectively acquiring some of the best companies in his area of operations. It comes as no surprise to hear that private equity investment firms are making takeover approaches, sometimes weekly, he says due to the company's strategic and financial strength.

However, as Allan proudly reveals, there is a good succession plan in place and his son-in-law, the heir apparent, Don Ting, is to carry on with the legacy and strategy that have led to Pyrotek's growth and success. Don, married to Allan's daughter Heather, studied industrial relations at Oxford, economics at Stanford and earned his MBA from Harvard. Prior to joining Pyrotek twelve years ago, he had been GE's general manager of the plastics division for Asia.

Allan is a true family and "people" person. The cornerstone of his career has been his wife Mearle to whom he has been married for 47 years, travelling with her, sharing views and making decisions on personnel, talking through company matters, and so on – a vital element in his success and that of the business, Allan says.

Correct decision making is important in a company, he adds, "we can make tens of thousands of decisions in just

a year, of which only ten may be pivotal and the key is to get most of these right"

## What about the competition?

Of course, Pyrotek has competitors in its business but when quizzed on this subject

Allan says he is used to it and enjoys the challenge. He doesn't see competition at all as a threat but something that keeps you tough and in shape, and it forces commitment and technical product development. This is good for the company and for business, whereas arrogance and complacency is only bad. His resolve is to best the competition through technology, service and value, focused on improving customer performance.

As for competing on a personal basis, he recalls that as an Australian in North America in the '60s this was always only an advantage in business. Speaking differently, people always remembered him and he never felt uncomfortable. He was always fairly treated and felt perfectly at home.

He was drafted during the Vietnam War but his work at the time, involved in developing an aluminium ballistic plate kept him in the US.

Allan sees R&D as the lifeblood of new product development for the company to stay ahead of the game. Pyrotek grows through the development of new products from its own research center in Quebec, Canada, regional development labs in the United States and United Kingdom and through interaction with customers. He stresses here that it is vital to learn continuously through feedback from customers and suppliers.

He insists that in some cases research centres can be badly managed and some potentially great scientists can be wasted when they are forced to be "research-

ers", autocrats and even recuses with poor people and management skills. This can make them very unhappy and unmotivated. They must feel part of the real practical business and the creative development process overall.

## Further investments follow global trends

So, where does Pyrotek go from here and how does this fit with the world view? It's steady as she goes, according to Allan Roy.

In terms of global changes he envisages that the primary aluminium and processing sectors will both grow and sees the greatest collective increases in aluminium production particularly in the BRIC countries (Brazil, Russia, India and China). Russia, China and the Middle East he feels will be the clear leaders in boosting smelting capacity due to various combinations of energy supply, resources, labour costs and geography. Reflecting this, the company will be investing more capital for Pyrotek operations in these regions.

Allan is convinced that there are many opportunities from several directions. Pyrotek already operates two manufacturing plants in China, one in India, one in Brasil and one in Russia.

Merely selling existing western technology into developing places like China is not the Pyrotek approach, he stresses, but instead products are custom developed and manufactured, for example in China for China

As for Russia, he sees this as a particularly bright spot. Pyrotek has been doing business there for 12 years, and has plans to build its own plant. Pyrotek Russia operates with 12 sales engineers, all of which are taught English, giving a vital advantage to communicate with the global Pyrotek network.

Allan points to the Pyrotek plant in the Czech Republic as another particular success story. A manufacturing base was set up in Blansko a few years back and the team there now also supports the booming Russian and Eastern Europe business region.

Overall, he sees great opportunities in developing essential technology-based products and cites especially the example of Pyrotek SNIF degassing equipment, where there is steady evolution and development to support expanding global sales.

Allan notes that the EU faced big difficulties in the '80s, particularly for example in the UK: where a core problem in manufacturing was chauvinism. Conversely, he sees a brighter future in Europe now in processing, including extrusions, especially centred on the automotive and aerospace sectors.



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The USA he feels has to "work harder" at recovering and growing its current position but sees some good news, for example in Kaiser restarting some of its potlines.

Other likely growth spots he identifies as Iceland, Africa, Malaysia and Jamaica,

But he doesn't expect much more smelting growth in Canada or Australia, the leader in bauxite supply. Guinea has massive bauxite resources also and is expected to grow.

### Understanding the region

Allan realises it is quite a hallmark of success to keep growing in all these countries which have a high diversity of cultures. "To be successful in international business," he says, "you must understand the history and culture of each country, since these affect decisions, timing, attitudes and so on. This is true not least in Turkey, where

the invaluable local Pyrotek/Refsan team under the guidance of chairman and managing director, Murat Ozaydinli has performed marvellously, including the organisation of MQW4 here this week in Istanbul."

One growing consideration for all internationally active companies, including Pyrotek, Allan continues, is that of transportation – of raw materials, finished products and equipment. The soaring cost of freight, he says is now defining new centres of manufacturing excellence. For example whereas a container used to cost \$3,000 it's now over \$10,000. This may drive customers to seek more local suppliers, an area where Pyrotek excels due to its +35 global stocking locations.

In terms of sales prospects, he states that when aluminium metal prices are high it is easier to sell capital equipment to customers. Rising gasoline prices encourage more vehicle weight reduction and this means more alu-

minium will be used. Today, and in the future, there will be an ever-wider choice of materials but the aluminium industry will improve facing this new competition.

Pyrotek's future looks bright, but after 40 years of growth and faced with weekly approaches to acquire Pyrotek, why hasn't he sold the company by now? Because, as he admits, essentially he is still keenly energised by the company's development and achievements – and he enjoys the close affiliation with people. He insists he still works because he wants to work, not because he has to.

The key to carry on running a business, Allan insists, is that it must be fun – most of the time anyway and if it's not, then you should look for another job. And, as a closing remark, he says "don't fight change – see it as an opportunity and adapt to it!"

**Congratulations Allan, on your first 40 years with Pyrotek!**

## METEF-FOUNDEQ 2008 –

exceptional attendance in classic Italian style



Metef 2008

Brescia was the point of reference for the world of aluminium and metals this past April and the figures for the event demonstrate it:

- more than 560 companies exhibited representing the primary countries in an ever more global market that focuses on China and India, the Eastern European countries, the Mediterranean basin, the Middle East and South America
- 7 pavilions comprising a total of 17,000 square metres of covered exhibition space
- 19,000 expert visitors (12 percent increase from 2006)
- 5 meetings and 3 round tables

- 400 managers and politicians representing 23 international delegations hosted by Amafond and Assomet
- the leading institutions and Italian and foreign associations of the sector gathered together

Among the most successful collateral events of this edition were the HTDC (High Tech Die Casting) Conference on foundry and diecasting, the Policy Round Table on the future of metallurgy, the meeting Why design Finishing, and the demo areas Extrusion Show and Casting-Die Casting Show. The event culminated with the Gala Evening on Thursday, a pleasant and refined gathering for the exhibitors with nearly 1,000 attendees.

See you again in Brescia during the 8th Metef from 14 to 17 April 2010.



## To the victims of the earthquake in China

APT ALUMINIUM and all their staff are expressing their deepest sympathy to the Chinese nation of PRC and in particular compassion to the numerous victims of territories that have been affected from the recent earthquake.

It is our hope and wish that the resourceful Chinese people will succeed to recover from their suffering and damage soon. Our thoughts are with them in these difficult times.

## Chinese Smelters Choose Outotec

Chinese smelters looking to expand operations and improve processes have turned to Outotec to fulfill three contracts valued at approximately EUR17 million.

Huomei Hongjun Aluminium-Power Co Ltd, located in the Inner Mongolia Autonomous Region, selected Outotec to supply a sow casting system with a capacity of 30 tonnes per

hour for the production of 700 kg ingots. The system is expected to be completed by October 2008.

Another 30 tonnes per hour sow casting system is being built for Yellow River Hydropower Development Company for its greenfield aluminium smelter Xining in the Qinghai province.

This contract also calls for Outotec to create two sets of key rod shop process equipment. This equipment is

expected to be commissioned in August 2008. China Aluminium International Trading Company is expanding its aluminium smelter in Fushun in the Liaoning province.

For the expansion, Outotec will supply a vibrocompactor and key rod shop process equipment. The vibrocompactor is slated for a November 2008 delivery, while the rod shop equipment is expected to ship from Germany in August 2008.

## Alcoa Alloys Use on First China-Produced Jet

Several Alcoa-developed high-performance alloys and have been used on China's first regional jet, the ARJ21-700. The 90-passenger, medium-range ARJ21 was completed in Shanghai last December and is expected to board its first customers in 2009. The jet, developed by AVIC Commercial Aircraft Company (ACAC) marks China's intention to dramatically expand its civil aircraft manufacturing industry.

Alcoa material used on the ARJ21 include advanced heat-treated and plate alloys

from Alcoa's Davenport, Iowa plant. These materials can be found on the aircraft where high-strength, toughness, crack resistance, and corrosion resistance are required. The wing and fuselage stringers, floor beams, and seat tracks are extrusions made from proprietary alloys and process technologies sourced from Lafayette, Indiana; Changwon, South Korea; and Chandler, Arizona plants.

Alcoa Fastening System's specially engineered aerospace engine nuts, inserts, and studs are used on the

aircraft's two G.E. CF34-10A engines. The engines are also equipped with airfoil castings and structural components from Alcoa's Power and Propulsion business in Whitehall, Michigan; Wichita Falls, Texas; and Winsted and Bradford, Canada.

Kunpeng Airlines, a new regional airline in China, has ordered 50 of the ARJ21-700 jets, with an option on an additional 50. ACAC has 35 additional firm orders for the plane, which was developed for both the Chinese and export markets. Over the next 20 years, ACAC sees a potential market for 850 ARJ21s

## TCF-Recycling Plants. Protecting the environment and cutting costs.

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