



Lubricant specialists with 300 1,600 formulas and 80 years

FACTS

Company:
Lubricating Specialties Company
Founded: 1928.
Owner and CEO: Stephen Milam.
Operations: Terminaling bulk products and production of lubricants and greases.
Head Office: Pico Rivera, California, USA.
Employees: 150 permanent, 70 temporary.
Certificates: include ISO 9001-2000 certified, Kosher, Halal, QPL military lubricants, NSF, API and NLGI.
Customers: About 300, primarily within major oil companies and the construction, agriculture and transport sectors.
Revenue: 150 million USD (2007-08).
Production: 150 000 m³ (40 million US gallons).
Website: www.lsc-online.com



“Think of a major oil or chemicals company in California, and in four out of five cases it’s one of our customers.”

Stephen Milam, owner and CEO of Lubricating Specialties Company, speaks proudly of the customer confidence that the company has built in one of the world’s most demanding markets.

“We take quality very seriously. That’s why we only purchase raw materials from respected major quality suppliers that provide licensable products with proven performance.”

LUBRICATING SPECIALTIES Company (LSC), founded in 1928, has two production plants and a large storage facility in Los Angeles, California, about 15 km (10 miles) east of downtown. Last year the company produced about 150,000 m³ (40 million gallons) of lubricants and greases. LSC’s customers can be found in the USA, mainly on the West Coast, around the Pacific Rim in countries such as Australia, Japan, Indonesia and Malaysia, and in Central and South America.

“In total we have 300 customers,” says Robert Kress, “and they are high quality, recognized brands.”

Kress is Vice President of Business Development. In addition to guiding the development of new products and addressing technical issues he is, through his energetic travelling, frequently on the spot in LSC’s most important markets.

“Our company is very unusual for a lubricant supplier in that we have such a broad range of products. We have 1,600 different formulas available within our system and the widest selection of raw materials for a lubricant manufacturer.

Stephen J. Miller is VP Manufacturing:

“We are different in that we rarely say no to anything our customers want. That’s why we occasionally make very small production runs, something that most other companies in our business would turn down. Almost everything that LSC produces is sold under other companies’ brand names. Among the few products that the company sells under its own label are very specialized fluids, mostly synthetic, and with extreme demands on purity.

These fluids are, however, just one of the six key market areas that LSC focuses on. The biggest sector is finished lubricants, for example motor, hydraulic and gear oils. LSC is also the largest grease manufacturer on the West Coast, with a capacity exceeding 23,000 metric tons a year. In addition they produce food grade oils and greases (also called white oils), where LSC is also market leader on the West Coast, and deep draft marine oils. Last but not least they offer terminaling. LSC has a comprehensive depot and bulk storage facility that they operate on behalf of their customers.

Kress continues:

“In LSC’s terminaling business, we store high value products which we can either deliver direct from our

tanks or put together packages of different products, based on orders received from customers. In this way we can ship our customers’ entire product line through our distribution centre, which we see as an added value in our operations and it is highly appreciated by our customers.”

THIS YEAR, like Nynas, LSC celebrates 80 years in operation. Stephen Milam tells us that the company was built by two entrepreneurs who had the ability to see and respond to the market’s needs, and to act fast when the market changed.

“At that time there was a considerably greater number of producers of lubricants and greases than today,” he continues. “But today we are one of the few remaining independent companies, and we are by far the biggest independent producer in California.”

He feels that there are several explanations for this: specializing in products with very high quality, the broad product slate, and the flexibility to meet all the needs of any individual customer.

“With a risk of sounding like I’m reading from a CEO manual, I would still stress that LSC’s most



0 customers, s of experience



Laboratory Manager, Greg Isom, checking the colour of Nynas T4000, which LSC uses as an additive in its premium greases.

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important asset is its human resources. Our customers are active in many nations and cultures and operate in many languages. Here at LSC we have a cultural breadth when it comes to employees so we can talk to most customers in their own language, regardless of whether this is Spanish, Mandarin, Cantonese or Japanese.”

Milam is also keen to attract and keep competent young people on the management team.

“One of the secrets of our success is that we are youth orientated. Our older co-workers contribute experience and know-how while our younger staff contribute a modern, active and dedicated mindset.”

STAFF TURNOVER is low and many employees have been working at LSC for over 25 years.

“This gives us stability, continuity and a great depth of experience,” says Milam. “We cultivate a ‘get it done’ mentality.”

Both Milam and Kress frequently come back to LSC’s quality demands.

“Since our customers demand high quality from us, we in turn place high quality demands on our suppliers,” explains Milam. “We only allow certain suppliers’ products in our factories. Some cheaper suppliers’ products of lower quality are never allowed in, not even if our customers want them! Do we lose some customers on account of that? Yes, I’m sure we do. But we are convinced that it is the right strategy in the long term and that over the years it has helped us to earn the trust and confidence people have in us. We would not dare allow sub-standard raw materials that do not live up to our standards to contaminate our reputation.”

Nynas started supplying LSC with products three years ago.

“We see Nynas as one of our long term partners,” explains Kress. “It is a company that tries tremendously hard and is a good communicator, and its representatives are easy to deal with, easier than most others.”

Milam continues:

“We definitely recognize Nynas as a world class, premium refiner. They have technology that is superior to other suppliers. And they can act fast when we receive unexpected orders, which is also something we appreciate.”

LSC buys both HR 750 and the relatively new T4000 from Nynas.

Kress again:

“We became interested in T4000 after we read about it and then consulted Nynas’ technical experts,” says Kress. “We conducted a series of laboratory and field tests and then, and only then, did we present the proposed changes to our customers for their approval.”

One of the benefits LSC appreciates about Nynas T4000 is that compared with other products it has better shear stability and water wash out in grease products.

“We use it as an additive in our premium greases,” he adds, “mainly in greases for vehicles and in the construction industry.”

Asked in what ways Nynas could improve Milam answers:

“Actually it is fairly fundamental. If a supplier meets our needs when it comes to quality and service, as Nynas does, then there is not so much more to ask.”

IN SPITE OF LSC’s leading position, Milam sees tough challenges ahead both for the company and the economy as a whole.

“We have had a steady business in the last 2–3 years. The big challenge now, for us and all others, is to pass on the fast rising costs of raw materials.”

At the same time, Milam feels that he and LSC can rely on 80 years of experience adapting to market changes and the ability to see opportunities in difficult times.

“Our entire history has been characterized by our ability to seize opportunities, we were born and raised to that way of thinking. There are uncertain times ahead, but in my opinion, in a few years we will still be around, but there are others that won’t be.”

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Stephen Milam, CEO and owner of LSC.



Stephen J. Miller, VP Manufacturing, and Robert Kress, VP and Business Developer.