

The foundation for
differentiated
performance



Steel analysis laboratory

Management Technology

■ At Gerdau, process management practices combine the top international best practices with the internal experience of the Company's units. These practices are currently being consolidated into the Group's management systems as part of a project that includes the definition and organization of business macro-processes that will allow for the incorporation of the outstanding features of each operation into the system and for the replication of these features in other operations. This continuously-evolving project allows the organization of intellectual capital, the maintenance and the improvement of efficiency levels, the permanent exchange of knowledge and gains for the business as a whole.

■ The establishment of strong goals that promote the constant development of the main performance indicators is based on worldwide benchmarks. These goals create challenges for the teams, challenges that are met with the systematic application of the Plan, Do, Check, and Act (PDCA) cycle.

■ The efforts to expand productivity margins counted once again on a significant ally, the process stabilization project. This project promotes the rationalization of costs, the expansion of equipment yield, the improvement of employee performance, and, as a consequence, higher predictability of results.

■ The maximum level of process mastery, the Six Sigma program, was continued during this fiscal year and resulted in gains that were in some cases 20 times greater than the resources invested.

■ The Gerdau Group has also invested in the development of new technologies due to its conviction that innovation is fundamental to achieving higher competitiveness in the market. In the area of research, the Group is part of 20 projects with universities, research centers and specialized consultancies with the objective of improving the performance of its units, the quality of its products and the reutilization of steel by-products. Technological transfer contracts with companies worldwide ensure timely technological updates.

■ In recognition of their practice, the units have received prestigious awards in the area of quality. The AZA steel mill, with headquarters in Chile, won the Iberian-American Quality Award. In Brazil, Aços Finos Piratini (state of Rio Grande do Sul) was awarded the National Quality Award. On the state level, Açonorte (state of Pernambuco) and Cosigua (state of Rio de Janeiro) received silver quality awards. During this same period, Gerdau AmeriSteel Cambridge, based in Canada, was certified with the ISO 14001.

■ In the area of information technology, the SAP platform in Brazil was updated to improve its functionality in the spheres of management and information administration, allowing for a clearer vision of the business network. Another highlight in 2002 was the implementation of an online electronic purchasing system – already available for sales and marketing – , which simplified the process of input acquisition in addition to optimizing generated costs.