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## What a Buyer Wants ...

By Jim Stavis

Ten years ago Purchasing Magazine published that "distributors are being called upon to process more and more of the metal that goes from the dock directly to metalworking machines." The magazine also said that metal distributors were "being pushed to become the front line soldiers providing buyers with market information, technology updates, new product data and technical services."

Today, buyer surveys still find that distributor/ service centers are pretty much doing the same thing they've been doing for years. Is there in 2005 anything evident about value-added distribution in metals? Unfortunately the answer is "not really."

Value added distribution is somewhat rare in the metals sector with activities beyond sorting and pre-production processing of mill products limited to labeling, bar coding, packaging, storage and materials management. By contrast other industries such as in the electronic components sector provide buyers with cost reduction improvement processes, supply chain information, cost analysis programs as well as material management services.

Metal service centers function as key intermediaries between the metal producers

*(Continued Inside)*

## What a Buyer Wants

*(Continued from Front)*

that desire to sell large quantities to a select few customers and the end-users that need specific products in smaller quantities. The metals distribution industry is fragmented with approximately 1300 companies throughout North America, the largest of which represents less than 4 percent of estimated sales of \$85 billion in 2004. The industry includes both general line distributors that handle a wide range of products (Paragon Steel) and specialty distributors that specialize in particular categories of metal products.

Purchasing Magazine states that buyers are seeking companies in the metal distribution field who can provide such value-added tools as integrated cost reduction, creative customer analysis, consolidation of the purchasing function, value analysis and on-time delivery techniques to support lean manufacturing systems.

At Paragon Steel we hear this message loud and clear. As a first class supplier we do not just supply material, but partner with our customers to assist with pricing and just in time deliveries. We attempt to educate our customers on where prices are heading before they adjust so they can set their inventories accordingly. As for services, we have a full fabrication and metals processing facility dedicated to servicing our customer's needs.

With the price fluctuations that have beset the industry for the past few years, it has been more difficult for distributors to predict where prices are going. At the same time, the price variances have greatly affected inventory values and played havoc with profitability. We are still trying to assess where prices will be as we head into the New Year. So getting back to our original question, "what buyers want," we welcome your feedback and encourage your e-mails.

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## Don't Be Interesting—Be Interested

If you want to have an interesting dinner conversation, be interested. If you want to have interesting things to write, be interested. If you want to meet interesting people, be interested in the people you meet, their lives, their history, and their story. Where are they from? How did they get here? What

have they learned? By practicing the art of being interested, the majority of people can become fascinating teachers because nearly everyone has an interesting story to tell.

*—Jim Collins, author of "Built to Last" and "Good to Great"*

# Holiday Cheer

We would be remiss if we did not wish all of our customers, prospects and suppliers a joyous and safe holiday season. We thank all of those who have helped to make 2005 a success for Paragon Steel. We could not be in business were it not for the loyal support of our customers. For those that continue to read our monthly newsletter each and every month, we hope you will give us an opportunity for your business in 2006. And to those who offered their warm wishes and prayers for my personal journey this year, I thank you from the bottom of my new heart.

*—Jim Stavis*

