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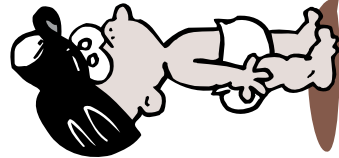
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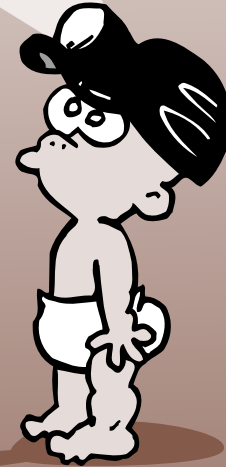
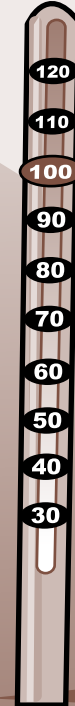
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JULY 2006



Global Warming and Steel

By Jim Stavris

As we endure another hot summer, and with the threat of more hurricanes in the southern part of the U.S., it really makes you wonder what is going on with the extreme climate changes we now have. If you believe the meteorological community, this is something that has been brewing for quite some time. The evidence lies in the increased temperatures that we have experienced since the late 1970s. Each decade, the average temperature has inched up, which melts the polar ice caps and causes a host of environmental problems.

Global warming is considered to be due to an increase in the concentration of greenhouse effect gases, most notably CO₂, in the atmosphere. The main cause of this increase of CO₂ concentration is believed to be the increasing combustion of carbon in fossil fuels that we have seen since the 1950s. According to a prediction by the World Meteorological Organization; that if current human activities continue without preventative measures, the average global temperature will be three degrees higher in

(Continued Inside)

Global Warming and Steel

(Continued from Front)

the next century than at present. Three degrees does not sound like a lot, but it is.

To control the emission of CO2 depends upon the fossil fuels that we utilize. The shift to new energy sources and the technology to fix CO2 are mostly in the developmental stages and will take time for this process to occur. In the meantime, it is necessary for industries

that utilize fossil fuels to become more energy and environmental conscious. The steel industry is one such industry. Accordingly, the U.S. steel industry has reduced its energy consumption by over 200 percent from 1973 to present and has invested over \$3 trillion for environmental and energy savings in that time.

Also by improving the quality and property of steel products, this can contribute greatly to energy savings. For example, the use of high strength

steel (less in weight) for automotive applications can reduce fuel consumption. Steel materials used in appliances, machinery and equipment that consume less electricity can reduce the amount of energy. Plus, the development of higher heat resistant super alloys and stainless steels has increased generating efficiencies

and new corrosive resistant materials have improved the life-span of equipment, construction materials, etc.

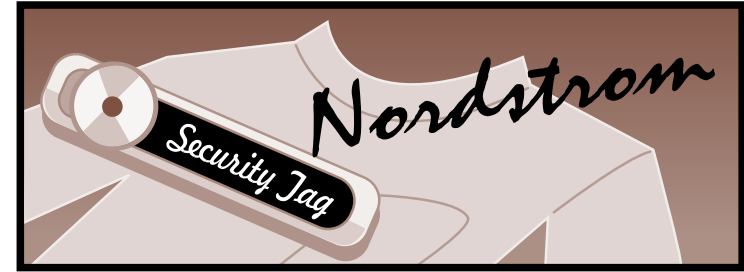
So when you think nothing is really being done to combat the threat of global warming, “think again”, as the facts would reveal otherwise. The question is “will it be too little too late?”

Lessons of Management— A Father’s Day Nightmare

This past Father’s Day I learned a valuable business lesson. What might have seemed like a good day turned ugly after receiving some poor customer service. Last June 18th we had 17 family members meet at The Cheesecake Factory in Brea for Father’s Day brunch. My expectations for the Cheesecake Factory had always been met in the past providing quality food and service. Unfortunately, it was not to be on this day. Of the 17 breakfast orders, the restaurant had messed up a third of them and another third did not get served until 20 minutes after the first group. When we had complained to our waitress, they came up with a lame excuse that the kitchen was understaffed. That sounded a bit short-

sighted on Father’s day, one of the busiest days of the year. Ultimately, when the manager came by to ask how our meal was, he had to stand back. He had deducted 20 percent from the bill which helped those of us who paid for the lousy experience, but did little to resurrect our feelings towards the restaurant.

That afternoon, my wife and I went to Nordstrom, another service icon. She had picked out a few items at the Father’s Day sale as my present. When we went to customer service, we waited a good 30 minutes for them to find our order. Finally after they found it, all of the security tags were still attached, which required another wait of 20 minutes to de-tag the



merchandise. Finally we got home and realized that one item still had a security tag on it. I was ready to return it all, since I was already hassled by my day. My wife called Nordstrom, complained to her sales rep who quickly dispatched a Nordstrom employee to come to our house and remove the security device.

These are two stories of reputable companies that have built their businesses on quality and service that both fell short on this day. When I thought about it, I realized that the important thing wasn’t that mistakes were made (because they were), but it was how they resolved or attempted to resolve the problems after they were discovered. In each instance an empowered employee of the company was able to take measures to try and

remedy the problem and leave a positive impression on the customer after the transaction was completed.

In a study of 1,400 leaders and managers by the Ken Blanchard Group (a global consultant), found that 41% felt inappropriate use of listening or communication was the biggest mistake companies made when faced with problems. Of the things stated that leaders and managers failed to do when working with customers was in not providing appropriate feedback (82 percent) to their problems. As for my Father’s Day, I would have preferred to watch the U.S. Open golf tournament in the comfort of my home and watch Phil Mickelson who was having his own bad day instead.



Each July we put another candle on the Paragon Steel birthday cake. This year marks the 18 Year Anniversary of our company. We always remember what our banker told us after our first year: “Starting a business is the easy part; it is building the business that really is the hard part. That is where most businesses fail.” Some real words of encouragement! Anyhow, this month we set sail on year number 19. We want to thank all of those that have supported us in our journey.