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GROWTH CHART



## MARCH 2007 NEWSLETTER

### Think **Big**, but Act small

*By Jim Stavis*

This article was inspired by a book I recently read by Jason Jennings called "Think Big, Act Small." It has a great degree of relevance to the steel industry and just about any business. It talks about the primary motivation for any company, private or public, American or otherwise, and their desire to grow successfully. What is amazing is that out of the approximately 11,000 publicly traded companies in the United States, fewer than 120 have had double digit growth in revenue for ten consecutive years. The book explores why that is and what it is about those 120 companies that separate them from the pack.

What was found was something every business can learn from. All of these

*(Continued Inside)*

## Think Big, but Act Small

*(Continued from Front)*

companies think big, but act small and base their businesses on ten primary building blocks: Remain down to earth, get your hands dirty, make short term goals and long term horizons, let go, have everyone think and act like an owner, invent new business, create win-win solutions, choose your competitors, build communities and grow future leaders. Each of these building blocks is important and relevant to all businesses. I would like to focus on four that I believe apply most directly to the steel industry.

## Get Your Hands Dirty

There is a prevailing view in business that top executives shouldn't be burdened with dealing with customers and their problems. When the company is first started the owners have no choice but to deal with customers. But as they grow, that job is passed to their customer service departments, general managers, etc. One of the most valued lessons an owner can learn is that the most successful companies spend over

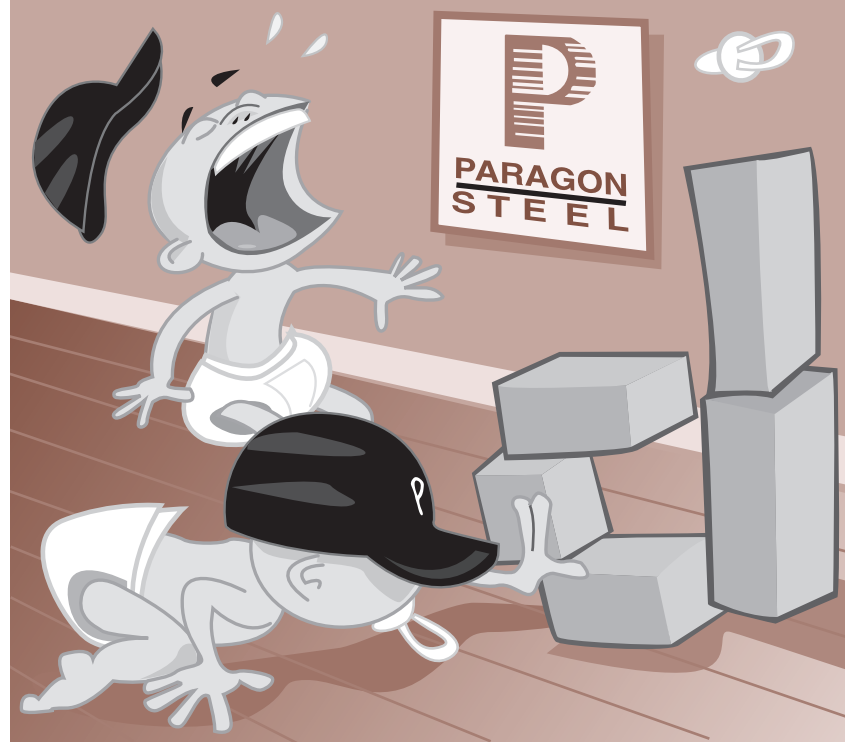
half their time with their customers. All the way up to the CEO, everyone must be willing to get their hands dirty.

## Let Go

The reality of the metals industry is that approximately 40 major steel companies have filed for bankruptcy in the past seven-year period. Why is it then that Nucor Steel has been able to pay 134 consecutive quarterly dividends, pay its average employee \$100,000 and refrain from layoffs, all the while competitors were going bankrupt? Many companies were unable to survive because they were unwilling to change with the times. They would not let go of what had worked in the past. The top companies that have succeeded have mastered the art of abandoning products, services and processes whose time has past. Some give products a second chance, while others know immediately when to cut and run. But all get on quickly with the business at hand: growing revenues.

## Have Everyone Think Like an Owner

Those successful companies possess another common trait which is to empower employees to think and act like entrepreneurs. They do that by



rewarding employees who can create value in the mind of their customers. Owners are compensated for the value they create; employees should be no different. Nucor, for example, operates under a performance-based pay structure that rewards goal-oriented teams of employees with incentives related to meeting specific goals and targets.

## Grow Future Leaders

The metals industry is facing an impending crisis. It has not grown future leaders for many years. Metals companies stopped hiring in the late '80s and '90s. Today, workers are either 60-plus, on their way out the door or are coming in brand new. The metals world is missing a swath of leaders in their 40s

who have matured in the industry. As with many of our competitors, we are having a hard time finding good help with any steel experience whatsoever. The successful companies haven't had to hire outside CEOs to tinker around with their culture. They haven't brought in cost cutters to inflate performance. Instead they have relied on homegrown leadership to increase revenues. They do this by investing in training, putting future leaders in direct contact with

customers, increasing responsibility and encouraging risk-taking. Is it too late for the metals industry to embrace this way of doing business? It's never too late for change.

When change comes knocking on the door, it's easy to say, "Not today." In terms of implementing change, many companies stray, but right now there are many things in the metals industry that have fundamentally changed which means there may be no better time than the present.

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## Did You Know? What is The Ides of March?

*In the Roman calendar, The Ides of March falls on the 15th day of the Roman month Martius (March). The date is famous because it was the day Julius Caesar was assassinated in 44 B.C. Since then it has always had a negative connotation of the foreboding of doom. So now you know ...*

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