

ADDING NEW FACES

By Jim Stavis

Paragon has recently added two new faces to our sales team:



Jerry Lyde

Jerry has been selling steel both in Arizona and in California for the past five years. His strength has been with structural steel products, but he has easily transitioned into selling all of the various grades and types of materials that Paragon Steel proudly offers. His enthusiasm and desire make him a genuine good fit for our sales team.

(626) 320-6811 • jlyde@paragonsteel.com



Noelle Lee

Noelle has been selling steel products for more than six years on the East Coast and was recently transferred out west temporarily.

Once she got a taste of life in Southern California (especially over the winter), she decided to stay here full time. We had to convince her that it really doesn't rain as much as it did this year. Noelle's background is strong in steel plate, and like Jerry, her steel knowledge is being broadened to include many more steel, aluminum and stainless products.

(908) 675-6847 • nlee@paragonsteel.com

We encourage you to contact either Jerry or Noelle for your immediate steel needs.



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APRIL 2017 NEWSLETTER

A Steel User's Tale

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I recently had lunch with one of our longtime customers, Victor Sawan of Wesley Allen in Los Angeles. Since 1976, Victor's company has been making furniture and has a valuable niche in the interior design industry. It is a niche that has been changing rapidly over the past few years.

Victor characterized his company as a "dinosaur that just hasn't died yet," which I found quite amusing. He has watched countless suppliers of furniture close down or move their operations out of California or from the country entirely. Most of them have found China, while others have found Mexico to be a far better place for manufacturing at a competitive price. Victor told me he could buy a bed that costs less than what the materials alone cost here in the United States. He held his hands up and said, "What am I supposed to do?"

Victor's story is not uncommon these days. There is a changing landscape for many manufacturing companies in this country. Here in California, it's only getting worse. With our regulatory issues, environmental and safety compliance issues, plus new minimum wage laws on the horizon, there's increasing motivation for

companies to relocate elsewhere. Many furniture companies have fled to North Carolina, which is a hub for furniture manufacturing, or at least it used to be. Victor shared with me what it's like in China today. "In Shenzhen and Shanghai, it's almost like being in the United States. There are thousands of employees there just to help American companies find manufacturing outlets and quality control. Walmart alone has building after building of manufacturing supply." There was a time when Chinese manufacturing was not able to meet our high standards for quality, but that is no longer the case. Victor found that if he could not beat them, he had to join them. He now brings in two to three containers of finished product each week. You can imagine how much less steel is being consumed in his facility. We used to ship a few times a month and now it's every second or third month.

Victor has survived in spite of all of these changes by being versatile and progressive. He has bought robots as a way to keep his labor costs down. He has brought on manufacturing expertise to lower his manufacturing costs. They have examined every expense category to see where dollars could be saved. He knew that this was necessary for his survival. Unfortunately, he now has a new challenge to add to the mix—the Internet. Furniture used to be sold exclusively through brick-and-mortar furniture stores. People would shop in stores and



the products purchased would be shipped to them within days of purchase. Retail has now shifted to the Internet. People can shop from the convenience of their home. Furniture can be shipped out the very next day. Victor referred to this change as the "retail ice age," where typical channels are going away. The malls of tomorrow will be all online. Victor understands that he had better change if he is going to survive. He has aligned himself with online channels to sell his products. He has expanded his product line and aligned himself with a mattress company to broaden his appeal. You can see a common theme with Victor, and it's all about change.

I left our lunch feeling sad in a way. The good ol' days seem to have disappeared. But Victor doesn't see it that way. He thinks it's just an evolutionary process. He is not resistant to change, but seems to embrace it. I asked him if it bothers him and his response was, "What am I gonna do about it?" I admire his attitude, really. Rather than feel sorry for himself, he figured out a way to move forward. He says, "Companies either have to figure it out or close their doors." He feels lucky that he is still in business after all these years. I asked him why he doesn't move like all the rest in his industry. He said, "I'm too tired to relocate and I'd lose all of my loyal employees who have been a part of our company for so long." Victor is unique in that regard. He has seen much change, but still appreciates what got him and his company to this point. It certainly isn't easy, but I'm glad there are people like Victor leading the way.



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