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A BACKBONE OF STEEL

*Paragon continues to re-form
the status quo*

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The Paragon Steel team is a tight-knit group that includes, from left to right: Laura Garcia, Receptionist; Aida Estrada, Accounting; Blake O'Brien, Vice President of Sales and Operations; Jim Stavis, President; Holly Hees, Office Manager/Human Resources; and Sales Reps Noelle Lee and Greg Ogle.



A BACKBONE OF STEEL

Paragon Continues to Re-Form the Status Quo

by Vicki Speed

Celebrating a milestone 30th anniversary, Paragon Steel has built an industry-leading reputation for providing a complete line of steel and stainless products with a customer-first approach. But it's not the variety of tubes, beams, plates and channels or even the quick response time that portrays the heart of this metal distribution company.

It's the individuals.

Jim Stavis, President and owner of Paragon Steel, believes that his

company's journey, and its three decades of success, is a story of survival. He adds, "You never know what a day may bring, so hope is fundamental to both my story and Paragon's story. That belief is central to everything we do because, with hope, we know that anything is possible no matter the challenge."

Through thick and thin, triumph and heartbreak, the company, its leaders and its employees continue to stand by and build on the core principles that shaped the business from its earliest days.

SETTING THE PACE

The fundamentals of what would be Paragon Steel were established during the energy crisis of the 1970s when Stavis, then a student at UCLA, got a firsthand look at consumer and market trends.

He explains, "During the gas crisis, people were trading their American-made gas guzzlers for small cars from Japan, e.g., Toyota, Honda and Datsun (Nissan). While American consumers liked the efficiency, they wanted to make these imports sportier, faster and with better handling."

PHOTO COURTESY OF EMILY FRANCES

With that in mind, Stavis, then just 22, established Pace Setter, an automotive aftermarket distributor for imports. The experience taught him how to track, manage and capitalize on market trends—and it also introduced him to Doug Carpenter. Carpenter owned a company that sold steel for manufactured products, and their friendship grew.

“During one of our discussions, he expressed a desire to start his own steel company,” recalls Stavis. “He was a great salesperson and had been in the steel business his entire work life, so he developed a lot of contacts and clients. I had the experience of having built a company from the ground up, plus the marketing and financial know-how. Our skill sets were well matched to run a business.”

In 1988, Stavis sold his interest in Pace Setter so that he and Carpenter could form Paragon Steel. Stavis believes that the lessons he learned in those early days, particularly about the needs of those in the steel distribution industry, formed the heart of the new company’s culture and business process.

FLIPPING THE PARADIGM

At the time, the steel market was highly commoditized. Suppliers would dictate when materials would be delivered, how they would be provided (bundle counts and dimensions) and would frequently backorder items (not in stock). Service was a minor consideration.

Stavis says, “Our model flipped that paradigm. We would deliver materials exactly when and how a customer wanted them. We would break bundles and provide exact piece counts or cut material to size exactly as the customer

had wanted. Plus, we would never backorder any items on an order.”

The two ran Paragon Steel from an office above Quinn’s Pub & Grill in the Belmont Shore section of Long Beach, California, with just four employees and a handful of Carpenter’s accounts. They used outside storage facilities for inventory and subcontracted truckers to manage the freight. As their customer base grew, Stavis and Carpenter added new products, such as stainless steel, aluminum and alloys, as well as flat-rolled steel, plate and structural items, such as beams, channel, angle, tubing and pipe.

Stavis explains, “We found ourselves adding product categories and services that suited the needs of our loyal customers. As well, most of our competitors could not compete with our higher level of service.”

Industrial companies needed steel for their production lines, while construction companies needed steel delivered on time to ensure job site efficiency and much more. The company had early success with the modular building industry where steel was not the dominant percentage in the cost of the building. Their clients ranged from steel tank companies that serviced refineries and pipelines to furniture manufacturers, automotive companies and vintners in the winemaking business.

Eventually, they had to lease a warehouse and a fleet of delivery trucks.

Stavis says, “With growth, came all the trappings of a traditional steel warehouse model. Still, we tried to



Paragon Steel provided Tongva Park’s custom steel pods that frame the Santa Monica Pier overlook in Santa Monica, California.



Orlando Bello Lopez readies steel product for distribution.

maintain the responsiveness and adaptability of a small company. We did not want to become like the companies we were competing against—I believe that was central to our success.”

TRANSITION AND TRAGEDY

Paragon Steel’s customer needs eventually included fabrication, so Stavis and Carpenter added a fabrication division and began to seek jobs that could facilitate the use of the fabrication equipment and value-added services that they had acquired in distribution.

In 2008, when the steel distribution market was slowing due to the recession, Paragon Steel was awarded a \$20 million, three-year contract to build and install 21 stations for the Metrolink line that connects downtown Los Angeles to Culver City in California. At the time, it was the largest contract the company had ever received.

By 2011, nearly half of Paragon Steel’s business was dedicated to fabrication. Its specialty was providing unique fabrication items. For instance, Paragon provided the steel pods that overlook the ocean at Tongva Park in Santa Monica, and many of the steel canopies and structures at the Los Angeles County Museum of Art.

As the service industry become more customer-centric, so did Paragon Steel’s competitors. Stavis says, “So, we became even more customer-focused and provided even greater levels of services. We acquired more processing equipment and broadened our product lines.”

Unfortunately, in 2012, Carpenter developed an infection that put him in and out of the hospital and ultimately took his life two years later. Stavis had a big decision to make about the business moving forward. After much thought, he sold the fabrication division of Paragon Steel to reduce the impact of the void left in the company, opting to just run the distribution side of the business.

He adds, “We consolidated the operation from three facilities into one in Commerce, California, and reduced our workforce from 55 to 20. We literally had to split the company apart.”

The new entity was called Paragon Steel Fabrication and Construction, while Stavis retained the Paragon Steel name. Stavis is quick to say that “it was a difficult transition, as I

PHOTOS COURTESY OF EMILY FRANCES



Paragon Steel shop team member, Joe Kramer, prepares a custom product for a customer.

had to contend with the loss of my partner of over 25 years and yet keep the company prospering for our customers, vendors, bankers and employees. Yet, we managed to pull through it together.”

STRENGTH AND HOPE

Today, Paragon Steel continues to partner with customers to provide finished parts for its manufacturing processes, inventory for a company that manufactures their products in Mexico, and for companies that provide solar and recycling products.

Technology has changed the landscape of products and customer needs throughout Paragon Steel’s history. Stavis adds, “The one element that we know we can predict is that change will always happen. Our job is to be ready for it. Our ability to adapt to the changing times has been our greatest strength. Those that cannot adapt will not survive.”

It’s a lesson that Stavis knows from his personal life. Diagnosed with juvenile diabetes at the age of 17, doctors told him that he would be lucky to live to see his 50th birthday, and would likely endure kidney and heart failure, amputations and blindness.

“Our ability to adapt to the changing times has been our greatest strength.”

Jim Stavis, President
and Owner, Paragon Steel

He persevered. “I had adopted a mindset that allowed me to find a way to go forward and ultimately receive three organ transplants that saved my life, all as I was turning 50,” he says.

In 2005, he received a 17-year-old boy’s heart and kidney, and in 2006 a donor pancreas. He learned that with the proper belief and sense of hope, anything is possible. He’s the only triple-transplant recipient ever at Cedars-Sinai Medical Center in Los Angeles—he’s no longer diabetic, and he just celebrated his 63rd birthday.



Jim Stavis (second from right, blue shirt), President of Paragon Steel, looked to his team to pull the company through challenging times. A few of those team members, pictured here (left to right), include: Victor Navarro, driver; Orlando Bello Lopez, shop worker; Joe Kramer, shop worker; Giovanni Perez, driver; and Arnulfo Ventura, driver.

Stavis is very public about his story of survival, believing that it will help others manage through their own adversity, and naturally supports organ donation through Donate Life America and OneLegacy. He's also written a book called "When Hope Is Your Only Option" that chronicles his journey. He believes it's his positive outlook—and a backbone of steel—that has helped Paragon Steel endure in good times and bad. He concludes, "I believe we all have a purpose, a reason we are here. I encourage our employees to find what drives them and explore with our customers what is important to them. There is more to life than just selling a little steel." 🐼

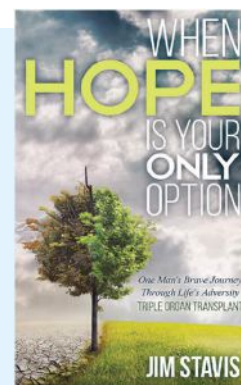
Vicki Speed is a freelance writer based in Colorado.

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Jim Stavis, President and Owner,
Paragon Steel

In his book, "When Hope Is Your Only Option," triple-transplant recipient Jim Stavis chronicles his story of survival, hoping to help others manage adversity.

Stavis talks more about life beyond steel on his website: www.jimstavis.com.



PHOTOS COURTESY OF EMILY FRANCES (TOP); PARAGON STEEL (BOOK IMAGE)