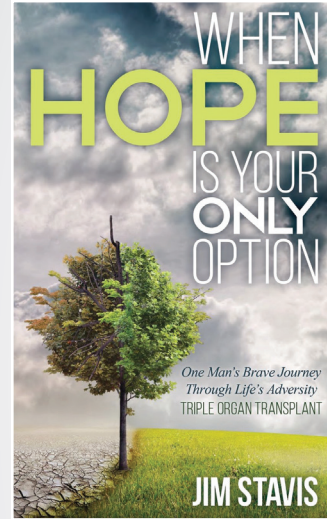


Is Hope A Business Strategy?



By Jim Stavis

I published a book a few years ago called “When Hope is Your Only Option”. It chronicled my medical miracle story which occurred back in 2005 when I was the recipient of three life saving organs that saved my life. People often come to me with their own stories of overcoming odds and adversity. If it is possible to be an expert in defining “Hope”, I’m a good candidate.

I was recently asked if hope was suitable as a business strategy. Many people would say that it isn’t. You can’t just cross your fingers and hope for the best. I would argue that there is some truth in that statement. However, as in life, if the hope that you embrace can lead to action, than this can be the catalyst for change. So, feel free to use a different word for hope. Let’s call it positivity, or promise, or expectation, or aspiration. Whatever makes you comfortable works for me.

Hope is what got many business owners through the throes of trying to run and grow their businesses, or simply stay afloat during the past few years of painful pandemic protocols, supply chain challenges and now nasty inflation. Hope is what moves innovators to innovate, struggling businesses to pivot and even inspire entrepreneurs to make their next move. In my book, I ask people to define their ‘source of hope’ as it is what gives you the drive to get up each morning and do what you do.

As we move forward in 2024, it is time to include Hope as a vital part of our business strategy. Let’s start by reflecting on how hope can bolster the three steps of building a business strategy, which are determining your vision, defining your target market and identifying your competitive advantages. By maintaining an optimistic, hopeful approach to business strategy and goal setting, businesses can aim higher and dream bigger and better position themselves for sustained success. It is always easier to be negative but trust me that being hopeful always beats being hopeless. I’m living proof of that.

To learn more about my award-winning book, please go to: whenhopeisyouronlyoption.com
Order your copy today.



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WINTER 2024 NEWSLETTER





What is all the fuss about?

There was a time when acquisitions such as this one would be celebrated versus overly scrutinized. About 15 months ago another steelmaker, Cleveland Cliffs, had offered roughly half of what Nippon Steel of Japan had offered to buy the storied US steelmaker. That offer had been rejected. For the shareholders of U.S. Steel getting the Nippon bid was a bonanza — almost too good to be true. One question is why Nippon would offer as much as they did. I think that answer is simple. To provide as in the Godfather, “an offer they couldn’t refuse”.

U.S. Steel was founded in 1901 by J.P. Morgan and Andrew Carnegie, famed businessmen of the 20th century. It became an iconic American success story, emblematic of American dominance in worldwide manufacturing. It fed the automotive markets, infrastructure, construction, transportation, aviation, shipping and a military industrial complex for America and other countries around the globe. This last point is what is making this whole transaction a subject of scrutiny for many different groups. The argument is whether it makes sense for any foreign country or its representatives to have a stake in our own national security.

Today Japan is considered a friendly ally to the USA. There was a time not too long ago where Japan was not so friendly to the U.S for those that still remember Pearl Harbor. That said, the world is a different place today than it once was. Businesses in foreign countries build factories in our country as we do in theirs. Globalization has changed all the rules. We operate and invest in countries all over the world. So, the idea of a foreign entity acquiring an American corporation, even one as iconic as U.S. Steel should come as no surprise.

The second important consideration is with the labor impact. U.S. Steel as of 2022 employed 22,740 people. That is half as many as it used to before automation and

when union benefits and pensions spun out of control. The Steelworker’s union is one of the country’s largest unions and when Nippon Steel was making their bid, the union was not even consulted. This was a problem for some union leaders as they figured it might be a first step in not acknowledging their concerns. Since the deal was made, the Nippon folks have assured the union that everything would remain the same.

The third issue was the sum of money that Nippon offered. Simply put, why would they pay double what Cleveland Cliffs had offered? There are a few theories there. First, is that with the infrastructure funding bill of last year, there will be a significant increase in funding for projects that require domestic steel. Secondly, there will be ongoing governmental subsidies for Green environmental programs, EV automobiles, solar and wind projects, etc. From a pure timing prospect, Nippon sees all this as an opportunity for them. In 2022, U.S. Steel produced about 14.5 million tons of steel. Nippon said the acquisition is anticipated to bring its total steel capacity to 86 million tons worldwide. This will keep Japan as a top four steel producer in the world. China currently produces 54% of the total worldwide.

The question is whether this deal will become a political issue within an election year. It ultimately needs to

be approved by the government for a merger of this magnitude. The government’s position will be debated whether or not this is good for America. Aside from the U.S. Steel stockholders who certainly will benefit, how will this deal help the steel industry, its workers and will it have an economic impact at all. The Biden administration has shown to be in favor of unions and worker’s needs. Will they support this acquisition or not?

The final question is how, if anything, might this merger impact the U.S. steel manufacturing sector. Much of the steel processing equipment that U.S. Steel has is somewhat antiquated compared to the rest of the world. Nippon will have to invest significant money to upgrade and modernize their equipment. Plus, the U.S. market for steel production is now greatly impacted by imported steel. The challenge for Nippon will be to upgrade a domestic facility while it competes with global competition that is subsidized with foreign governments and 3rd world economies. Only time will tell how successful they will be. It is supposed to close by the 2nd or 3rd quarter of this year. Stay tuned.