



PACESETTER
OUR PEOPLE, YOUR ADVANTAGE

2.23.2016 Vol. 2 Issue 8

YOUR **ACCOUNTABILITY** ADVANTAGE

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PACESETTER 2016



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YOUR ACCOUNTABILITY ADVANTAGE | 2.16.2016 - 2.22.2016

How do you hold associates accountable?

Over the years I have learned some basic principles. Most of the concepts are not earth shattering and we have all heard them from time to time, but they are worth reiterating.

Let's start from the beginning. It is arguable that most of our habits and personality traits that make up who we are, are established at a very young age, and is based on how you were raised by authority figures. I was personally molded, substantially, in the early years of my life. Being a child of the 80's, I vividly remember the speeches from Jimmy Carter during the energy crisis. I still cannot leave a room without turning out the lights. The same is true in the workplace. How we behave, good or bad, is determined by the authority figure, i.e., the manager.

The first step for managers is to start early. For example, when my sons were young I expected certain behavior. I called them minimum expectations such as: picking up after themselves, not talking back, and eating their vegetables. These expectations were constantly instilled in them, day and night. In time, their expected behavior became the norm.

The same can be applied to the workplace. Do not delay communicating your minimum expectations, especially with newer associates who have not yet slipped into any poor habits.

The next step is to “expect what you inspect.” If you are not inspecting your associate's quality of work regularly, then you really won't see the big picture. Set up a time in the beginning of the day to look at metrics. You might even schedule time in Outlook or on your personal calendar, so that nothing can be overlooked.

I like to graph metrics so I can see if there are positive or negative trends. Suffice it to say it is equally important, if not more important, to “catch people doing something right.” We have gift cards set aside to reward such behavior. Of course we all want to hope that everyone is doing their best, but we know hope is not a strategy. If you have metrics, check daily and if you detect some minor concerns do not call a 5 Car Alarm, but watch and see if it is a, “one off” or becomes a pattern-then act accordingly.

Managers must try to create good habits among their associates and this normally takes a few weeks to become consistent. Because of this, it is important as a manager, to reinforce, daily, the desired behavior you expect from associates. Waiver, and you send the message that it is not important. It's easy for managers today to be consistent only for a short period of time, and then eventually fall off into inconsistency after a week or two. Even managers who have forged new habits can stray from enforcement a couple months down the road. Therefore, it is imperative to follow-up periodically.



STEEL | 2.16.2016 - 2.22.2016

- #1 heavy melt scrap is steady at \$157 per ton, as is #1 busheling at \$184 per ton. Sims Metal Management based in New York, reported they will close or sell off 25 more feeder scrap yards in North America in the second half of this year. Poor demand is forcing them to right size their company. Their sales volume recently fell over 21% to 4.3 million tons (1/2 year sales).

+ Raw steel production rose to 72.8% of capacity.

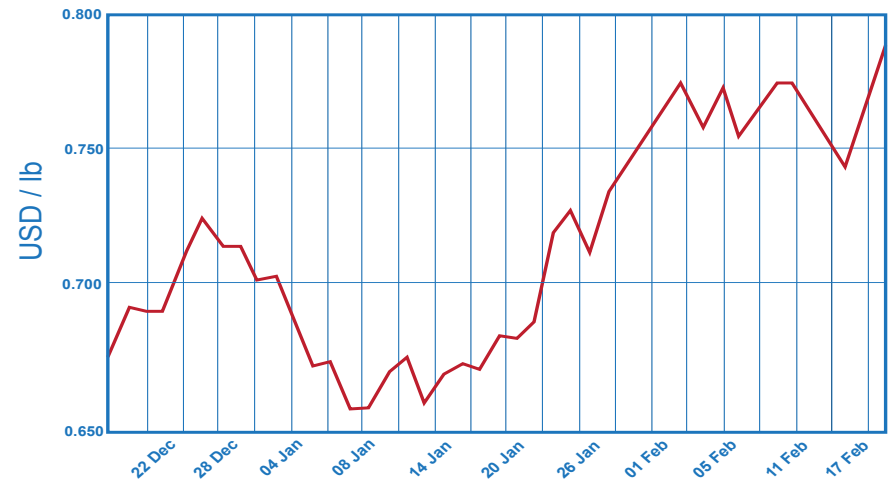
+ Domestic lead times for coated products pulled in a week. The average lead time remains in April.

- Iron ore FOB Chinese ports is up slightly to \$45 per dry metric ton.

- Zinc prices are trending up.

60 Day Zinc Spot

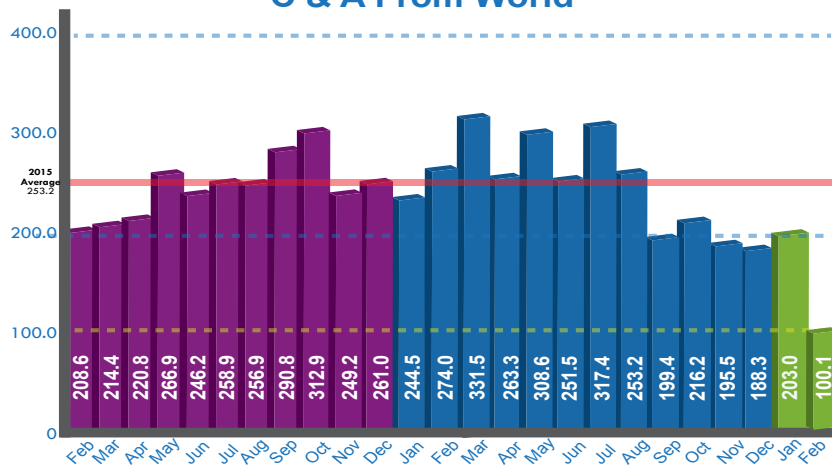
Source: www.kitco.com



STEEL | 2.16.2016 - 2.22.2016

+ Galvanized imports might be gaining some strength. February is on pace to beat January.

U.S. Imports of Sheets & Strip Galv Hot Dipped C & A From World



Source: US Department of Commerce, Enforcement and Compliance | Graph last modified on: February 16, 2016
with Licensing Data collected through February 16, 2016. Commerce license data use for the last month appears in a different color
Data extracted from the import licenses are not official Census data

- Usiminas, one of Brazil's largest steel makers, posted a \$922 million loss for 2015. The mill's ownership of Techint Group and Nippon Steel/Sumitomo are disputing the best way to push the mill back into profitability.

- Arrium, a multi-location steel maker in Australia, is closing steel making plants and cutting hundreds of jobs due to global price deterioration in raw materials and Chinese competition.

- Moody's Investor Service changed their outlook for the European steel sector to "negative" and estimates that customer demand (and prices) won't rise to acceptable levels for at least the next 18 months. Thousands of steel workers from across Europe marched through Brussels Belgium demanding the European Commission protect their market from cheap Chinese imports.

- The global price deterioration of raw materials and energy is putting pressure on credit lines. Mining equipment manufacturers are being forced into new, tighter credit terms. Even the giant bearing maker Timken was forced to renegotiate their \$300 million line for credit.

- January steel shipments from service centers in the US were 3.05 million tons, down 13.3% from a year ago. Steel inventories at the end of January were down 20.1% to 7.95 million tons, equating to 2.6 months supply. This marks the 13th consecutive decline of shipments from service centers in the US. Canadian steel service centers shipped 389,700 tons in January, down 4% from last year. Steel inventories were 1.25 million tons, down 19.2% from last year. Canadian service centers have 3.2 months worth of inventory.



AUTOMOTIVE | 2.16.2016 - 2.22.2016

+ Ford Motor Company has a useful feature available on their new Fusion models allowing the car to skip over potholes in the road to smooth the ride and decrease the chance for wheel or undercarriage damage. Sensors in the car's bumper can see potholes ahead and communicate with special shock absorbers to stiffen up which keeps the wheels from falling into the potholes. Ford's Lincoln MKS and MKZ models already have this feature. The AAA released a study claiming pothole damage costs drivers in America over \$3 billion annually for repairs.

+ The old Spring Hill, Tennessee, Saturn plant is alive and well and after a \$148 million upgrade, will be producing 6.2 liter V-8 engines for GM trucks and SUV's by Q4 of this year. The facility employing almost 2,100 workers currently produces the Cadillac XT5 and GMC Acadia in addition to 4 cylinder engines for other GM products.

- The National Safety Council reported motor vehicle deaths in the USA increased 8% in 2015, the largest yearly increase in 50 years. There were 38,300 deaths and 4.4 million serious injuries in 2015. Could cheap gasoline be the cause? More people were on the road last year, enjoying cheap gas and more road trips. Or are we more distracted by cell phones and dashboard mounted information?

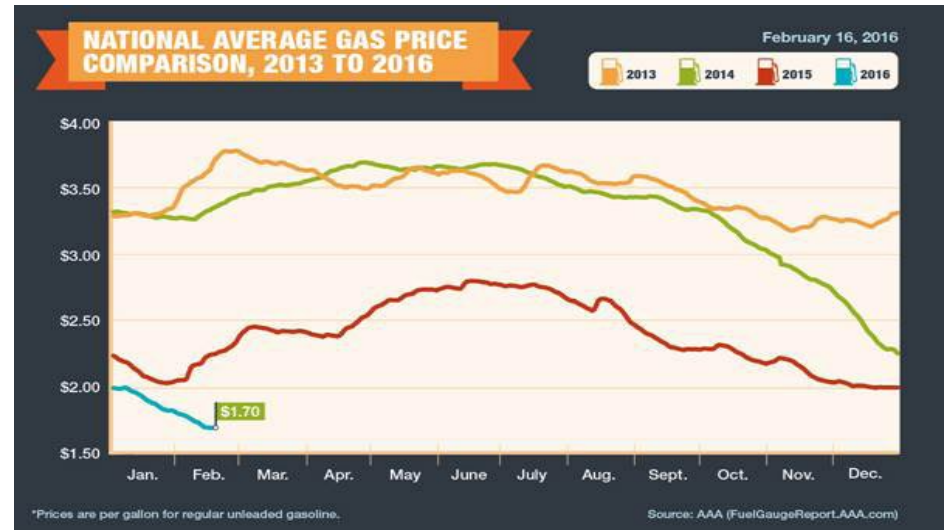


GENERAL | 2.16.2016 - 2.22.2016

- + The Consumer Price Index was dead flat in January.
- + The Producer Price Index rose only 0.1% in January. Inflation is well under control.
- + Industrial Production gained 0.9% in January, driven by a 2.8% rise in motor vehicle production. Utilities output gained 5.4% reflecting the recent cold snap in the US.
- + Diesel fuel fell under \$2.00 per gallon (national average).

- + Gasoline prices continue to slide. Oil futures are steady at \$31 per barrel. Our oil refineries are operating at only 88.3% of capacity. Commercial crude oil inventory is at record levels (504 million barrels).

Weekly retail diesel prices (2000-2016)
dollars per gallon





BILL'S ROUND-UP | 2.16.2016 - 2.22.2016

"Inflation is almost nonexistent. Industrial production gained in January. Housing fell in January, but permits rose quite a bit, pointing to better conditions soon. Shipments of heating and cooling equipment and water heaters slowed dramatically in December. Diesel fuel prices fell under \$2.00 per gallon as gasoline fell to \$1.70 and continues to trend down. Steel scrap prices are steady (and overpriced), but steel mill output is the best it's been all year. Galvanized imports are gaining a little momentum. The global steel market is still on a downward trend for demand and prices. Steel service centers in the USA posted their 13th consecutive monthly decline of tons shipped. Ford has cars that can skip over potholes and the old Saturn plant in Tennessee will be making big V-8 engines soon. Lastly, be careful how you drive. The roadways are more dangerous than ever."

PARTING SHOT:

"The price of anything is the amount of life you exchange for it."

- Henry David Thoreau (1817 to 1862)



Bill Feier, World Sourcing Manager



'TIL NEXT TIME | 3.1.2016



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