



**PACESETTER**  
OUR PEOPLE, YOUR ADVANTAGE

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# YOUR **VALUES** ADVANTAGE

OUR PEOPLE, YOUR ADVANTAGE



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**YOUR VALUES ADVANTAGE | 7.19.2016 - 7.25.2016**

*One of the biggest buzz-words in the workplace is the word “culture”. Many have written books on the subject of developing positive culture and many more work with organizations to help them create positive culture. The reason why is clear: organizations with defined, consistent values that have translated into the workplace create a better environment to work in and, a more loyal and committed workforce. It’s easy to see the importance of creating healthy culture but knowing where to start isn’t always obvious. Below are a few thoughts and strategies any business leader or organization can implement as they attempt to drive the culture of their organization.*

### **From the top**

Leaders have it rough. They carry the responsibility of guiding their businesses through difficult decisions, many of which carry fiduciary consequences for their employees and often garner criticism. As much pressure as this is, they also bear the responsibility of cultivating and driving company culture. The first step in this process is simply defining what those values are; the second and much more difficult step is walking out or demonstrating those values in action. Leaders of an organization are the living embodiment of what a company stands for. This does not mean that perfection is required to lead however it does mean a persistent commitment to foster and emulate the values an organization has defined for itself. When those ingredients are in place, an organization with well-defined values and business leaders who emulate those traits, employees gain buy-in to the process as they watch it work first hand. Over time, an organization will begin to attract and retain talent that is aligned with its values which in turn will strengthen “who” an organization strives to be and “what” that organization stands for.

### **Values in Action**

Leadership engaging in the values/culture of a company is a must for organizations looking to foster a sustained culture, but this in and of itself is only the first step. Organizations that are really looking to capitalize on their values need to create space and opportunities for associates to engage within what the organization says it is about. Is one of your values supporting local schools? There ought to be outreach/engagement opportunities for associates to put that value into action. Does your organization care about one specific cause or charity? Associates should be able to see partnership between the two. Although offering associates the chance to give back or engage within special causes may have a cost, the benefits gained when associates buy-in to an organization’s mission is invaluable.

### **Choose Inclusivity**

So now we’ve talked about where values from an organization are derived, how those values can be translated into culture, and creating opportunities of associates to engage within those values. At this point, after being consistently modeled, you are likely going to end up with a group of individuals working towards a common goal. Quality associates will naturally want to be involved as much as possible with the business. They have already bought into the vision and it is important to recognize one of the next steps in building a positive culture is by creating the opportunity for inclusivity. Allowing associates access to decision makers and the decision-making process within an organization will re-enforce and strengthen loyalty and a sense of ownership within a workforce. Are there opportunities for your associates to be involved in initiatives within your organization? Is there a platform or venue where associates can share their thoughts and ideas to improve a business? When associates can share their thoughts and contribute both the associate benefits from the reality of being heard and the organization benefits from additional inputs available to drive business decisions and goals.

It is easy to plaster company values in break rooms or in print; it is much more difficult to see those values translate into a sustainable workplace culture. Despite increasing demands, organizations must take the time to be intentional in fostering the traits and values they hold within their organization. This will create a happier, more loyal and satisfied workforce, ultimately benefiting all stakeholders within a certain company or organization. Doing this isn’t easy and does not happen on its own, it takes intentional work and re-enforcement from leaders within an organization to see healthy culture develop in their workforce. Yes there is a cost, yes it will take time, yes it will reap benefits for an organization it could not otherwise see.

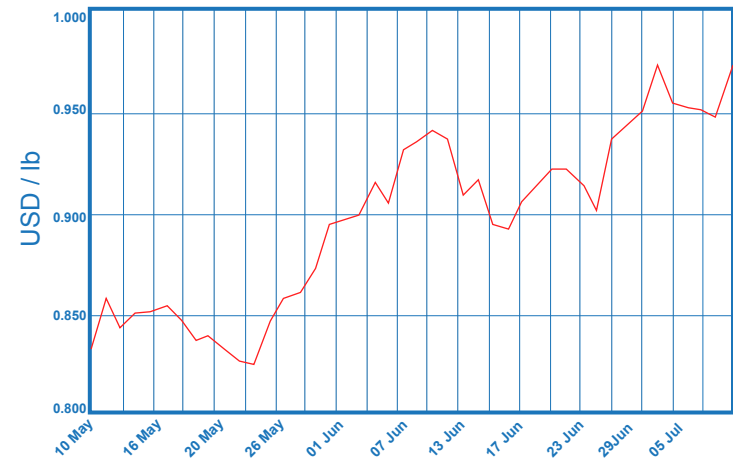


## STEEL | 7.19.2016 - 7.25.2016

- #1 heavy melt scrap is static at \$218 per ton as well as #1 busheling scrap at \$274 per ton.
- + Raw steel production slipped to 73.2% of capacity.
- Domestic mill lead times pushed out to over 8 weeks for galvanized products.
- Iron ore FOB Chinese ports is up to \$55 per dry metric ton.
- Zinc prices continue to escalate.

### 60 Day Zinc Spot

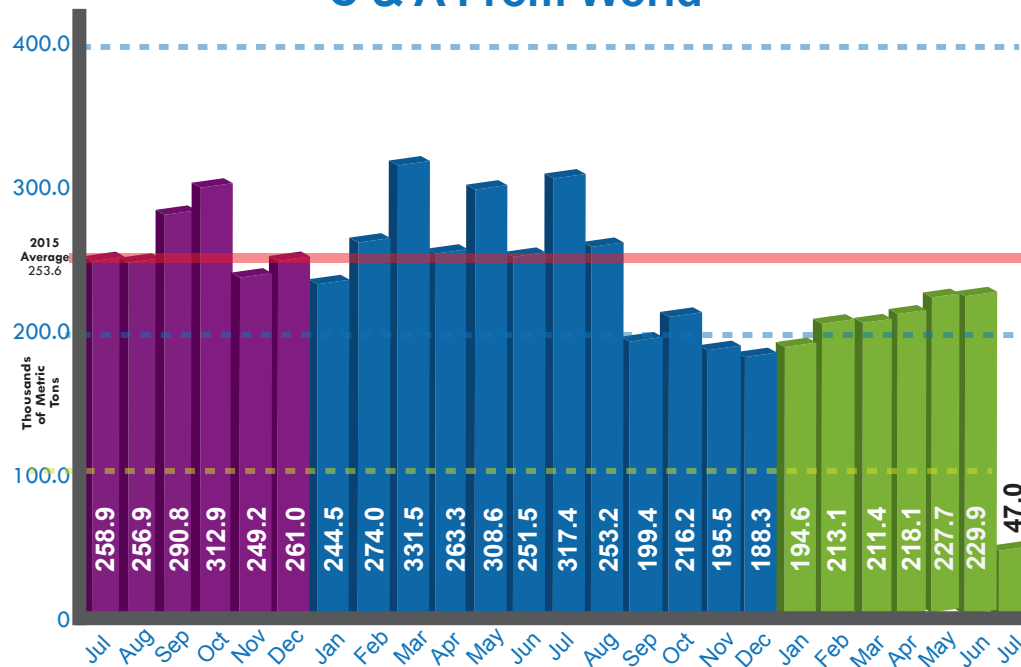
Source: [www.kitco.com](http://www.kitco.com)



## STEEL | 7.19.2016 - 7.25.2016

- + Galvanized steel imports for July look like they are on track to beat June. I expect this uptick to continue through the end of this year.

### 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: July 6, 2016  
 with Licensing Data collected through July 6, 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



## STEEL | 7.19.2016 - 7.25.2016

- BaoSteel in China says they plan to cut their capacity to make steel by 9.2 million tons annually by 2018. I'll believe it when I see it. The Chinese have been talking about capacity cuts for a long time, but I haven't seen any tangible evidence of cut backs yet.

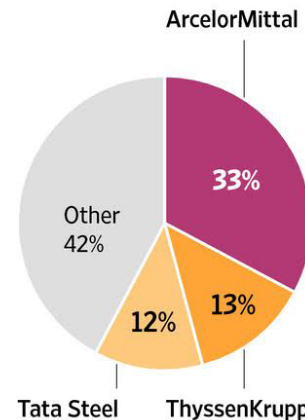
- The European steel industry is in bad enough shape that consolidations are being negotiated. ThyssenKrupp confirmed they are in talks with Tata Steel. ArcelorMittal is partnering with Marcegaglia to buy the giant Ilva Steel company in Italy. These big mergers would allow the big companies to get bigger, which allows them the flexibility to control excess capacity and shift production between units based on bookings.

+ ArcelorMittal is investing 40 million Euros in their blast furnace #2 in Bremen, Germany to update its capacity and products for the auto industry in Europe. The Bremen facility is a premier integrated mill in Europe, known for its high quality steel. They can make 80" wide galvanized there, used for stamping floor pans from sheet that does not have to be welded together from two narrow sheets like other mills.

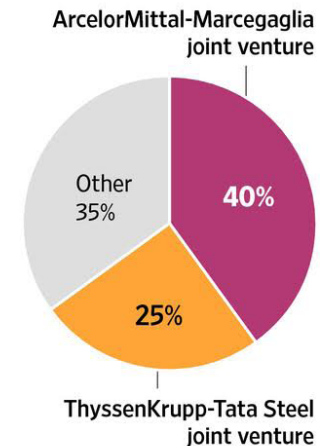
### Forging Ahead

ArcelorMittal and ThyssenKrupp are kickstarting a flurry of M&A activity that would consolidate their number one and two positions in the fragmented EU flat steel market.

2015 market share



Pro forma market share\*



\*Pro forma figures reflect consolidated market share if the ArcelorMittal-Marcegaglia joint venture succeeds in purchasing Ilva steel plant and ThyssenKrupp merges its EU flat steel business with Tata Steel Europe's flat steel business.  
Source: WSJ analysis of Jefferies data

THE WALL STREET JOURNAL.



## AUTOMOTIVE | 7.19.2016 - 7.25.2016

- Here is a supply chain story to think about. Supply chains need to be steady and profitable enough for all participants to be reliable. A longtime General Motors supplier has filed for bankruptcy and repercussions could wreak havoc on the automaker's North American production. Clark-Cutler-McDermott Co. filed for Chapter 11 bankruptcy protection on July 7, after GM filed a motion to acquire dedicated equipment, GM tooling and certain inventory. CCM is seeking approval to reject its contracts with GM and sell off assets. The Massachusetts-based supplier makes dash insulators, wheelhouse liners, floor insulators, fender and pillar insulators among other parts that are used in all GM products built in North America. GM has no other supplier for the parts CCM makes. GM is requesting relief from the U.S. Bankruptcy Court District of Massachusetts, Eastern Division so that the automaker may take immediate possession of equipment, tooling and finished inventory. If GM is able to do so, the disruption to GM's North American supply would be minimal, court filings said. If not, the decision would greatly impact GM's production, the company said. "GM's damages that would result from such a shutdown would be in the millions of dollars per plant per day," GM lawyers said. "Further, GM would suffer loss of customer relations and goodwill as a result of its inability to deliver vehicles and replacement parts as ordered by customers, all of which would constitute damage claims against the debtors. "In sum, these damages are at present incalculable, but clearly likely to be immense, and would leave GM with a claim against the debtors for rejection damages in such an extraordinary amount that there would be a massive dilution in the potential recoveries for the debtors' unsecured creditors." The follow up to this story is in bankruptcy court, it was decided that GM would be allowed to take the finished inventory and tooling that GM owned from the premises of CCM. At the time of the filing, CCM reported losing \$30,000 per day due to a price cut demanded by GM. CCM was recognized as "Supplier of the Year" at GM in 4 of the last 7 years. Apparently that wasn't enough to make them profitable.



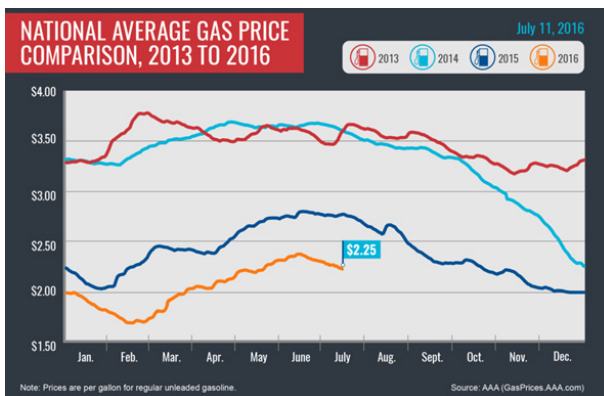
## GENERAL | 7.19.2016 - 7.25.2016

- The Labor Market Conditions Index reading for June was -1.9, the 6th straight negative result. Components of this index that pulled the reading down were rising unemployment and falling hourly earnings.

- Manufacturing in the US has been an issue for years. Manufacturing creates wealth for the company as well as for the workers. It feels like manufacturing has declined, but it has actually increased. The problem is, since 1989, employment in manufacturing has dropped 32% while manufacturing output has jumped 69%. Robots, computers, and streamlined processes have all contributed to employment losses over the years. The answer to this problem is not simple. But if our country solves it, we have a shot at a better future.

+ Gasoline prices over the 4th of July holiday weekend were the lowest since 2005. We are on a 30 day streak of falling retail gas prices. Global economics will play into fuel prices over the next year or two. Currency exchange and global demand for exported fuel made in America is forecasted to push diesel prices up as much as 15% by next year. Gasoline prices are expected to increase 7%.

- Banks in Germany became the first to sell 10 year government bonds with a negative yield (.05%). Basically, investors end up paying the German government a small fee for letting the government have their money for 10 years. No interest will be paid. In the USA, 30 year bonds were sold at a record low 2.172% which looked like a deal...





## BILL'S ROUND-UP | 7.19.2016 - 7.25.2016

Manufacturing in the US is moving along at a continuous pace while employment declines. Gasoline prices continue to fall, but forecasters expect prices to start rising again at the end of this year. German banks are selling bonds at negative interest rates. The “Brexit” is putting more strain on the European economy. Steelmaking is steady in the US, but raw material costs are rising. So are imports. Chinese steel makers continue their rhetoric about capacity reduction, meanwhile in Europe a wave of consolidation might be at hand. The automotive story today is about supply chains and how not to handle a good supplier.



### **PARTING SHOT:**

+ Travel, in the younger sort, is a part of education; in the elder, it is part of experience.

– Francis Bacon (1561 to 1626)

Bill Feier, World Sourcing Manager





'TIL NEXT TIME | 7.26.2016



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