



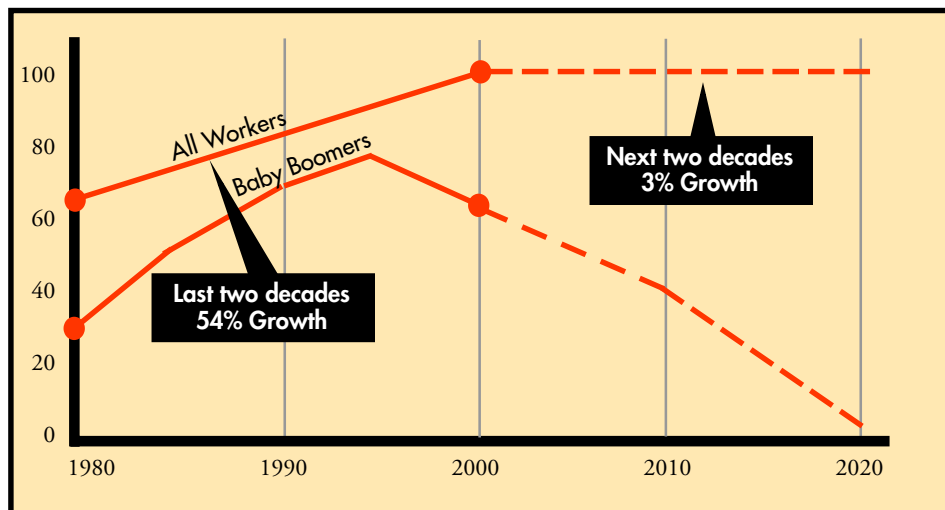
ITEMS

NEWSLETTER

September 2003

Economists Predict Coming Job Boom

Unstoppable demographic forces point to major job growth ahead



Institute study of the problem, says business' strategy to combat the shortage is not hard to predict: bid up wages, raid competitors for employees, outsource like crazy, and lobby Washington to let in more skilled immigrants. "People think we're going to have plentiful workers forever, but that's just not so," says Ellwood.

Complicating the problem is the fact that, not only will the workforce replacing the boomers be smaller in number, but they'll be less well educated, too. This decline in education and skills training will impact employers in a big way, forcing them to take on more of the teaching role.

Employers and employees alike are encouraged to plan for the changes coming. As in all things, those who plan are best prepared to prosper in changing times.

Those of us in business remember the days, just a couple of years ago, when finding skilled workers was a major challenge. Given today's bad employment picture (6.6% unemployment nationwide), it's hard to think that we could soon be back in the soup when it comes to finding good workers, yet that's just what several leading economists and think tanks are telling us.

"We are about to face a demographically-driven shortfall in labor that will make the late 1990s seem like a minor irritation," said Anthony Carnevale, a former chairman of the National Commission for Employment policy.

The reason for the shift in the employment scene is both simple and unavoidable: the retirement of the baby boomers. Boomers now comprise 60% of the prime-age workforce, and the generation that follows is simply too small to fill the boomers' workboots. The coming labor shortage will be widespread, across most economic sectors, but will be particularly hard felt among two key groups: managers, and skilled workers in high-demand, high-tech jobs.

So how will business deal with the coming worker shortage? David Ellwood, a Harvard University professor and leader of an Aspen

In this issue...

- ✓ Kip's Perspective
- ✓ Full Line Couplings
- ✓ Succession Planning
- ✓ Just for Fun


Perspective

If The Founders Were Alive Today, They'd Roll Over in Their Graves

With apologies to Mr. Berra, there just doesn't seem to be a better way to say it.

How did California get to be such a wacky place? To be sure, late night talk shows and national media have made fun of California for decades, for everything from hot tubs in Marin County to streaky-blond Valley Girls. We could all grin at some of our eccentricities, and even enjoy the local color of the Sunshine State. But something has happened in recent times that is troubling. The amoral weirdness that has long characterized our state's culture has descended into the halls of governance. If something doesn't happen, and quick, we could all be in deep doo-doo.

In spite of what many commentators say, the recall is not what's weird. The recall provision was written into the California Constitution long before anybody thought of bottled water or aroma therapy for dogs. No, what is truly strange is the total absence of statesman-like leadership from any political party. The great melting pot of California has turned into a stew, with the potatoes and carrots each defending their turf, lending nothing to the broth. Instead of political leaders who seek pragmatic solutions to the state's problems, in an atmosphere of give-and-take, we have ideologues and cynical dolts who see nothing beyond their self-interest.

Though examples of our leadership vacuum could fill volumes, perhaps the worst example was Governor Davis' signing of the bill enabling illegal immigrants to get driver's licenses. That same governor vetoed the same bill twice in recent months but, when faced with a recall, decided to broaden his voter base at the expense of the state as a whole. We haven't seen such craven pandering and irresponsible legislating since... since... since I don't know when.

It seems that, for too many politicians, the only thing that matters is getting re-elected, at any cost. Pandering and favors – sometimes on a massive, culture-changing scale – have taken the place of persuasion and leadership, and what we are left with is the California political landscape.

Is anybody truly enthusiastic about any of our choices in the coming election (if there is an election)? Does anybody feel

like campaigning their heart out for a candidate who truly inspires? Maybe you do and, if so, bless you. But everybody I talk to has been disheartened by the system, by everything from the Ninth Circuit Court of Appeals to the dearth of statesmanship on the part of any candidate of any party.

Does anybody think that our nation's founders would have smiled on a ruling that said if an election *may* not be perfect it can't take place at all? Does anybody believe that voters who don't understand a punch-card machine will grasp the intricacies of a touch screen display (how many times did you have to cancel your transaction when first learning to use an ATM?) Would Hamilton or Jefferson have been proud of candidates who refused to debate their opponents at the local town hall? And just what is the justification for casting a blind eye at polling places and letting non-citizens vote? Is that really what we want to do?

“We must change the hearts of our leaders so that the decisions they make are based on what's best for all of us, not just for their campaign contributors.”

Now, I've never been a cynic, but watching our state's electoral comedy has gotten me thinking. How many millions of dollars have come into this state to feed the electoral machine since the recall was announced? How many dollars have been spent on local TV and radio stations, newspapers, and printing plants to promote the hundred-plus candidates? Just who got that money? If TV and other media are getting paid millions to provide a platform for electioneering, is their incentive to provide dispassionate coverage of political events, or to stir the pot to keep controversies raging? When do they make more money; when the political rivers are calm, or when the seas are roiling and dangerous? It's something to think about.

Regardless of the outcome of this or future elections, no effective change will take place until we can elect responsible leaders who take a practical, real-world approach to

solving problems. Ideologues of all parties must go. Creative, intelligent, practical people must replace the self-serving lawyers and career politicians who fill the halls in Sacramento. We must change the hearts of our leaders so that the decisions they make are based on what's best for all of us, not just for their campaign contributors. Those who say it's time for a change are correct, but I fear the talent needed to effect that change is sorely lacking. Perhaps it's better our first leaders aren't around to see this.

I got a letter from an *Items* reader the other day, taking me to task for my comments on the Worker's Comp system. The reader reminded me that not all people getting benefits under Worker's Comp are avoiding work or living high-on-the-hog. He cites personal experience, and took offense at my comments as painting with too broad a brush. He is, of course, right. Many people on Worker's Comp truly want to get back to work, and intensely dislike being on Comp.

Nonetheless, the Comp system is seriously broken in California. As an employer, I see the effects of our system every day. Many times we make it possible for workers to come back to the job on light duty, performing functions that are well within their capabilities. Too often they refuse, preferring to stay out, collecting a check for sitting at home. This, combined with the ridiculously unmonitored health care delivery system that lets unscrupulous providers milk the benefits seemingly forever, has brought the system to its knees. It needs fixing, and the sooner we set about that task, the better.

I truly appreciate this reader's input, and encourage others who disagree with me to make their thoughts known.

There's an old story floating around the plumbing supplies industry that goes something like this: A sales rep walks into the office of his favorite purchasing agent. After schmoozing him for a few minutes, he tells the PA that he'll sell his product for 3% below his cost.

“How can you do that?” asks the PA, “You'll go out of business in no time.”

“Ah, don't worry about that,” replies the rep, “we buy at 5% below our cost.”

Sound familiar?



AB&I Management Details Succession Plan as Senior Leaders Near Retirement

As most of you know, AB&I is a family-run business. Founded by the current president's grandfather in 1906, AB&I has grown steadily over the years, due to the stability and common sense of the team members. The future of the company rests on our ability to nurture our team so that, when the time comes for people to retire, there will be qualified replacements and the company will continue to grow and prosper.

AB&I management has always focused on the long-term health of the foundry. For over 30 years, we have developed strategic plans that primarily attempted to define the challenges of the future, and develop plans and action steps to help meet those challenges. The goal is to continually adapt to changing times so that we may further our efforts at building "the foundry of the future."

In the most recent past, management's attention has been directed to building a strong succession plan. As the age of senior management continues to climb, the need to prepare people to take the responsibilities of managing AB&I in the future grows with each passing day.



"We're planning for this transition far in advance," says AB&I's Kip Wixson, "so that when the time comes the move will be all but transparent to the plumbing community and to AB&I's daily operations."

One of the first steps in the process was to identify key AB&I team members who could ultimately take over the reins at AB&I. Consistent with that process, the following people have been promoted into new positions, effective immediately: Kurt Winter, Assistant to the President; Greg Simmons, Plant Manager; and Gary

Wickham, Plumbing Division Manager.

The new positions will afford these people an opportunity to learn all aspects of their future responsibilities, as current management slowly hands over leadership authority.

"Our new management team members will need the support of the entire AB&I team, as well as customers and colleagues in preparing for their future leadership roles," said Wixson.

In addition to these new management positions, the AB&I Board of Directors will take on a more traditional Board role, maintaining an enhanced oversight function during this slow transition.

To help facilitate the changes to come, AB&I has been working with a space planner to redesign the office environment to provide maximum interaction and learning. This new office design will be fully implemented in October, so visitors to the foundry will see a new office design by then.

AB&I looks forward to the changes to come with great anticipation. With proper training and planning, future management changes should ensure our continued growth and success.

Cast Iron DWV Quieter Than Plastic

Contractors and distributors are reminded that cast iron DWV suppresses noise significantly better than PVC or ABS plastic pipe. This can be particularly important when dealing with upstairs bathroom installations, where the in-wall swooshing sound can be a major distraction.

"Remind your customers that cast iron doesn't really cost all that much more than plastic, especially when all bathroom costs are considered" says Gary Wickham, AB&I's Plumbing Division Manager. "Customers are happier with iron," says Wickham, "and they'll appreciate the advice."

Call AB&I for the Full Line of Standard and Heavy Duty No Hub Couplings



Whatever your coupling needs, think of AB&I.

Whether your needs call for a standard coupling design for routine applications, or a heavy-duty coupling for challenging environments, AB&I maintains large inventories at both the Oakland foundry and Los Angeles Service Center.

- *Standard Anaco Coupling*
- *SuperGrip 2002 Heavy Duty Coupling*
- *Husky Heavy Duty Coupling*
- *Transition Couplings*

Four Ways to Keep Your Customers From Leaving

During tough economic times, aggressive competitors will be going after your good customers like wolves to red meat. You're already doing a good job, or you would have lost some of those customers already, but here are a few more tips on retaining your important clientele, especially when problems crop up:

1) Make it easy for your customers to give you feedback. Ask customers about their most recent purchase. Did it meet their needs? How could it be improved? Be proactive in seeking this information. Many dissatisfied or frustrated clients will not say anything unless asked; they just won't be back next time.

2) When customers need special help, provide it quickly and cheerfully. Respond immediately to complaints. Even if you can't solve the problem right away, give the customer a timeframe within which the issue will be resolved. If customers have to call more than once they are much more likely to be dissatisfied with your business, even if a subsequent call get the problem fixed. Get the service right the first time.

3) Reduce the hassle of returns or repairs. Have a set policy for dealing with the wide range of customer-related repairs/returns/refunds. Written policies reduce hard feelings, and make the customer feel better about dealing with you. Consider the *Golden Rule*, and set policies accordingly.

4) Learn to comfort an angry customer. Follow these six steps when dealing with an upset customer: a) let the customer blow off steam; b) let the customer know you understand his/her problem; c) Find out what the customer wants; d) Suggest a solution based on the customer's wishes; e) If the customer isn't satisfied with your solution, ask him what he/she considers fair; f) Make a follow-up satisfaction call.

Just for Fun...

One Man's Solution...

George Phillips of Meridian, Mississippi, was going up to bed when his wife told him that he'd left the light on in the garden shed, which she could see from the bedroom window. George opened the door to go turn off the light, but saw that there were people in the shed stealing things.

He phoned the police, who asked "Is someone in your house?" and he said, no. Then the dispatcher said that all patrols were busy, and that he should simply lock his door and an officer would be along when available.

George said, "OK," and hung up. He then counted to 30, and called the police again. "Hello," he said, "I just called a few seconds ago because there were people in my shed. Well, you don't have to worry about them anymore because I've just shot them all." He then hung up.

Within five minutes, three police cars, an Armed Response Unit, and an ambulance showed up at the Phillips residence. Of course, the police caught the burglars red-handed. One of the policemen said to George, "I thought you said you'd shot them?"

George replied, "I thought you said there was nobody available."



Notable Words from Celebs and Pols

It continues to amaze us why some people hold out entertainers and politicians as role models. Just look at what some of our glitterati have actually said:

Q. *If you could live forever, would you and why?*

A. *I would not live forever, because we should not live forever, because if we were supposed to live forever we would live forever, but we cannot live forever, which is why I would not live forever.*

--Miss Alabama, 1994 Miss USA Contest

"Whenever I watch TV and see those poor starving kids all over the world, I can't help but cry. I mean, I'd love to be skinny like that, but not with all those flies and death and stuff."

--Mariah Carey

"Smoking kills. If you're killed, you lose a very important part of your life."

--Brooke Shields

"I love California. In fact, I practically grew up in Phoenix."

--Dan Quayle

"The word 'genius' doesn't apply to football. A genius is a guy like Norman Einstein."

--Joe Theisman

"We don't necessarily discriminate. We simply exclude certain types of people."

--Col. Gerald Wellman, ROTC Instructor

"Traditionally, most of Australia's imports come from overseas."

--Keppel Enderbery

Feeling smarter?

