



# ITEMS

NEWSLETTER

February 2005

## AB&I Gears Up for Addition of New Disa 270-A Molding Machine



*Disa, the world's leader in foundry molding technology, recently hosted a multi-day symposium in Copenhagen, Denmark to introduce its new Disa 270-A molding machine.*

Remaining on the leading edge of technology and production efficiency is a top priority at AB&I. This commitment to efficiency through modernization is what has led AB&I to its current dominant position in the cast iron DWV market, and is the basis for the commitment behind AB&I's recent decision to upgrade the Oakland-based foundry with the installation of a new Disa 270-A molding machine.

Disa has long been synonymous with quality in molding technologies, and AB&I has long been one of the only non-captive gray iron foundries employing Disamatic molding processes west of the Rocky Mountains.

"Our first DisaMatic was our initial major foray into state-of-the-art molding technology back in the eighties" says AB&I vice

president Kip Wixson, "so when it was time to upgrade, we went back to the technology company that brought us to where we are today – our sixth Disa."

AB&I customers can look forward to continuing improvements in foundry productivity. With scrap and other costs increasing almost daily, productivity is the best way to keep prices under control.

"We're competing with manufacturers all over America and the world," said Wixson, "and we're doing it by improving efficiency through technology."

AB&I attributes its continuing success in the DWV business to the foundry's ongoing commitment to constant improvement in production processes and to a top-down dedication to

customer service.

"This new Disa will enable us to proceed into the next decade with the very best molding technology money can buy," said plumbing division manager, Gary Wickham. "This new technology will make it possible for us to speed production, while improving quality at the same time."

The new Disa will go on line in the Oakland foundry in mid-February, and should be fully operational as soon as it's installed.

Customers planning a foundry tour in the coming months will see, first hand, how the new Disa 270-A will take AB&I's productivity to the next level. To arrange a foundry tour, or for more information about the new Disa molding machine, contact Customer Service at 800/GOT-IRON.

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### Perspective

## **Being Cheapest is All That Matters: The Sales Myth That Drives Us All Crazy** Are you focused on your customers' real motivations, or just chasing your tail?

Do you actually know why your customers buy your products or services? If you're like most managers, you think you have a pretty good idea of your place in the market and your "unique selling propositions" that drive customers to your door. Maybe you're right. Or maybe you're wrong. The trouble is, if you're wrong in this changing market, you could be dead wrong.

To the simple-minded, price is the determining factor in all sales transactions. If you can provide the cheapest price, you'll get all the business. Period, end of story. Of all the sales myths, this is probably the most dangerous one; dangerous not only because it's untrue, but because, if implemented, can quickly deteriorate into financial suicide.

Think about how you buy, personally and professionally. If you consider all the things you and your spouse buy, how many times is price the single determining factor? Chances are, it's an important consideration, but not the only one.

For example, you buy from a grocery store because they have good produce or meat, or maybe because it's convenient to where you live or work. While you're at that store, you not only buy what's on sale, but other things you need as well. In this case, the major buying motive is convenience. Sure, the store has to be competitively priced, but if they're in the ballpark on price and they're convenient, bingo, they've got you as a customer.

Think about why you bought your house, perhaps the biggest single financial decision you ever made. Did you buy the cheapest house you could find? Of course not. You bought the location, the amenities, the school district, the convenience to transportation and shopping – all factors that have little or nothing to do with the lowest price. Chances are you even stretched your budget a bit to get into that house. Clearly, buying the cheapest was

not your primary motivation.

Why did you buy the car you drive? Was it the cheapest one you could find? Probably not, or the freeways would be clogged with Yugos. You bought your car based on other buying factors, such as comfort, style, utility, and – let's face it – how it makes you feel driving around in it. Odds are, you did try to drive the best bargain with your dealer, but did you take his final offer and then shop it to other dealers? Probably not. Once you decided to buy a given type of car, you probably stayed with a dealer and salesperson you liked, who gave you good service in the past, treated you well, and was easy to deal with.

Are we seeing a pattern here? Price is important, but rarely the single deciding factor. In buying cast iron DWV, many contractors have fallen for a cheap price, only to learn that they can't get their order shipped complete. Or the material doesn't install easily and requires more labor. Or the invoice is never correct and requires intense scrutiny, or credits are never processed correctly, or nobody from the factory steps up to the plate when a problem occurs, or blah blah blah.

We've all bought something in the past based solely on price, and we've all been sorry for one reason or another. It's a temptation for us all, but savvy shoppers and businesspeople know that what they're really buying isn't price at all, but value. Some wise business professor way back when came up with the observation that all sales transactions equate to quality, service, and price. A business can provide two of these factors, but not all three. For instance, if you provide the best service, the best quality, and the best price, you'll go bankrupt by next Tuesday. You can, however, provide the best service and price, or the best quality and service, but combine all three and you're toast, so said the professor.

So, what's my point? Simply that if we choose our products using price as a factor,

and we all do, then at least one of the other two factors will probably suffer. We'll either get tepid service or lower quality.

I contend that Wixson's Rule will always apply: If a customer wants to do business with you, they will find a way to do it. Your challenge is to create the selling proposition that will make your customers come back for more. If they like your service, they will make sure your price is acceptable. If they don't like your service or quality, they'll only use your price as bait to negotiate with the supplier they really want to do business with. Once you've established yourself as a company that people want to deal with, price will take care of itself. Whatever, each company needs for all its people to know which two to focus on.

I truly think we spend too much time talking about price, and not enough time building value in our customers' minds. After all, one blown deadline that results from a cheap supplier not delivering the goods your customer needs can devour all the savings they would ever realize from buying cheap. We all know that's true, but how much time do we spend reinforcing that notion to our customers? Probably not enough.

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2004 was a year of price increases. AB&I has combed the globe and practically tapped the phones of every major scrap dealer to determine what the future holds for iron and other metals. What we have heard is that, 1) prices will not increase at the same pace during 2005, and, 2) the conditions that prompted the unprecedented demand for scrap are still present, namely, the incredible economic growth in China. That growth has tempered some, so our best guess is that domestic cast iron prices will probably not need to increase until mid-year. I could be wrong, but that's how it looks for now.

## Sales Prevention 101

### 3 Steps to Really Sticking it to Your Reps at This Year's Annual Sales Meeting

The following excerpts are from an article by John R. Brandt in *IndustryWeek.com*.



It's time again to drag your salespeople away from their customers and productive work and instead torture them in twisted ways at the annual sales meeting. To help you plan for this hostage crisis in the making, I've prepared a helpful list of essentials, including:

**Budget Location:** You could spend a lot of money on a great resort, but your bosses would call it a boondoggle, increase your sales targets and, worst of all, show up themselves, introducing each session with tearful memories of how they started with the company in 1967 in Wichita. Instead, pick a location that hasn't been updated since the 1980s and make sure your reps know that you specifically forbade the hotel to give them keys to the minibars in their rooms. This is a working meeting, for cripes sake, not some smarmy Thank You for all their hard work achieving last year's ridiculous forecast.

**Cheesy Theme:** No bad sales meeting is complete without a motivational theme, logo and slogan that your sales reps can make fun of behind your back.

Another top tactic is using the carrot of a terrific sales meeting next year (Hawaii in 2006!) if they all work like amphetamine-crazed beavers this year and somehow hit the plan. The fun of this approach is that, although your reps know you're full of crap (your bosses would never sign off on Hawaii), they'll have to whoop and cheer and order watered-down Mai Tais as if you aren't.

**Horrible Agenda:** One of the things that your sales reps always appreciate in lieu of time with their families is again hearing Bob from accounting summarize the dramatic (if overlooked) achievements of the Controller's Department over the past year. In fact, don't limit Bob to 45 minutes this year. Give him an extra 45 minutes and let him explain the new expense form line by footnoted line.

Most important of all, make sure that whoever explains the new forecast and accompanying sales materials is a 24 year old MBA with zero experience in the field. This junior marketing associate should make it abundantly clear that he is not only smarter than everyone in the room, but that he will also get all of them fired if they can't make his sales strategy work. They're just sales reps, after all. He's from the home office. His career path is assured. He may even get your job.

## Price Data Soon Available in Excel Format

By popular demand, AB&I will soon be posting all price lists in Excel format so that customers can use the price and specs data for integration into other software they're using for tracking and ordering.

"We've had an increasing number of requests for our price sheets to be published in Excel," said AB&I sales manager Greg Seiler.

The price lists for no-hub DWV, service weight DWV, and couplings will be available through the AB&I website by March 1. To access these lists, go to [www.abifoundry.com](http://www.abifoundry.com), then navigate to the Download Center and select the lists you need for download.



## Stocking Distributors: Send Us Your Email or Web Address for Inclusion on the AB&I Website

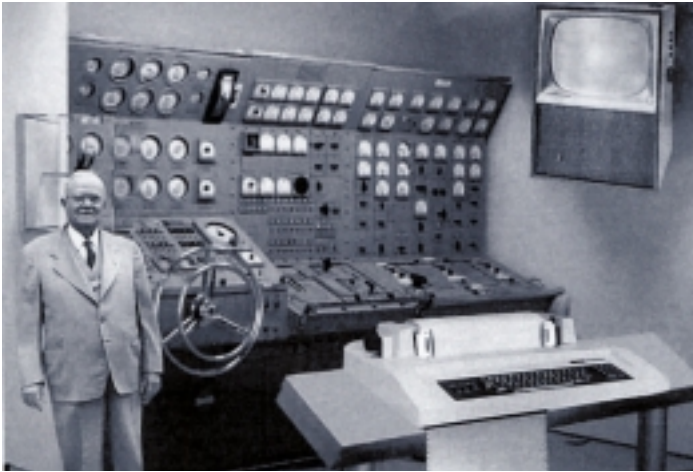
As part of a 2005 Internet update, AB&I is offering stocking distributors the opportunity to post a link on the AB&I website.

If you would like to have a link to either an email address or a website, please provide AB&I with the appropriate information.

Also, if you have a logo and would like it displayed on the AB&I website, please mail or email it directly to our web administrator at the following address:

Spectrix  
428 Sutter Street  
Jackson, CA 95642  
ATTN: Kris  
email: [graphics@volcano.net](mailto:graphics@volcano.net)

## 1954 Prediction for Home Computers Sees Entire System Fitting Into Just One Room



Question: What's the darn steering wheel for?

**From a forgotten scientific journal, 1954** – Scientists from the RAND Corporation have created this model to illustrate how a “home computer” could look in the year 2004.

The needed technology, however, will not be economically feasible for the average home. Also, the scientists admit that the computer will require not-yet invented technology to actually work, but 50 years from now scientific advances are expected to solve these problems.

With teletype interface and the Fortran language, the computer will be easy to use.

### Just for Fun...

#### Superbowl Trivia

Think you know your Superbowl stuff? Try these questions on for size...

1. What player has the most Superbowl appearances?
2. Who kicked the longest field goal in Superbowl history?
3. Who has the most rushing yards in one Superbowl game?
4. Who has the most career touchdowns in Superbowl history?
5. Who has the longest run from scrimmage in a Superbowl game?
6. Who has the most rushing touchdowns in Superbowl history?
7. Who has the most passes completed in one Superbowl game?
8. Who threw and who caught the longest pass completion in a Superbowl game?
9. Who accumulated the most total yards in one Superbowl game?
10. What team holds the record for the most points scored in a single Superbowl game?



Answers: 1) Mike Lodish [Buf-4, Den-2]; 2) Steve Cristie [54 yds, 1994], 3) Timmy Smith [204 yds, 1988], 4) Jerry Rice [7], 5) Marcus Allen [74 yds, 1984], 6) Emmitt Smith [5], 7) Tom Brady [32, 2004], 8) Jake Delhomme to Muhsin Muhammad [85 yds, 2004], 9) Jerry Rice [215, 1989], 10) SF 49ers [54-10 over the Denver Broncos].

#### Accountant's Math Test

Everybody knows that math is tricky business. Do the following in your head only; do not use paper and pencil.

Take \$1000 and add \$40 to it. Now add another \$1000. Now add \$30. Add another \$1000. Now add \$20. Now add another \$1000. Now add \$10. What is the answer?

Did you get \$5000? WRONG! The answer is actually \$4100. Don't believe us? Re-add the numbers, but use a calculator this time. See. Where do you think you went wrong adding it in your head?



#### Anonymous Football Quotes

Somebody once said every one of these...or should have.

- 1) We play in a domed stadium; we always like to kick with the air conditioning at our back.
- 2) Our offensive line was so good that even our backs couldn't get through it.
- 3) Pro lineman are so huge it takes just four of them to make a dozen.
- 4) The only way we can gain yardage is to run the game films backward.
- 5) He retired due to illness and fatigue; the fans were sick and tired of his coaching.