



July 2007

Foundry Update

AB&I Products Gain NSF Certification



The Cast Iron Soil Pipe Institute (CISPI) has recently announced that NSF International, the highly-respected trade group responsible for certifying products and writing standards for food, water and consumer goods, has certified AB&I cast iron soil pipe and fittings as fully compliant with CISPI 301 and ASTM A 74 standards. CISPI is the trade association responsible for representing the pipe & fitting industry in legislative, standards-setting, and other related matters.

Organized in 1949 by its member foundries, the Institute is dedicated to fostering the public safety while improving the performance of cast iron plumbing materials in residential, commercial and industrial applications.

One of the most important functions of CISPI is to perform random, extensive inspections of member cast iron foundries to verify that their

products and manufacturing processes meet all applicable standards. These inspections are performed in all departments of the foundry, and a "punch list" of needed changes is provided to foundry management at the conclusion of each inspection.

The recent addition of NSF certification provides impartial, third-party recognition that CISPI inspections provide the objective, quality-based data needed by member foundries to maintain the very highest levels of manufacturing and product integrity.

"There has been a need for this kind of independent validation for quite some time," said AB&I's vice president of national sales, Gary Wickham. "Other listing bodies serving the plumbing industry have come under fire recently for not doing adequate testing, so this NSF certification should instill more

industry and public confidence."

"CISPI has always conducted the most thorough, rigorous inspections of any listing or standards body," says AB&I's Kip Wixson, "and the new NSF certification proves that now to a certainty."

Unlike other standards or listing agencies that inspect everything from toilets to plastic pipe, CISPI focuses exclusively on cast iron. This specialized expertise enables CISPI inspectors to do a better job monitoring product quality and performance.

Now, more than ever, customers are encouraged to insist that all cast iron pipe and fittings carry the coveted CISPI mark. Only those products carrying this mark are guaranteed to meet or exceed the performance standards set by CISPI and NSF.

For more information, contact your field sales representative or AB&I at 800-GOT-IRON.

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Perspective

Importers Raise Prices in Face of Declining Chinese Subsidies

Word has just come down that major importers of cast iron pipe and fittings have been forced to increase their prices for a second time in recent weeks. These increases have been brought about by a confluence of several factors, and the trend toward higher prices is expected to continue.

Energy prices appear to have been the final blow. The cost to transport heavy cast iron half-way across the globe has increased dramatically in the past few months. These costs, as well as a recent decision by the Chinese government to reduce tax subsidies to that country's foundries, have forced those foundries to take a closer look at their costs vs. revenue equation. This closer look resulted in the realization that prices had to go up, or else.

Nobody I've talked to in the foundry business in the United States is surprised to learn of these price increases. We all knew that extravagant government subsidies, and ignoring the real costs of doing business, could not last forever. Sooner or later the piper wants to get paid, even if he's Chinese, and it appears that later is now.

It was inevitable that imported material would have to increase in price. The raw material for cast iron DWV is scrap iron, a commodity traded internationally. A blip in that market in South America is felt across the planet, including in China. As scrap prices increased, shipping costs escalated, and government subsidies tapered off, Asian foundries had no choice but to let prices rise to at least meet these basic costs.

Today, as in the past and future, AB&I is very competitive with any producer,

anywhere in the world. As the market for our products changed, so did we. By investing in technology and environmental clean-up, AB&I increased the efficiency with which we produce our goods. Any labor cost advantage enjoyed by the Asian producers, long cited as the basis for the imports' alleged lower prices, is more than wiped out by other production efficiencies at AB&I.

And speaking of things environmental, keep in mind that these price increases by the importers have taken place WITHOUT the Chinese foundries doing anything about their dreadful air and water pollution, or improving wages and working conditions for their labor force. Once they begin addressing these critical issues, their basic costs will increase dramatically, pushing their prices up even further.

I guess I've beat up on Asian foundries enough. Suffice it to say that we welcome the leveling of the playing field that's taking place (finally!), and look forward to the day that all manufacturers, around the world, take as much pride in their environmental and human resource programs as we do.

OK, I can't resist one last jab. It seems that the news is full of stories about Chinese factories producing substandard products, sometimes to the detriment of Americans' health and well being. Toothpaste that contains antifreeze chemicals and seafood that makes you sick are just the beginning. A recent study has indicated that up to 20% of food products exported to the US and Europe from China do not meet minimum safety standards.

I just read a story about tire dealers in the US who bought 400,000 tires from an Asian supplier, only to find those tires defective. Instead of standing behind their product, the

Asian manufacturer left the dealers holding the bag. The company said something to the effect that they might have helped the dealers out with their problem, had the issue not become public, but since it did hit the media, the dealers were on their own.

In the immortal words of those great American philosophers, Peter, Paul and Mary, when will we ever learn?

Lest you think I only pick on foreign companies, let me set the record straight. A friend in the construction business wanted to change cell phone carriers for his 61 employees. When he contacted his current carrier, he had to go through two or three "Customer Service" representatives, all of whom told him they could not cancel such a large customer. When he asked who could, he was told that the only person capable of cancelling him was on vacation or otherwise unavailable. He had to threaten to put his 61 cell phone in a box on the sidewalk with a sign that read, "Free Phones," before he could get any action.

What business book or MBA program has advocated thoroughly picking off your good customers? Why did none of the customer service people go the extra mile to keep my friend and his 61 phones happy? Who dropped the ball here and, more importantly, why? Don't we all know in our bones that it's cheaper and more profitable to keep existing customers than it is to make new ones?

Housing remains weak, and is expected to stay that way well into 2008. The California Association of Realtors reports a 25% decline in May sales, compared to the same month last year. Fortunately, commercial and industrial remain robust.

Good anglers fish where the fish are, and use the right bait.

Deming's "14 Tips for Effective Management"

A recent article in *Managing Automation* magazine reminded us of how W. Edwards Deming changed the world by convincing some companies (notably Japanese automakers) to change the way they think about business. But reviewing his 14 Tips makes it clear that his ideas are just as useful for the local plumbing distributor as they are for Toyota and Sony.

1. Communicate to all employees a clear statement of the company's aims and purposes;
2. Adapt to the new philosophy of the day: Industries and economies are always changing;
3. Build quality into a product through effective production. If your "product" is a service, improve that service on a daily basis;
4. Don't buy on the basis of price alone. Reward suppliers and partners who establish long-term relationships built on loyalty, value and trust;
5. Constantly work to improve quality and productivity;



6. Build in on-the-job training, and recognize that all employees are training, all the time;
7. Teach leadership for all job functions. Understand that leadership is not just for the boss;
8. Drive out fear; create trust. People do their best work when they are not afraid to be creative;
9. Strive to reduce intradepartmental conflicts. Reward cooperation, discourage turf battles;
10. Eliminate personal recrimination. Instead, focus on specific behaviors, systems and morale;
11. Eliminate work quotas for production, and Management by Objective (MBO). Do away with numeric goals. Instead, focus on the capabilities of processes, and work toward improving them;
12. Remove the barriers that rob people of pride in workmanship. Recognize achievement;
13. Constantly educate with self-improvement programs;
14. Include everyone in the company to accomplish the transition. Don't leave anybody out. Nobody is too senior or too junior.

A Call to All Stocking Distributors: Send Us Your Address and Phone No.



We continue to get more distributors linked to our website, making it easier for customers to contact you through our portal. But we need more. We want to have every stocking distributor repre-

sented on our "Where to Buy" page, but we need your help.

Please send us your company name, address, phone and fax numbers, email address and web address. Please forward to our

webmaster at: Spectrix Digital
428 Sutter Street
Jackson, CA 95642
Fax 209/223-7746
graphics@volcano.net

Summer Shutdown Planned for July



It takes a lot of maintenance to keep a foundry running. Each year, AB&I closes down the production plant to perform routine maintenance and make changes to improve production efficiency.

This summer's shutdown will take place July 23 through August 3. Numerous

routine maintenance projects are planned, including the continued installation of safety equipment and features, and maintenance on virtually all production equipment. In addition, several major plant improvements are planned, including replacement of Baghouse 5, continuing our program of air quality improvement. Drilling for future underground storage tanks will also be done, as will a relocation of the diesel chill tanks.

Inventories of all AB&I products will remain high during this shutdown, so orders will be shipped complete, with no interruption of service to our customers.

Quotes from Steve Jobs

"So we went to Atari and said, 'Hey, we've got this amazing thing, even built with some of your parts, and what do you think about funding us? Or we'll give it to you. We just want to do it. Pay our salary, we'll come work for you.' And they said, 'No.' So then we went to Hewlett-Packard, and they said, 'Hey, we don't need you. You haven't got through college yet.'"

"A lot of companies have chosen to downsize, and maybe that was the right thing for them. We chose a different path. Our belief was that if we kept putting great products in front of customers, they would continue to open their wallets."

"Apple's market share is bigger than BMW's or Mercedes's or Porsche's in the automotive market. What's wrong with being BMW or Mercedes?"

"Be a yardstick of quality. Some people aren't used to an environment where excellence is expected."



"Design is not just what it looks like and feels like. Design is how it works."

"I want to put a ding in the universe."

"I wish him the best, I really do. I just think he and Microsoft are a bit narrow. He'd be a broader guy if he had dropped acid once or gone off to an ashram when he was younger."

"Innovation distinguishes between a leader and a follower."

"Pretty much, Apple and Dell are the only ones in this industry making money. They make it by being Wal-Mart. We make it by innovation."

"Sometimes when you innovate, you make mistakes. It is best to admit them quickly, and get on with improving your other innovations."

"Why join the navy if you can be a pirate?"

Just for Fun...

Global Warming Caused by Increased Activity in Hell

Scientists at the University of Helsinki claim they have solved the mystery of global warming.

A team of forensic diabolologists led by the Rev. Dr. Zoltan Fahrenheit found startling evidence that the gradual rise in temperatures around the globe is caused not by holes in the ozone layer or defoliation of the rain forests, but rather by increased activity in Hell.

Using a cutting-edge procedure called thermodemonalysis, Dr. Fahrenheit concluded that the incremental temperature climb that has alarmed scientists throughout the world is caused by heat-generating phenomena that can be traced directly to Hades.

For example:

- Snatching of souls is up 7.2 percent over the previous fiscal year.
- Fire-based torture of the eternally damned is up 10.3 percent, due in part to double-digit increases in sloth, gluttony and greed during the 1980s and 90s.
- Underworld space constraints have caused a construction boom of blast furnace holding tanks to house new arrivals.

The Helsinki report also cited charges that Satan and his henchmen control gasoline prices using covert, subterranean destabilization of the oil-rich Middle East.

Underworld spokesman Scorchy Crisp roundly denounced the University of Helsinki findings as "all fire and brimstone, no smoking gun."



"This is just another example of the Devil being used as a scapegoat for man's innate tendency toward stupidity and self-destruction," Crisp said during a press conference held in a makeshift fiery pit in Helena, Montana.

Bernie Burnham, CEO of Lucifer Technologies, a subsidiary of Hades Unlimited, also debunked the report.

"The Devil, the Prince of Darkness, Old Scratch — call him what you will — has been around for thousands of years, perpetrating evil in all its forms. Why global warming now, all of a sudden? It doesn't make

sense."

The Devil himself was unavailable for comment, Crisp explained, because he was away on his monthly recruiting trip to Washington, D.C.

Real Newspaper Ads (Yeah, right...)

FREE YORKSHIRE TERRIER. 8 years old. Hateful little dog. Bites.

FREE PUPPIES. Half cocker spaniel, half sneaky neighbor dog.

WEDDING DRESS FOR SALE. Worn once by mistake.

FOR SALE BY OWNER: Set of Encyclopedia Britannica. Excellent condition. No longer needed. Got married last month, wife already knows everything.

