

Weathering the Storm

by John Linder



I READ A LOT. SIR ANTHONY HOPKINS IN "THE EDGE" SURVIVED IN

the Arctic using only the information he gleaned from reading books and putting the information to practical use. I was very impressed. But then, over the years I've learned a lot from the reading of others.

In our area we have two newspapers, the L.A. Times and the Orange County Register. They are bipolar in that one leans left, and the other far to the right. I have pretty much given up on both. I do read the Entertainment section in order to learn how Brad and Angelina are getting along with their tribe. I like to peruse the Business section to find out how some think our economy is fairing, and the Weather has always fascinated me, primarily because it is a learned science where a person can be wrong more than half the time and still be considered a success. In no other vocation I know would a 50% failure rate keep you gainfully employed.

Outside Looking In

As a point of interest, recently I spent a week traveling in the Middle East. By necessity I read several English speaking foreign newspapers. Their slant on many issues is quite different from what we typically read here in the United States. By example, the U.S. involvement in both Iraq and Afghanistan is looked upon much more favorably now, and I find many Middle Easterners in general will actually tell you they are grateful for the U.S. presence in Iraq. So, go figure why there is such a different spin on this at home here in the U.S. from our own media who seem to have a much different mindset and allegiance.

Another Sort of Reading

Consequently, much of my reading has turned to fiction. I enjoy fiction. It's very entertaining and almost never hurts anyone I know. Lately though, I have been reading a lot from the (LME)

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London Metal Exchange. The prices of worldwide metals (raw materials) have been going haywire for the past 2 years, and there seems to be no end in sight. Copper as a good example (a key ingredient to brass) has increased by more than 50%. The LME soothsayers, for zinc, copper, aluminum alloy, steel, and other metals common to our architectural hardware, predict further significant increases on the near horizon.

Being Forced to Move Over

I'm also seeing ever increasing examples of many foreign companies establishing their direct sales of architectural hardware product into our domestic U.S. supply chain. The importation and widely distributed use of architectural hardware produced overseas has been going on for many years. In most instances this product has been carefully integrated into our market in a most responsible manner. However, it has been U.S. companies that have typically managed the flow through process. It appears the tables are being overturned on us as more-and-more of the foreign manufacturers supplant not only the traditional U.S. distributors, but also pull from our domestic manufacturers as well. This is becoming a little scary. Worse yet, it seems to be gaining momentum. A look at the exhibitor lists for any of the recent Hardware or Glass industry trade shows will give you a fairly good idea of the forces at work here.

Affecting Us All

The increases for the raw material, production costs, transportation costs,

and energy costs will not diminish. The recent U.S. financial crisis further complicates our business environment as traditional credit tightens and many companies scramble to keep afloat. To say these situations are affecting our businesses is a gross understatement. It affects us all, from the largest distributor all the way down to the small and modest OEM manufacturer. Any long term strategic planning has become difficult, as each day brings on new challenges in this arena. The good news, if there is to be any "good news", is that we are all somewhat in the same boat. If we are going to successfully survive we are all going to have to grab an oar and do our part to drive the boat forward, into stronger, and more fruitful economic times. We are going to have to make some difficult choices in the coming months...this much is certain.


Looking Overseas

Earlier in this article I mentioned a recent trip to the Middle East. Two years ago our company made an effort to try and establish some sales venues through our website. Our thinking was, just as in the United States when the building economy may be slowing down in some areas, there is usually some action in other areas. Sometimes it helps to think outside the box. We have come to find that commercial building and the increasing demand for architectural hardware overseas is very substantial, especially for product coming from the U.S., whether or not the product originates elsewhere. This sales opportunity has never been truer than especially into the oil rich Middle East construction market.

Turning the Table

Traditionally much of the architectural hardware utilized in the Middle East commercial construction has been pulled from the UK and European suppliers. This is due largely because European suppliers have more actively solicited this business and are better geographically positioned. However, there seems to be an attraction towards product coming from the United States. This year we have furnished our door closers and architectural hardware for projects in Riyadh, Dubai, and Cairo. We have other projects in the works and we believe the opportunities for sales growth in this area will be strong moving into the future. There very well may be opportunities for other U.S. suppliers as well, if you can think outside the box.

Minding the Store

Eventually, the raw material and economic situations, if left unattended, will permeate every aspect of all our businesses and our daily lives. They have the potential to stagger even the seemingly strongest of businesses that have been around for many years. Most of us are good businessmen and we have weathered tough times before. If we mind the store, contain expenses where we can, and seek out alternative new sales opportunities, we have a good chance to weather this storm. We must take heed and be vigilant. 

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