

# ROOM WITH A VIEW By Jim Stavis

In our last newsletter, we chronicled one of our loyal and successful customers who has survived all of the challenging times of being a furniture manufacturer in Southern California. In this newsletter, we are going to tell another story about a construction project, of which we provided much of the steel, that has gone really wrong. The project was a 30,000-square-foot home built into the hills of Bel Air adjacent to Beverly Hills. The mansion is being built by a renowned builder named Mohamed Hadid, of *The Real Housewives of Beverly Hills* fame. The mansion, shown here, was commonly referred to as the "Starship Enterprise" of *Star Trek* because of its three-story circular design overlooking the valley. It included an IMAX theatre, bowling alley and helipad. I toured the house while in construction as we were receiving a stream of steel orders for the complex. Quite honestly, it was unlike any house I had ever seen. Unfortunately for the developer, the house violated numerous building codes and was feared to be overbuilt for the hillside upon which it sat. There were homes directly below the mansion whose owners feared for their own safety in the event of a shift upon the hill.

The courts recently ruled that the home was in code violations, and now the question is what to do about it. There are some who believe the home should be torn down or significantly reduced in size. There are also significant tax issues to be addressed. Fortunately for us, we were paid for our steel.



Rendering



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## Trump's Trade Policy

First off, trust me this is not going to be a political presentation. I learned that lesson a long time ago. Trump, in his efforts to help U.S. companies remain competitive, has thrown the first gauntlet on behalf of the U.S. steel industry. He has raised a self-initiated case to support the industry, but one that will not meet the legal standards of the World Trade Organization (WTO), which might lead to disputes and retaliation from trading partners. What exactly does this mean? [Read the blog on paragonsteel.com](#) »



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JULY 2017 NEWSLETTER

# How to Convert Loyal Customers Into ADVOCATES





# How to Convert Loyal Customers Into ADVOCATES

By Jim Stavis

Customer loyalty is not easy to achieve, especially in the steel business. When we started in business back in 1988, it wasn't nearly as difficult. Back then, steel companies were pretty independent. They provided steel products in standard bundle quantities and customers received their orders according to the steel company schedules. Well, today that model has been flipped. In this customer-focused world that we now live in, customers get products how and when they need them.

Analysis shows that merely satisfying customers is not sufficient to generate loyalty, because providing satisfaction is just not enough anymore. You need to exceed expectations. However, while loyalty is not highly correlated with satisfaction, disloyalty is in fact very highly correlated with dissatisfaction. So, before you can delight your most loyal customers into the advocates you want them to be, you first need to remove every shred of friction from the customer experience.

On a retail level, we are finding that Yelp has created a large influence on the customer experience. Retailers are far more aware of what customers are saying about their service levels and fear a bad rating.



As a result, they are far more conscious about the perception people have toward them and their companies. This mentality has filtered into virtually every segment of the customer experience. I'm sure I speak for most people who are a bit tired of all the surveys that companies ask for customers to participate in. "Enough is enough."

As a business, it is critical to be able to turn your loyal customers into genuine advocates on your behalf. It means more than just providing a referral. There are three steps that can be taken to ensure that this process can occur, involving **Empathy, Trust** and **Humanity**.

**Empathy** – It is important to be able to see a problem through your customer's eyes. As a steel company, we have to understand the pain that a customer has when their production line is down or a construction crew is waiting around for their steel delivery to come. We have to understand what is important for the customer and how we can go above and beyond the call of duty. I will relay one story I will always cherish about our customer service and my former business partner. There was a dam up in Folsom in Northern California that had a faulty gate and was in jeopardy of spilling over upon the town below it. We received a call from the contractor, who was looking for a steel distributor to form a plate that could be airlifted into place to stem the flow of water at the dam. My partner drove for six hours in the middle of the night to meet with the Army Corp of Engineers the following morning along with the contractor. We had the steel ready to go, the contractor had the helicopter, but the Army Corp nixed the plan, believing it was too risky. But, I thought, how many steel companies would be dedicated enough to even go along on that ride and yet it was all for naught?

**Trust** – I'm sure that empathy and trust are related, but to earn a customer's trust you have to demonstrate that you are empathetic to their

needs and that your intentions are good. You need to be able to prove that your actions are intended to help solve their problems, rather than just using them as instruments to boost your own company performance. Again, the dam story is an example of this. To demonstrate proactive honesty is not the same as just promoting it. You have to walk the walk, not just talk the talk. You need to be willing to be honest above all. We let our customers know that we are not the cheapest supplier. And if we cannot help them, we are willing to recommend a competitor who can. This helps to build trust.

**Be Human** – This one can be tricky in today's times. Many companies have taken the human element out of the business transaction. Due to automation and technology, it may be more efficient to keep people out of the mix, but we believe something is lost when the human element is missing. It is for this reason that we do not use automated voicemail, or e-commerce on our website. We choose to keep people in the mix. Even our newsletter is an attempt to demonstrate that we are a company of people who share common values and interests with others. The human connection is central to the experience that we promote at Paragon Steel. The challenge for us, as with many companies, is making sure that the people on the front line demonstrate this quality. They are the ones with the interactions with the customers and prospects. It is imperative that the frontline people know that they are cared for, because they are the ones to communicate the company's values and mission to the customer. They cannot be distracted with their own problems, because that can be toxic for the company itself. It is sad to think that the idea of being human is becoming a lost art.

Steel is a product that has endured through time. It is not going away anytime soon. It is our continued desire and belief to be able to build long-lasting relationships with our customers. This truly is our definition of success.

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