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**GOOD MORNING.**

**WHEN ED LOHR CALLED ME AND ASKED ME FOR A FAVOR, I KRINGED  
AND PUT MY HAND ON MY WALLET! AS MANY OF YOU KNOW, SOMETIMES  
ED CAN MAKE SOME UNUSUAL REQUESTS.**

**...LIKE THE TIME WHEN HE WAS ON ONE OF HIS OVERSEAS TRIPS. HE  
CALLED ME AND WANTED TO KNOW IF I COULD GET HIM A TECHNICAL  
ARTICLE THAT RAN IN OUR PUBLICATION TEN YEARS AGO. AND THE CATCH?  
HE WANTED IT YESTERDAY!**

**AS YOU ALL KNOW, THAT’S ED.**

**BUT OF COURSE, WE HANDLED THAT REQUEST FOR HIM. BUT THE  
REQUEST THIS TIME WAS TO SPEAK TO THIS GROUP. THE REASON I  
HESITATED IS THAT I RARELY TAKE ADVANTAGE OF PUBLIC SPEAKING  
OPPORTUNITIES.**

I AM NOT TOTALLY COMFORTABLE TELLING OTHERS ABOUT MYSELF, WHAT I DO, AND WHAT I HAVE DONE. DON'T GET ME WRONG, THOUGH. I AM VERY PROUD OF THE THINGS I HAVE ACCOMPLISHED IN MY LIFE, BUT I ALSO REALIZE THAT THERE WERE MANY PEOPLE AND MANY GROUPS AND COMPANIES WHO CONTRIBUTED TO WHAT I AM NOW.

IN OTHER WORDS, I DIDN'T GET TO WHERE I AM ON MY OWN.

THEN, I GUESS IT JUST HIT ME.

SARTOMER AND MANY OF THE PEOPLE AT SARTOMER PLAYED A SIGNIFICANT ROLE IN WHAT I AM TODAY.

THE ED LOHR'S, RAY OLSON'S, NICK TRAINER'S AND JACK POTTS' OF SARTOMER ALL PUSHED ME IN DIFFERENT DIRECTIONS THAT GUIDED ME WHEN I WAS LEARNING ABOUT YOUR BUSINESS.

AS A MATTER OF FACT, WHEN I WAS CALLING ON SARTOMER IN THE MID-TO-LATE 70s TRYING TO SELL ADVERTISING – AND TRYING IS THE RIGHT WORD – IT TOOK ME THREE YEARS TO GET A SALE!

JACK POTTS OFFERED ME A JOB AT SARTOMER IN SALES – MAYBE I SHOULD HAVE CONSIDERED IT...

WHAT I DON'T UNDERSTAND IS...WHAT MADE HIM THINK I WOULD BE A GOOD SALESMAN FOR HIM WHEN IT TOOK ME THREE YEARS TO GET SOME BUSINESS OF MY OWN AT HIS COMPANY? BUT I REALIZED THAT MAYBE IT WAS MY DEDICATION AND PERSISTENCE.

IN ANY CASE, THE ENTIRE EXPERIENCE HELPED ME IMPROVE MY OWN PRESENTATION AND SALES SKILLS.

SO WHEN I THOUGHT OF ED'S REQUEST IN TERMS OF ALL THE RELATIONSHIPS I HAD WITH SARTOMER, IT WAS VERY EASY FOR ME TO SAY, "YES." THAT BEING SAID, I AM VERY HONORED TO BE HERE TO TALK TO YOU AND HOPEFULLY I'LL LEAVE YOU WITH SOME INFORMATION THAT YOU CAN USE IN YOUR BUSINESSES.

RECENTLY, I HEARD ABOUT A SPEECH – ACTUALLY, A SERMON – THAT WAS GIVEN OVER THE EASTER HOLIDAYS AND IT INTRIGUED ME.

THE MINISTER USED THIS ANALOGY:

THERE WAS A MOVIE PRODUCED IN 1939, AND TODAY IT IS STILL THE MOST-WATCHED MOVIE OF ALL TIMES. NO, IT'S NOT 'GONE WITH THE WIND.'

**BUT I'LL GIVE YOU A CLUE: *'I DON'T BELIEVE WE'RE IN KANSAS ANY MORE!'***

**YES, EVEN THOUGH MOST PEOPLE WATCH MOVIES IN THEIR HOMES THESE DAYS, THE WIZARD OF OZ CONTINUES TO ATTRACT AUDIENCES WORLDWIDE. AND WHY NOT?**

**\*\*\**(LOOK AT ED LOHR AND PAUSE)*\*\*\***

**IT WAS WELL-WRITTEN AND A PRODUCTION MARVEL. YOU'LL CERTAINLY REMEMBER THAT THEY STARTED US OFF IN BLACK-AND-WHITE. IT WAS DRAB. IT WAS LIFELESS. THEN CAME THE SUDDEN TORNADO THAT WHISKED DOROTHY AND HER DOG TOTO INTO THE LAND OF OZ.**

**SUDDENLY WE WERE IN A WORLD OF TECHNICOLOR. THE CONTRAST WAS AMAZING. THE SCENERY WAS BEAUTIFUL AND IT WAS FULL OF LIFE.**

**BUT DOROTHY WAS PLACED IN UNFAMILIAR SURROUNDINGS; SHE WAS SCARED, AND WAS FILLED WITH A GREAT DEAL OF APPREHENSION.**

**LIKE SHE SAID – SHE WASN'T IN KANSAS ANY MORE, AND I'M HERE TO TELL YOU FOLKS THAT WE AREN'T THERE, EITHER.**

**SHE DIDN'T KNOW WHAT WAS GOING TO HAPPEN NEXT, AND SHE WAS VERY CONCERNED AND UNCERTAIN ABOUT HER FUTURE.**

**WHAT WAS SHE GOING TO DO? WOULD SHE JUST LET THE SITUATION OVERWHELM HER, OR WOULD SHE USE ALL OF THE RESOURCES AVAILABLE TO HER AND TAKE ADVANTAGE OF THAT UNCERTAINTY?**

**THERE'S AN INTERESTING PARALLEL BETWEEN THE SITUATION THAT DOROTHY WAS, LITERALLY, THROWN INTO, AND THE SITUATION FACING THE CHEMICAL AND RUBBER INDUSTRIES TODAY.**

**AT THE OUTSET, I'M GOING TO SAY THAT I AM NOT AS TECHNICALLY SAVVY ABOUT YOUR BUSINESS AS YOU ARE.**

**BUT I HAVE SPENT ALMOST 30 YEARS IN AN INDUSTRY THAT HAS WRITTEN ABOUT YOUR BUSINESS. WE HAVE DOCUMENTED YOUR GROWTH, AND I BELIEVE IT GIVES ME A DIFFERENT, SOMEWHAT OBJECTIVE PERSPECTIVE OF YOUR BUSINESS.**

**FOR ONE, I THINK MY OWN BUSINESS – THE PUBLISHING INDUSTRY – AND THE CHEMICAL INDUSTRY HAVE SOMETHING IN COMMON. BOTH OF US ARE IN VERY TRADITIONAL, CONSERVATIVE BUSINESSES.**

**WE STARTED OUT VERY MODESTLY AND THINGS WERE FAIRLY CUT-AND-DRIED IN THE BEGINNING. AND, JUST LIKE THE START OF THE WIZARD OF OZ, THINGS WERE SIMPLE...EVERYTHING WAS BLACK-AND-WHITE FOR EACH OF US.**

**THINGS WEREN'T THAT COMPLICATED.**

**THERE WERE FEW COMPETITORS, AND SO PRICING, WHILE A CONCERN, WASN'T A MAJOR ISSUE. FOR THE MOST PART, WE HAD A CAPTIVE CUSTOMER BASE – THEY WERE ALL LOCATED IN THE UNITED STATES. THEY NEEDED A PRODUCT AND WE PROVIDED IT.**

**AND DISTRIBUTION WAS A MATTER OF ROUTINE – WE TOOK THE ORDER, WROTE IT DOWN AND DELIVERED THE PRODUCTS.**

**WE WERE LIVING THE GOOD LIFE. OUR CUSTOMERS WERE HAPPY; WE WERE HAPPY AND THINGS WERE RELATIVELY UNCOMPLICATED AND FAIRLY PREDICTABLE.**

**THEN, JUST LIKE IN THE WIZARD OF OZ, WE, TOO, SUDDENLY WERE THROWN INTO MARKETS OF MANY DIFFERENT COLORS.**

**QUITE LITERALLY, COMPETITORS CAME FROM ALL DIRECTIONS -- ALL OVER THE GLOBE; PRICING BECAME A GREAT ISSUE; AND DISTRIBUTION GOT VERY COMPLICATED. IRONICALLY, THE MORE DIVERSE THE MARKETS GREW, THE CLOUDIER THINGS GOT.**

**BUT LET'S GO BACK TO DOROTHY FOR A SECOND. WHAT DID SHE DO ABOUT THE SUDDEN UNCERTAINTY THAT SHE FACED? SHE PANICKED A LITTLE AT FIRST -- AND WHO CAN BLAME HER AFTER BEING TOSSED AROUND BY A TORNADO!**

**BUT THEN SHE TOOK ADVANTAGE OF THE UNCERTAINTY THAT SURROUNDED HER.**

**SHE GATHERED HER ALLIES -- THE LION, THE TIN MAN AND THE SCARECROW -- AND RALLIED AROUND A COMMON GOAL -- TO GET TO THE LAND OF OZ WHERE THEY COULD HAVE THEIR DREAMS FULFILLED. THEY KNEW IT WOULDN'T BE EASY.**

**BUT THEY REALIZED THAT, INDIVIDUALLY, THEY COULDN'T ACCOMPLISH THEIR OBJECTIVE, BUT, COLLECTIVELY, THEY COULD DO ANYTHING. AND THEY KNEW THAT THEY HAD TO DO SOMETHING DIFFERENT AND CREATIVE.**

AND WHAT BROUGHT THEM BACK? IT WAS TECHNOLOGY – OR AT LEAST, TECHNOLOGY AS THEY PERCEIVED IT WITH THE WIZARD.

THAT MAY BE A LITTLE OVERSIMPLISTIC FOR OUR SITUATION, BUT NONETHELESS, I HOPE THAT IT VISUALIZES THE POINT I WANT TO EMPHASIZE THIS MORNING.

WE, TOO, NEED TO TAKE ADVANTAGE OF OUR UNCERTAINTIES. INSTEAD OF SEEING THEM AS ROADBLOCKS, WE NEED TO SEE THOSE UNCERTAINTIES AS OPPORTUNITIES, NOT FEARS.

OUR YELLOW-BRICK-ROAD TO SUCCESS ISN'T AS WELL-DEFINED AS HERS WAS, BUT THE CAUTION SIGNS THAT LINE OUR HIGHWAY ARE JUST AS VISIBLE AS LIONS AND TIGERS AND BEARS. THEY ARE EVERYWHERE. WE JUST HAVE TO WATCH FOR THEM AND CAPITALIZE ON THE OPPORTUNITIES WHEN WE SEE THEM.

THERE IS GREAT CONCERN AND UNCERTAINTY, I THINK, PRIMARILY FOR **THREE REASONS:**

- 1) **THE LONGER THAN EXPECTED RECESSION**
- 2) **INTERNATIONAL VOLATILITY, BOTH POLITICALLY AND ECONOMICALLY**

3) **AND OUR OWN STOCK MARKET.**

SO LET'S TAKE A LOOK AT THESE THREE – LET'S CALL THEM OPPORTUNITIES.

1) **NUMBER ONE:**

ONE CAUTION SIGN IS THE RECESSION, AND YOU DON'T HAVE TO BE ALAN GREENSPAN TO UNDERSTAND THAT TODAY'S ECONOMY ISN'T IN THE SAME CONDITION AS IT WAS TEN YEARS AGO.

EARLIER THIS MONTH, OUR FEDERAL RESERVE CHAIRMAN TOLD US ABOUT THE RECESSION. HE SAID:

*“THE U.S. ECONOMY IS POISED FOR A REBOUND, BUT THE TIMING OF THAT RECOVERY IS UNCERTAIN AS BUSINESSES CONTINUE TO SHOW CAUTION.”*

BUT HE ADDED THAT THE FED WILL NEED TO KEEP AN EYE ON DEVELOPMENTS, AND THE ECONOMY'S HEALTH “WILL COME INTO SHARPER FOCUS ONLY GRADUALLY.” AND, HE WARNED THAT BUSINESS CAUTION COULD HAMPER A REBOUND.

**2) NUMBER TWO**

ANOTHER CAUTION SIGN I MENTIONED IS MANIFEST IN THE POLITICAL UNREST ALL OVER THE WORLD.

BUT ONE ISSUE THAT WE DON'T HAVE TO DISCUSS AT LENGTH IS THE RECENT WAR IN IRAQ. WE'VE NO DOUBT SEEN ENOUGH OF IT ON CNN AND READ ALL WE WANT IN THE NEWSPAPERS.

SUFFICE IT TO SAY, IT HAS BEEN MORE THAN TWO MONTHS SINCE THE BEGINNING OF THAT WAR AND STILL WE HAVE ONLY LIMITED READINGS ON BROADER ECONOMIC CONDITIONS, AND HAVE RECEIVED MIXED INFORMATION FROM OTHER COUNTRIES.

**3) NUMBER THREE**

BUT THE WAR HAS HAD A VERY VISIBLE IMPACT ON OUR ECONOMY, AND AFFECTED ANOTHER CAUTION SIGN OF UNCERTAINTY, THE U.S. STOCK MARKET, AND STOCK MARKETS ALL OVER THE WORLD.

IN THE MONTHS LEADING TO THAT WAR, GREENSPAN AND OTHER FED POLICY MAKERS SAID THE UNCERTAINTIES ABOUT THE WAR WERE CAUSING

**BUSINESSES TO DELAY BUYING NEW PRODUCTION EQUIPMENT AND HIRING WORKERS.**

**THE HOPE AMONG THE FED AND MANY OTHER ECONOMISTS WAS THAT BUSINESS ACTIVITY WOULD PICK UP WHEN THE WAR WAS OVER.**

**THOUGH THERE HAVE BEEN ENCOURAGING SIGNS IN RECENT WEEKS – HIGHER CONSUMER CONFIDENCE, HEALTHY RETAIL SALES, A GAIN IN STOCK PRICES, A BETTER MARKET FOR CORPORATE BONDS – MOST ECONOMISTS BELIEVE IT'S STILL TOO EARLY TO TELL IF A REBOUND IS REALLY ON THE WAY.**

**THE **THREE “OPPORTUNITIES”** I JUST MENTIONED – THE RECESSION; INTERNATIONAL VOLATILITY AND THE U.S. STOCK MARKET – SHOULD BE KEPT IN MIND WHEN WE HEAR THE FED CHAIRMAN TELLING US THAT PRICE INFLATION CONTINUES TO BE WEAK.**

**THAT'S APPEALING TO CONSUMERS, BUT IT COULD BE BAD NEWS FOR CORPORATE PROFITS, WHICH WOULD ONLY INCREASE THE CAUTION THAT BUSINESSES HAVE SHOWN IN RECENT MONTHS.**

**THEN THERE'S THE ISSUE OF PRESIDENT BUSH'S PROPOSED 726**

**BILLION DOLLAR TAX-CUT PLAN.**

**GREENSPAN SAYS THAT THERE ARE POWERFUL REASONS TO SUSPECT THAT THE ELIMINATION OF THE DOUBLE TAXATION OF DIVIDENDS AND CUTS IN MARGINAL TAX RATES WILL ELEVATE LONG-TERM PRODUCTIVITY.**

**THE POINT I'M TRYING TO MAKE IS THAT THERE ARE CAUTION SIGNS AND UNCERTAINTIES EVERYWHERE YOU LOOK.**

**BUT I BELIEVE THAT THERE ARE OPPORTUNITIES WITHIN THE UNCERTAINTY OF THE RECESSION AND THE EVENTS OVER THE LAST TWO YEARS.**

**ONE OPPORTUNITY IN THE FOREST OF UNCERTAINTY, I BELIEVE IS THE RECENT CUT IN INTEREST RATES.**

**TO COMBAT THE EFFECTS OF THE RECESSION, THE SEPTEMBER 11 TERRORIST ATTACKS, THE CORPORATE MALFEASANCE SCANDALS OF EARLY 2002, A PROLONGED BEAR MARKET IN STOCKS, AND THE AFTERMATH OF THE WAR IN IRAQ, THE FED CUT ITS KEY INTEREST RATE – THE FEDERAL FUNDS RATE – TO 1.25 PERCENT, A 41-YEAR LOW, AND IT HAS**

**BEEEN THERE FOR SEVERAL MONTHS.**

**I VIEW THAT ACTION AS AN OPPORTUNITY FOR BUSINESSES TO  
CONSIDER REVIEWING THEIR INVESTMENT POTENTIAL.**

**AND ONE OF THE BEST WAYS TO TAKE ADVANTAGE OF TODAY'S  
UNCERTAINTY IS TO INVEST IN NOT ONLY ADDITIONS TO FACILITIES AND  
IMPROVEMENTS IN MANUFACTURING PROCESSES, BUT ALSO, TECHNOLOGY  
UPGRADES.**

**AND I CAN'T EMPHASIZE ENOUGH, THE NEED TO FOCUS ON  
TECHNOLOGY.**

**WHILE THERE ARE MANY OTHER THINGS THAT CAN BE DONE TO  
COMBAT UNCERTAINTY, I BELIEVE INVESTMENT IN TECHNOLOGY IS THE  
NUMBER ONE FACTOR THAT IS CRITICAL TO BUSINESS SUCCESS.**

**I MENTIONED EARLIER THAT OUR INDUSTRIES ARE SIMILAR – THEY  
ARE BOTH TRADITIONAL, CONSERVATIVE AND...HOW CAN I SAY THIS AND  
BE POLITCALLY CORRECT...EXPERIENCED!**

THOSE WHO ARE UNFAMILIAR WITH OUR OWN INDUSTRIES MIGHT TEND TO THINK THAT THOSE CHARACTERISTICS WOULD MEAN THAT WE DEAL IN COMMODITY BUSINESSES. BUT THAT IS NOT TRUE AT ALL.

I BELIEVE THAT WE ARE BOTH UNIQUE.

IN THE PUBLISHING INDUSTRY, WE USE THE PRINTED WORD; WE WRITE, WE PHOTOGRAPH, WE SELL ADVERTISING, AND WE PUBLISH. BUT WHAT IS IT THAT SETS US APART FROM OUR COMPETITION?

WHAT CAN MAKE US MORE THAN COMMODITY BROKERS? I BELIEVE IT IS TECHNOLOGY. LET ME EXPLAIN.

IN THE CHEMICAL INDUSTRY, YOU AND YOUR COMPETITORS HAVE MANY SIMILAR RAW MATERIALS AND, DEPENDENT ON YOUR INDIVIDUAL MARKETS AND NICHEs, YOU HAVE MANY SIMILAR ROUTINES. THIS INCLUDES MANUFACTURING PROCESSES AND TAKING THE PRODUCT TO MARKET.

BUT WHAT CAN HELP YOU DIFFERENTIATE YOU FROM YOUR COMPETITION? WHAT IS THE OPPORTUNITY THAT PRESENTS ITSELF TO US IN THESE TIMES OF ECONOMIC UNCERTAINTY?

IN ONE WORD – IT'S TECHNOLOGY.

**OUR COMPETITIVE ADVANTAGE IS TECHNOLOGY. THAT'S ONE THING WE HAVE THAT DOROTHY DIDN'T HAVE. THIS IS WHAT HELPS DISTINGUISH US FROM OUR COMPETITORS.**

**LET ME GIVE YOU AN EXAMPLE USING MY OWN INDUSTRY.**

**AS RECENTLY AS TEN YEARS AGO, THE PUBLISHING INDUSTRY WAS MIRED IN PRECEDENT. IF YOU THINK THE CHEMICAL INDUSTRY IS SLOW TO ADAPT TO NEW TECHNOLOGY, YOU'VE NEVER DEALT WITH A VETERAN EDITOR WHO GOT HIS START IN THE BUSINESS WHEN THEY WERE PUTTING OUT THE PRINTED WORD USING -- GOD FORBID -- TYPEWRITERS!**

**I HAVE SEEN PEOPLE RETIRE BECAUSE THEY WERE AFRAID TO MAKE THE TRANSITION TO COMPUTER TECHNOLOGY.**

**IN THE PAST, I HAVE ALSO HAVE HAD DIFFICULTY IN HIRING PEOPLE BECAUSE WE WERE A YEAR BEHIND IN TECHNOLOGY -- THE CANDIDATES, RIGHTFULLY SO, BELIEVED THAT IF THEY CAME TO WORK FOR US, THEY'D BE TAKING A STEP BACKWARDS, TECHNOLOGICALLY SPEAKING.**

**BUT THOSE WHO SAW THE UNCERTAINTY AS AN OPPORTUNITY AND EMBRACED THE NEW TECHNOLOGY ARE THOSE WHO GOT A JUMP-START ON THE COMPETITION.**

**IN MY INDUSTRY, ONE OF THE BEST EXAMPLES OF AN ENTERPRISE THAT TOOK EARLY ADVANTAGE OF TECHNOLOGY IS THE NATIONAL PUBLICATION, *USA TODAY*.**

**WHEN THE NEWSPAPER FIRST HIT THE STREETS IN THE EARLY 1980s, THE NAYSAYERS IN THE PUBLISHING BUSINESS SAID IT WOULDN'T LAST MORE THAN A YEAR. THEY SAID YOU COULDN'T PRINT A NATIONAL NEWSPAPER. THE CIRCULATION LOGISTICS WERE ALMOST IMPOSSIBLE.**

**BUT GANNETT, THE OWNERS OF THE NEWSPAPER, SHOWED EVERYONE IN THE BUSINESS THAT, INDEED, A NATIONAL NEWSPAPER COULD NOT ONLY EXIST, BUT ALSO COULD PROSPER.**

**TODAY, THE NEWSPAPER HAS THE LARGEST CIRCULATION OF ANY DAILY NEWSPAPER IN THE WORLD!**

AND THEY ACCOMPLISHED THAT FEAT BY TAKING ADVANTAGE OF THE BENEFITS OF UNCERTAINTY – THROUGH **TECHNOLOGY** – PRIMARILY IN PRINTING AND DISTRIBUTION PROCESSES, THAT ENABLED THEM TO DELIVER THE NEWSPAPER ALL OVER THE COUNTRY AND MANY PARTS OF THE WORLD.

AT CRAIN, WE DID ESSENTIALLY THE SAME THING. WE USED TECHNOLOGY TO INCREASE OUR CIRCULATION, OUR CUSTOMER BASE AND GROW THE BUSINESS. BUT WE DID IT IN A PREVIOUSLY UNCONVENTIONAL WAY. WE TOOK OUR NEWS TO THE INTERNET.

YES, THERE WERE MANY WHO WERE AFRAID TO TAKE THE LEAP TO THE WEB. THEY SAID WE WOULD CUT OUR OWN THROATS AND PUT OUR PRINTED VERSION OUT OF BUSINESS.

ON THE CONTRARY. THE CURRENT ECONOMIC SLUMP NOTWITHSTANDING, WE GREW IN EVERY PHASE OF THE BUSINESS NOT BY REPLACING OUR MAGAZINE, BUT BY SUPPLEMENTING IT WITH OUR WEB-BASED VERSION. IT GIVES OUR READERS THE LATEST INDUSTRY NEWS IN VERY REAL TIME.

**ANOTHER EXAMPLE OF TECHNOLOGY BEING USED TO TAKE  
ADVANTAGE OF BENEFITS OF UNCERTAINTY IS RIGHT HERE.**

**AT SARTOMER, YOU HAVE MADE SIMILAR IMPRESSIVE INROADS INTO  
THE USE OF TECHNOLOGY.**

**YOU MUST BE MORE THAT SATISFIED ABOUT THE ADVANCEMENTS IN  
YOUR PURCHASING PROCESS THAT ENABLE YOUR CUSTOMERS TO MAKE  
ONLINE ORDERS AND FURTHER STREAMLINE THEIR SUPPLY CHAINS.**

**I'M REFERRING, OF COURSE, TO THE NEW *ELEMICA*, E-BUSINESS  
PURCHASING NETWORK THAT YOU JUST JOINED LAST MONTH.**

**THIS IS A GREAT OPPORTUNITY TO INCREASE ORDER ACCURACY, AND  
ELMINATE INEFFICIENCIES SUCH AS DUPLICATE PAPERWORK IN A  
SEAMLESS, SECURE ELECTRONIC NETWORK.**

**YOU ARE RIGHT IN STEP WITH THE TIMES.**

**I UNDERSTAND THAT RESEARCH HAS INDICATED THAT 40 PERCENT OF  
THE COMPANIES IN YOUR INDUSTRY ARE PLANNING TO, OR ALREADY HAVE  
SHIFTED SOME OF THEIR RESOURCES TO INTERNET AND SOFTWARE-  
RELATED ACTIVITIES DURING THE LAST HALF OF 2002.**

**INDEED, E-BUSINESS – FOR BOTH OF OUR INDUSTRIES – IS A WAY TO STAY COMPETITIVE IN TODAY’S FAST-PACED, CONGESTED BUSINESS.**

**ANOTHER OPPORTUNITY THAT THE UNCERTAINTY IN TODAY’S BUSINESS ENVIRONMENT PROVIDES IS THROUGH INCREASED EFFICIENCY OF OPERATIONS, AND A RECOGNITION THAT WE ARE IN A TRULY GLOBAL MARKET.**

**THE FOCAL POINTS HERE ARE IMPROVEMENTS IN PRODUCTIVITY – AND NOT JUST AN AWARENESS, BUT A PROACTIVE APPROACH TO GLOBAL COMPETITIVENESS.**

**THERE ARE A LOT OF INDUSTRIES THAT HAVE BEEN FORCED TO MOVE THEIR MANUFACTURING BASES OF OPERATION OVERSEAS. THIS IS A HARD FACT OF OPERATING IN A GLOBAL ECONOMY. WE HAVE TO MAKE THOSE KINDS OF DECISIONS TO STAY COMPETITIVE.**

**BUT, ANOTHER WAY TO MITIGATE THE NEED FOR OFFSHORE PRODUCTION FACILITIES IS THROUGH A FOCUS ON MANUFACTURING EFFICIENCIES. PLAIN AND SIMPLE, THE SUCCESSFUL COMPANIES HAVE A DEDICATION TO THE QUALITY PROCESS – NOT JUST IN MANUFACTURING, BUT THROUGHOUT THE ENTIRE SUPPLY CHAIN.**

**OUR CUSTOMERS NOT ONLY EXPECT, BUT DEMAND QUALITY PRODUCTS. WHETHER WE'RE DEALING IN BUSINESS-TO-BUSINESS OR CONSUMER PRODUCTS, CUSTOMER AND PROFIT EXPECTATIONS ARE INCREASING RAPIDLY IN THIS LOW-GROWTH GLOBAL INDUSTRY.**

**IT IS IMPERATIVE, THEREFORE, THAT BUSINESSES MAINTAIN HIGH STANDARDS OF EFFICIENCY, RETURN ON ASSETS, AND RAW MATERIAL QUALITY AND UNIFORMITY.**

**WE JUST SIMPLY HAVE NO OTHER CHOICE.**

**THE TOTAL QUALITY BUZZWORDS THAT IRONICALLY GREW FROM A SEED PLANTED IN THE 1950S BY AN AMERICAN NAMED DEMING, AND CULTIVATED BY HIS JAPANESE CONTEMPORARY, NAMED JURAN, HAVE COME, GONE AND HAVE RESURRECTED THEMSELVES.**

**BUT IF YOU DON'T GET CAUGHT UP IN SEMANTICS AND WORD PLAY, THE QUALITY PRINCIPLES ARE ESSENTIALLY THE SAME.**

**S.P.C. – STATISTICAL PROCESS CONTROL; TQC – TOTAL QUALITY CULTURE; TQM – TOTAL QUALITY MANAGEMENT AND LEAN MANUFACTURING WERE THE PREDECESSORS OF WHAT IS NOW SIX SIGMA.**

**SIX SIGMA WAS FIRST INTRODUCED SUCCESSFULLY IN THE UNITED STATES IN THE 1980s BY MOTOROLA. THEY WERE THE FIRST WINNERS OF THE MALCOLM BALRIDGE AWARD, THE U.S. EQUIVALENT OF JAPAN'S TOP QUALITY PRIZE – THE DEMING AWARD.**

**WHATEVER YOU CALL IT THOUGH, QUALITY, IN EVERY PHASE OF DOING BUSINESS, INDEED HAS A PLACE IN OUR BUSINESS AS WELL AS EVERY BUSINESS ON THIS PLANET.**

**AND THOSE WHO ESPOUSE ITS PRINCIPLES AND COMMIT TO THE PROCESS WILL GAIN TEN-FOLD IN THIS PERIOD OF UNCERTAINTY.**

**RIGHT HERE, THOUGH, I MIGHT ADD THAT, WHILE WE FOCUS ON TECHNOLOGICAL IMPROVEMENTS, WE MUST ALWAYS REMEMBER THE REASON FOR OUR EXISTENCE – THE CUSTOMER.**

**THERE WAS A TELEVISION COMMERCIAL A FEW YEARS AGO DEPICTING A MEETING ROOM FILLED WITH A DEJECTED GROUP OF SALESMAN. THEIR COMPANY HAD JUST LOST THEIR BIGGEST CUSTOMER AND THE PRESIDENT WAS GIVING THEM A PEP TALK.**

**BUT, HE DID IT IN A DIFFERENT WAY...HE WAS PASSING OUT AIRPLANE TICKETS...FOR EACH SALESMAN TO TRAVEL AND MEET WITH HIS CUSTOMERS – PERSONALLY! AND THE PRESIDENT EVEN HAD ONE FOR HIMSELF – HE WAS, PERSONALLY, GOING TO VISIT THE OLD FRIEND, THE CUSTOMER THAT THEY HAD JUST LOST.**

**THE POINT TO REMEMBER IS THAT EVEN AS WE ADVANCE TECHNOLOGICALLY, WE MUST ALWAYS LISTEN TO OUR CUSTOMERS – AND SOMETIMES THAT MEANS MEETING WITH THEM FACE-TO-FACE.**

**WE HAVE COME A LONG WAY ON OUR OWN YELLOW BRICK ROADS – I, AS AN ACTIVE OBSERVER OF THE RUBBER AND PLASTICS INDUSTRIES – AND YOU AS ACTIVE PARTICIPANTS IN THE CHEMICAL BUSINESS.**

**WE’VE COME A LONG WAY SINCE A BRITISH CHEMIST, AFTER RUBBING PENCIL MARKS FROM HIS PAPERS WITH A STICKY SUBSTANCE, FIRST GAVE RUBBER ITS NAME.**

**WE’VE COME A LONG WAY SINCE A NORTH AMERICAN CHEMIST MADE RUBBER COMMERCIALY VIABLE THROUGH VULCANIZATION.**

IT CAME ALMOST ONE HUNDRED YEARS AFTER SOME KIDS IN BRAZIL PLAYED A GAME WITH THE SAME SUBSTANCE THAT DRIPPED FROM TREES. THEY ROLLED IT INTO A BALL AND PLAYED SOCCER WITH IT.

A SENSE OF THAT HISTORY AND THE EVENTS OF THE RECENT PAST CAN ONLY INSPIRE ONE TO THINK ABOUT OUR FUTURE – A FUTURE WHOSE OPPORTUNITIES SOMETIMES AREN'T OBVIOUS AT FIRST.

WE HAVE MORE CONTROL OVER OUR OWN DESTINY THAN WE REALIZE, AND WE CAN HELP MOLD THAT DESTINY IF WE CONTINUE TO LOOK FOR THOSE OPPORTUNITIES EVEN IN THE FACE OF ADVERSITY.

WE HAVE EVERYTHING TO GAIN. AND WITH A MODEST RETURN IN THE ECONOMY, THE COMPANIES THAT FOCUS ON TECHNOLOGY AND A COMMITMENT TO QUALITY WILL STAY AHEAD OF THEIR COMPETITORS.

EVEN IN THIS PERIOD OF UNCERTAINTY, THERE ARE GAINS TO BE MADE IN RESEARCH-AND-DEVELOPMENT AND IN MARKET SHARE. WE CANNOT CONTROL THE ECONOMY OR THE ENVIRONMENT AROUND US. BUT WE CAN TAKE ADVANTAGE OF EVERY OPPORTUNITY – EVERY CAUTION SIGN THAT PRESENTS ITSELF.

THOSE SIGNS ARE AROUND EVERY CURVE OF THE HIGHWAY OF UNCERTAINTY. BUT WE CAN GROW AND STRAIGHTEN THOSE CURVES.

**AND IF WE CONTINUE TO FOCUS ON OUR CUSTOMERS THROUGH IMPROVED TECHNOLOGY, IT WILL BE EASY FOR US TO PURSUE THOSE BENEFITS OF UNCERTAINTY WITH A PASSION THAT WOULD PUT A SMILE ON THE OLD WIZARD'S FACE – HIMSELF A SELF-PROCLAIMED TECHNOLOGY GURU.**

**YES, WE'RE NOT IN KANSAS ANY MORE. BUT WE'RE IN A WORLD WITH MORE OPPORTUNITIES, AND THE POTENTIAL FOR IMPROVEMENT IS MUCH GREATER.**

**MEETINGS LIKE THIS TODAY FURTHER EACH INDIVIDUAL'S KNOWLEDGE AND THE TOTAL COMBINED KNOWLEDGE OF THE INDUSTRY. I APPLAUD SARTOMER'S VISION, COMMITMENT AND INVESTMENT TO ORGANIZE MEETINGS LIKE THIS ONE.**

**I ENCOURAGE ALL OF YOU TO ACTIVELY PARTICIPATE AND CHALLENGE ALL THE TECHNOLOGY THAT'S DISCUSSED. I ENCOURAGE YOU TO PARTICIPATE, DEBATE ALL FACETS OF TECHNOLOGY THAT ARE PRESENTED. BECAUSE IT IS ONLY THROUGH TECHNOLOGY THAT UNCERTAINTIES WILL BECOME CERTAINTIES.**

**THANK YOU.**

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