

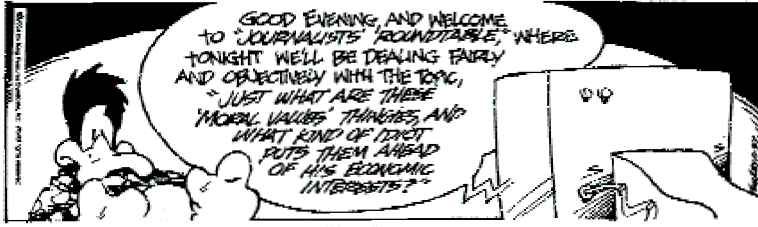
# Fast Facts

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MALLARD FILLMORE By Bruce Tinsley



I believe we have trouble. Right here in the USA. And it starts with T and rhymes with V and stands for Values. As expressed in the above cartoon, it would appear that we as a nation have once again lost our way. However, there is a ray of light at the end of the tunnel and it is coming from one of the largest corporations in the world. One of the first companies that has stepped up to the plate to acknowledge that values are something that needs to be an integral part of doing business is, believe it or not, General Electric. Jeff Immelt, chairman and CEO of this giant conglomerate has taken it upon himself to drive "Virtue" throughout the company. He firmly believes that it affects how the company runs itself and treats its employees; the kinds of companies and countries it chooses to do business with; and the technologies it invests in. According to a recent interview with Fortune Magazine, "The world's changed. Businesses today aren't admired. Size is not respected. There's a bigger gulf today between haves and have-nots than ever before. It's up to us to use our platform to be a good citizen. Because not only is it a nice thing to do, it's a business imperative."

According to the Fortune article, GE appointed its first vice president for corporate citizenship, Bob Corcoan, in 2002. Today, GE audits its suppliers in the developing world to make sure they comply with labor, environmental, health and safety standards. This fall GE was admitted to the Dow Jones sustainability index, a collection of 300 best of class firms that meet detailed criteria for environmental, social and financial sustainability. The company has received recent high profile awards for promoting women and African Americans into its executive ranks. It granted domestic partner benefits to its gay and lesbian employees. It has also set out to globalize its philanthropy by launching an ambitious health-care project in rural Ghana. Next spring it will publish its first corporate citizenship report.

This all came about as a result of a study on corporate social responsibility performed by a group of GE's high-potential executives who met in Crotonville at Immelt's request. What they found was that corporate social responsibility matters to employees, to a small but growing number of investors, to customers and to governments and activist groups, whose power to influence business is growing.

"At the simplest level," said Immelt, "it is because GE wants to be known as a good company, not just in the U.S. but around the world. And expectations of what big business should do is rising."

"Think about your neighbors," Immelt went on to say in the article, "If they obey the law, if they pay their taxes, if they don't

park their Winnebago on the street, are they just compliant? Now what about the neighbor who organizes a block party? Or the one who picks up the kids after school? That's a good neighbor. And that's what we mean when we say we want to be a good company. The question of how much better we have to be to be recognized as a good company, we don't know. It is more today than it was five years ago. "

On the far side of the moon, you have Wal-Mart. Something I consider to be a parasitic company that takes far more than it gives. In wealth, they are at the top. In philanthropy, at the bottom based on what they give back on a dollar for dollar basis when compared to Rockefeller, Gates or even GE. What are the Walton's worth? The heirs of Sam, who are John, Alice, Jim, Rob and wife Helen own 39% of Wal-Mart stock which puts them around \$90 Billion, give or take a few million. How rich is that? Well, if you combine the wealth of Bill Gates and Warren Buffet, you're about there. It is 117 times richer than Teresa Heinz Kerry. It is equivalent to the GDP of Singapore.

*"Think about your neighbors. If they obey the law, if they pay their taxes, if they don't park their Winnebago on the street, are they just compliant?"*

Wait, it gets even more obscene. Figuring Wal-Mart's dividend, just this year of 52¢ per share, the Walton's dividend check came to around \$873.8 million.

With all their wealth, all their size and all the accusations against them, such as "they destroy small towns, they discriminate against women, are anti-union, pay sub-standard wages, etc.", they don't seem to be doing much in the way of being a good neighbor, other than showing commercials with smiley people and kids playing in a handful of ball fields and parks they've built with their money, American flags waving, contented employees and grateful townspeople looking upon Wal-Mart as the Great Liberator. (Did I mention that they have as much or more money than Bill Gates and Warren Buffet combined?) Yet, the most anyone can come up with is that the Walton's give about \$370 million away for philanthropy in 2003. \$300 million of which went to the University of Arkansas. This is an impressive number based upon their dividend check, but is not even a blip on the radar screen when you bring in the \$90 Billion. (Bill and Melinda Gates, by the way, gave away \$1.2 Billion in 2003.) In case you haven't read the book Rockefeller, pick up a copy and find out how much the old man gave away and how much good he did for education. That included creating the University of Chicago among many other things.

What I find most appalling is that GE, which is an international, corporate conglomerate run purely by executives with no family members holding controlling interest in the company, puts its money and actions where its mouth is. Wal-Mart, on the other hand continues to squeeze its suppliers, indirectly takes advantage

of third world and under-developed countries' labor force and gives little if anything back to either the U.S. or the countries whose labor force they are utilizing.

This concept of a company conducting its business in ways that benefit the shareholders as well as the environment and society is called sustainability, or sustainable development. A group that calls itself the World Business Council for Sustainable Business Development has listed some 170 international members, including more than 30 Fortune 500 companies. Some on the list include Alcoa, Bristol-Meyers Squibb, GM, Baxter, FedEx-Kinkos and GE. Companies like Suncor and 500 others just like them, for example, are following strict guidelines of the Global Reporting Initiative (GRI), which is an independent institution founded in 1997 to develop a common framework for sustainability reporting. Basically, it falls into three major categories, each having its own group of sets and sub-sets. (Go to your favorite search engine and look up sustainability reporting and sustainable business development and see what you come up with.)

1. Economic
2. Environmental
3. Social

And yes, there are those companies who use sustainability reporting more for public relations purposes than actually meaning what they say, but hey, it's a damn good start in the right direction.

While recently attending the World Business Forum in Chicago, the crowd was greatly amused by Jack Welch's telling of his encounters with Sam Walton. According to Jack, Sam would pick him up at the airport in his pickup truck, complete with gun rack and off they'd go. "Let me tell you. This guy would 'Aw Shucks' you to death and make you think he was just a hick from Arkansas and the next thing you knew he had your wallet and most everything else you owned."

*"It is up to you to drive the values you want lived because culture is no more than the behavior of the leaders."*

But it isn't just the Walton's. People are just getting fed up with super-sized executive compensation, poor treatment of employees, job losses and outsourcing. We as a nation have gone from notorious accounting scandals to workplace and compensation concerns. There is a giant chasm between the working stiff of America and the mercenary corporate executives who allegedly run these major corporations. A great example is Martha Stewart who is making \$900,000 a year after being convicted for remaining "the company's guiding inspiration and is a critical asset." The company's spokesperson added that Martha would not be paid while in prison but will receive her salary during the home-confinement portion of her sentence. Or even Dell, who comes across as the All American Company and then outsources as many jobs as it can to other countries, mostly India.

And then there is the big business of sports, like the Pistons/Pacers basketball riot in Detroit. Need I say more? So, what is it that the American people want from their corporations? Basically, what Jeff Immelt is trying to do with GE – do more than just provide great products and services. This includes community and environmental responsibility, and fair treatment of employees and customers alike.

What comes through loud and clear is that the reputation of corporate America is right up there with politicians, and continues

to go from bad to worse. Why is that? Well, in this man's humble opinion, it stems from a lack of values.

Also at the World Business Forum in Chicago, company and corporate values was a topic being discussed by many of the speakers as well as among ourselves in the audience. In the wake of all the scandals and the many executives now spending time behind bars, the time is now to determine what your company values are and what is the culture you want acted out by your people. Or, as Larry Bossidy so aptly put it in his talk on execution, "It is up to you to drive the values you want lived because culture is no more than the behavior of the leaders." (By the way, if you'd like an audio copy of his talk, I'll be glad to send you one.)

My question to you is, "What values have you established for your company and what actions do you encourage, enforce and tolerate to determine your company's true culture? On that note, have you ever wondered what kinds of things your own employees are allowing to come into your company via the Internet? In a recent Senate Commerce Committee hearing in Washington about Internet pornography, erotic material through the Internet was compared to a drug epidemic. According to Mary Anne Layden, a researcher at the University of Pennsylvania, "To have a drug pumped into your house 24/7, free, and children know how to use it better than grown-ups know how to use it - it's a perfect delivery system if we want to have a whole generation of young addicts who will never have the drug out of their mind." Replace the words house with company, children with employees and grown-ups with executive management and think about it. **A**

### China At It Again!

Speaking of values, or the lack of them, China never seems to disappoint as long as you expect the worst from them. If you don't believe me, just ask Peter Baranay, president of Abro Industries Inc., a small seller of glues, tapes and epoxies. You've heard of product knock offs and identity theft. His story is about both. Hunan Magic, a company based in the city of Liuyang in Hunan province in China has not only knocked off his entire product line, but is acting as though they are Abro Industries Inc. What's more, it's been going on for two years, so far. "This is attempted identity theft at a corporate level" says Mr. Baranay.

According to a November 22nd article in the Wall Street Journal, Abro Industries, with just 24 employees, almost \$100 million in sales coming from over 130 countries, has hired dozens of lawyers and investigators, sued Hunan Magic, and gotten raids conducted in the United Arab Emirates and other countries, at a cost to Abro so far this year of more than \$600,000.00.

Here's the lack of values part. According to the article, Hunan Magic believes it has every right to do what it is doing. Peng Jianju, Hunan Magic's attorney says that it is a coincidence that its Abro-branded products are identical to the US versions. He says that Hunan Magic developed its own Abro brand back in 1996. On the other hand, the real Abro's roots go back to the 1930's and the Abro brand goes back to the 1970's.

Here's the best part. The WSJ article reports "Part of the problem with Hunan Magic is that the quirky Chinese legal system makes it difficult to prosecute counterfeiters. Also, local authorities are reluctant to hassle Chinese companies exporting an estimated \$20 billion a year in counterfeit products."

The audaciousness gets worse. Abro's sales manager, Timothy Maranais actually confronted Hunan Magic at Hunan Magic's Abro booth at the Canton Trade Fair. "So I walk up to Hunan Magic's

booth and my eyes bug out. There was a huge sign overhead that said Abro and stacks of catalogs filled with Abro products.” One of which had a picture featuring a photo of Mr. Maranais’ wife fixing a bicycle. Hunan Magic’s version was identical. Only after producing a picture of his wife from his wallet, the officials finally seized the Abro products on display and detained the booth’s salesmen. The company received no fine and later actually sued the authorities for their actions taken against them.

*“Part of the problem with Hunan Magic is that the quirky Chinese legal system makes it difficult to prosecute counterfeiters.”*

Recently, teamed with Ms. Josette Shiner, the Bush administration’s top official on China trade, Mr. Baranay won an audience with senior officials at the Chinese Commerce Ministry and the national trademark office. China’s trademark office ruled against Hunan Magic’s attempt to win a trademark for certain Abro glues. Hunan Magic is, of course, appealing.

Last month, Abro sued Hunan Magic in China for trademark violations, seeking \$600,000.00 in damages. The article went on to say that even if Mr. Baranay wins this battle, he has new battles to fight with Abro fakes showing up in Latin America and other countries.

If the Bush administration, GE’s Jeffrey Immelt, and all the companies in the World Business Council for Sustainable Business Development truly believe in being good companies and good citizens, then China’s unethical business practices better be a whole lot different in the near future than they are now. And the same can be said for Wal-Mart. **A**

#### **PR & Media: The 1-800-GOT-JUNK? Way**

Have you heard about 1-800-GOT-JUNK? yet? Maybe you have, maybe you haven’t, but one thing is for certain – you will eventually! At 1-800-GOT-JUNK?, we take PR and Media very seriously. One of my career highlights of last year was actually being a guest on The Oprah Winfrey Show, for an episode that featured our company. We’ve been written in up in hundreds of publications, and we’re proud to have been featured on many prominent TV Shows and mainstream magazines. Public Relations and Media have been a priority of mine for quite a while. Many people have approached me over the course of the last two years, and have asked me “how do you do it?” I don’t think there is a specific secret that has made us successful with the media, but rather an approach we take. We placed our focus and emphasis on PR and Media as top priorities, creating a separate department that was run completely in house. Our focus on PR and Media was born out of necessity. We simply didn’t have an enormous marketing budget 5 years ago, as we began franchising. I’ve always believed in working within our set budget, and this limitation did not allow us to work with a large ad firm to really promote the brand. I was convinced we had a great business idea, and people would really gravitate towards it, with the right exposure.

Beyond using media as a brand marketing tactic, it has become a very powerful tool in building our franchise partner base, and creating interest among prospective franchise partner candidates, looking to put our service into a new city or territory. Traditional means of marketing to entrepreneurs who are looking to open a

franchise present many challenges, among them cost. It goes without saying that you can’t put a price tag on a great media story. By working with publications like Fortune Magazine, Fast Company, or The New York Times, we have been able to change the way we marketed to franchise candidates – they found us rather than us finding them. The media has helped us build massive 3rd party creditability.

There’s really nothing glamorous or sexy about what we do. It’s a simple business model, and an even simpler concept. We give customers back their space, and take their junk away. As we worked to be pioneers in creating a new vertical and a new industry, the message the media delivers about us is critical. Proudly, since 2003 we have successfully generated over 1,800 individual media hits. This speaks volumes to our understanding of how media works, and even more to how important it is to our business, and to the growth momentum we’ve created, due to a strong focus in PR. Sometimes it was as easy as calling up the right reporter and saying “Hey, I’ve got a really great story for you, have you got a sec?” Other times it took longer, and it required more patience.

PR and Media targeting became an enormous advantage in leveraging our success as we sought to expose more people to our brand, and to the franchising possibilities. Media has become our own form of advertising, and we rely on it as a form of marketing in its own right. Much of our growth is directly attributed to the media coverage we’ve received. Media is becoming a new form of marketing and our company puts a heavy focus on it.

#### **PR & Media Strategies From Brian Scudamore**

*Speak The Language.* My PR team is immersed in mainstream media every single day, and are absorbed by it in their spare time. We budget to vigorously read and understand all publications we hope to stir interest with. From TV to the Internet, from monthly trade journals, to heavily circulated monthly magazines – our PR department is passionate about the media. Make time to study the media you are targeting and hire people who have a keen interest in it. It is paramount that you understand what each publication considers a news worthy angle.

*Don’t Nag The Media – Know Them.* At the Junktion, we take those who work in the Media VERY seriously. We are versed in the work and writings of journalists across North America, and immerse ourselves in their writing before approaching them. We want to ensure we give them our best pitch or story idea, and that it falls in line with their editorial calendar, or style of journalism.

*Give The Editors What They Want.* Don’t fight the news cycle. Always time your story pitches appropriately. If you have a tech story, pitch it to tech journalists, or tech writers. Send ideas about a specific story to a specific and relevant media target.

Brian Scudamore is the Founder and CEO of 1-800-GOT-JUNK? – a \$40 Million junk removal franchisor. Visit [www.1800gotjunk.com](http://www.1800gotjunk.com) or email [Brian.Scudamore@1800gotjunk.com](mailto:Brian.Scudamore@1800gotjunk.com) for more information or any questions about PR. **A**

*Note: I had the pleasure of meeting Brian at the YEO Annual International Education Program where I was speaking on leadership. He is a very impressive individual who not only knows his junk, but knows how to get in front of the public. His most recent article in U.S. News and World Report (December 2004) is just another example of his tremendous success using public relations. We can all learn something from this Master.*

## Where'd All the Oil Go and Who Keeps Raising the Price Per Gallon at the Pump?

In a word, China. With a mere 1.2 billion people, China is not only the most populous country in the world, but is now the second largest consumer of energy and the third largest in oil consumption behind the US and Japan. According to the Xinhua news agency, China's oil imports for the first eight months of 2004 rose nearly 40% compared with the same period just last year. Their surging demand is one of the primary factors behind this year's 30% jump in crude oil prices. Worse is the fact that analysts believe that China's share of total world consumption could double to 14% over the next decade. Worse yet, is the fact that by 2050, China will be 4 times larger than the U.S. in population. If they reach half of our per capita, they will be 2 times larger than us. If that's the case, the United States as we know it is done.

The Catch-22 in this is that we are fanning the flames to encourage their consumption. GM already sees China as the next big market and is pushing for private ownership. GM intends to not just have the Chinese make cars and export them, but keep them and sell them to their citizenry. Already, roads in many Chinese cities are being widened to make way for more cars. Plus, Chinese retail sales keep rising as the upper and middle classes continue to grow and spend.

To keep the pipeline full, China has acquired interests in exploration and production in places like Kazakhstan, Russia, Venezuela, Sudan, Iraq, Iran, Peru and Azerbaijan. The long term problem however, is that in spite of its efforts to find other sources, China still gets 58% of its oil from the Middle East.

Access to Middle East Oil is only going to grow as a key issue and concern between the United States and China. For now, China fully understands that the security of that oil rests with the United States and China is no hurry to change that. But, being a suspicious lot, you can bet that the Chinese leaders believe that the war on terror is a guise to dominate the Persian Gulf and exercise control over the energy resources. In other words, China sees us a threat to their access to oil and its future.

Not to be denied, China is going out of its way to build relationships with Middle East countries like Iran, Iraq and Sudan by providing them with a great deal of money, complicating an already complicated situation. According to a report by the US-China Security Review Commission, a group created by Congress, warned that China's increasing need for oil was drawing them closer to these countries. According to the report, "A key driver in China's relations with terrorist-sponsoring governments is its dependence on foreign oil to fuel its economic development. This dependency is expected to increase over the coming decade."

In case you haven't heard, Iraq's oil fields are producing steadily, despite those attacks from insurgents. They're about 20% short of their pre-war levels and below what the Bush administration had hoped for, but they are producing in spite of continued attacks. Where is all of this headed? Stay tuned.



# Happy Holidays



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Will I go out on a limb and make a prediction? You bet! I predict that like Wal-Mart, China will fall. It is a Marxist government that will not allow it to play by capitalist rules. It wants its cake and eat it, too. It is also a country created out of one rebellion after another. As the chasm between the haves and have-nots grows wider, there is no telling what can transpire. In the meantime, we need to encourage people not to buy from Wal-Mart and let the new Secretary of Commerce know how we feel about China. **A**

*Late Breaking News: I don't know about you, but Lenovo's \$1.25 billion purchase of IBM's \$10 billion PC business makes me very uncomfortable.*

### Wish List

These German Shepherds could use a good home this holiday season. To learn more, visit: [www.gsrescue.com](http://www.gsrescue.com)

**Sasha** – female, 18-24 months, black and tan, beautiful, sweet, loves people

**Mace** – male, 12 months, black and red, handsome, friendly, affectionate

**Buddy** – male, 3-4 yrs, black and tan, handsome, dark face, good with children

**Carly** – female, 4 yrs, blonde, beautiful, loving and loyal, affectionate girl

**Hoagie** – male, 2 yrs, black & tan, handsome, athletic, wonderful personality, good with cats

**Bella** – female, 4 1/2 yrs, black & tan, pretty, loving, some training, active

**Yahtzee** – male, 3 yrs, black & tan, darling, playful, loving, good with other dogs

**Princess** – female, 6 yrs, black & tan, pretty, good with children and other dogs, very loyal and loving

**Duke** – male, 2 yrs, jet black, AKC registered, big and handsome, friendly, good with children, loves to play ball

**Margo** – female, 2 yrs, black & tan, gorgeous, friendly, affectionate, loves toys

### A Four Step Process to Combat Flu Season

#### Wash your hands.

Hands collect germs by coming into contact with common items such as doorknobs, phones, keyboards, other people, etc. Have your employees wash their hands all day long. One of the easiest ways to catch a cold or flu is by touching your eyes, nose and mouth after coming into contact with germs. But you needn't send your employees off to the bathroom sink every fifteen minutes. Instead, encourage them to keep their hands clean by providing hand sanitizer in your workplace. Hand sanitizers are alcohol-based so they do not require rinsing and they dry quickly.

#### Cover your mouth when you cough or sneeze.

Don't be embarrassed to remind your people that by not covering their mouths, they are allowing clouds of contagion to circulate through the heating vents. To encourage your employees to prevent the spread of cold and flu germs through sneezing and coughing, provide tissue in the office and keep it near every workstation.

#### Send them home if they're sick

Losing a sizeable portion of your workers at one time to the flu can cost you dearly. If anyone in the company, including yourself gets stricken, do not pass go, do not collect \$200.00, go immediately home. Not only are you lessening the risk of the flu spreading throughout your company, but the person going home has a better chance for a faster recovery.

#### Show Them That You Care.

Provide flu prevention kits to your employees. A simple kit might include hand wipes or sanitizers, Vitamin A to combat sore throats, Cold-Eze, zinc lozenges, tissues, plenty of bottled water and tea.

In the words of Ben Franklin, "An ounce of prevention is worth a pound of cure." Stay healthy!