



MESSAGE FROM THE PRESIDENT...

While reading the articles in this issue of the Gazette, the 'Business Tip' struck me as particularly interesting. The basic idea is getting your organization to sell value, not just price. Looking at it from a different perspective, that concept can easily be applied to your purchasing decisions as well.

In 1984, when I acquired Gateway Safety, we focused on building strong relationships by providing quality products at a competitive price. Nearly 20 years later, we still must be doing something right because our competition continues to try and copy that business model. Nevertheless, thanks to your support, Gateway Safety continues to grow and prosper.

We have recently heard rumors that some of our competitors are claiming their product is the same as the Gateway Safety StarLite and that it even comes from the same molder as the StarLite. Of course, these rumors are completely false. While we disapprove of their tactics, we consider it a compliment that our competitors try to "piggy-back" on Gateway Safety's reputation. It will take more than a similar product to match the value that Gateway Safety creates for our distribution partners.

Just some of our value-added benefits include:

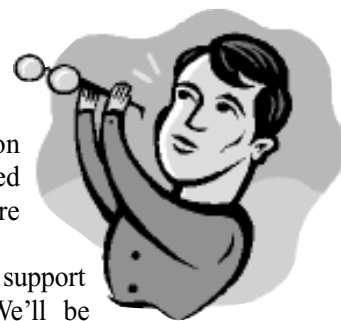
- Internal and external quality control measures that ensure all

of our products exceed the highest standards of quality.

- Shipment of most orders on the same day the order is placed and virtually all orders are shipped within 24 hours.
- Significant ad campaigns that support our distribution partners. We'll be running a similar program again in 2004.
- Manufacturing of a broad spectrum of safety products, including eye, head, face, and hearing protection. Best of all, more surprises will come in 2004.
- No hidden, 'hush-hush,' 'off-column' pricing. If you're a 4th column customer, you know where you stand – you're getting our best distributor pricing.

We take pride in the value that Gateway Safety provides to our distribution partners. We take pride in the "Gateway Safety Advantage." As always, we want to thank each of you for your support. Best wishes for a strong finish to 2003.

Kenneth E. Love
 Gateway Safety



Where Safety Meets Style™

HIGHLIGHTS

| | |
|---|--------|
| New ANSI Z-87.1-2003 | Page 1 |
| Face In The Crowd Don Derksen | Page 1 |
| Business Tip: Taking the Road Less Travelled | Page 2 |
| Hearing Protection: Understanding NRR | Page 2 |
| Rewarding Safety: Incentive Programs | Page 3 |
| Distributor Services: Do You Offer the Right Service Mix | Page 3 |
| Message from the President | Page 4 |

NEW ANSI Z87.1 STANDARD

October, 2003 – The new eye protection standard features several key changes. Please use this question/answer format article as a general guide. Rest assured, all Gateway Safety spectacles meet the new, high impact standard. We are already changing our molds to identify them accordingly. For more information, please call customer service at 800-822-5347.

When did the new standard become effective?
 ANSI Z87.1-2003 became effective in August.

Who developed the new standard?
 The American Society of Safety Engineers (ASSE) developed the new standard. ANSI doesn't write standards, rather, the organization is an accrediting body. Safety professionals needing more information should contact ASSE for answers.

What does ANSI Z87.1-2003 cover?
 ANSI Z87.1-2003 covers the same eye protection as the old standard. However, the new standard has also been expanded to include performance requirements for full-face and loose-fitting respirators.

So what's the main change?
 The introduction of two categories of impact resistance: basic and high. In effect, this dual-tier approach will divide eye protection products between non-plano (prescription) and plano products.

Have lens thickness requirements changed?
 For non-plano lenses, the new standard still has thickness requirements for basic and high-impact products. For high-impact plano lenses, however, the thickness requirement has been eliminated. Better materials and improved technology have made these minimums unnecessary. This will

improve optical clarity in wraparound lenses. Basic impact spec lenses still must be at least 3 mm thick.

Have testing procedures changed?
 Testing procedures have changed, with emphasis now placed on product performance instead of materials used. The new High-Velocity Impact Test states that "...spectacles shall be capable of resisting an impact from a 6.35 mm (0.25 in.) diameter steel ball traveling at a velocity of 45.7m/s (150 ft/s)."

What about markings; what should I look for?
 All lenses must bear the manufacturer's mark or logo. A plus sign (+) is also required for high-impact lenses. All frames must bear the manufacturer's mark or logo. Frames complying with the new standard must be marked "Z87". In the months ahead, look for the "Z87+" marking on all Gateway Safety products. In the meantime, know that all of our spectacles meet or exceed the high impact standard.

Where can I get a copy of the complete standard?
 The new ANSI Z87.1-2003 standard is available for purchase from the American Society of Safety Engineers (ASSE), 1800 East Oakton St., Des Plaines, IL 60018. You can reach them at www.asse.org, or call (847) 699-2929.

Face In The Crowd: Don Derksen

It is with sincere regret that we announce the unexpected passing of our good friend and associate, Don Derksen. Don has been a valuable member of the Gateway Safety family for well over a decade. His agency, Don Derksen and Associates, has ably covered Texas, New Mexico, Oklahoma, Arkansas, Mississippi, and Louisiana. Year after year, his agency has been one of the top sales forces for Gateway Safety. His leadership, experience, and friendship will be sorely missed. Our thoughts are with him and his family, as well as his associates, Steve and Rick Bennett, during this difficult period. Leadership responsibilities for Don Derksen & Associates will be assumed by Steve Bennett. As always, his efforts will be complemented by his brother, Rick, and new associate, Harry Mason.

"Despite the loss of Don," said Matthew Love, director of marketing for Gateway Safety, "our distribution partners can expect the same quality, service, and support that they have come to expect from both Gateway Safety and Don Derksen & Associates."



Don Derksen,
 Don Derksen & Associates

BUSINESS TIP: TAKING THE ROAD LESS TRAVELED

In one of his most famous poems, Robert Frost tells of two paths diverging in the wood...and his decision to take 'the road less traveled by.' Even in business, that's very sound advice. However, with most industrial distributors now carrying safety products, more and more distributors ignore Frost's wisdom and take the road more traveled and compete solely on price. As a result, prices for safety products creep lower and lower. Distributors are left to compete harder and harder for a piece of the pie that gets smaller and smaller.

According to Jeffrey Mayer, a business consultant with SucceedingInBusiness.com, this is a very disturbing trend. "When you're selling solely on price," Mayer argues, "the presumption is that there is no distinguishing difference between your

products and those of your competitors – no difference in quality, durability, dependability, etc." Worse still, most studies indicate that price is just one of many factors that consumers use to choose their business partners. Other factors include: Product Quality, Availability, Service, Support, Breadth of Product Line, and Professionalism.

Mayer advises his clients to learn as much as possible about their customers by asking lots of questions. Identify which of the above factors are most important to each consumer...then focus your sales effort on your organization's ability to address those factors. "This enables you to sell value, quality and benefits," says Mayer. "Price is no longer the primary selling factor." And, as Robert Frost would say, "...that will make all the difference."



"...price is just one of many factors that consumers use to choose their business partners."

Hearing Protection: Choosing the Right Hearing Protection

Because of the small unit cost, Hearing Protection Devices (HPDs) are positioned as commodities and selection is too often made by purchasing agents who regard the purchase as little different from that of pencils and paper. Let's not let that happen when selling Gateway Safety hearing protection. Hearing loss it is too important an issue for us, as safety practitioners, to rush past the science involved in specifying appropriate protection. So, in a nutshell, here's the science to remember and some practical examples:

- 1) 75 to 80dB(A) is considered the optimal range. The hearing protection we specify should bring sound levels entering the ear to within this level.
- 2) Above 85dB(A) is considered a hazard, as inferred in current US regulations. 85dB of noise or less is what is allowable. The hearing protection we specify must bring sound levels entering the ear to at least this level.
- 3) Below 70dB(A) is considered a hazard. Too much protection can put workers at a disadvantage while trying to hear warning signals, verbal communication, or their machine. The hearing protection we specify must bring sound levels entering the ear to above this level.

Now here's the part to remember, the difference between the noise level measured at the ear and 85 is the amount of dB of protection that's needed for that noise exposure. You have to specify protection that brings the noise to at least this level, understanding that the optimal level to shoot for is 75-80.

Example One: Chainsaw (average 110dB)

An employee exposed to 110dB **PROPERLY** uses HPDs with a noise reduction rating (NRR) of 32dB, because the net result of 78dB (110-32=78) puts them within the optimal level of 75-80.

An employee exposed to 110dB **IMPROPERLY** uses HPDs with a noise reduction rating (NRR) of 22dB, because the net result of 88dB (110-22=88) puts them outside the allowable noise level of 85dB.

Example Two: Hand Drill (average 98dB)

An employee exposed to 98dB **PROPERLY** uses HPDs with a noise reduction rating (NRR) of 22 dB, because the net result of 76dB (98-22=76) puts them within the optimal level of 75-80dB.

An employee exposed to 98dB **IMPROPERLY** uses HPDs with a noise reduction rating (NRR) of 32dB, because the net result of 66dB (98-32=66) puts them under the acceptable level of 70dB. This is considered over protection.

Rewarding Safety: Are You Selling Incentives?

There is much debate about the effectiveness of rewarding employee safety through incentives. Those against the practice say companies that use incentives are copping out on finding real solutions for hazards. Others argue that promoting gimmicks instead of behavior moves the discussion of safety into a dangerous domain led by marketers. The fact remains however, that incentive programs are very popular and industrial companies believe they are effective.

According to a Gallup Survey, the U.S. incentives market has been estimated at nearly \$20 billion, and is growing at a rate of 7% annually. And, in practice, incentives are firmly entrenched in the safety field with 75% of companies currently using awards and/or incentives as part of a more comprehensive safety program.¹

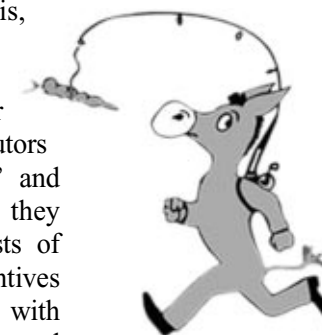
The list of possible incentives is long, including everything from jewelry and gift certificates for shopping, to vacations, steaks and apparel. They also take many forms, from pre-paid credit vouchers to lottery-style scratch-off games. The point is, you identify what might motivate employees to comply with the company-mandated, well-thought-out safety program and then offer that incentive as reward. Safety engineers reason that by encouraging compliance, you eliminate the lion's share of costly and preventable occupation injuries.

Many distributors are already recognizing that services – such as motivating compliance, employee training, tool crib management and more (see chart below) – take their sales approach out of the price-driven commodity marketplace. According to Trends Among Safety Distributors, Reed Research Group, 2002, nearly every distributor reported some service that

they sell for a fee, that is, unbundled from their product sales.

So the million-dollar question is, how can distributors take the incentives "product" and turn it into a service that they administer for a fee? Forecasts of aggregate spending on incentives should be a motivating factor, with 92% of companies surveyed responding that they intend to spend more or at least the same on safety awards and incentives in the coming year.²

In making your decision whether incentives are a service for you, consider a few things. First, consider the access you have inside your customers' facility. If you are not considered their safety counsel, this might be a difficult sell. Second, consider the services you currently offer. For example, Employee Training or Cost Reduction Programs could become profit centers with incentives used as support vehicles. Finally, investigate whether incentives are currently used to support safety programs for each of your customers and, if so, consider whether it would be more effective for your customer – and more profitable for you – if you provided and administered the program.



"The old 'carrot and stick' analogy is still alive and thriving. And it works, if presented well enough."

- Linda Johnson, CSP, MS, CHMM, CEHS, Occupational Health & Safety, June 1999

1. Steven Minter, "Putting Incentives To Work", Occupational Hazards.
2. Richard K. Millar & Associates, Occupational Safety and Industrial Hygiene Markets, Fifth Edition.

Do You Offer the Right Service Mix?

According to Reed Research Group/Industrial Distribution's 56th Annual Trends Among Safety Supplies Distributors, many distributors are recognizing the importance of selling safety services.

They understand that gross margin is a driving force for earnings and that selling services enhances gross margin.

Measure your service mix against the responses given to the questions, "What specific services do you currently provide to customers?" and "What specific services do you currently sell to you customers for a fee?"

Services Provided for Customers

| Service to Customer | Currently Provide | Currently Sell |
|--|-------------------|----------------|
| Technical/Product Support | 79 | 34 |
| Faster Delivery | 67 | 52 |
| Consigned Inventory | 54 | 24 |
| Employee Training | 53 | 32 |
| Inventory Management | 51 | 24 |
| Cost Reduction Assistance | 50 | 16 |
| Customized In-Plant Delivery Systems | 38 | 20 |
| Set-up/Installation | 38 | 38 |
| 24/7 Ordering | 35 | 10 |
| Fabrication | 32 | 40 |
| On-site Store Rooms/Tool Crib Management | 32 | 38 |
| Kitting | 29 | 18 |

Trends Among Safety Supplies Distributors, Reed Research Group, 2002