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1ST ISSUE

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BROKER



BSM CORPORATION NEWSLETTER

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Dear Brokers,

Your potential to reach end-users is realized by BSM Corporation. You are the key contributors to end-users. You provide logical solutions and competitive numbers. Therefore, in order to best acquaint you with BSM, we will be sending our monthly newsletter, "The Memory Monthly". "The Memory Monthly" will keep you informed with customer testimonials, news in the industry, and our overall philosophy on how we do business.

Our theme this month is "The New Standard for American Business". BSM feels this is an important national issue effecting virtually everyone in the industry today. In this issue we will try to make heads or tails of what can be done here in the U.S. to not only stimulate our economy, but also to stimulate healthy competitive business relationships in the U.S.

We include an insightful interview with the president of BSM, Glenham Bishop, as well as informative articles, and an editorial relating to American business. We also would like to introduce our "Memory Monthly" cartoon "Memory Man" (a BSM favorite!) and a chance on page four to win an American flag.

Overall, BSM would like to acquaint you with the quality and performance of our product, along with American craftsmanship and cost savings. Our philosophy is simple: the highest quality possible at a competitive, realistic price. Not all organizations can justify paying a premium price for a big name every time they need to enhance their systems. BSM

has gained world-wide respect in the industry for craftsmanship and reliability. We do more than what's expected; we do our best.

If you have any questions or comments, please call me at 1-(800)-899-4BSM or fax 708-980-6834.

Sincerely,

Mark Hulseberg
Mark Hulseberg
Marketing Director

The Adventures Of...
**MEMORY
MAN**



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Land of the Grand Bazaar



PROFILE

The following is an interview with the president, Glenham Bishop, reflecting his views on the American economy.

Q: BSM buys only American components for their memory. Is this inconvenient?

A: "You have to deliberately hunt for American-made components. Sometimes, we have to go further than what's convenient or economic, but we simply will not settle for anything less."

Q: What happens if there are no high quality American components--where do you go?

A: "We've been very lucky to find quality American manufacturers, but if we had to, we'd buy from countries with a negative trade deficit."

Q: Mr. Bishop, what changes have you seen in your lifetime concerning pride in American manufacturing?

A: "After World War II, there was such a nationwide feeling of pride, and the economy snowballed for at least ten years after that. Now, people are too complacent--they buy without thinking of how their purchase affects the economy."

Q: What does BSM want to accomplish in buying only American products?

A: "We try to minimize the effect foreign countries have on the U.S. economy."

Q: If there was one way to sum up your philosophy on purchasing behavior, what would it be?

A: "Basically, if you make your money in the U.S., you leave it in the U.S."

When you drive home tonight notice exactly how many foreign-made cars are on the road. And when you get home, take inventory. Where was your television manufactured? How about your VCR? Do you own a CD player? Where was it made? Go into the kitchen and check out your microwave oven. While you're there, look over the rest of your appliances.

I'd be willing to bet that at least four out of ten cars you saw on your way home were not made in Detroit but in Europe or Asia and, if you're like the rest of us, most of the consumer electronics products in your home -- the VCR, the television, the microwave -- were not made in the USA but in Japan, Korea, Taiwan, Germany, France or in some one of the dozen other countries competing for U.S. consumer dollars. Am I right?

Sure I am. Actually, it's a pretty safe bet, for during the past decade, while consumers were on the biggest spending spree in our economic history, we bought more from the Japanese, the Koreans, the Chinese, the Germans, the Swedes, the Italians, and the French than we sold to them, putting some \$920 billion more into their pockets than they put into ours. America has always been the Land of Opportunity, a place where, if you are smart and you work hard, you can get rich. During the 1980's we added *and you don't actually have to live there*. America became the Land of the Grand Bazaar, the place where the world sells its best goods.

As a result, the U.S. marketplace is literally flooded with foreign products and U.S. business is rapidly losing ground in competition with foreign producers across a wide range of industries. What's worse, many of the goods we are buying from foreign companies are produced using technologies we invented. Take the automobile. In 1980, 71.3% of the cars sold in America were made in America; today Detroit's share of the U.S. market has fallen to 62.5% and is still dropping. Take the microwave oven. A decade ago nearly all microwaves in American kitchens were made in American factories; now 73% are made in Asia. Take the computer. Ten years ago American

factories made 94% of the computers sold in the U.S.; now they make 66%. Take the Big Mac. Oops. No competition *there*, at least not yet. Are we destined to become a nation of hamburger flippers?

The consequence of the changes over the last decade ought to be obvious to us all, especially since more of us are without jobs than was the case ten years ago, since the average weekly paycheck, adjusted for inflation, is 5% smaller today than it was then, and since most of us have been able to maintain our standard of living only by borrowing more and by putting more family members to work.

So how do we get out of this mess? The answer used to be that *if you want the economy to jump, goose consumption*. Unfortunately, this old Keynesian formula no longer applies: you may just end up stimulating demand for foreign goods. Matter of fact, that's just about what we did during the 1980's. In order to stimulate consumption, we cut taxes and eased credit. The result was record indebtedness and swollen balance-of-trade deficits. The sad truth is that the solution to the problem of a sluggish economy, like so many things in life, is a lot more complicated than it used to be.

This doesn't mean that a solution is out of reach, only that it requires more effort, more self-discipline to attain. We surely need more effective management for American business, we need certain changes in government policy, and we all ought to do what we can to effect those changes. But for most of us the solution lies much closer to home. We need to recognize that we, as consumers, are part of the problem... and then we need to opt to become part of the solution by changing our buying habits: *if you want to stimulate production in American factories, buy American*. It's as simple as that. ★

-Maj. Donald G. Lundman

Source: Spring/Summer 1991 *Fortune* mag. "The New American Century, Where We Stand."

Keiretsu: What It's Doing to American Business

It's 1991. Are you a victim of keiretsu? If you aren't already, you could be in the future. Simply put, Keiretsu (pronounced "kay-rhet-sue") is Japanese for "you scratch my back, I'll scratch yours". Its a business alliance. Currently the Japanese have built eight autoplants in the United States and built several distribution alliances. "Approximately 250 Japanese suppliers have crossed the Pacific concentrating mainly in the midwest even though the U.S. was already the world's biggest producer of auto parts," says Fortune magazine. Futhermore, two thirds of America's high tech companies were bought by the Japanese in recent years. "New Japanese plants in the U.S. are going to create a tremendous amount of unemployment and dislocation. A brand new assembly plant in this country has enormous advantages over a facility that has been in operation for twenty years," says Maryanne Keller of Furman Selz Mager Deitz & Birney, an investment house, and an authority of the auto industry. Keller says approximately 20,000 American auto assembly workers in the past three years are now unemployed -not including the workers in auto parts plants. At the same time, 11,000 new jobs have opened up in Japanese auto companies. Some would say, "well what's wrong with that as long as they're hiring Americans?" What's wrong with that is that the profit still goes to the Japanese and diminishes U.S. companies. The Japanese aren't exporting harmonious coexistence like they say they are. According to Fortune magazine the "Japanese are exporting their way of doing things."



Keller says appoximately 20,000 American auto assembly workers are now unemployed.

Tenneco Automotive found that out the hard way. Tenneco, who owns Monroe Auto Equipment, the dominant U.S. producer, was supplying the

Toyota keiretsu globally with exhaust systems and shock absorbers. In addition, Monroe has supplied parts in North America and Europe to Ford, Chrysler, Nissan, and other car makers. They were in for a big surprise, however, when business suddenly halted with Toyota. According to CEO John Reilly at the Tenneco division, Toyota told them they were changing suppliers because of cost and quality. "Frankly, we believe there were other reasons," Reilly said as he proudly pointed to a report on his desk. It included Toyota's appraisal of a recent shipment of 60,000 shocks, reading "Defects-zero." Turns out, Reilly was right. Toyota had a new supplier based in Kentucky, Tokico Manufacturing. Digging further, it has been found that the new supplier is part of the Mazda keiretsu. A Japanese auto executive who asked not to be named told Fortune magazine, "First choice is a keiretsu company, second is a Japanese supplier, third is a local company." Clearly we can determine what the Toyota keiretsu had in mind when it decided to change suppliers.

Today Toyota has 175 suppliers and 4,000 secondary ones. Mitsubishi has approximately 190 members in its alliance with annual sales of 300 billion. Members of these Japanese alliances, keiretsu, own some of each other's stock. Likewise, top executives of an alliance's main bank or trading companies have seats on other member's boards. "When the Sankin-kai (president's council) gets together for its monthly lunch, the presidents of the world's largest bank (Dai-Ichi Kangyo), the world's largest textile company (Asahi Chemicals), and the world's second largest computer company (Fujitsu) are at the table, along with the heads of Kawasaki steel, Isuzu Motors, Cosmetic maker Shiseido, and a couple dozen other companies," they claim they don't collude at the expense of competitors. Yeah, right! Realistically, members would favor one another because of obvious advantages as customers and vendors. Keiretsu ties are strong in the U.S. and they will almost always support their own suppliers before buying

American, regardless of where they are located. Certainly the Tenneco people know that.

"Our basic philosophy is to achieve a mutually rewarding coexistence among employees, share holders, customers, and the communities in which we do business", Razaburo Kaku of Canon claims. Kelly says to beware of this. "Japanese makers with U.S. factories claim very high levels of local content, but a lot of it consists of the value added work performed on imported parts." And as far as satisfying employees? Japanese companies are notorious for buying out an American business, firing top executives and replacing them with Japanese executives.

CEO Ruben Mark of Colgate-Palmolive thinks that he can beat the Japanese and do it ethically. He feels U.S. companies are best benefitted by forming our own alliances at home and abroad without monopolizing a



"Partnerships of all kinds will be the thrust of the nineties and beyond", predicts CEO Reuben Mark of Colgate-Palmolive.

community. "Partnerships of all kinds will be the thrust of the nineties and beyond", Mark says. He and Colgate-Palmolive practice what they preach. However, unlike the Japanese, they have tried not to out muscle foreign business. "Now we go into partnership with the local business people or the local government. We encourage them to be entrepreneurial so they can feel responsible for the results.

Maybe the folks at Colgate-Palmolive have the right idea. Cooperation just might be the best weapon available for the U.S. companies in competition with the Japanese. ★

Sources: Fortune mag, vol. 124 no. 2; March 26, 1990; July 1991

Quote of the Month...

"Liberty consists in doing what one desires."

- John Stuart Mill

The Latest.....

"Last year, Japanese cars held a 31% share of the U.S. market, according to the US automakers. Cars and auto parts accounted for nearly three-fourths of Japan's \$41 billion trade surplus with the US in 1990, they say.

A total of 221,706 cars imported from Germany, the US, Britain, France, Sweden and elsewhere were sold in Japan in 1990, according to the Japan Automobile Importers' Assn. They accounted for 5.2% of the Japanese market of 4.3 million cars."

-From Prodigy(R)
interactive personal service 7/19/91



Largest Hi-Tech Companies*

1) IBM	63,438
2) Boeing	20,276
3) United Technologies	19,766
4) Xerox	17,635
5) McDonnell Douglas	14,995
6) Digital Equipment	12,866
7) Rockwell Int'l	12,633
8) Hewlett Packard	11,899
9) Unisys	10,097
10) General Dynamics	10,053

* From "1991 Top 10 Almanac"
^ In sales in millions of dollars

Across

1. A large computer, in particular one to which other computers can be connected so that they share facilities it provides.
2. Enterprise systems connection architecture that implements high speed fiber optic channels.
3. Physical equipment, as opposed to programs, procedures, rules and associated documentation.
4. A quantity usually characterized by an ordered set of numbers.
5. Pertaining to transformation of data to conceal meaning.
6. One or more micro-instructions.
7. Erasable random access memory.

Down

1. A human action that produces an unintended result.
2. Processor Resource-Systems Manager (logical partitioning).
3. Program-addressable storage from which instructions and other data can be loaded directly into registers for subsequent execution or processing.
4. A unit of measure for storage capacity.
5. A path along which signals can be sent.
6. Programs, procedures, rules and any associated documentation pertaining to the operation of a system.
7. Direct access storage device.
8. The time during which a functional unit cannot be used owing to a fault.
9. A person, device, program, or computer system that utilizes a computer network for the purpose of data processing and information exchange.
10. A part of an IBM product that may be ordered separately by the customer.

WIN!

If you are the first person to finish the crossword correctly, you will be the proud recipient of a 3' x 5' nylon American flag.

Fax crossword puzzle to (708) 980-6834

