

# “The Keys to Our Collective Success”

*Delivered to Winsupply advisory and support services staff  
at the Town Hall meeting on Sept. 28, 2018,  
by Rick Schwartz, Chairman of the Board, Winsupply Inc.*

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## **SPEECH EXCERPTS**

### **EXCERPT 1**

**The other day I was browsing the web and came upon an interesting article about the Wright Brothers and their inventions.**

Most people say offhand, “The Wright Brothers invented the airplane!”

But in reality? That’s not quite true. *[slide]*

The Wright Brothers invented a flying machine they could control in the air. Their invention was all about control.

They did it by figuring out the fundamentals of flight.

- They had to roll the wings right or left.
- They had to pitch the nose up or down.
- And, they had to “yaw it” from side to side.

Once they mastered these three fundamentals, the Wrights flew in 1903.

And then they began to innovate. *[slide]*

They perfected their invention so they could fly longer, farther, higher, faster – even carry a passenger.

**These and many other innovations allowed the Wright Brothers to achieve collective success – for themselves and for the world.**

Think how the world changed after the Wrights applied the fundamentals of flight!

Suddenly, aviation became possible and practical!

Over time, the fundamentals of flight allowed us to operate Space Shuttles ... navigate satellites ... pilot the International Space Station ... program robots ... even create 3D animations.

**This idea – that our ability to master a set of fundamentals leads to innovation and collective success – is what I want to talk to you about today.**

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**At Winsupply, our fundamentals are found in our philosophy, business model and key principles, which you see here. [slide]**

These fundamentals – outlined in Procedure B-815 – are based on free enterprise capitalism, which has fueled our company's philosophy, our business model and our collective success.

Since 1956, free enterprise capitalism has made it possible for hundreds of people to own a Winsupply location, create jobs and add value to our society.

Free enterprise capitalism sparked the Spirit of Opportunity.

**I believe this:**

**That your ability to master the fundamentals at Winsupply will free you to innovate – and contribute to our collective success.**

It sounds easy – but the fundamentals here are unique and different.

You won't find them in any textbook on business or business management.

And – as the Wrights discovered! – mastering the fundamentals of *anything* unique and different is hard work.

It took Wilbur and Orville *more than seven years* before they were able to discover and apply the fundamentals of flight!

**I remember my own experience trying to understand what our organization was all about.**

I was just 23 years old – younger than most of you! – when I was hired here in 1972.  
*[slide]*

Back then, we had about 38 local companies, and we were adding more.

I'd been asked to help grow the group services companies. That way, our investment company Primus could scale and expand the number and size of our local companies.

Yes, I had rules to follow. But the reasons for those rules were neither clear nor explained to me. Often, they were downright confusing!

Since I'd just transitioned from the military after serving in the Air Force and the Reserves, hierarchy and top-down management were very familiar to me – although that was not the culture here.

Like anyone who's been in a top-down structure like the military or at a private company, I wanted to think of this organization like it was a big and growing wholesaler.

I wanted to believe that whatever we did for local companies would flow down and back up, just like in a normal company. Just like in a branch operation.

So I kept trying to “normalize” what I was hearing from Dick Schiewetz, our co-founder.

I made plenty of mistakes. I tried to do things that I was told later on wouldn't work – or that I couldn't do.

**Dick used the Socratic method to teach young employees like me the fundamentals.**

We learned the hard way: by desperately trying to answer hundreds of Dick's questions – one right after the next!

His teaching method was slow and sometimes painful – but the learning stuck.

Over time, I began to appreciate WHY our fundamentals are so important.

And exactly HOW they lead to innovation and collective success – the chance for all of us to pursue the Spirit of Opportunity, and claim the American Dream.

## **EXCERPT 2**

### **Key principle three calls for a flat, matrix organization for free and open communication.**

That means we allow and expect communication to go across, up or down the organization freely and openly.

Instead of being a hierarchy with top-down reporting, Winsupply decided from the beginning to organize in a matrix. It's another example of how we are unique and different.

A matrix has horizontal structures and teams. "Chain of command" and "lines of authority" are all but discouraged. So instead of plowing through layers of bureaucracy, anyone here can go directly to the source to get whatever help they need.

Today, our matrix lets us deliver help, services and advice to 600 local companies.

We do it as trusted advisers – by providing the kind of help that entrepreneurs might get from their hometown CPA, financial manager, IT consultant or any other confidant.

And we do it by exercising influence – not authority. Because at Winsupply, we can't use command and control to get things done! That would require another layer of management that we don't have.

The goal is to keep the organization as flat as possible, and focus everyone on maximizing service and value to customers.

Flat organizations can move fast because they have fewer layers to manage. That reduces complexities and costs.

Monte, for example, has only one layer of management between himself and local company presidents.

Likewise, most local company presidents have no more than one layer between themselves and their customers. That empowers people on their team to make immediate decisions – and respond faster to customers.

### **EXCERPT 3**

**I said it earlier:**

**That mastering our fundamentals will free you to innovate – and ultimately contribute to our collective success at Winsupply.**

Your ability to master these fundamentals will sustain the future of this organization.

Because staying true to these fundamentals is the only way to deliver the American Dream to a lot of people.

That includes everyone at our local companies – and all of you.

But first we have to acknowledge that building entrepreneurs is a complex business – a whole lot harder than the very simple and repeatable business of wholesaling.

At Winsupply, we pride ourselves on building an “entrepreneurial machine”:

- One that combines capital from our shareholders ...
- With sweat equity from our local companies ...
- And help from all of you in advisory and support services.

YOU are a big part of delivering value to local companies!

YOU are a big part of this entrepreneurial machine!

We could not do what we do without you.

We could not deliver services as systematically, or as fast.

And we could not continue to scale this organization.

**Now and in the future, our collective success depends on how good we are at:**

- **Embedding Winsupply’s fundamentals into the fabric of this organization ...**
- **Keeping them intact ...**
- **And then passing them on to the next generation, so more people like you can continue to innovate.**

Because this organization will always need more good ideas to achieve even more efficiencies and more scale.

Like our local company presidents, you are entrepreneurs, too!

Because of the advantages you give to local companies, you help them become more competitive and more profitable.

And every time you do?

You contribute to our collective success.

**Many of you are Winsupply Inc. shareholders.**

Every time you see growth in your equity investment, and increases in your dividend income, you're getting a piece of the collective success you're helping to build.

That's the ONLY reason we offer stock to Winsupply Inc. employees – because we want to share a piece of the American Dream with you.

We don't do it for the money, because we'd do better financially if we simply borrowed from a bank!

We do it because we know the more people here who own stock – the more people here who have skin in the game – the more all of us share a common purpose and goal.

It's a way for you to earn your own success, just like our local company presidents do.

**Last month, we announced a restructuring of Winsupply.**

One reason we did it was to reinforce this fundamental – the Winsupply philosophy! – that says we're in business for one reason:

*To eliminate obstacles and provide support to help courageous, capable, hardworking entrepreneurs succeed.*

**We're all in this together.**

**When you help local companies succeed, you succeed – and indeed, we all succeed.**

**That is what we mean by collective success.**

I like this quote from Peter Drucker, the famous management consultant, who said:

*“The best way to predict your future is to create it.”*

As people in advisory and support services, that’s your job: to create the future at Winsupply by continuing to innovate.

But you can’t do that unless you master the fundamentals of our philosophy, our business model and our five key principles. *[slide]*

**In that article about the Wright Brothers that I found on the web, Darrel Collins of the U.S. Park Service said this:**

*“Before the Wright Brothers, no one working in aviation did anything fundamentally correct.*

*Since the Wright Brothers, no one has done anything fundamentally different.”*

**Mastering the fundamentals makes all the difference.**

If the Wright Brothers had not mastered the fundamentals of control, the airplane would have never been a safe or practical means of transportation – across the country ... around the world ... and into space.

And if the first and second generations at Winsupply had not mastered the fundamentals of our unique and different philosophy, business model and key principles – we would have never been able to create and sustain an organization where opportunity exists for everyone. *[slide]*

**This is the genius of our culture.**

**This is what we are here to do.**

**Because what we do at Winsupply changes lives – just like Wilbur and Orville changed people’s lives with their flying machine back in 1903.**

Orville once said:

*“The desire to fly is an idea handed down to us by our ancestors who, in their grueling travels across trackless lands in prehistoric times, looked enviously on the birds soaring freely through.”*

Likewise, I believe:

*The desire to build entrepreneurs is an idea handed down to us by our co-founders who, more than anything, wanted to help people earn their own success and claim the American Dream.*

**As our third and fourth generations take the reins at Winsupply, what happens next is your hands.**

It's up to YOU to protect and defend this unique and different opportunity – the Spirit of Opportunity! – that's been handed down to you.

It's up to YOU to master the fundamentals.

It's up to YOU to continue to innovate.

It's up to YOU to work hard ... together, as equity partners! ... to build collective success – now and in the future.

Thank you. ■