

# **“Different on Purpose: How Winsupply Creates Opportunities Through Sourcing Services and the Supply Chain to Help Local Owners Earn Their Own Success”**

Virtual Speech Delivered Live for a Trade Association’s  
Monthly Professional Development Meeting

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## **EXCERPT 1: SPEECH OPENING**

**It was 12 noon on a Wednesday when our Dayton distribution center got the frantic call. It came from Rob Johnson, the local owner and president of Mokena Winsupply, one of our local companies just outside Chicago.**

Nonstop rain was flooding the area. And Rob said his company was completely out of pumps.

He was desperate! Rob needed to know: Could the people at our Dayton distribution center stop what we were doing, pull 200 pumps off the shelf, and get them loaded and trucked – all the way to Chicago! – yet today?

Our DC in Dayton said yes!

By 2:30, we had 200 pumps ready to go. And by 4 o’clock, they were loaded and on their way.

They made it to Chicago by sunset. And before breakfast the next morning, Rob’s driver had them on the road to customers.

Our DC in Dayton got it done! And Mokena Winsupply won good business it would have lost otherwise.

**You might not know it, but this kind of service and response would not have happened at a “normal” construction wholesaler.**

That’s because other wholesalers have no incentive to change their standard operating procedure.

Instead, other wholesalers would have put those pumps on a scheduled truck – maybe 24 or 48 hours later – far too late to meet the customers’ needs.

But Winsupply got it done in time because we have a different approach to sourcing services and the supply chain.

**So let’s talk about that.**

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## **EXCERPT 2**

**As we create these opportunities, we have to follow three rules because of our business model.**

**First: Sourcing Services and our five DCs have to make a profit.**

Each of us has to operate as a stand-alone profit center – not a cost center. Each of us has to be independent and entrepreneurial – just like the local companies we serve. So our expenses must be less than our income. And we have to run lean.

Unlike other wholesalers, we can’t allocate our costs to the local companies!

In fact: Sourcing Services and each DC has to manage a separate profit and loss statement and a separate balance sheet.

We can do this easily because our systems are linked. Our Warehouse Management System is from Manhattan Associates. It’s connected to our proprietary ERP called WISE, which is linked to our financial systems.

And because our monthly financial statements are available quickly, within a couple of days, we can react fast to any new changes or trends so we can stay profitable.

**Here's the second rule for Sourcing Services:**

**We can't force local owners to buy from us.**

That sounds funny, but it's true:

Local owners at Winsupply are not required to buy anything from Sourcing Services or the DCs.

In fact, they can buy products from anywhere: from stocking representatives, direct from manufacturers or from us at Sourcing Services.

Unlike other wholesalers, we can't push inventory down to our local companies and then force them to sell it!

Remember: Local owners make decisions based on their local markets. So they get to pull from us only what they want and need – whether that's a lot of material, a little or none at all.

Local companies get to have a say about the products we carry. And our Vendor Relations team negotiates programs, terms and deals with vendors. But there are no mandates, and there are no quotas, about what local owners need to buy and sell.

Local owners ALWAYS get to decide.

**Here's rule number three:**

**The sourcing services we offer have to be high-quality and low-cost.**

We need to be better than any third-party operation!

We know that if we provide better services, the more local companies will buy from us. And the more profitable we will be.

This rule is important because unlike other wholesalers, we do not have built-in customers! Instead, we have to earn business from each local owner by constantly increasing our value while keeping our costs in check.

We can NEVER take a local owner's business for granted.

**Now that you know “the rules of the game,” let's talk about the opportunities we create to help local owners earn their own success.**

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### **EXCERPT 3**

**The first opportunity is for exclusive services that make local owners more competitive.**

Local owners get a lot from us:

- Like stock orders twice a week with no order minimums ...
- Multiple products from multiple vendors on a single PO ...
- And market-area pricing.

Local owners can also buy in small quantities, enjoy volume discounts and get job orders delivered direct to the site.

They get exclusive access to new, “hot” products – material they can't buy direct, and products their competitors can't get.

That gives even the smallest local companies at Winsupply a big competitive edge.

Local owners also get customer service from a dedicated team.

And if they win a big job – let's say a high-rise hotel – we will hold and deliver products in phases as needed so they can keep their cash flow intact.

***This opportunity for exclusive services at the local level does not happen at other wholesalers!***

That's because other wholesalers make decisions based on what's best for the DC operation – not what's best for the individual branches and the individual markets at the local level.

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#### **EXCERPT 4**

**The fifth opportunity is a big one.**

**Our local owners get the lowest transactional costs – from procure to pay – compared to buying direct from a rep or manufacturer.**

In fact, when local companies buy from us, their transactional costs are THREE TIMES LESS than buying direct.

***Three times less!***

Why is that so important? Because it helps local owners reduce their biggest expense: their people costs!

At Sourcing Services, we are proud that our transactional costs are that low. We've done it by making cost reduction a top priority for many years. The more we have automated, the more costs we have reduced. And the more work we have eliminated for local owners on the back end.

Today, because of the technology we use, our transactions are paperless!

We want local owners to see that it's in their best interest to buy from us because every transaction costs them less. We want them to see that the more they buy from us, the more they can streamline their labor costs, or repurpose their people into making more profitable sales.

***This opportunity to get the lowest transactional costs does not happen at other wholesalers!***

That's because other wholesalers do not prioritize automation, paperless processes and the lowest possible transactional costs.

Instead, their priority is continuous product replenishment down to the local branches. Because they allocate costs, they have no real incentive to reduce costs.

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#### **EXCERPT 5**

**Every day, local owners at Winsupply make decisions to maximize their local company's profits, equity growth and dividend income.**

That is why every opportunity we create at Sourcing Services must appeal to local owners.

However, we know that local owners always have the choice to tell us yes or no. They always have the choice to buy from us – or not.

Here's what's ironic: As we create all these opportunities to help local owners succeed, Sourcing Services takes a hit.

Why is that?

Because the only way we can create opportunities for local owners is by operating a supply chain that's a bit *inefficient*. On purpose!

**At Winsupply, we have to preserve the ability of local owners to make decisions. It's so important, we don't even question it! And we are willing to spend millions of dollars in our supply chain to protect it.**

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#### **EXCERPT 6**

**This is how we work at Sourcing Services and at Winsupply.**

**We are different on purpose.**

**Our job is not to control the outcome, but to create opportunities for all of us to be profitable and successful.**

Does it work to be different on purpose?

Yes!

Today, local owners are choosing to buy more from us than ever before.

In five years, Sourcing Services and DC sales have doubled, and earnings have tripled.

Local owners buying more from us now need less safety stock at their companies. That means they get to preserve more working capital and use it wisely so they can grow.

When local owners are more profitable, and Sourcing Services is more profitable, Winsupply Inc. is more profitable. And everyone wins!

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### **EXCERPT 7: SPEECH CLOSING**

**I'd like to close with a question and a challenge for you to consider.**

For many decades at Winsupply, we have shown that being different on purpose, and creating opportunities to help people succeed, goes way beyond the science of supply chain.

It requires art. A little bit more of the human element.

If today your supply chain operations are transactional – if you focus only on the science – is it time to consider the art?

**Albert Einstein said that “the greatest scientists are always artists as well.”**

So here's the question:

If you could add a little bit more of the human element into what you already do so well, could you create higher service levels for your customers – whoever they happen to be?

Our evidence at Winsupply says you probably could.

**So consider this: What new opportunities could you create for other people, for your company and for yourself if you take the time to “go behind the screens”?**

**What can you do to be different – on purpose – to be more successful?**

Thank you.