

“Disruption-Proofing Your Business: Local Companies, You Wrote the Playbook”

Opening Remarks Recorded and Delivered
at a National Employee Meeting

EXCERPT 1: SPEECH OPENING

Six months ago on March 7, as I flew from Dayton to our Strategic Planning Meetings in Nashville, I wasn't thinking about masks, hand sanitizers or social distancing.

Instead, I could hardly wait to meet back up with all of you to celebrate another record year at Winsupply.

I was looking forward to it all:

- Honoring our top performers at Tuesday night's awards dinner ...
- Catching up with vendors and reps at our Vendor Showcase ...
- And learning each local company's plans for the new fiscal year.

As everyone arrived and greeted each other, it was the same as it ever was. A lot of smiles, handshakes and hugs.

During my address to local company presidents, I spoke a lot about our focus for the year. And I asked you to start thinking about ways to make your business disruption-proof.

I explained that “disruption-proofing is based on things you don't know and can't control. And that is why you need a plan to make your business disruption-proof.”

Little did we know that a major disruption was already well under way.

For me, it started to get real on March 12, when the NCAA canceled the March Madness Tournament.

A day later, the United States declared a national emergency.

And then on March 16 – the world changed.

Stay-at-home orders were issued nationwide. Flights were grounded. Restaurants closed.

Because of the coronavirus pandemic, life as we knew it shut down.

It got even more real for me a few days later, when I was down for two weeks with COVID-19 – just like 40 or 50 of you who'd been shaking hands and hugging old friends down in Nashville.

Meanwhile, we had a crisis on our hands at Winsupply. A business crisis AND a health crisis. A real live disruption we had to face.

Construction wholesaling had been deemed an “essential business.” But what did that mean?

We had so many questions to answer and many more decisions to make.

Local companies were looking for guidance. But since no one had ever seen this before, no one knew what to do.

In this situation, what's the role of Winsupply Inc.? What's the role of local companies?

We debated. A lot!

But soon, the way ahead was clear:

We would continue to honor our business model. We would continue to behave as equity partners – your true business partners. We would continue to let local owners make local decisions. And we would continue to provide all the support we could to help local companies succeed.

We moved fast into triage mode.

Our only reference was recent history – the Great Recession a decade ago.

I asked area leaders and presidents this question: “Looking back, what would you have done differently?”

Their answer was pretty much unanimous: “We worked hard to cut expenses – and that was good. But I wish we’d been a lot more aggressive in taking market share.”

And so we began.

And all of you know the rest of the story:

Over the last six months, local companies wrote the playbook for how to adapt to the disruption caused by COVID-19.

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If you are a local company president, you know that beginning in mid-March – practically overnight! – you had to spend a lot more time working ON your business rather than IN your business to make the best decisions for your local company.

Immediately you went on DEFENSE and focused on what’s essential.

You did whatever you could do to keep your teams and your customers safe.

- At first, most of you closed down your counter, pulled salespeople off the street and stopped deliveries until a plan was in place.
- If people on your team had health issues, you sent them home to work so they wouldn’t be at risk.
- You set up offices for social distancing, made cleaning schedules and loaded up on masks and hand sanitizers.
- You created remote and in-house teams – rotating them out of caution – and let parents work from home so they could homeschool their children.
- And you innovated to keep serving customers – by creating curbside pickups, drive-thru services and locker systems that were closer to your customers and their job sites.

Customers appreciated it.

A plumbing customer of Winsupply of Nashville even wrote a thank you note that said: “Jeff Warden and his team have done more than any other supply house to keep me, as a customer, safe from COVID-19. I hardly shop anywhere else now.”

Once you got a handle on safety, then you asked hard questions and learned the math – the ratios – and used them as a tool to improve your local company.

First, you ran a Stress Test on your company.

The questions were hard!

You considered worst-case scenarios, like this: “If we lose a huge chunk of our business, how would our company be affected? What would we have to do next to remain profitable and viable?”

And then you adapted.

You cut expenses.

You eliminated positions, stopped overtime and got rid of anything that wasn't essential.

By focusing on facts – not feelings – you made the tough decisions that business owners need to make.

Many of you discovered that “eight people can do the work of 10 better than 12.” So you ended up with essential teams of essential workers.

You also kept your eye on receivables.

You sold only to the right customers. Contacted overdue accounts quicker. Talked to WCMS. And relied on your local company board for advice.

Over the last six months, all of you were courageous leaders.

That's why I'm talking to all of you today as business partners: presidents, operations managers, salespeople, counter staff, warehouse managers, truck drivers and office staff.

All of you stepped up. All of you figured it out. All of you did more with less.

And you did it with hard work, grit and a can-do attitude.

YOU DID NOT QUIT!

It happened at so many companies, like Tigard Winsupply in Oregon.

Eric Flues is the president there. A couple days after our Nashville meetings, Eric got sick with COVID-19. So he relied on his team and his board to come up with a plan.

First, the warehouse would close to customers – so no more pickups.

- Orders would be delivered by one driver, not two or three.
- Office manager Krystal Organiz – by herself – would handle inside sales.
- And everyone else would work from home.

While Eric battled COVID, he did his best every day to keep up with purchasing, reporting, texting and emails.

Twenty-one days later, he returned to the office and spoke with pride about the amazing people on his team.

He told me this: “They exceeded every expectation I ever had. Everyone worked hard out of sheer stubbornness, since before the pandemic, our company had finally started to take off. So we just had to keep it going.”

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EXCERPT 2

Collectively, local companies at Winsupply not only made money but also captured more market share during the pandemic.

You took care of customers BETTER than your competitors!

Every month since this pandemic began, the results you delivered beat every expectation I had.

You proved me wrong. You blew me away. And I've never been more proud to be part of The Winsupply Family of Companies.

Why did it happen? For two reasons:

- First: Our business model.
- And second: The leadership and ingenuity of our people.

YOU!

When you combine awesome people like you with our business model, it just **WORKS**.

It's true that our competitors may have awesome people here and there. But they have to follow top-down mandates. So they can't make the decisions they need to make to serve their customers well.

They are NOT entrepreneurs. They are NOT owners. They are NOT equity partners.

Our competitors are not like us because business to us is personal.

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EXCERPT 3

At Winsupply, all of us have worked through this pandemic together - as true business partners.

We focused on the same goal: To get better faster so we can move to the next level.

As business partners, we made decisions that honored an important key principle of this organization: We kept a fair balance of interests between the majority and minority shareholders at Winsupply.

Think about it:

This pandemic was something none of us had ever seen before. The risk was significant. So in theory, Winsupply Inc. could have gotten heavily involved.

We could have told local companies exactly what to do and issued mandates from the top down.

But this is not a top-down organization!

So we did what we've always done: We trusted the local company presidents to consider their local markets and make the right decisions to remain profitable. And we trusted the local company boards to provide oversight and guidance and be accountable for all these decisions.

We did it because we BELIEVE in our philosophy and business model. And we BELIEVE in our people. As a result, most local companies are thriving.

Many of you have also taken market share from your largest competitors. That's because YOU decided how and where you would serve your customers during this pandemic.

It was local decision making 101. And YOU did the heavy lifting, because YOU have the advantage of owner-to-owner relationships with your customers.

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EXCERPT 4

But looking back, I believe this pandemic was a test of that “well-oiled machine.”

We learned that some of that “routine maintenance” that every machine requires hadn't always been done.

Because before the pandemic – when every sector of our economy was booming! – we might have taken our eye off the ball.

We might have gotten a little too comfortable with our inventory, training, processes and receivables.

Some of you may have even gotten a little too comfortable with your customers – and started taking their loyalty for granted.

I get it!

When I was running Grandview Winnelson, there were times when I got way too comfortable.

It's human nature!

And that is why sometimes, we all need a wakeup call.

That's what this pandemic was. A jolt back to reality.

Because this pandemic forced us to remember. It forced us to change. It forced us to get back to who we really are.

Chris Cappetta is the president at Riverside Winnelson in California.

He says the pandemic put his team to the test because he had people in the office and people at home. To survive, they needed to pull together. They needed to communicate because everything had to be faster for customers: faster response times and faster deliveries.

Chris told me this: "Teamwork really shined. It felt like it did like years ago – when we were a smaller company – and it's stuck. There's a lot of energy. It's made us a stronger unit for sure."

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EXCERPT 5: SPEECH CLOSING

It may seem strange to think about, but this disruption – this change, this pandemic – made us better.

Better leaders. Better wholesalers. Better businesspeople.

All of you earned a Ph.D. in wholesaling!

Because you figured out what you could do differently that no one else in your market was willing or able to do.

So what have we learned from all of this?

There are many lessons.

But here's the biggest one:

We can NEVER get comfortable again.

Think about all the great companies you know. The ones you do business with that make your life easier – like Apple, Starbucks and Google.

Apple's never comfortable. That's why they transformed society with inventions like the Mac, the iPhone and the iPad.

Starbucks is never comfortable. They just keep making their customer experience better and better. That's why their coffee shops didn't stay only in Seattle but spread to more than 50 countries around the world.

Google's never comfortable. That's why today, it's the best search engine in the world. It's why we stop and Google everything, anytime we buy.

Companies like Apple, Starbucks and Google will NEVER be comfortable!

Because they are always ready for the next disruption. They are always ready to adapt to change. They are always looking for what is next.

And we must do the same.

As we've all learned since March, a disruption can happen anytime, anywhere.

It's not a matter of IF – but WHEN.

To remain essential and to keep growing, we can NEVER get too comfortable.

And that is why – despite a global pandemic – the goal we set in Nashville has not changed.

Your job, and my job, is to get better faster so we can move to the next level.

This week, National Training will help all of us get ready for what is next.

Thank you.