

WALKING TO DESTINY

11 Actions an Owner **MUST**
Take to Rapidly Grow Value
& Unlock Wealth

CHRISTOPHER M. SNIDER

The Perfect Exit

MY CAREER AS A CHANGE AGENT AND THE HISTORY OF THE VALUE ACCELERATION METHODOLOGY

I have been working in the realm of business improvements for nearly 35 years. My first role as a value accelerator was after graduating from John Carroll University, when I became an operational auditor for The Sherwin Williams Company (SW), headquartered in Cleveland, Ohio. Auditors arrived at stores and commercial branches unannounced, showed our IDs, and asked to count the cash. One of an auditor's jobs is to catch people who are stealing from the company, and I caught my fair share. The real role of the auditor is to prevent theft. Most people steal because they think they have the *opportunity* to steal. Auditors are around to let people know that someone is checking so those who *thought* they had the opportunity would think twice about it.

When I found something wrong, I would “write up” the store. Managers hated to be written up, especially by a 22-year-old kid who knew little about how to actually operate a store. While that was true for me in the beginning, each auditor was given an “Audit Guide” (structural capital), which spelled out how we were to conduct our reviews and what to look for. I wasn't there to interpret the rules; I was there to ensure compliance to the rules.

However, we were also encouraged to listen to the store manager's suggestions and complaints. If we saw something that did not make sense, we were encouraged to challenge the norm, bring it up to the audit manager, and make suggestions for improvements. Coming up with ideas to make things better put you on the fast track for promotion. Anybody

could follow an audit guide. But making suggestions on how to improve operations was how you got ahead. It's how you stood out as more than just an enforcer. We actually had buttons that we wore on our lapels that read "We're Here to Help." That always got a big laugh from the store and commercial managers. But in the big picture, that's what we were really there to do.

Store and commercial branch managers didn't trust auditors at first. But once you built a reputation in your territory as someone who could make things better, you became a bridge to getting things changed back at corporate. And the Audit department could do that. We carried a lot of weight at SW.

This became even more important once I returned to Cleveland and started doing corporate audits. I audited all kinds of different departments—from Workers Comp to Purchasing to manufacturing plants and distribution centers. The Audit department was the proving ground for advancement at SW. It was like a boot camp for future division managers. Within about three years, you either graduated to a position in one of the divisions or you were out. SW used the Audit department to screen and build talent that it could send to the divisions (human capital).

I graduated from Audit to join the Purchasing department in 1985, where I introduced the use of the first PC. Boy, I could tell you stories about these first computers that both young and old readers would find amusing. If you are over 55, you probably have a few yourself. Anyway, just let me say... the computer has come a *very* long way since 1985. I put the first budget on the computer and my boss was simply amazed at the productivity advantages of the PC. He ordered me to "get one of those things on every desk in this department" after he saw what it could do.

Now having the reputation of being the so-called "computer whiz" guy (which I really was not—I knew how to do spreadsheets using Lotus 123), I was selected to be on a full-time team called IBA (Integrated Business

Applications) to implement Enterprise Resource Planning (ERP) systems at all SW plants. That led to numerous other special projects, like designing and implementing the first inbound freight system used by SW and, one of my favorites, the Batch Tracking Project (BTP). BTP is still one of my most cherished experiences to this day.

SW was growing and the Morrow, Georgia, plant was reaching capacity. Several of us believed that ERP systems, specifically Shop Floor Control, if used properly, could increase plant capacity by 20%, with little to no increase in space or equipment, by improving the flow of manufacturing through the plant. The capital investment savings to SW would be enormous if we could prove this true. Many, at both corporate and the plant, doubted it.

My boss and mentor at the time, Fred Ristow, or “Uncle Freddie” as we affectionately called him, was a 42-year veteran at SW. He helped me take the idea to the president and VP of Manufacturing. I asked for six months and my pick of any two IT guys to go to Morrow with me to show them it could be done.

The plant manager was so against it, he put up a sign the first day I arrived at the plant entrance. It read “Chris Snider, You Now Have 180 Days Left.” Every day, he would update the countdown: “Chris Snider, You Now Have 179 Days Left. Chris Snider, You Now Have 178 Days Left.” After a few months, he began to see we were making progress and took the sign down. Six months after that, he was handing me an award. His results were so improved that the other plant managers were calling him, asking him what he was doing. When he told them it was this “system” they installed, all the plant managers started asking for it. It was eventually rolled out to all the plants.

Bear in mind, it wasn’t just the system. Systems don’t solve problems. People do. You will learn as you read this book that systems are important. But more important were the people, including my team; the guys on the floor; and staff in the plant office such as the purchasing manager, the plant scheduler, and the controller.

A key part of our success was the bond we built with the guys on the floor. Each member of my team had to go work on the shop floor for two weeks. Just imagine the fun the floor guys had with the corporate guys. It was all in good fun, and at the end of the day, they respected that we would get out there on their turf and make paint. We did many of these kinds of activities to build teamwork and demonstrate our respect for the team on the floor. I would meet the first-shift supervisors for breakfast at the Waffle House at 6 a.m. to pick their brains and bond with them. I asked a lot of questions. One of the things I realized from this was that the people who were on the floor knew what needed to be done. All you really needed to do was respect them first, then ask a lot of questions. But it couldn't be superficial. First they needed to trust you, and then they were more than willing to help. Working out on the floor with them was one of the big steps toward earning their respect, removing the threat, and demonstrating sincerity. It worked.

In a post-project review with SW's president, I told him I had learned two very important lessons: 1) put people in positions where they will be successful, and 2) create a culture where change thrives.

After completing that project, I considered starting my own consulting business for the first time. But I was nervous about it. From my experiences at SW, I knew how to successfully implement change, but what did I really know about running a consulting business? Feeling like it was time to see what was going on in the rest of the world, I chose to join Price Waterhouse (PwC) as an “experienced hire” to learn about consulting and branch out.

There I met a wonderful new mentor, Phil Andrews: a gritty, tough, really smart SOB. Phil took me under his wing and we did several projects together. It was Phil who first introduced me to the gating process. Gates represented project transitions. You proceeded through a “gate” only if you met certain criteria. Clarifying these criteria was really important. It forced you to articulate the deliverables or accomplishments that were needed to proceed through the gate to keep a project on track. It also forced

accountability. I have developed some form of gating process in almost every situation since, including the gates defined in the Value Acceleration Methodology.

I likened my days at PwC to getting my MBA. PwC taught me the science behind methodology and process improvement through the deployment and engagement of people in change. PwC invested heavily in training and education. During my unbillable time, I attended classes on management, change management, engagement management, and project management. I then had opportunities to apply this new knowledge on projects. That's when I learned that change starts with education, but that education alone is not enough. Real learning comes when you apply that education to real-life situations; that is, only through the educated action are things improved.

From PwC, I joined Roadway Logistics (ROLS), which you know today as FedEx Logistics. The best part of that job was that it was a blend of the implementation experiences I learned at SW and the really creative consulting solutions of PwC. We would not only recommend logistics solutions, but then we had to implement them to make money. In other words, we only ate what we killed. The best part of that experience was the team chemistry.

One of the groups they gave me to manage was in a row of cubicles along the windows. This group was an outcast. That row of cubicles was labeled in the office as "Depression Row." They were rebellious and outspoken. They also happened to be the best project implementers in the company. I can clearly remember one of my first days sitting at the computer in my cubicle with my back to the opening. All of a sudden, someone walked in, stood behind me, and yelled, "I am getting screwed over and I don't like it!" I slowly turned around to see it was one of the managers from Depression Row.

"Hold on," I said. "Calm down; what's going on?" He began to rail about how the management team was interfering with his project and screwing it all up. "They don't know what the h*** they are doing! Why

can't they just stay out of my way and let me do my job?" he asked.

I got him calmed down and had him explain the situation. Then I went to the director's office and got them to back off; stop butting in. I told them that we knew what we were doing and we accepted responsibility for the deliverable. Honestly, I was not really sure. But putting my faith in Depression Row showed my team I was ready to back them up. I told them that if we delivered, nobody would mess with us. They might disagree with our methods, but success would trump that. However, if we didn't deliver, we would be dead meat.

That group on Depression Row ended up being the best project management group I ever managed. All they really needed was a voice who could keep the management team at bay while they did their jobs. They were, in reality, a really talented group of change agents. They just needed management to leave them alone and let them do their jobs. They were creative and ambitious; they were doers; they were fighters. And they needed someone to believe in them.

The business was growing so fast we could have 40 projects going at one time, ranging between transportation, warehousing, order management, or all three, which we called integrated. We designed and implemented a "Gateway" process there to keep all these projects going.

Every Monday, between ten o'clock and noon, we would hold a "Gateway Meeting," where project managers would present their stage deliverable to the Gateway Council and either receive approval to proceed to the next stage of the project (through the gate) or be asked to gather additional information. The Gateway team was made up of managers from IT, Marketing, and Operations. They would review the project for its quality of approach, consistency with other projects and customer solutions, consistency with company strategy, and probability of success.

The entire company was always invited because it was the one place that if you really wanted to know what was going on, you could find out. We always had a full room. We created a matrix of solutions along the

one end (i.e. transportation, order management, warehousing, integrated) and size along the other. We then predefined solutions at the intersection of each point on the matrix. That allowed us to create reusable solutions that could be predictably and consistently implemented while keeping maintenance costs down.

One day, I got a call from a recruiter. I took the interview at (what was to me at the time) a small (\$90M) JIT distributor called Flexalloy (or Flex, as we called it). Little did I know that this interview would change my life, my professional direction, and my family forever.

There I worked for a man named Andy Rayburn. No words can convey the spirit of this man.

If there ever was a perfect exit, it was the exit engineered by Andy Rayburn. I was very fortunate to be part of it. Funny thing is, I didn't know it at the time. I was just happy to part of a great team in a great company, building value, having fun, and enjoying our culture.

In my initial interview, Andy explained that he wanted to grow the company to \$250 million in the next three years. He described his vision and really inspired me. He didn't say anything about wanting to sell the company. But we did sell a little more than two years after I joined. Andy made so much money that he was able to start his own private equity company with the proceeds.

To give you an idea of Andy's character, every single employee received a payout based on their level and years with the company. I heard that Andy paid out \$10 million to his employees after the sale. It was amazing to see all the new cars in the parking lot two weeks after the payout.

What made Flex so unique that it would sell at such a premium? You have to remember that we were a fastener company: nuts and bolts. When you think of a fastener manufacturer and distribution company, what image comes to mind? It's probably correct. When I first joined the company, to get to my office, you came in the front door, walked through the main office and into the factory, out another door, followed the black

trail in the carpet down a long hall, and then turned left. There you would have found several IT people working on card tables... yep, that's what I said. Card tables. In fact, my first desk was a card table. I can vividly remember, standing and looking out the window one day, wondering why I left Price Waterhouse. That, of course, would all change.

Soon we moved to a beautiful new facility in the woods, with ponds and walking trails, a full outdoor basketball court, a 50-yard flag football field, and musical rocks at the entrance of the building. Andy was building a brand experience, and it rubbed off on the partners. Imagine the reaction of customers and suppliers as they parked near the pond and heard Grateful Dead playing in the landscaping as they approached the building. This was not your typical fastener company. The whole company was jazzed. Andy knew everyone's name. He personally helped many who, at some point in their lives, needed it.

Flex did not have an HR department. We had a "Partner Development" department. Every employee was a partner. I know this sounds corny and if it's not real, it *is* corny. But at Flex, it was real. Each month, we would have an In-The-Paint meeting, which was a total company meeting. Every Flex facility had a basketball key painted in it somewhere. Every month, all employees would gather "in the paint" and we would share company-wide success stories. Andy would communicate our plans, our numbers, and pump everyone up. Yes, we actually had a cheer. For me, coming out of the corporate environment, this was amazing. I had only read about companies like this in books. Now, I was here. And on top of that, I was one of the leaders.

In addition to building a brand unlike any other in the industry, we were building a culture and a management team that could run the business without Andy (social capital). We were investing heavily in systems; 2% of revenue went to IT each year. Andy knew that if the sales came as fast as he thought our sales team could deliver, he would need scalable systems. He knew things would need to change. And the sales did come. They came

fast and furious. We almost tripled sales in just three years. My role was to implement the systems and help the company grow and evolve. And I brought in my team from Depression Row to help.

During this period of growth, Andy's income did not grow as fast as revenue. There was a lot of pressure and cash flow challenges, but think of the value we were creating! We had five bidders on the business and selected the largest manufacturer in the industry to buy us. They paid dearly. They wanted to sell more of their fasteners to our customers and get us out of the way (customer capital). But even more than that, they were 20 times our size and they couldn't help but imagine the synergies that could be created if they could leverage Flex's customer relationships, purchasing power, culture, processes, and systems.

After the sale, I was immediately promoted by the new corporate owners. But after about a year and a half, I knew I didn't fit into the corporate culture anymore. All this talk of strategy and no action frustrated me. We were cutting, not building. That was not my thing and I was very uncomfortable with it. I had always been part of growth cultures. Now, the culture shifted. It wasn't the same fast-paced, empowered, action-oriented culture anymore. It was just about the numbers now. Not surprising, as we were now part of a public company. It wasn't fun for any of us who were used to the other way of doing things. Within two years, every director was gone. Andy was the first person out the door. I wasn't far behind.

After Flex, I wondered if that experience could ever be duplicated. This became a quest for me. And I wondered if what I learned over all these years improving middle market companies and big corporations could be scaled to leverage effectively in a small business.

Over the next five years, I led two technology companies which doubled and tripled in sales over two- and three-year periods. I learned a lot about small business working for these privately held companies, and a lot about myself. One of the positive things that came from those experiences was proof that what I learned in middle market and big

companies *could* be scaled to small business. It was at that point I knew I had a model that worked.

As you can see, the Value Acceleration Methodology didn't form overnight. In fact, from the time I took my first job at Sherwin Williams as a process auditor and onward throughout my career, I have been laser focused on business value improvements that optimize processes, lower costs, invest in future growth, and maximize income.

In 2006, I formed Aspire Management. Through Aspire, I developed a service model called *BIGS* (short for: Buy, Improve, Grow, Sell) which integrates both value growth and transactional services. BIGS is still being offered today. I originally created this model for my son and me, never intending to sell it as a service. I was convinced that the only way to accelerate my wealth was by equity through business ownership. And after two failed attempts to trade services for equity, I was further convinced that the only way I would be able to do it was to acquire my own businesses and apply the BIGS model. As a former COO and CEO, I wanted to develop a holistic growth model that reflected the CEO or owner's point of view. And I wanted to be a business owner and have a system in place that would allow me to work with my son to develop his business skills.

The success of the BIGS model eventually led to the formation of Snider Premier Growth (SPG), a family investment company which now oversees controlling or minority interests in eight companies, some of which I've invested in with clients. It also led to my obtaining the Certified Exit Planning Advisor (CEPA) designation in 2008 and to the 2012 acquisition of the Exit Planning Institute (EPI), an organization providing training and resources to advisors who serve business owners.

The Value Acceleration Methodology is a management system to benchmark your company, identify value drivers (and value killers), deploy action plans to address areas of growth, and revisit the same question every 90 days: Do I continue to grow or do I want to sell? This includes a set of tools and a solid team, with you at the center.

Expanding further, I'd say Value Acceleration is actually a life-planning management system you can use to make the timing of your exit irrelevant. It doesn't require a focus on the "end game." It focuses on *now*. What can I do today to make my business more valuable? You don't have to choose between today and the future. Doing the right things today ensures a successful exit in the future.

Exit planning is grounded in action. A plan gets you nothing if you can't execute. It is only through action that we can create the life we seek and harvest the value of our businesses. There are thousands of books about exit planning and value growth. You get great information and laundry lists of what you can do. You picked up this book, so I'm guessing you've read many of them. But as an owner, I want you to know *how to do it*. I can teach you how to integrate the system and internalize the methods into what you do every day. Then you will have all the pieces you need to truly maximize your performance and become a best-in-class business.

PUBLIC SPEAKING

Walking to Destiny provides a roadmap and concepts which, when adopted, can increase readiness and attractiveness as business owners approach their exit. Chris Snider delivers keynote speeches, trainings, and workshops surrounding the topics of Master Planning and the Three Legs of the Stool, the Four C's, the Five Stages of Value Maturity, and Relentless Execution. This education is for:

- Top-tier professional advisors and consultants dedicated to helping their clients successfully grow and exit their businesses
- Legal, asset management, and accounting firms committed to successful wealth transfers
- Business owners looking to educate their executives and staff on how to grow value in the business and think like owners
- Community leaders wanting to educate their local business owner market on how to successfully transition their businesses
- Industry associations dedicated to preparing their members for succession
- Financial/professional associations looking to educate their members on how to perform exit planning services
- Entrepreneurs wanting to use exit strategy as a business strategy and stage their company for rapid growth and high market value

For speaking fees and availability, please contact Brooke Norman at (216) 712-4244 or BNorman@Exit-Planning-Institute.org.

Chris Snider is a frequent speaker in Chicago, Cleveland, New York City, San Francisco, San Diego, Las Vegas, Phoenix, Dallas, South Florida, St. Louis, Milwaukee, Atlanta, Los Angeles, and New Orleans. Discounts on travel are available for back-to-back bookings.

VOICE OF THE INDUSTRY

Christopher M. Snider, CEPA, CEO and president of the Exit Planning Institute, creator of the Value Acceleration Methodology™, and managing partner of Snider Premier Growth, is recognized as a thought leader and trendsetter in the field of value acceleration and exit planning. With a message that resonates with entrepreneurs across the country, Chris is a



sought-after speaker for many major companies and trade industries, and the associated organizations that are dedicated to serving the transition and growth needs of business owners.

He built his career as a key value growth integrator for major companies, including The Sherwin Williams Company, FedEx Logistics, Nike, Dell, and Textron. Finding passion in

changing middle market business owners' lives through rapid growth projects, Chris emerged a game-changer, noting a milestone project with a family-owned private company that he helped grow from \$90 million to over \$240 million in three years and successfully selling to a multinational strategic buyer. Now with a wealth of experience and a proven value acceleration system, Chris has established a family investment company with his son, with ownership stakes in eight lower middle market businesses.

FOR BUSINESS OWNERS. BY A BUSINESS OWNER.

Walking to Destiny is not only your essential resource to understand what makes your business attractive and ready for transition; it is a business owner's handbook to learn how to rapidly grow value and ultimately unlock the personal wealth trapped in your most significant financial asset: *your business*.

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