

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 more than 40 years now. My first role as a value accelerator was as an operational auditor for The Sherwin-Williams Company (SW), headquartered in Cleveland, Ohio. I was a 22-year-old kid who had just graduated from John Carroll University, and I knew little about how to operate a store. However, each auditor was given an audit guide (Structural Capital), which spelled out how we were to conduct our reviews and what to look for. My job was to ensure compliance to the audit guide.

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 incented 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 to promotion. Anybody could follow an audit guide, but making suggestions on how to improve operations was the way you got ahead. It's how you stood out as more than just an enforcer. We actually had buttons made up 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 the auditors at first. But once we built reputations in our territories as people who could make things better, we became bridges to getting things changed back at corporate. The audit department could do that. It carried a lot of weight at SW.

This became even more important once I started doing corporate audits. I audited all kinds of different corporate departments, from purchasing to manufacturing and distribution. The audit department was the proving ground for advancement at SW. It was like a boot camp for future division managers. Usually, within 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 the audit department and joined the purchasing department in 1985. There, I introduced the first personal computer to the department. Boy, I could tell you stories about the first computer and both young and old readers would find them amusing. If you are over 50, you probably have a few yourself. Let me say the computer has come a very long way since 1985. I was the first to put a budget on the computer. My boss was simply amazed at the productivity advantages of a computer. He immediately ordered me to "Get one of those things on every desk in this department."

That success led to being assigned to a full-time team called IBA (Integrated Business Applications) with the responsibility to implement enterprise resource planning (ERP) systems at all SW plants. That further led to numerous other special projects like designing and implementing



the first inbound freight system used by SW and leading the Batch Tracking Project (BTP), which 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, could, if used properly, increase the capacity of the plant by 20% with minimal 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, both at corporate and at 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 two IT people to go to Morrow with me to show them it could be done.

The plant manager was so against it that he put up a sign at the plant entrance the first day I arrived that 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 started calling to ask 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: my team, the people on the floor, and the staff in the plant office, including the purchasing manager, the plant scheduler, and the controller.

A key part of our success was the bond we built with the people on the



floor. I required each member of my team to work on the shop floor for two weeks. Just imagine the fun the shop floor workers 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 those kinds of things 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 learned was that the people who worked on the floor already knew what needed to be done. All you really needed to do was be respectful of them and then ask a lot of questions. Your interest had to be authentic. If not, they would see right through you. Once they felt they could trust you, they were more than willing to help. Working out on the floor with them was one of the big steps to earning their respect, making us seem less threatening, demonstrating our sincerity, and earning their trust. It worked.

In a post-project review with the president, I told him I had learned two very important lessons on that project: (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. 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 and to learn how to operate a consulting business, I chose to join Price Waterhouse (PW) as an “experienced hire” to learn about consulting and branch out.

At PW, 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 and accomplishments needed to proceed



through the gate to keep a project on track. It also forced accountability. Since working with Phil, I have developed some form of gating process in almost every situation, including the gates defined in the Value Acceleration Methodology.

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

From PW, I joined Roadway Logistics, which today you know 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 PW. We would not only recommend logistics solutions, but we would then have 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 was a group of outcasts labeled Depression Row. They were rebellious and outspoken. They also happened to be the best project implementers in the company. I can clearly remember a moment from one of my first days, as I was sitting at the computer in my cubicle with my back to the opening. All of a sudden, someone walked in and, standing behind me, 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 hell 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 said. I told them that we knew what we were doing, and we accepted responsibility for the deliverable. Truthfully, I was not sure. However, putting my faith in the group known as Depression Row showed them I was ready to back them up. I told them if we deliver, nobody will mess with us. They might disagree with our methods, but success would trump that. However, if we didn’t deliver, we’d be dead meat.

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

The business was growing so fast we sometimes had up to 40 projects going at one time either in transportation, warehousing, order management, or all three at one time, which we called integrated. We designed and implemented a Gateway Process to keep all these projects going.

Every Monday, between 10 a.m. and noon, we would host 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 Council 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 in its next gate.

The entire company was always invited because those meetings were the one place where you could find out everything that was going on in



the company. We always had a full room. We created a matrix of solutions along the one end (e.g., 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, consistently, and quickly 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 was ever 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 be 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 \$250M in the next three years. He described his vision and really inspired me. He didn't say anything about selling the company, yet we did sell a little more than two years after I joined. Andy made so much money from the sale that he was able to start his own private equity company with the net proceeds.

To give you an idea of Andy's character, every single employee of the company received a payout based on their level and their years with the company. I heard that Andy paid out \$10 million to the 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 first that we were a fastener company: nuts and bolts. When you think of a fastener manufacturer and distribution company, what image comes to mind? When I first joined the company, to get to



my office, you came in the front door, walked through the main office into the factory, went out another factory door, followed the black trail in the carpet down a long hall, and then turned left. There you would find several IT people all working on card tables—yep, that’s what I said, card tables. In fact, my first desk at Flexalloy was a card table. I can vividly remember standing and looking out the window one day soon after I started there, wondering why the hell I had 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, 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.

We did not have an HR department. We had a Partner Development department. Every employee was considered 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 a 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, allocating 2% of revenue to IT each year. Andy knew that if the sales came as fast as he thought they would, the company would need scalable systems.



Andy knew things would need to change. And sales did come. They came fast and furious. We almost tripled sales in just three years. My role was to implement the systems to help the company grow and evolve. 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. Yet 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 so, 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 talent, 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 in with 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. The culture at Flex shifted. It wasn't that fast-paced, empowered, action-oriented culture anymore. It was just about the numbers now. Not surprisingly, 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. I wondered if what I learned over all those years about improving middle-market companies and big corporations could be scaled so it could be effectively leveraged in smaller businesses. Over the next five years, I led two technology companies that doubled and tripled in sales over two- and three-year periods. I learned a lot about small business and a lot about myself while working for these privately held businesses. One of the positive things that came from those experiences was proof that



what I had 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.

In 2006, I launched my consulting company, Aspire Management (AMI), which helped business owners buy, improve, grow, and sell their businesses. I also launched, with the help of my son, Snider Premier Growth (SPG). Truth is, AMI was originally created to help *my son and me* buy, improve, grow, and sell our own companies. I was convinced at this stage of my career that the only way to the kind of wealth I was after was going to be through business ownership. Once word that I had launched my new business got out into the market, I received a lot of phone calls from business owners and advisors. This helped to firmly establish my consulting firm in about six months. I had a business!

Some of the companies SPG has invested in over the last 17 years were my clients' companies. I have invested alongside my clients in a few ventures as well. AMI also led me to obtain my Certified Exit Planning Advisor (CEPA) designation in 2008 and to the acquisition of EPI in 2012. I was one of the first 100 CEPAs at EPI.

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 an operations auditor and onward throughout my career, I have focused on business value improvements that optimize processes, lower costs, invest in future growth, and maximize income. The one thing I have learned in all these years of accelerating value and have taken away from all these experiences is that it is only through action we create the life we seek.