Building a High-Performance Culture

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Today’s Objective
• A little bit about me
• Provide a brief overview of Marco
• Define a high performance culture
• Identify Marco's key performance drivers and how they can apply to you
• Q & A

My Start
• United States Air Force
• University of North Dakota Graduate
• Joined Marco in 1984 as a sales representative
• Corporate Sales Director
• Appointed President/CEO in 2004
Stuff I Like…

- Wife, kids, grandkids
- Smart people
- Mustangs
- Sales stories
- Dirty martinis
- Golf
- Fighting Sioux
- Boating
- Shopping
- Yard Work
- Punctual
- Working Out
- Work
- Newspapers
- WeFest
- Traveling

My Civic Involvement

- Chair - American Coop Dealer Group
- Board Member - CentraCare Health System Foundation Board
- Board Member – National Sharp Dealer Council Board
- Board Member – Anderson Center Board
- Board Member – Cisco Channel Advisory Council
- Board of Advisors – Greater St. Cloud Economic Development Corporation
- Campaign Chair - United Way for Central Minnesota ('04)
- Former Board Chair - St. Cloud Technical and Community College

Chamber Involvement

- **Personally active in the Chamber**
  - Started early in career, 1985
  - Chaired new member campaign drive; set a new membership drive record, 1990
  - Graduate of the first St. Cloud Area Chamber Leadership Program, 1992
  - Graduate of the first Minnesota State Chamber Leadership Program (25 for Minnesota), 2001

- **Strong Chamber Membership**
  - Member of 70 chambers in the markets we serve
  - Member of 47 chambers in Minnesota
How Chambers Add Value to Marco

- Business referrals
- Networking opportunities
- Education and training resources
- Greater access to corporate and community leaders
- Advocate for business

Thanks for helping grow our business!

History of Success

- 1930 The Typewriter Shop
- 1973 Marco
- 1975 Copiers
- 1985 Voice & Data Networks
- 1997 ISO Certification
- 2001 100% ESOP
- 2002 Audio/Video Systems/Video Surveillance
- 2005 Managed Services
- 2010 Sold Office Furniture Division
- 2010 Lean Continuous Improvement
- 2012 New Corporate Headquarters

Vision

To be a growth driven technology services company admired for its people and performance.

Mission

To help our customers effectively apply technology that contributes to their success.
Local, Regional and National Sales, Service and Support

33 Marco Locations

Minnesota
- Alexandria
- Bemidji
- Brainerd
- Detroit Lakes
- Mankato
- Marshall
- Minneapolis/St. Paul
- Rochester
- St. Cloud
- Thief River Falls
- Willmar
- Worthington

North Dakota
- Bismarck
- Dickinson
- Fargo/Moorhead
- Grand Forks
- Minot

South Dakota
- Aberdeen
- Pierre
- Rapid City
- Sioux Falls
- Watertown

Iowa
- Cedar Rapids
- Decorah
- Des Moines
- Fort Dodge
- Mason City
- Quad Cities
- Sioux City
- Storm Lake
- Waterloo

Wisconsin
- Eau Claire
- La Crosse
- Madison
- Milwaukee

Enterprise Accounts

Augsburg College
BDO
Fagen
MAYO CLINIC
Boston Scientific
Catholic Health Initiatives
University of St. Thomas
Doosan
Marvin
University of Minnesota

Other

University of Cincinnati
University of Idaho
University of Wisconsin
University of Utah

Healthcare

Mai Comm
University of Illinois

Other

University of Iowa
University of Nevada
Marco’s 5-Year Growth (2008-2013)

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Profit</th>
<th># of Employees</th>
<th>Average ANNUAL Growth</th>
</tr>
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<tbody>
<tr>
<td>146% ($150M)</td>
<td>188%</td>
<td>150%</td>
<td>29%</td>
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Organic Growth - 50% of Total Revenue
Acquired Growth - 50% of Total Revenue
704 employees: 150 sales representatives and 360 certified systems engineers and technicians

Best Product.
Best Service.
Best Price.

How do you prove it?

My perspective of a high performance culture

- Perform in the top 10% of your industry; what does good look like?
- Achieve both top-line and bottom-line double digit growth.
- Growth in the “right type” of business (to us this means recurring revenue).
- Keep score – record keepers are record breakers.
- Attract and retain good people and good customers.
Marco’s Key Performance Drivers

1. Validate Customer Satisfaction
2. Stack the Bench
3. Employee Satisfaction = Customer Satisfaction
4. Fail Forward Faster
5. Be Contemporary

#1 Validate Customer Satisfaction

- Don’t shrink – Can’t lose a single customer (member).
- Customer is not always right.
  - But you do have to fix it
- Validate through survey process and post results.
- Develop processes to improve the customer experience.
  - Corrective Action Request (CAR)

Marco’s Survey Process (Since 1994)

1. Keep it short – 12 questions.
   - Don’t forget the ultimate question – would you recommend Marco to others?
2. Mail the survey; don’t email it.
3. Follow-up with personal phone call.
4. **Consistently** track, share and review the results.
5. Recovery process (CAR) – 24 hour response time.
Customer Satisfaction (73% Return Rate)

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<td>1,260</td>
<td>17</td>
<td>92</td>
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<td>2010</td>
<td>1,899</td>
<td>15</td>
<td>97</td>
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<td>2011</td>
<td>1,444</td>
<td>22</td>
<td>127</td>
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<td>2012</td>
<td>1,700</td>
<td>26</td>
<td>163</td>
</tr>
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<td>2013</td>
<td>798</td>
<td>8</td>
<td>62</td>
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<tr>
<td>TOTALS</td>
<td>11,730</td>
<td>167</td>
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</tr>
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How does this apply to you?

- Are you surveying your members **consistently**?
- What is your survey return rate?
- Are you tracking the results?
- Are you sharing the results?
- Are you using the results to:
  - Gain referrals
  - Build membership
  - Identify and resolve problems
  - Identify new opportunities for your community

#2 Stack the Bench (Staffing)

- Understand yourself first so you understand others better.
  - Recognize your strengths
  - Augment your weaknesses (Really do this)
- Attract and keep good people.
  - Most important responsibility of leadership
  - Sounds easy, but sometimes difficult to do
- “You get what you pay for.”
  - Consistently assess compensation
  - Third-party validation
    (Versight Group, Employers Association)
  - Annual employee survey
    (If another company offered you a 10% raise, would you leave?)
  - Don’t be afraid to compensate for top talent
Stack the Bench - Staffing (Continued)

- Create careers vs. provide jobs.
  - Growth drives opportunities
  - Promote entrepreneurial spirit (video, managed services)
  - Recognize high performers (C.A.R.E. Award, sales trip)
  - Work-life balance (moves, babies, retirees)

How does this apply to you?

- A smaller staff demands high performers:
  - Are there gaps on your bench?
  - Who do you need to augment your weaknesses?

- Don’t be afraid to compensate top talent – you can justify it.

Examples:
- If you want to be known for advocacy, recruit someone who is strong in government affairs.
- If your goal is to increase membership, recruit someone with a big circle of influence and strong networking skills.

- What are you doing to recognize your employees and members?

#3 Employee Satisfaction = Customer Satisfaction

- Annual Employee Survey:
  - Created and administered annually since 1988
  - We don’t outsource this – it’s too important

- 100 carefully crafted questions in 7 key areas:
  - Work Satisfaction
  - Leadership
  - Supervisors
  - Compensation
  - Training
  - Benefits
  - Continuous Improvement
Ask Tough Questions

- Q10: People are encouraged to balance their work life and their personal life.
- Q23: I believe there is good and open communication at Marco.
- Q32: I trust my supervisor.
- Q50: Management has sincere interest in me as a person, not just an employee.
- Q54: Leadership is competent at running our business.
- Q60: Marco's actions match its words.

Employee Satisfaction = Customer Satisfaction

Validate with Survey Results

Our survey says...

- 93% describe Marco as a fun and friendly place to work.
- 99% say they like what they do at Marco.
- 93% describe Marco as a good corporate citizen.
- 99% believe their supervisor treats them with respect.

2013 Results Best in 25 Year History

Seek Third-Party Validation

- Apply for community recognition – it builds your reputation.
- Marco was honored as...
  - Minnesota Business Top Workplace
  - Star Tribune Top Workplace
  - Minneapolis St. Paul Business Journal Best Places To Work
  - Top 25 Best Small Companies to Work for in America
  - Minnesota Work-Life Champion
  - MN ESOP Company of the Year
How does this apply to you?

- Create a survey process. (email jeffg@marconet.com for a copy)
- Share the results and look for improvement opportunities.
- Share as a best practice with your members.
- Create a great place to work and promote it.
  - Apply for community awards (great advertising).

#4 Fail Forward Faster

- Widely known philosophy of mine and the company’s.
- Been there, done that; doing it again.
- Make bold moves.
- Failure is a part of business and leadership.
- When done right, failure can help foster success. The old adage “learn from your mistakes” applies.

#4 Fail Forward Faster (Continued)

- Part of building a culture of innovation.
- At Marco, we’ve failed many times to get where we are.
- That courageous and entrepreneurial spirit gives us an edge.

How have we failed at Marco?
Failure: Retail Storefront
- Marco was going to be the next Super Store (retail office supplies, office furniture).
- Moved corporate headquarters to division street storefront.
- Weren’t very good at working nights and weekends.
- Zero experience in retail.
- Didn’t fit our go-to-market strategy.
- Decided to exit.

Failure: Cabling
- Multi-million dollar part of business in 1990s.
- Recession changed everything:
  - Slowdown in construction.
  - Increased competition.
- Evaluated performance and future.
- Margins eroded to almost nothing.
- Little opportunity to add value.
- Decided to exit.

How does this apply to you?
- Evaluate your portfolio:
  - If it’s not performing and doesn’t fit your strategy, get rid of it (cabling, retail, office furniture and supplies)
  - If it does fit your strategy, and it’s not performing, fix it (video, phone systems)
  - Is there something that has failed that is relevant today? (managed services, software support, sales training)
#5 Be Contemporary:
Do you Carry a Briefcase or a Backpack?

- Stay current with communication.
  - Twitter is the new newsstand
  - Texting is today's conversation
  - YouTube is the #1 search engine
  - Video is the new voice
  - Allow social media in the workplace

- Present a contemporary image.
  - Physical appearance
  - Carry a backpack instead of a briefcase
  - Stay connected with your smartphone

- Surround yourself with 20 somethings (and really listen).
  - Pay attention to how they communicate - develop social media squads (Facebook postings from all regions) and focus groups (how young people use social media for business)
  - Recognize other generational traits (flexible workplace, less loyal, how they shop)

How does this apply to you?

- Your image sets an example for your organization and community – are you old school or contemporary?
- Staying contemporary attracts emerging leaders.
- Try a social squad or focus group with young people and see what develops.
- Don't be afraid to allow social media in the workplace (they're doing it anyway).
- Ditch the briefcase.

More on Leadership

- Check out my blog on Leadership Culture: [LeadershipCulture.com](http://wwwLeadershipCulture.com)
- Some Posts of Interest:
  - Fail Forward
  - Get Comfortable Being Uncomfortable
  - Taking One for the Team
  - 5 Ways to Tell You're Not a Leader
  - Leadership Lessons from Mom
  - Do you Carry a Briefcase or a Backpack?
  - Be a Courageous Decision Maker