



**2009 A-D North American Meeting Address
October-November, 2009
“A Time for Leaders”**

Bill Weisberg, CEO, Affiliated Distributors

Good Afternoon. It is great to see you all back here in Dallas. Ladies and gentlemen, in the past twelve months we have all been tested. Tested like never before. And so far we have passed those tests. But there are more tests to come. And this war is not yet won.

What we are going through is more than just a battle for the survival of our businesses, our jobs and the jobs of the people we work with. That would be plenty right there – wouldn't it? But there's more. Because this is also a battle for the values and beliefs that we hold dear as Americans and Canadians and ultimately, for the very future of our countries, our communities and our families.

If the last twelve months have taught us anything – they have taught us that we are all connected. Every one of us. The fact that you did not personally do irresponsible things did not spare you from the irresponsibility of others and the economic meltdown that followed. Your individual work ethic did not protect you from those who tried to take the easy road to riches. Your personal prudence did not protect you from the imprudence of others. There was not a one of us spared. Anywhere.

We saw first hand in this terribly challenging year just how connected we all are. Our families, businesses, communities, industries, and countries - all of it, intertwined. And we learned that none of us can succeed as an island when there are major problems all around us.

I did not hold this view twelve short months ago. My sole concern was taking care of my business – doing my job. I didn't worry too much about what was happening in Washington D.C. or within this industry's trade association or even within my local community. That stuff, in my view, was for other people – people less devoted to their business than me. I believed that the best way for me to succeed was to put my undivided attention into my job - and my business. How naïve that view seems today.

I remember watching the news last year as financial institutions were failing and thinking ok, that's interesting - but what's that go to do with me? I didn't bank at Bear Sterns or Lemman Brothers. I didn't have a mortgage from Countrywide. I didn't invest in Credit Default Swaps. I didn't even know what they were. And my company's numbers looked fine.

And I remember watching the politicians and bureaucrats scurrying around giving speeches about bailouts and Tarps and blaming everyone but themselves - and thinking to myself, "thank goodness for SportsCenter." You know? But then I looked again and I saw my business start to drop like a stone. And the next month it dropped *further*. And then further. And then further still. Wow!

I like to think of myself as being somewhat fearless. But I'm not ashamed to tell you that I felt fear. And I don't think I was alone. I remember some of you telling me that you had so little business coming in that you thought your computers and fax machines were broken. It was truly scary. And not just in one end-user market segment either. Or one industry or one part of the country. But everywhere. Equally bad. All of it - connected.

I used to think that those of us responsible for A-D's strategy were real smart. We worked to get ourselves balanced in residential, commercial, industrial and institutional market segments. We worked to make sure we covered a huge geography. We got into multiple industries. We became diversified. Immune to individual market fluctuations. Well, so much for being smart. That didn't help. And so much for keeping my head down and minding my own business. That didn't work either. Because no business is an island when everything's connected.

In the difficult months that followed, A-D has done what we needed to do to weather this storm, just like you. And we've gone from being scared out of our minds to diligently working our plan, uncovering what opportunities we can and making the best of it. Our business is down over 20% and that hurts. But we are four points ahead of plan. And frankly, I'm proud of our team. They are managing within the confines of the new normal, they keeping a positive attitude and they are gearing up for the fight that's still to come. And we are going to be fine. Just as I know you are.

A-D Independents are doing better than the competition during this crisis. And A-D members and their suppliers are going to take serious market share with this is over. But just because we may all survive this disaster, doesn't mean that we don't have important lessons to learn from it. And I think we'd be wise to ask ourselves: "How did we get here; what can we learn from it; and what should we do differently in the future?"

When I ask most people what caused this mess, they blame: the housing bubble, the Federal Reserve, unscrupulous financial institutions, and whatever political party they don't currently belong to. Well, that's not a bad list. There is truth to every bit of it. And plenty of blame for both political parties.

And while none of us here deserve the terrible downturn we are all going through right now - isn't it possible, that some of these wounds, were self-inflicted? For instance, how is that we blame the politicians in Washington for the terrible laws and policies they put in place - year in and year out - and then re-elect over 95% of all incumbents in virtually every election? Who is it that is re-electing these people? Isn't it me, you and the people who work and live in our neighborhoods?

And isn't blaming financial institutions for the meltdown sort of like blaming bakeries for making us overweight? Take me, for example. I bought a house in Florida about 4 years ago. That house today, is worth half of what I paid for it. No one made me buy that house. Nor did I do anything to stop or discourage - my friends and neighbors from taking on too much debt or from making other decisions they now regret.

So what is it about us - and I include myself in this - that causes us to fall victim to so many financial fads and bubbles? You know the housing bubble is only the latest in a long line. It was Tulips (back in 1637) and Railways (in the 1840s) Florida land speculation (in 1926) Sports Cards and Comic Books (in the 1980s) and the Dot-Com bubble (in the nineties). Remember that one? I do. And those are just a few.

Why is it that we choose to believe that things that are rising in value will never stop rising in value? Since when has that ever proven to be true? What happened to our understanding that success in life is only possible when you work hard and sacrifice? Why is it that we forget that - so quickly - when the promise of easy money gets waved in our face?

Anyone who knows me - knows that I have enormous respect for business people and for the incredible work ethic of the average American and Canadian. But in the last ten years, there were some business people, particularly in large and highly visible companies, who in spite of truly terrible performance, walked away from their jobs and companies with massive amounts of money. What message did that send to the rest of America? And what, if anything, are you and I doing to counter that message? Because if our only message for people who are truly suffering is "that its a dog eat dog world" or "I got mine – now you get yours," can we really blame them, for reaching out elsewhere, like to Washington – for help?

So here's what I'm saying: It is not enough to just survive this meltdown. Because if we just survive it and learn nothing from it- we are going to repeat it. And if we learn the wrong lessons from it, we are likely to head down a dangerous road that will truly undermine our country's future. And that won't do.

We need to learn the right lessons – and that means taking greater responsibility for our own actions and the actions of the people around us. It means working harder to stay true to our values and sharing those values with the people in our lives. And it means protecting the health of our businesses and the health of the community and institutions around us. Because, as we have painfully learned, we are all connected.

As individuals, we need to invest our hard earned dollars in things we understand. Things that we can evaluate carefully trusting our own judgment. Being diversified, in and of itself, is not bad. But I say that it is better to invest in one thing – we truly understand – than to be diversified in many things we don't. Never again should we trust the judgment of the herd. And we need to teach others, including the people who work with us, to do the same.

As business people, we need business plans that are not based blindly on the assumption that our businesses or territories will go up next year simply because they have typically gone up in the past. We need growth plans (yes we do) *and* contingency plans. And we need to help others do the same.

What's more, we need to diligently protect our personal and corporate integrity. It is tempting, in times like these, to take short cuts and to compromise our policies and principles. But I truly believe that the winners that emerge from this – will be those who stay true to the values that made them successful in the first place.

A few weeks ago I sent you a copy of A-D's recently revised Purpose Document. A document you helped us craft – with so many great suggestions. It now speaks about the importance of fairness, compassion, relationships and selectivity. Selectivity in terms of suppliers and members. I don't know. Maybe we're old-fashioned. But I don't believe that we can be an effective partner to any of you – if we try to be a partner with all your competitors, too. And we will not be swayed by those who do not share this view – no matter how tempting.

We've all made difficult decisions this year. There are people we've had to let go in order to protect the rest. Not every soldier makes it home when you are fighting a war. But no war could ever be considered won if only the Generals and officers survived. And we need to do everything we can to protect every job – and to make sure that when sacrifice is required – as

more will be - that it is borne equally. The people who follow us, will not follow us for long, if that is not visibly the case.

Every one of us owes a debt to others. There is not a one of us who got where we are solely on our own. It is not right – and it is not smart -- to throw those relationships away or cause them harm - no matter how much pressure we feel. Please be very careful when you make decisions in the next 12 months. Because how we treat each other during this crisis - will make a huge difference in terms of how we do - in the years ahead.

What's more, I don't believe that any of our businesses are safe, if we continue to let *others* set the agenda for the institutions around us. We need to get more involved our industry's trade associations to be sure that our industries are healthy. We can't just hope that others, less busy than us will take care of it, because that's not working. We need more of us involved - and I don't mean just attending meetings and blindly going along. No, we need the very best of us leading them and charting a new course for their future.

We also need to personally engage our elected representatives to hold them accountable for the decisions they make and to make sure that they protect - and not undermine - our values and beliefs. Supporting the political activity of The Chamber of Commerce and The National Association of Wholesalers is extremely important. If you are not yet a member of NAW, I urge you to join. But even that is not enough.

We need to communicate directly with our elected representatives and their staff. We need to write to them regularly – we need to sit down with them in their local offices - and we need to seek and support alternative candidates - if and when appropriate.

The sad truth is that the views and beliefs that are held by the majority of us in this room – and the majority of us in this country - are not shared by the majority of those who currently hold elective office in our nation's capitol. Can we afford to let them set the agenda? Can we afford to let the portrait they paint of business and business people – based solely on the behavior of a small minority - stand uncontested? No, we need to paint our own picture, - we need to show the world what Canadian and American business people are really all about.

And along those very lines, every one of us, myself included, need to get more involved in our local communities and spend more time helping those less fortunate than ourselves. So many people these days are being told that big government is the solution to every problem. That is such a lie. There is nothing in history to support it. Big government doesn't solve problems – it rearranges problems. Big government doesn't relieve misery – it spreads misery. Sometimes even to future generations. And that is not right.

But without an alternative – big government is all that some people have to look to. So what is the alternative to big and inefficient government? It is individuals, like you and me, loving and caring for others. If we want our families to be safe and successful – If we want our businesses to be safe and successful – If we want our communities to be safe and successful . . . We need to help and care for others.

The things that we have been given in life, including our time and talents, are meant to be shared with others. Not through big and inefficient government. But freely and generously. We need to demonstrate leadership in this area as well. Leadership that recognizes that none of us can achieve lasting success when so many others are stumbling around in the dark. Leadership that recognizes that we are all in the same boat, connected.

The Theme of this year's meeting is "A Time for Leaders." The picture we are using to illustrate our theme, is a painting entitled *Washington Crossing The Delaware*. Can we put the slide we

have of that painting back up on the screens? The artist who painted this was Emanuel Leutze. It was done back in 1851. The painting currently hangs in New York's Metropolitan Museum of Art. It is 12 feet high and 20 feet wide. It is really quite amazing to see in person.

So what do you see when you look at? Do you see a brave general leading his troops into battle? Yes, that is surely there. Washington was an amazing leader. But he is only part of the story in this painting. Because in that small and crowded boat are twelve free men who came together voluntarily and with virtually no training to defeat two massive armies - that were the strongest and most professional of their time.

David Hackett Fischer in his Pulitzer Prize winning book entitled, "Washington's Crossing," describes how based on the attire of the people in the boat, it is clear that they came from virtually all parts of America. One is from New England. One is of African descent. One is a Scottish immigrant. There are westerners. Farmers from New Jersey and Pennsylvania. One person is wearing a hat that suggests they are a prosperous merchant. The person with the red jacket might even be a woman in men's clothing.

The crossing itself took place on Christmas night in 1776. And it followed numerous early battles where the Americans were routed by the British and retreated in defeat to Pennsylvania. This crossing represents their brave return to fight back and reclaim their country.

Fischer writes in his book, "when the conflict began in earnest, during the late summer and fall of 1776, the forces of order won most of the major battles but an army of free men won the winter campaign that followed and they did so not by imitating a European army of order but by developing the strengths of an open system in a more disciplined way."

So who were the leaders in that boat? I would suggest that all twelve were leaders. And are we not, just like those twelve, in that very same boat together? And is it not time for us to reclaim our country? One Nation. Under God. As it was meant to be.

Ladies and Gentlemen, the battle we face today - just like that that battle in 1776 - will be won. But only when free men and women, from across these great lands of ours, stand and fight for what they believe is true and right. This crisis will *not* last forever. But what we learn from it - and how we act from this point forward - can have a truly lasting impact.

It doesn't matter how old you are. It doesn't matter how young you are. It doesn't matter what title you have. Every one of us can make a difference. Every one of us can be a leader. And your family, your business, our country and its future - need you to stand and lead. Will you be a leader?

My favorite quote these days, and no one knows who said it first, goes like this: "Yesterday - is history. Tomorrow is a mystery. But today is a gift. And that's why they call it the present." God bless you all. God bless your families, your businesses and your communities. And thank you for listening.

Bill Weisberg is the Chairman & CEO of Affiliated Distributors (A-D), the largest wholesale buying and marketing group in North America. A-D is comprised of over 530 independent distributor companies with over 3,000 locations in the U.S. and Canada. Its membership does over \$20 Billion in sales across six industries: electrical supplies; industrial supplies; plumbing supplies; HVAC equipment and supplies; drywall and drywall related products; and pipe, valves and fittings.