



Fifth V. Dale Cozad Lecture in Entrepreneurship

SUCCESS MEANS NEVER BEING SATISFIED: FOLLOW YOUR PASSION

Keynote Speaker, Michael Krasny
Chairman Emeritus, CDW Computer Centers, Inc.

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Levis Faculty Center, Third Floor
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The V. Dale Cozad Lecture Series in Entrepreneurship was established through the efforts of Peter and Kim Fox and endowed by gifts from the family and friends of Dale Cozad. The lecture series honors the memory of Dale Cozad and the hard work, dedication, and entrepreneurial spirit that lead to his success.

Introduction

My name is Avijit Ghosh and I am the Dean of the College of Business and it is my pleasure to welcome all of you here. Today we have amongst us a true giant of entrepreneurship, an icon of corporate America, a person who embodies the spirit and heart of entrepreneurship.

In 1982 Mr. Krasny started a business by placing a small ad in the Chicago Tribune to sell his own personal computer. Today that business is a Fortune 500 company, with annual sales of over \$4 billion in 2001. CDW offers complete customized technological solutions for business, governments, and educational institutions, and is a leading source for technological products in this country. Although it never added a dot com to its name, CDW is a leader in ecommerce solutions. The company's website gets nearly 100,000 unique users daily and generated over \$600 million in direct Web sales in 2001. Under Mr. Krasny's leadership, customer service and employee relations have been the cornerstones of CDW's success. Using the Web as a tool, the company interacts with over 50,000 business customers through his customized extra net. *Fortune Magazine* listed CDW as one of the 100 best companies to work for in America. It also ranked first in its industry in Fortune's list of America's most admired companies. CDW is also the recipient of the Torch award for business place ethics. Ladies and gentlemen, it gives me true pleasure to present to you Chairman Emeritus of CDW computers, noted entrepreneur, distinguished alumni of this College, a man who has brought great distinction to his Alma Mater, Mr. Michael Krasny.



Michael Krasny, Dale Cozad Lecture

Wow, when the Dean invited me to come here, he said there would be a few people, 25-50; I didn't expect to have a full room here. I have never felt comfortable getting in front of big crowds, so I said 25-50 is fine, and I think we have a few more than that today. But thank you all for coming.

As I was coming out here today I had a wonderful drive from Chicago first fighting rush hour for an hour and a

half, then spilling my coffee on my shirt, and then I was talking to a friend on the way out who was also a fellow alumni, and as we were reminiscing about our days at Champaign, I started to get a little bit scared coming here because we had such a great time. I am expected to be up here acting like a mature adult; I don't feel like a mature adult, and as we were walking through the quad, I thought I would rather be on the quad throwing a Frisbee right now. So it's a pleasure to be back here today.



What I'd like to do is tell you the story about CDW and how we got to where we are, but before doing that what I'd like to do is take a moment to talk about what's going on in today's world, the corporate government's world. Both of these relate very much to my main theme and what that is successful people have passion. Passion is not greed. The people that led to the downfalls of such companies as Enron, Arthur Anderson, Rolecom, Tyco, and Martha Stewart – I'm sure there are a few others that we don't know yet. What they did is they lost not only their integrity but also their passion about what they were doing. They became more focused on personal gains than on their passion of seeing success of their companies.

One of the things I have always like to do is talk and use famous people as quotes because I figure they are a lot smarter than I am. And I went out to the Web and put in the word ethical and a few other words to see what I could find which would be relating to this to be able to leave a few wise words there, and I found a huge list of famous quotes and I'd like to share a few of them with you because what it will show is the problems of ethics is not only short term but it's been going on forever and ever. If you look to Sophocles, an aging Greek mythologist, he said, "I would rather fail with honor than succeed with fraud." Or Abe Lincoln who said, "Nearly all men can stand adversity but if you want to test a man's character, give him power." And lastly Martin Luther King who said, "The ultimate measure of a man is not where he stands in moments of comfort but where he stands in times of challenge and controversy." So there are bunches of wise people out there who have talked about the past and I think it's something that we all need to stay focused on. And what that is is focus for passion and focus for success and having the right intention going along. I would like to share one last quote with you which is sort of a favorite of mine which is from somebody who is famous but not as – probably is as wise as these other people – but he is a comedian who died at the age of (I think) 99, George Burns, who said he'd rather fail at something that he enjoys to do than succeed at something that he hates to do. And that's all talking about passion, and that is what I'd like to talk to you about today.

CDW, the results that we have had, how we were successful, the fact that we focused on our co-workers, and probably most importantly, we had a determination to succeed. In high school I was more technically inclined than I was actually studious. I actually didn't even want to go to college. I would have preferred to go to a trade school to become an electrician or a carpenter, but I had one problem. My parents told me I would be going to college and at 18 years old I didn't have much choice in that matter. My first two years I went to a junior college and then after the junior college I needed to decide on a full time university to go to and because of the fact that a number of my friends went to the U of I, they said that I should come down and join them. Obviously, the U of I has a great reputation as an educational institution; that became my choice of the University of Illinois. I didn't have a number two. That was my only choice, and I applied to the University, but I had a little problem – I didn't get accepted. I can't remember exactly the details of what happened. I just remember coming down here on a Friday, meeting with an admissions counselor and having a conversation with them, and some way or another I was able to convince them to allow me to attend the University of Illinois, so that was probably very important to me. It became a lifetime skill and that is determination at winning at whatever I was doing and doing it in the right way. Well, the people I came to school here with were all a bunch of studious people, bright people, and they were a great influence on me because I would not have succeeded without them. Actually, today many of them or most of them have gone on to what I consider much further than I have. They are a bunch of doctors, lawyers, attorneys, and even one of my friends is a doctor who's publishing a book, which hopefully will become a best seller; I promised him I would pitch it today. It's *Dr. Kushner's Personality Type Diet*. Help it become a best seller, please. It's coming out in January.

But, with a lot of hard work I finally graduated from the University, and from there I went on to work in a family business. My dad had owned a Toyota agency in Arlington Heights, Illinois and I went along after graduating here to go to work for my dad. When I joined him we were selling about 50 cars a month, and after 7 years I was doing virtually all the different areas of the company and went on to become general manager, and after 7 years I decided to leave. I'm not exactly sure why I left, whether it was the automobile business I didn't like or whether it was the dynamics of the family business, but when I did leave we were selling about 200 new cars a month, so I had quadrupled their business. As much as I'd like to take credit for that, I think Toyota's acceptance to the marketplace helped very greatly of us being able to grow the business. When I left there I had absolutely no plan as to what I was going to do. Similar to the situation that I am in today, which I will talk about later, but I left there with absolutely no plan whatsoever. So I guess that's where the story of CDW begins. I have told the story before, and I usually call it the Evelyn Wood version but as I look out here I see many of you probably don't know who Evelyn Wood is. Is that an accurate statement, I guess? But, others have called it the MTV version with just the highlights, and I am told that you guys will understand exactly what that means, which is the highlights. I never had a plan for CDW; I didn't have a business plan. I didn't even know that I was going to go into this business. I had investigated a lot of things. I looked at my own car agency, opening a hardware store, a Computer land franchise in New York I was about to open, and then I actually attended Burger King University in order to become a Whopper flopper and to become a Burger King franchisee, and as I said earlier, most of my friends have higher degrees. I forgot I do have one; I have a diploma from Burger King University.

Nothing quite worked out for me and I wasn't sure what I was going to do. I had a really tough couple year period of time there. The one thing I had been doing though, is I had been playing with computers for 3 or 4 years. I actually got my first computer, which was a Radio Shack TRS80 in 1978. It was 24 years ago, well before the computer revolution began. I was some type of geek. I was hanging out at computer centers. I was going to computer shows. I was just really enjoying the computers. Actually at the Toyota agency, back in 1979 before I left, I had actually began to write a few little applications in order to streamline a few very small functions of the business. As I was sitting here trying to decide what I was going to do with my life I ran across an ad and it was to take a Dbase programming language. Dbase was the predecessor of the first relational data base program out there. So I signed up for the course; it was a 2-day course for \$20 and I actually bought the book and read it the night before the class and I took a 2-day class and I actually really breezed through it – the first class I have ever breezed through and I now thought I knew there was everything to know about Dbase programming. So I was reading in the paper and I saw that there was an ad for a Dbase programmer and I figure what the heck, I took the class, I had 2 days of experience, I'll apply for the course. And it was actually a job for a physician who had a concept that what he wanted to do was to automate the nursing staff in hospitals as to where the staff would work on any given day based upon the patient loads in different areas. I was having a great time at this. I was really enjoying it. I was a real geek. I was programming from 10 o'clock at night until 6 o'clock in the morning. I would then go out and get a Big Mac for breakfast, take a shower, then go out on sales calls with him. Things were starting to go pretty good; we were gaining some momentum. We had some people that were interested in the product and the doctor offered me a partnership in the company. He offered me what amounted to a 30 percent ownership for \$20,000. I really believed in it; I thought this database programming stuff had some type of future to it, so I agreed and said I'd be happy to be his partner. We continued to move along and things were getting stronger and stronger and the doctor came back to me and said, "Before we finalize our deal, I have to make a change to it. It no longer will be \$20,000, it will now be \$30,000 and no longer will be 30 percent; it's only going to be 20 percent because it's a lot better than I thought it was." Well the one thing my dad had always taught me is you're only as good as your word, and when you shake hands on something the deal is a deal, so I told him, and not very nicely, where he can go with his company and walked out. Last time I checked and it was a few years ago, so he may have been successful in the last few years, he had never sold his first piece of software. And CDW sure has sold a whole lot of computers, so I think I got the better part of the deal.

Here I was unemployed again. I went out on my own and I was really feeling frustrated, didn't know what to do next, and I had this used PC at home that I had been using for programming. So I put an ad in the newspaper to sell it and the ad was one of this Chicago Tribune, three-lines, three days for three-buck ads. Back a number of years ago they used to do that. Very quickly I got a number of phone calls on it and I told everybody it's available, here's my address, come on over, the first one that comes can get it. So

a gentlemen came along, bought it very quickly and about a half hour later somebody else rang my doorbell and said they were very disappointed, they would have liked to have it. I had made a few hundred dollars when I sold it to him and I thought very quickly and said if you want, I'll get you another computer. Went out, bought another computer, sold it to him, so now I had made \$400. This was pretty good, so you know; this is how the whole thing started. I am proud to tell you that today these first customers back from 20 years are still customers of CDW today. In the early days I only had a few customers and at times I may have only had one customer at a given time. So I had to make sure I serviced these customers really good because they were all I had to rely on. I was their salesman; I was their repairman; I was their deliveryman; I was selling out of the trunk of my car. I was doing tech support on my cell phone. I actually had a cell phone back in 1984 when I really had a reason to use them back then rather than today, you just chat on them.

I learned about this company in Chicago called PC Network. PC Network was the first mail order company-selling computer. So what I did is I went out and I established a relationship with them and I started to sell them PCs. I was brokering PCs. I was buying 100 PCs at a time, selling 25 to this guy, 50 to this guy, and they were paying me about a \$15 to \$25 profit per computer and they were buying 50 to 100 of them a week from me. And as I was looking at their ads in the magazines I saw that they were making from \$200 to \$400 per computer and I was making \$25. And something in this equation just did not add up with me, and I scratched my head and said, "I can do the same thing." So I called our old ad agency from the automobile business and I explained to them what I wanted to do and they said to me, "Save your money; don't do it; it won't work." So, they were an ad agency, they were a lot smarter than me. I listened to them and I didn't do it. Well I continued to sell computers to PC Network and now it wasn't 50 to 100 a week, it was 100 to 200 a week. They kept on buying more and I thought about this again and I said, "Well maybe I should run this ad." So I called the ad agency, run the ad or else I'll find somebody else to run it for me. And they said, only if you will pay for it ahead of time. So I didn't have much choice. I paid them ahead of time and to make a long story short the first ad appeared in December of 1985 in PC Row Magazine. I may point out that the ad agency didn't last with me for a long time. The ad actually broke the Friday just after Thanksgiving and where we had been doing somewhere between \$75,000 and \$100,000 a month in total sales, in that one day after Thanksgiving, we did \$75,000 in just one day. In one day we had grown the business by 1800 percent. That has to be some type of record out there. Well, last night we may have done \$18, \$19, \$20 million. I'm really not sure what they shipped last night, but I will forget that day in the next 5 or 6 days. I will never forget the Friday after Thanksgiving in 1985 because that was really the beginning of what became CDW.

The following Monday morning a Federal Express man came to our door and the original company's name was MPK Computing, which was my initials, but when I started to advertise I didn't think that there was any name to MPK. Why would people want to deal with three letters like that? So I called the original company Computer Discount Warehouse. And a Federal Express man came to the door, knocked on the door and said I have some envelopes here for Computer Discount Warehouse. Do you know where they are? I said, "That's us." And what there were a half a dozen certified checks, anywhere from \$1,000 to \$10,000 that people were sending us money in order to buy equipment. And I remember sitting down with myself and having a very quick conversation. The conversation lasted about 10 seconds, but it was about servicing the customer. I had grown up in the automobile business; we were very proud that we were a very reputable automobile dealer, but we've all heard stories of other car dealers out there, and I had to make a decision very quickly whether or not I become a used car salesman and go for a quick sale or whether or not I worry about customer service and try to create long term value and service the customer right. It took me about 10 seconds to make that decision and that was to service the customer right. I thought I could extend the life of this little gig that I was finding from maybe 6 months to a couple of years. Never did I envision that that beginning would turn into what is today CDW, which is the world's largest reseller of multi-brand computers out there. We had to build a focus at the company through the customer. We were growing very quickly at this time, not at 1800 percent a day anymore but we were doubling our business almost every month. And the question I had was, "How do I get my entire team, how do I build a team in order to focus on customer service and understand that the customer is what we are all there for. They are our ultimate employer. And it actually turned out to be easier than I thought it would be, and that was finding people who care and believe in the company and my job was to motivate these people, to care about the company and care about the customer.

Later on after we went public and I used to have to go out and talk to Wall Street I used to love to see the look on their face when I tell them shareholder value is not my most important concern. When I would talk to a group of customers and tell them customer service is not my most important concern, I would tell that my most number one concern was the CDW co-worker, because if I focused my attention on our co-workers, they in turn would focus their attention on the customers, service the customers, hopefully we would get repeat sales, we would get incremental profits, and Wall Street would recognize our growth as a result of that. So I was truly focused on the CDW co-workers in order to make sure that we took care of our customers. One of the ways that we used to do with the co-workers is we would go through a complete reinforcement policy. We would have here; you have something here called the CDW philosophies of success. That is something that we have developed over the last 20 years and these were some of our mission statements, our commandments of how we ran the business and we would share these with all of our co-workers. Today we have over 3,000 co-workers and we are doing in excess of \$4 billion in sales. We rank number 414 of the 500 largest public companies in the United States and we have also been ranked as one of the 100 best companies in the U.S. to work for and we are actually the only company in the state of Illinois in the last two years who has been in the Fortune 100 best companies to work for here. Actually, I believe so much in this servicing of the co-workers and creating a positive work environment that I am on the board of a charity in Chicago called Winning Workplaces, whose whole mission it is to educate and to get the business environment to understand that it needs to be a win-win relationship with your co-workers in order to both grow the business and it's the right way to do things.

I haven't gone much into operating excellence, but nothing passes it and it's outrageously important. We are very proficient at executing our business model. We have been recognized by people like *Information Week* for being one of the top IT producers in the U.S. for the last 3 or 4 years. As Dean Ghosh said, the Better Business Bureau awards us the national Torch award for marketplace ethics. It's very important to me because what it goes to show is that we are building the business and we are doing it the right way. This puts us with companies like IBM and Sony who have also received this award.

Five years ago CDW launched a new division, which we call CDW Government, which sells strictly to the government, education, state and local authorities. In only two years we rose to become rated by the U.S. government buyers as the number one reseller of technology to the government, and I might point out this is our fastest growing section of the business today and that in previous years it's maintained over a 50 percent growth rate from year over year.

We are also very big in training. Eleven years ago we established CDW University – McDonald's was a role model for us and through McDonald's we created our own training program in order that all CDW co-workers are the most proficient at their different jobs. I actually referred to our Vice President of Training as Dean of CDW University. We've been recognized as one of the top training organizations in the U.S. and this has led to great people. Since 1994 we have experienced a compounded annual growth rate in excess of 38 percent, an operating income growth rate of 46 percent, and even in these difficult times that we are going in today we are still growing. This year we have a 3 percent year-to-date growth in both profits and sales. We have actually pre-released third quarter results at which there will be a substantial growth in this quarter beyond what the anticipation was. We feel really confident that we are doing well in an industry that is soft right now and is in what I call "pause" state as technology is catching up to where we are.

The growth – a lot of it has to do with paying attention, not to hundreds, but to thousands of small details in the business. There are thousands and thousands of points that we have to focus on in order to operate our business every day. What I am going to try to do is to take these thousands of points and summarize them into just five areas. It's tough to do, but first of all, it comes to leadership. Great leadership is not just having a good grain; it's also having a heart for the people and motivating a staff. That's number one. You're as good as the people that surround you. You have to motivate yourself with a team that cares and also get them to share on the same vision you have. It's not just about the perks. We have a mission statement at CDW that we want to have both a fun and challenging work environment. Our people also share in the success of the company through profit sharing and other programs so that we all grow together. The customer that I mentioned earlier on is the ultimate employer at CDW. They are the ones that we are all working for.

Years ago I actually changed to computerized signature on the bottom of the paychecks. I copied this from somebody else that I heard did it. It said, "From All of Our Customers." So that when each one of us got our paychecks, including myself, people realized whom they were working for. It wasn't for Krasny; it wasn't for the shareholders or the board of directors. It's the customers that were sending in checks every day, which made all our lives possible. Quite frankly, the bank fought me on this, but I was determined to do this and like other things I would not let go until they agreed to do it. What then happened was technology advanced and our HR Department came to me and said that they would like to go to direct deposit? I said, "But we've got one problem with direct deposit. We will no longer have a computerized signature on the bottom of the paycheck. So how will we get that message across – that the customers are ultimate employer?" So it wasn't until, through the payroll processing company, that they found a way to be able to put that on the bottom of the check that would allow direct deposit to happen in order to be able to once again remind everybody every two weeks who they work for.

We haven't talked about implementation, but you have to create a highly efficient organization. To give you an idea of how we've used technology at CDW, back in the early days we were doing about 200 orders a day and we had 12 people in our billing department that were just typing invoices and processing orders. Well, today we do about 20,000 plus orders a day and that same department which back then was 12 people today is only 7 or 10 people. If the growth rate of our people had continued, we would probably have 100,000 people at the company if wouldn't have automated many aspects of the business. Our revenue per co-worker at CDW is about \$1.6 million, which puts us in the top 50 lists of companies with the Fortune 500 list as to their productivity. One of the things that any company has to do, and I spoke earlier today with some students, is that you have to have automation and you have to have systems in order to become the low cost provider and be able to provide the highest level of services your customers. Automation is an absolute must. I challenge anybody to tell me any business in which automation in technology cannot make his or her businesses run better. It is not here to replace our people. Why it's here is to increase their bandwidth and give them more energy and more time to do those productive items.

Probably the biggest mistake that I made in the company is I did not understand the difference early on between advertising and branding. And it wasn't until about the last five years that I understood that you have to create a brand identity for your customers to let them understand who you were. A number of years ago we started to do focus groups and what we found is that people that knew of CDW, loved CDW. But people who didn't know us thought of us as a mail order company of a low service company, so at that point we went out to create a branding campaign to allow everybody to know exactly what CDW stood for, a high-level service organization. Every one of our customers gets a unique account manager and our service and support is number one in the industry. I can't tell you how many times I've heard people say what a great experience they've had and only a few times that people were disappointed. But many times they were disappointed more with the technology than it was CDW's service.

The other thing is that you have to be an innovator. The typical way that things used to be sold in the computer industry was either through computer retail stores or it was through sales people on the street, and at CDW we went out and created a new way of selling computers and that was through direct marketing well before the Internet ever established. So whatever you are doing, if you are just going to do the same thing as somebody else does, you have no competitive advantage, and you also have to remember that you have to continue to change and evolve your business because if you don't, somebody else will come along with a better mousetrap and do it better than you do and will have what I call a disruptive technology. We've continued to add new product lines, things like telephony, T1s, frame relays and other broadband things. We've taken our catalog and what started out as strictly a mail order company is strictly as a magazine advertiser. Today we have what we call magalog, which is both a cataloging editorial content all combined into one item in order for the customer to get the most value. What I'm really trying to say here is whatever you are doing today is not good enough. You always need to be able to change and your vision for the future. We have a lot of philosophies at CDW and when you look at that little book one of them you will see, it says, "What's right yesterday may not be right today and what's right today may not be right tomorrow and what's right tomorrow may not yet be right today."

Don't be afraid of change. You have to constantly change or you can never be satisfied. Quite frankly, I applied that to myself. About 2 ½ years ago, after running a 20-year marathon of building CDW, of working long and hard days, I was tired. I was also beginning to believe in the success that CDW had and although it would have been easy for me to keep my corner office and just glide along, I realized it was time for new leadership. There's a reason that the President of the United States only serves two terms; it's a long endeavor in order to go through that. We have close to 3,000 people and my ability to touch and feel each one of them just wasn't the same that it was in the beginning. We had replaced over the years a number of people in other management departments; so quite frankly, I went to the board and told them I think we should fire our CEO, who was myself. That was 2 ½ years ago. It took us not very long to find somebody who was better than our previous CEO and the person that we brought along was a fellow by the name of John Edwardson. John comes to us; he is the Foreman, Chairman, and CEO of Burns International. Prior to that he was President of United Airlines in 1994 when they were doing well and they were flying high before their typical current problems and when John left it seems is when they got in trouble and before that he was CFO of Ameritech, which is now SBC, back in the 1990s when they were communicating well and were known for customer service. Not only was John smart though and did he have a professional background, he also had an entrepreneurial spirit and he understood what CDW was about and the culture of CDW. One of the stories I like to tell is shortly after John joined CDW we were named as a Fortune 500 company. I will admit that was for the year in which I was CEO and then John came the next year, but he took credit for it. But, anyways, when John went out with a press release he put a quote out there and what he said was, "The way we became Fortune 500 Company was by treating each customer as if they are our only customer." That was a CDW philosophy that went way back before John and what it really means is that John gets it, he understands everything that CDW is about.

I am now Chairman Emeritus. I am an active board member and I remain a significant shareholder of CDW, a significant owner. I don't know exactly what I am going to do next. For the last 18 months I have done a lot of nothing and the one thing I have done is I've taken some technical classes because over the last 20 years as I started out as a geek, I have become more of a business person and I wanted to get back to my geekness there. So I have gone to classes in order to learn more about Windows 2000 and technology. I have no idea where I am headed for now; I'm in a very similar position that I was in 20 years ago of trying to decide what to do with myself. I keep on teasing John and telling him at some point when I am ready to come back to work I can come to CDW and apply for a job as a technician. After all, CDW is one of the best places to work in the U.S., so why wouldn't I want to go there?

I'd like to finish up by telling you one last little story. My bicycle riding partner and not so famous rabbi friend of mine, Steve Starklowensteins, told the following story and I think it's very appropriate direction in life and where we should all think. Imagine that there is a bank and that every day when you woke up you were credited \$86,400 in the morning and your job for that entire day was to spend that \$86,400 because at the end of the day whatever's left in the bank account would be gone. I would hope you would spend some on yourself, some on friends and family; I hope you would give a little bit of charity. But whatever was left at the end of the day would be gone. Now each of us should think of that bank as not being a financial bank, but the bank of time. Every morning when we wake up, it gives us 86,400 seconds. That is exactly the number of seconds that are in every given day. Every day whatever we don't use of the day is gone forever. We will never be able to bring those seconds back again. I would hope that everybody would find some way every day to use every second and there are no overdrafts because every night every second burns away. There's no going back; there's no borrowing against tomorrow. We must live in the present day's bank account and enjoy every day. What he actually gave me is (I have it here somewhere) a check, which is written out to myself that says, "From the Bank of Life, pay to the order of myself 86,400 seconds," and signed by myself. And it says, "Void at the Completion of Each and Every Day." So it's my reminder every day that every day should be valued for what it is.

Thank you very much for your time. If there are any questions, I will be happy to entertain them.

Question and Answer Period

QUESTION: Do you have any ideas about your next company, any early preliminary ideas?

ANSWER: Do you want to invest? I have no focus right now and I'm just enjoying each day and actually doing a little investing myself.

QUESTION: I read an article about some of the work you are doing for the community and I wondered if you could just share a little of that.

ANSWER: I feel very fortunate in life to have what we've had to have the success that we've had and I always think it's important to be able to give back, so we have a mission from a small family foundation out there is to go out to service people that are less fortunate than us. Our focus is on shelter, education, children, and people of need, so I spend about 25 to 30 percent of my time on the family foundation work.

QUESTION: You say the fun part of the journey is how you get there; is that true?

ANSWER: Yes, because if I had getting there, I would still be there. I had an absolutely great 20 years along the journey and I encourage everybody to have that fun. The journey was great.

QUESTION: (Could not hear question.)

ANSWER: First of all, have passion for what you want to do. I told a little story earlier when we were sitting around here about a local restaurant. It had opened up near our home and one night my wife, son, and I went there for dinner. It was a fast food restaurant, a fairly high-end fast food restaurant, not a McDonalds, but a gourmet McDonalds. We got there and there was line out the door. We walked up to the counter. My wife, son, and I got dinner, sat down; it was delicious and as we were walking out I said to my wife, "This place will be out of business in 6 months." And she looked at me and said, "Why? Why do you think that?" I said, "Because when I went in back to go to the restroom I saw the owner sitting there watching TV in his office and I had a conversation with him and asked him how did he come up with this (and there were a couple of other of these restaurants around he said)." "You know I don't necessarily enjoy this business; I don't like the business but I think I can have a couple franchises, put a manager in each one of them and not have to work very hard." He is now out of business because next time we went in there the food was cold and it wasn't too clean and the owner was nowhere to be found. So I guess my first piece of advice to you would be have passion, do it for the reason of something you enjoy to do. As George Burns says, "It would be better to be a failure but enjoy what you are doing than to be successful and hate what you are doing."

The other thing is to remember that it needs to be a win-win relationship. If you look at some of these big problems out there today, many of them were because people were greedy and they were looking out for their own self-interests. Create a team; allow that team to grow with you, prosper with you and be part of the company because it's real easy to motivate somebody who is already motivated. If people resent you, I think you are going to have a tough time.

Another little story to tell you is, "One of our executives at CDW told me a story once that he was working for another company who actually was in the same industry as we were and back in 1987 we were having little recessionary problems and the owner of this company called him into the room and said to him, "Guys, things are really tough out there right now, sales are down, margins are down, things aren't going too well and we are having a little tough time right now, so what I ask everybody to do is to please take a 10 percent cut in pay. Well, they all looked at him and said no problem boss, we're here to help you. As they were walking out of the room, somebody happened to glance out the window and saw a new Mercedes Benz sitting in the parking lot and somebody said, "Whose car is that?" And they said, I won't name the name, "It's the bosses'." At the same day that he asked people to take a 10 percent pay cut he went out and did something like that. What happened is that he lost his people because they no longer wanted to be part of his team.

So a lot of it has to do with building a team, having a concept, worry about the customer service and worry about profitability as the very last thing, because if you do everything else right and have a highly automated system, profitability will come in the end. And that would be my greatest advice in about a 30 second description.

QUESTION: What led you to look outside the company for a CEO replacement?

ANSWER: Initially there was some concern inside and as we were going through the process there was concern and there was a short-term morale problem amongst the top people. I remember having lunch with somebody saying I am ready for it; I'll take it on. The reason being that our people didn't have an experienced leader who had led them. Remember, I'm an entrepreneur. I am somebody that took the company from the ground up and built it up. I'm not somebody that had built a management team of professionals, and I just do not think that anybody inside was ready yet, had been mentored appropriately to be able to take on that position. John, who comes from larger organizations, I have watched him and he is really mentoring these people. He is really bringing them up and quite frankly everybody who would have liked to aspire is taking on a new position at CDW and actually has gotten a promotion. It's our goal that next time that we need to go to look for a CEO, (John's 52 or 53 years old) it is our hope at that point we will have candidates available on the inside.

QUESTION: Had you run across any issue over the years, financial or operational that you thought you might have to go public with?

ANSWER: The question was, and I think it's appropriate in today's world, is why you're asking it, had we run across any issues over the years, financial or operational issues that we thought that we may have to go public with.

Minimal, at that. Nothing that was ever material. And there's a term used, materialness and nothing that was ever material that we may have had an accrual that was off a couple of hundred thousand, things of that nature. One of the reasons that we never had that issue is we were always very conservative and we never made promises and we never got ourselves in a position of being there. We always took the high road in order to be sure that we stayed within limits and we never got aggressive with our accounting policies, things of that nature. So we never had it. There was a time or two that we may have had discussion, "Do we?" Our answer would always be, "If we have to." Disclose - don't hide anything.

QUESTION: What was the biggest obstacle in growing the company?

ANSWER: The question was what was the biggest obstacle in growing the company?

I don't know if I should be humorous or not but four letters – Dell. They are a tough competitor. Probably the fact that we didn't market early enough may have been it. It was triage all the way through and it was probably competition there, manufacturers were tough to establish relationships with. If I had to sum it up to one thing, they are one tough competitor, but we are one tough competitor too.

QUESTION: For a period of time you were a private company then you became a public company. Can you comment on that trend too please and also did you ever feel constrained by being a public company?

ANSWER: The question was what was it like to go from a private company to a public company. First of all, the reason we went public, I didn't believe in debt. We never had debt at the company. And in order to grow the company at accelerated rates, which the market was calling for, I would have had to take on debt and I was not willing to take on that risk of the debt.

Number 2, by going public, it gave me a currency in order to be able to motivate and reward my people and allow for them to be able to share in the growth of the company with things called stock options.

Number 3, I felt by going public it would give us exposure to the financial world and basically would be PR and free advertising. We went public in May 1993, which was \$12 a share at the time adjusted today,

which would be about 25 cents. We are now at \$45 a share, so we've had some nice appreciation and we brought \$12 million in 1993. This \$12 million gave us the financial ability to be able to implement some things that I was not willing to take the personal risk on, things like upgraded computer systems, upgraded warehousing facilities, and things of that nature. So that's the reason that we went public.

By being public, did it ever inhibit us from what we needed to do? No, because we ran it for whatever was the best for the company. We never ran it for what was best for the shareholders. We never ran it for what was best for the internal people. We ran it for whatever was the best for the growth of the company and the growth of the profitability and by doing that everybody would be able to win together. I'm not sure if you asked this, "Would I ever take a company public again?" If I were in the position I was in then, yes because I needed to. Today I wouldn't do it again because I don't like living in the glass house.

QUESTION: Do you have benefits that would be proactive for families and people with flexible schedules? (Could not hear all of the question.)

ANSWER: Are you interested in applying? Yes we have many different things. We built 3 years ago a fitness center, a childcare center at the company; we have profit sharing for people; we have maternity leave; there's a whole laundry list and I apologize – it's been about 18 months since I've been active, but there is a laundry list of things. It's a subsidized daycare center where we pick up a cost of it and facilities. There are many different things that we do.

QUESTION: Can you describe how you made that decision, from a smaller to a larger operation?

ANSWER: I don't know that it happened on Monday morning because I don't think I went home from Friday through Monday. I think I worked all the way through the weekend. It was just going through doing – it was hectic – it was triage. If you've ever watched the program, Mash, and we were doing 100 things at a time. We were just sitting there trying to open up bandwidth and doing stuff. I would say it wasn't for 10 years until we actually got any sense of orderliness to the company from that period of time. The joke used to be around there, a cute story. We were always shipping 200 orders a day and we weren't doing it very efficiently and UPS would come at 5 o'clock to pick up our shipments and we wouldn't be ready until 6 o'clock so we would block in the UPS truck with one of our cars and wouldn't let them leave. These are all the crazy kind of stories that we used to do. So I would say that it wasn't until 10 years after that until any sense of orderly happened there.

We would implement technologies and systems which was meant to get us out early and what would just happen is that it would open the bandwidth in order for us to ship more orders. We put in little things like sealed COD tag printers which means that nobody had to hand write the COD tags any more, so rather than taking a minute to handwrite the COD tag, we got it down to 5 seconds worth of printing. That 55 seconds that we gained, we used somewhere else in the organization. So we just kept on opening up the bandwidth. It was 10 years before orderliness came.

QUESTION: How are you distinct from Dell?

ANSWER: The question is, "How are we distinct from Dell?" We are nicer people; we give better service. With Dell you can only buy a Dell computer. At CDW you can get any kind of computer you want, other than Dell. At Dell – do you want the whole laundry list, sir? Do you need a salesman to call you? We ship same day, things that many times take a week to ship. I can't knock them; they are a great company.

QUESTION: What is your passion?

ANSWER: The question was, "What was my passion?" I think my passion during the hard times (I don't know that there were any really hard times, sir because, remember, we didn't invent technology. We were riding the jet streams of companies like Intel, IBM, Compaq, people of that nature, and we were just the best ones at distributing that technology and creating a demand there. My passion was for building systems being able to produce as much volume as we could in an orderly manner and also create opportunities for

people to be able to grow in the company. And if you ask how I got through the tough days, because you're right, 9 out of 10 days I enjoyed getting up and going to work. There were those days that were the tough days of getting up and going to work. It was just a belief in doing what I did. It was just in my blood. I loved it.

QUESTION: What is your vision for CDW?

ANSWER: First of all, the current management team is creating the vision of CDW. One of the things I decided when it was time for me to step down and retire was that I couldn't get in their way. You can't have two chefs in the kitchen. So John is the Chairman; John is the CEO; he is the one who is creating the vision. We confer on a regular basis, but rather than me going out and telling his vision, maybe you can get John to come talk here.

QUESTION: How did you manage the uncertainties involved in your personal life?

ANSWER: It was a very stressful position. First of all, I was not married for the first few years, so I was able to work all night and nobody cared. I would have dates, I just wouldn't show up on the dates; I wouldn't call; I just wouldn't do anything; I just didn't show; I was too focused on doing that at the time. And then, once my wife and I got married and I was a still a workaholic at the time, there were times that it created stress levels but I was focused and it was something that I wanted to achieve.

QUESTION: What is your passion now?

ANSWER: If you find it, let me know. That's what I'm searching for right now, and as I said I'm where I was 20 years ago trying to decide – I'm somewhat in limbo right now.

QUESTION: How did you go from workaholic and make the change (Could not hear all of the question.)

ANSWER: First of all, it's sort of a funny story. I hope this isn't in bad taste telling this story, but I don't care. The day that I stepped down was a Friday. My wife, Sunny, and I were going away for two or three days after that, just up to Milwaukee for a couple days and then on Monday I was supposed to leave for a fishing trip with some people from the industry in Cancun, Mexico. On Sunday night I got a phone message at home saying don't come, there's 8-foot waves. So on Monday morning I woke up with nothing to do. My mother called me and told me her cousin died and that she had to go to the funeral on the south side. I went with her; it gave me something to do that day.

One of the things that I did is, first of all, I set up an office outside my home. Every day I get up, I go to the office, I'm doing some investing. I also have this hobby of doing some woodworking that I enjoy doing. It's actually computerized woodworking. So I go in my blue jeans and I go to my little office and I cut wood and make sawdust and things of that nature and I've been able to – it's remarkable how I fill every day. I've heard this from other retired people saying that they don't know what they do all day, but their whole day is filled from moment to moment. I change into other things, my woodworking; I'm doing investing. I also figured that I know 250 people. If I can get each one of them to have lunch with me once a year, that would take part of every day up.

QUESTION: When you were running this big organization, Fortune 500, how did you allocate your time between inside activities and outside activities, things like, what other companies (Could not hear all of this question.) versus the day-to-day problems of CDW?

ANSWER: Although I had contact with the 3,000 people (probably 2,900), I was constantly there. One of our focuses was to keep everything under one roof, so by having everything under one roof I was able to touch and feel each person and see them. I had a group of 7 or 8 people, which was what we called our executive committee. It met once a week, and during that once a week breakfast we would talk about what's going on in the industry, what's going on within our own company, that Joe would say X and Jane would say Y and we would get people working together to figure out what we needed to do within the company.

I would also converse with investment bankers to hear what the analysts are saying is going on in the industry. I would talk to manufacturers; I had a couple of friendly competitors that we would talk occasionally. One of the issues with us was because we were national, we couldn't have a competitor, and we couldn't have somebody in another state that we weren't a competitor with, so as a result our contacts with other people in the industry were relatively minimal. But it was through the manufacturers we got information, reading trade magazines, there were a lot of different ways to find what was going on in the industry. I really wasn't worried about what other people were doing; I was worried about trends. I was more worried about what we were doing. Let's pay attention to our own house.

QUESTION: In hindsight, if you were able to repeat your own graduate experience, what courses would have been most beneficial in your career?

ANSWER: Frisbee Throwing I. Let me say it to you a little differently, if I may. Of the classes that I think back on that were some of my most helpful classes of putting this together. First of all, there is nothing that replaces the school of hard knocks, before we get to education, being in the environment and just doing it and the dinners sitting down with my father at the kitchen table and talking about it.

But from the educational environment, first of all, for some reason I always bounce to accounting and the only reason being is it gave me the ability to understand and talk with our financial people and understand how to do accounting. Not that I particularly did it so much. Secondly was technology, was MIS. Although I didn't write the programs, I understood what a system could do and it gave me the ability to sit down with my IT people and they would say, well we can't do that. I said, no, no, no. Don't tell me we can't do it. If we do X, Y and Z we can get it done. So it was the ability to be able to speak with them and understand it.

One of the things that I mentioned to one of the professors today was about marketing. The one that I don't think I walked away with was a good enough understanding of marketing, because of the fact that I needed to create a brand and I didn't understand that until 10 years into the game. IT, accounting, marketing, those are what come to mind very quickly. IT, if I had to give one (I'm sorry to play preferences) but IT would be number one because that allows you to become a more efficient organization, and actually we were one of the first companies that had whatever title the person was at a given time, but the IT person began as an MIS manager all the way to the CEO later on in life always reported to me. And I always believe that your top technology person needs to be part of your executive committee and companies that have top IT people report to the CFO, I don't support that because what it means is that the top, top management doesn't recognize the importance of IT.

Thank you very much!



Dean Ghosh: I learned a lot. Before I ask the audience to join us at the reception, I want to acknowledge and ask the Cozad family to come up. I would like everybody here to join us at the reception on the second floor.
(left to right, Dean Avijit Ghosh, speaker Michael Krasny, Mimi Cozad Nygren, Greg Cozad, Kristy Cozad, and Malcolm Nygren.)