



NAME: Robert Stolz

TITLE: CEO of The Wurth Line, North America

COMPANY: Wurth Group



Robert Stolz, who oversees the North American Wood, Construction, Automotive and Oil and Gas operations of Wurth Group – including four cabinet supply businesses – is part of a conglomerate that encompasses 400 companies in 84 countries. With so many pans in the fire, so to speak, he says the international giant draws on the strength of its size, among other strategies, to keep all the burners going. The success, Stolz further reveals, is in Wurth’s “secret sauce.”

A key ingredient in that recipe for success is e-commerce, with Wurth’s North American companies somewhat ahead of Europe, which tends to be the front-runner in terms of design and engineering. The platform plays a critical part in making it easy for customers to do business online; but Wurth is well aware that in order to preserve the customer relationship, it also must remain wholly committed to direct sales. An equal focus on online and offline business demands a great deal of money and resources; but Stolz finds that the most successful companies figure out a way to do both. Industry insiders are weighing the pros and cons of their approach to e-commerce every day, he notes, citing anecdotal cases from people he knows personally; and he believes this is an issue that the industry will continue to grapple with going forward.

Another consideration with today’s online-heavy culture, Stolz suggests, is the potential strain that email, video conferencing, and other electronic communications can put on relationships with manufacturers. He notes how easy it can become to “hide” behind the technology. In the past, “if you had an issue you needed to discuss with your manufacturer partner, you got on a plane and went to see them or they came to see you,” he remembers; but now, it’s much more convenient – but perhaps less effective – to address everything via electronic format. “This might be a good thing in between meetings,” Stolz acknowledges, “but at the end of the day nothing is more important than sitting down with your partners,” whether it is over dinner, at an NBMDA meeting, or even in an informal encounter during social time at one of these events. “The goal is to make both sides successful,” he stresses, “and that is still relationship-driven.”

This is truer than ever in the current business climate, he adds, as companies make management and personnel changes. “The players in the management can change and you might wake up the next morning to somebody different, but it’s still your partner,” he says, likening the distributor-manufacturer relationship to a marriage. “We can have a 35-year relationship with one company; but if the management changes at the top, then you have to be aware of that. You have to find a way to reestablish the same relationship you had before the new management came in.”



Wurth, like its partners and competitors, also is focused on management. Cultivating corporate talent is another piece to its secret sauce. High-potential programs across the organization allow it to identify future leaders from around the world and bring them together. In addition to offering formal coursework in areas such as communication and management styles, there is a day-to-day process of simply identifying and meeting with up-and-coming stars in its ranks; Stolz estimates that he spends fully 30 percent of his time working with and mentoring younger people. And he points out that the CEOs of Wurth's North American companies have all completed the high-potential programs.

In addition to in-house grooming to prepare for their leadership roles, the CEOs also benefit from another big part of the Wurth secret sauce: decentralization. One of the biggest strengths at Wurth, Stolz says, is the autonomy that it grants its businesses, which operate independently. Rather than a "top-down environment" with initiatives pushed out from Wurth's German headquarters, the corporate culture instead promotes collaboration and camaraderie but also individualism and independence. Stolz explains what that means in practical terms. "Sometimes companies get so big, and No. 1 Somebody in New York City will make a decision for somebody in El Paso, and that just doesn't work – at least not in our model," he says. "What we like about our current structure is that our companies are very regionalized. I think it's really important to stay as close to the customers as you can – whether it's on the sales, the operations, or the management – and that's what we try to do."

Even with the heads of the cabinet supply firms in North America making decisions that are most appropriate for their geographic regions and circumstances and the executives of, say, a European division doing the same, the sheer size of the Wurth empire also allows them all to be on the same page and participate together on many different aspects of business. Here is where the organization adds an ingredient called "Shared Services" to its secret sauce. "We're developing menus for each of the companies to be able to take advantage of cash management, insurance, and other products that could be easily shared," Stolz elaborates. "It's a continuous process. For example, we've completed it with regard to our financial management, so now we're looking at more operational roles on how we can share services together."

For the North American companies, in particular, Stolz says there has been a concerted effort to leverage best practices throughout the brand. "They're running their own businesses," he reiterates, "but they're also a champion for a strategy that we may take across all of the companies." As an example, he points to Roger Debnam, CEO of Wurth Wood Group, who put a lean processing program in place in North Carolina. Stolz recalls initially being slightly skeptical about the initiative, and then blown away by the results. The new approach reduced the number of steps that workers in the warehouse had to take to fulfill an order, down from a couple of miles per day to just three-quarters of a mile. "This is not Harvard-MIT stuff," Stolz agrees, "but it was so impactful. It was huge, and it's just one example of best practices."

In a nutshell, Wurth's "secret sauce" really isn't so secret at all. As Stolz summarizes, "Wurth is a great big company, and part of our secret sauce is that we're large enough to be



able to offer and take advantage of cost savings and things that a large company can offer. But we're also independent; each company is independent enough to run their own business, depending on what the needs are for the customers in that region." In addition, Stolz points out that despite having the resources of a large public company, Wurth is privately run – an additional factor in its success, because the company doesn't have to push earnings from quarter to quarter to please shareholders or try to "manage expectations" that Wall Street has set for it. Stolz also gives credit to NBMDA, which he first joined when he was still new to the industry and "didn't know beans." He'll never forget, he swears, how a group of seasoned distributors took him under their wing and showed him the ropes. Stolz himself eventually went on to become a past president of the association, and Wurth's management teams in the industry also have been highly involved with the leadership of NBMDA over the last 20 years. "It's a big part of the Wurth Group's success," he declares.

About NBMDA

NBMDA is a multi-segment trade association representing the leading wholesale distributors of specialty building products and woodworking materials. Membership segments represent distributors and manufacturers that serve the independent building material, lumber, and kitchen and bath dealer, regional and national home centers, as well as those that serve production companies involved in cabinetry, architectural woodwork, stock woodwork, store fixtures, solid surface fabricating, plastics fabricating, general and specialty woodworking industries. For more information, visit www.nbmda.org.

