



December 7, 2007

Watco Team:

One of the biggest challenges we face as a Company is hiring, developing and retaining the best quality people we can find. Our management approach at Watco is not command and control but “guided decentralization”. Guided decentralization is an entrepreneurial approach to management, whereby ownership is vested in local management within a process and philosophy of business management.

The absolute key to our success with this business style is hiring, developing and retaining the best quality people. As such, I’ve asked Jeff Linden, Human Resource Manager of the Central Region, to educate us on a topic relevant to this subject. I would like to thank Jeff for his participation in writing this valuable message and encourage all of us to improve our management of people by developing our awareness, understanding and practice of caring for our people.

Thank you Jeff and to everyone for the positive things you do for our people everyday.

A handwritten signature in black ink, appearing to read 'J. Linden', is positioned above the title of the message.

Getting it Right the First Time
By Jeff Linden, Human Resource Manager-Central Region

I once heard Businessman T. Boone Pickens give the following advice during a lecture: “When you accept a job, accept it with the attitude that you’ll work there your entire career.”

He went on to explain his comment by stating that a “long-term” attitude benefits both the employee and the employer. Most employees will want to make the most of the situation to satisfy their personal, basic needs such as food, shelter and a means to establish a work/life balance through personal and professional development. In turn, the employer benefits through reduced turnover and a loyal, skilled workforce. It’s important to keep this advice in mind from both the employer and employee perspective. An employee who wants to stay in a position will look for an opportunity that meets those needs.

In some cases, due to necessity, it appears we’ve filled positions out of desperation or immediate business needs instead of “long-term” needs. As we move forward in expanding our team it’s

important that we establish consistent practices in our hiring process and specific attributes in our selections. What are some of the specific traits we look for in candidates?

- Positive Attitude: Specifically, someone who understands our Customer focus and displays the willingness to accept or learn the culture, work ethic and environment that are part of the specific job.
- Skill Set: Maybe not an exact match, but skills that come close to mirroring those required for a specific position.
- Work History: Extended periods of employment that demonstrates a pattern of stability, flexibility and upward mobility.
- Basically, in order to meet our own personal and professional needs we should always be looking to hire our replacement.

However, the challenge then shifts to our ability to retain those people once they become part of our team. The changes in the U.S. workforce reflect the difference between specific demographic groups now more than ever. A few years ago, the emphasis was on hiring and retaining the “Baby Boomer” generation, then, we went from Generation X to Generation Y. Now the focus has shifted to hiring and retaining the “Millennial” Generation. While this group still harbors a desire to satisfy their basic needs through pay and benefits, they also desire frequent communication, supportive management, learning opportunities and a challenging job. Amazingly, these are all things that are immediately available at a minimal investment.

Moving forward, our success and the success of our Customers depend on our ability to focus on the above points, maintain our momentum and most importantly communicate not only before a person joins our team but throughout their entire career.

Thanks.