



March 14, 2008

Watco Team:

Last week I wrote about the first four “Lombardi Rules” that can help us all become better individuals and leaders. In summary, those four rules are:

RULE #1: Ask yourself tough questions.

RULE #2: Look the truth straight on.

RULE #3: Play to your strengths.

RULE #4: Write your character.

This week I will summarize rules 5 through 8.

RULE #5: Think big picture: When Coach Lombardi became the Coach and GM of the Packers, he knew there were functions in the organization that were best managed by others with more knowledge and experience. He was an effective delegator and demanded that people be accountable and autonomous for decisions within their areas of responsibility. To ensure that all members of the organization were focused, Coach Lombardi understood the importance of developing and communicating a vision linking where the team was today and where it would be in the future. He clearly defined the plans to reach the future vision and linked all goals to the achievement of this goal. Think about how we apply the Watco Foundation Principles to our business and the goals we set for Customer Satisfaction and Profitability Over the Long Term.

RULE #6: Be committed: The Latin definition for decision is "to cut away from." When we commit to something we cut away all other alternatives. We focus our attentions on achieving the task at hand and dedicate ourselves fully to the organization missions. This is the case with our Foundation Principles. We are not sort of committed to achieving Customer Satisfaction and Profitability over the Long Term. We must be dedicated to this purpose in everything we do at every moment in every day. As leaders, it is our primary purpose to educate our people on the meaning of our Foundation Principles as applied to our daily work and decisions. Embedding this purpose in everything we do, making it centric to all of our decision making is how we are dedicated to the achievement of this outcome.

RULE #7: Work harder than everyone else: Coach Lombardi was well known for his long arduous practices. Jerry Kramer, Packers right guard, once said that the Packer offensive could run the power sweep in their sleep. Lombardi's purpose was to focus practice in such a way that execution was just second nature to his players. This pursuit of perfection in execution is a key element in achieving the championship level of performance. Likewise, we must educate our people everyday about the application of our Foundation Principles and how to execute them in

our work. Everything we do must be centered on achievement of this purpose. In support of this purpose, all of our systems and measurements, how we evaluate winning, is defined by the achievement of Customer Satisfaction (right car, right time, right condition, and right price), Profitability (economic-value added and free cash flows) Over the Long Term (commitment to Customers, our People and the Communities we serve).

RULE #8: Be prepared to sacrifice: When Lombardi arrived in Green Bay, he found a lackadaisical attitude rampant among the players. This attitude manifested itself in a lack of mental and physical toughness among the players. He noticed in the training room how many players sought treatment for what he considered minor injuries. He made it known that football is a Spartan-like sport, meaning that the physical and violent nature of the sport was expected to result in a certain level of pain. He expected players to be tough and to play with a certain level of pain and minor injuries and not to use this as an excuse to sit out or not play to 100%.

Too often we seek to protect people from pain and frustration. How often do we lower our expectations rather than drive our people to reach a new level of performance? How many days do we say that what we did yesterday is good enough rather than make each day a new game with standards that are higher than yesterday? Winners celebrate in their achievements but are never satisfied. They set their standards higher than others and constantly strive to do more and better. Tiger Woods has an incredible record of wins in Match play, hole-by-hole competition with another player. He attributes his success to the fact that his Dad taught him to think about match play as a new competition on every hole. Through his mental discipline, he endeavors to win every single hole. Coach Lombardi strove to win every single play in every game. To win we must push ourselves to win at every single task every day.

Thanks for all you do for our Customers, People and Company.

A handwritten signature in black ink, appearing to read "Tom Izzo", is positioned below the text. The signature is fluid and cursive, with a prominent horizontal stroke at the beginning.