



June 20, 2009

Watco Team,

This week in continuing to focus on Coach Wooden's "Pyramid of Success" I'll introduce Building Block #8 – Initiative. For review, the previous Building Blocks were:

#1 - Industriousness and Planning
#2 - Enthusiasm
#3 – Friendship
#4 – Cooperation

#5 - Loyalty
#6 – Self-control
#7 – Alertness.

Initiative is having the courage and energy to initiate action or make a decision. People who display initiative are confident in their abilities and are willing to take responsibility to make something happen. In other words, people with initiative will act when action is needed without fear of failure even though they may make a mistake or fail. Coach Wooden suggests that as leaders we must cultivate in our People the ability to think and make decisions on their own without fear of failure. If we allow our People to be stifled by fear, then we will never reach our full potential. Personal and organizational growth requires that we push the limits of our comfort zones which can cause us to be anxious and fearful of the unknown.

We can all relate to the anxiety of the first day of the school year. Even though the school and classmates are the same, we were still anxious about the uncertainty of the new teachers and subjects. Challenging our personal and organizational limits is no different. In order for us to grow and improve we must be courageous and persevere in face of the discomfort of the unknown. When we defeat fear and encounter the new challenge it becomes something that we know and therefore becomes a new level of comfort. Therefore an important aspect of continuous improvement is the ability to persevere in our efforts in the face of fear of the unknown in what might be conceptualized as a ladder of progress. Each new accomplishment is taking a step up on the ladder that becomes a new height of self improvement.

Coach Wooden recalls his old college coach saying that most times, the team that makes the most mistakes is the team that will score the most points. That's because they are willing to take calculated risks and are confident in their abilities to overcome adversity. They are doers who act when action is required with a confident understanding of their abilities and realistic understanding of the potential outcomes. When the game was tight, Coach Wooden wanted to get the ball in the

hands of the player who wanted the ball. Players like Richard Washington wanted the shot because he was confident in his ability to make the shot but more importantly he was not afraid to make a mistake. He harnessed his fears in a realistic understanding that no player can be expected to make every shot so that missing the shot was not devastating to his confidence.

Initiative, as defined above, is the best way to describe how all leaders and managers at Watco should strive to perform our roles. In essence we should strive to emulate the entrepreneurial spirit of Dick Webb who was a person of action with enough confidence in his own knowledge and ability to strike out on his own with little money to pursue a vision of what he wanted to accomplish. Dick constantly challenged us to improve our performance which drove Watco from a single switching location to a preeminent position in the railroad industry today. For those of us who were fortunate enough to know and work with Dick, the best way to understand how we must fulfill our roles as leaders and managers is to simply recall the example set by Dick Webb. It is also incumbent on us to teach and develop our People to emulate the initiative of our Founder within the institution of our Company as a lasting legacy to Dick.

Thank you to all of you who care for and serve our Customer, People, Communities and Company.

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