



January 29, 2010

Watco Team,

Coach Wooden's teachings on success are based on the concept of the pyramid. The structural strength of a pyramid is due to its broad supporting base and narrowing design which graduates to an apex. The blocks are bound together by mortar running through the structure. The mortar represents values that Coach Wooden believes must exist throughout all points of character to allow the pyramid to endure all challenges that life can present. The first mortar we discussed was ambition, the second was sincerity, the third mortar is adaptability, the fourth honesty and the fifth is resourcefulness. This week we will cover numbers six and seven, reliability and fight.

Reliability is the quality of being consistently dependable in all circumstances. People who are dependable have the strength and courage to encounter whatever challenges may be present in the situation. Their willingness to do so is based on a core trait of loyalty to the person needing their support or help. Consistency is the other trait of dependability which is the drive to give their best in all circumstances based on the pride and need to do their best at all times.

Coach Wooden also discusses the closely related trait of fight. Fight as he describes it is the determined effort to always do your very best. Coach likens it to former players who, while maybe lacking in the athletic skills of other players, were always turned on to the highest level. Evidence of this trait was the ability to exert energy at the highest level at all times. Another way to describe this trait is "intensity". Intensity is the trait of always being anxious and ready to perform at the highest level. It is better described as a focused passion that causes that person to constantly be on alert and ready to give their all in all circumstances. I call it "always having your tail in the air".

One trait of fight that Coach Wooden discusses is the ability for a player to play with pain. Players who have intense determination and focus are the type that will display a much greater tolerance for pain. People with this trait tend to have the drive to work through the pain of exercise and reach a second wind. My experience is that the people with the highest degree of intensity may not possess the highest level of natural skills and talents, but are many times the top performers. This is because of their desire and intensity to be the best they work harder than those who are more talented. In almost any circumstance I would take intensity, desire and pride over those lacking in such qualities but with greater natural talent.

As leaders and managers it is up to us to possess two critical skills. First is the ability to hire the right People. We must have the skills to discern the type of people we bring into the Watco family. Hiring the right People

means they have the personal traits that naturally support our mission and they are motivated by the esteem and rewards that come from fulfilling our Watco Foundation Principles. Second is the ability to organize and manage our People to achievement. This happens when we focus on three things. First is building relationships with the People in our scope of responsibility. We must do this to engage our People completely intellectually and emotionally in our mission to serve. Second we must be managers. We must understand that management is a process that entails the abilities to:

1. Effectively develop plans that include input and participation of the People involved in making it happen.
2. The ability to communicate and ensure that our People clearly understand their role in the plan and the expectations for their performance.
3. We must be able measure actual performance in an objective and timely manner.
4. We must be able to objectively evaluate actual performance as compared to expectations to determine the extent to which each person is contributing to achieving their expected results and together how the team is accomplishing the mission of our Foundation Principles.
5. We must be teachers on a sincere mission to promote the success of each and every one of our People.
6. When all is said and done, we must be willing to reward and hold our People accountable for their achievement.

Throughout this entire process, we must be always be respectful, honest and trustworthy in everything we do.

People are our most valuable asset. It is our responsibility to cultivate, encourage and develop them so they can reach their greatest potential. This means we must understand how to identify and hire the talent we need and how to motivate and manage our People to execute our Watco Foundation Principle as applied to everything we do. In doing so, we will achieve our mission as a Company and promote the success of each and every person in our Watco family.

Thank you once again for all that you do on a daily basis to care for our Customers, People, Communities and Company.

A handwritten signature in black ink, appearing to read "T. D. ...", located at the bottom left of the page.