

The only certain means of success is to render more and better service than is expected of you no matter what your task may be.

~Og Mandino

“Make the Best, Someone will buy it”

**A conversation with Alan Wilson,
Chairman and CEO of McCormick & Company**



It's probably appropriate that you are reading my interview with Alan Wilson, Chairman and CEO of McCormick, between Thanksgiving and Christmas, two pretty important holidays to McCormick. Recently, Shelley Lombardo, our Vice President of Marketing at Evergreen, and I visited Alan at McCormick's headquarters in Sparks, Maryland. When you grow up in Baltimore there are certain things that matter to all Baltimoreans: The Orioles, the Chesapeake Bay and McCormick Spice- they define us.

My first up close and personal familiarity with McCormick was in the late 70's when I was with IBM and had account management responsibility for McCormick. I was in awe of their leadership (Wells, Wilson, Thomas, Yates, Shelhoss, and Nordhoff), the way they treated their people, and their innovative approach to management development (inspired by C.P. McCormick).

And now it's 2013, almost 2014 and the foundation whose first cornerstone was laid 124 years ago, gets stronger each year. The greatest spice company in the world.

Alan is in his 20th year with McCormick and completing his 6th year as the leader of this great company.

Thank you, Alan, for sharing your time with us. You carry the torch of responsibility and stewardship well.

**Mike Gill
Chairman
Evergreen Advisors, LLC**

MG: Alan, 2013 is the 124th year of the founding of McCormick by Willoughby McCormick. For many years, McCormick has been on the list of the “Best Places to Work”. For all the platitudes and recognition that McCormick has received, have you gotten everything right? What do you need to work on?

Alan: There are a lot of things we have gotten right, but just as many we can do better. If you look at the mantel over the fireplace in the tea house it says, “Make the best, someone will buy it”. Our strategy around quality, service, and food safety hasn’t changed from the beginning and that’s something that we’ve gotten **absolutely** right.

MG: What’s the message that McCormick needs to live by every day?

Alan: We should be the premium, high quality leader and that’s where we will make a difference. The businesses we are in - we are leaders and we execute well. Our culture is consistent and it goes all the way back to what C.P. McCormick established in the 1930’s. C.P.’s strategy around making the best hasn’t changed. We’ve had to adapt a lot of things internally and we’ve gone into many different markets and have had to figure out how to adapt in those markets, but the fundamentals are consistent.



MG: You grew up in a small town in South Carolina, son of a minister, went to the University of Tennessee, served in the US Army and became a Captain. You joined Proctor and Gamble after leaving the military and now you’ve just celebrated your 20th Anniversary at McCormick. You’re Chairman and CEO of this great company. Why Alan Wilson?

Alan: Haha. I think it’s a combination of being in the right place at the right time with the right mentors and getting a chance to take on challenging jobs. My focus has always been on treating people right and building teams that can help me execute our plan and making sure I meet my commitments. My focus has always been on our performance. My family has made a lot of sacrifices, we’ve moved a bunch of times but I have never said no to an opportunity and have had many great ones.

MG: Recently I was given a book, “The Speed of Trust”. It was written by Steven Covey, Jr. whose father wrote, “Seven Habits of Highly Effective people”. McCormick has a brand slogan “The Taste you Trust”. How are we doing in corporate America when we talk about “trust”?

Alan: If you ask that question and you use the word “corporate” or the word “industry”, you’re going to have a very low level of trust because fundamentally industry and corporations have gotten a bad rap, some of it deserved. You can talk about everything from the focus on numbers to how we’ve dealt with people and things like internal greed and corruption. But if you talk about individual companies and individual brands, you get a very different reaction than if you talk about the institution of “Corporate America”. We just did a study in the food industry and what we found is that the food industry as a whole by and large isn’t trusted by young people and young mothers with young kids. But if you talk to them about brands, McCormick for instance, there is a high level of trust because people feel a personal relationship.

MG: I watched the YouTube Video, “CEO at the Robert Smith School,” where you spoke to the students. I loved it when you talked about your first job at P&G where you were the diaper tape buyer. The point that you made to the students was whatever your job, “love what you’re doing and do it the best you can”. Is it hard to find young people today who think that way?

Alan: I think there is a little more cynicism in people coming into the workforce today. What companies have to do to get employees behind us is to really engage them. The example I use, and I use this example a lot when talking to students, is I really believe we may be doing people a disservice by saying find your passion and try to make a living out of it. The reality is you can become passionate about a lot of things. For me I didn’t have any kids, I was coming out of the Army, and I was a diaper tape buyer, but it was the job I had to do and so I was going to learn absolutely everything I could about it. I think if people do that and they find satisfaction whether it’s in financial services, in food, in entertainment, in farming, do it. Through our five pillars (Passion for Flavor-Power of People- Taste you Trust-Inspiring Healthy Choices-Delivering High Performance) we’ve tried to install a purpose in each of our people and a passion to put their best effort into their job.

MG: You talk about **EVA** but not the financial definition. Talk about your definition of “**EVA**” and its importance to a person starting at McCormick?

Alan: EVA, in the financial sense is basically the cost of capital and the returns it creates. The goal is to create greater value than what you invested. The EVA that I talk about, I “borrowed” from a really good friend. We say that effectiveness = value x acceptance. In other words, a person can think they’re right but if they’re not accepted, they won’t be effective. You have to spend the time in building relationships so that your value and your acceptance create effectiveness and that’s the whole idea. It was a great learning experience for me. I went in one day and was complaining because I didn’t feel like I was being valued. I said “I’m right, I know I’m right” and my

friend who is an industrial physiologist said you know actually being right doesn't matter. You can be 100% right but if you are not accepted you're not effective. I have adopted that and have tried to live by it.

MG: You're CEO of a great company, 10,000 team members and operations throughout the world. There are many demands on your time. Talk about **"balance"** how you look at it, and how you want McCormick people to look at it.

Alan: An organization is impersonal and isn't capable of saying you've given me enough and so it will continue to demand more and more. You've got to be decisive and really focus on the stuff that matters. And that's what I've tried to do. When my kids were young and in high school playing sports, if they had a big game, I would put it on my calendar just like a meeting. Sometimes I had to be on a conference call while standing in the end zone at St. Paul's. I remember one time I said "guys, I am going to have to put you on mute - my son just scored". To my team I was saying, "This is what's important to me". As much as possible we had family meals together and talked about what was important to our boys.

I believe it's important for a leader to be visible. I have meetings regularly in our manufacturing plants, just yesterday I had a 6 AM meeting in our spice mill with a group of employees. The time with them is important; I'm there to listen, to answer questions, to talk about whatever is important to them. It's important to me to keep the right perspective on the roles that each of us plays. Whether you are packing or unpacking pepper or my role as CEO, I'm no more important than the next person.

MG: For many years "Charity Day" or CDay as McCormick folks know it, has been a major part of the company's service culture. Tell us about it.

Alan: Charity Day was founded more than 70 years ago with the idea that not everybody can afford to give money but we can always give back so what we started was allowing people to work and donate at the same time. We pay our people, but then the company matches it for charity. We make it fun- we have all kinds of auctions, events, and contests things like that, but it's fundamentally about recognizing that we are privileged. We have good jobs in a strong foundation in a strong company and want to help other people, and through our Charity Day we make that happen. I think the company gets as much out of it as what we give because it builds morale and it build spirit and it builds engagement.

MG: Alan, you've mentioned **"culture"** and **"values"** a number of times. What do they mean to you?

Alan: Culture and values matter more than anything else. Culture is how you get things done in a certain place and there are lots of cultures that work. Values are the

things that bind an organization and a group of people together. Where you usually fail is when people can't adapt to the culture because they are coming from a completely different environment or there is a complete mis-match of values. And integrity is one of those things that every company has to have in order to be successful but not every company responds well to let's say **teamwork**. If your values are teamwork and you have someone that violates that value, it's not going to work. What I find more than anything else is that people who succeed are people who align to the culture and to the values. You have to adapt to the culture. Today, companies are less paternalistic than in the past. Our goal is to have our people understand the fundamentals of the McCormick culture. For us it's participation and teamwork and the importance of relationships.

MG: "Make the best and someone will buy it". How does McCormick reflect this in your strategies?

Alan: It's about our customer value proposition. You can compete on price, on service, you can compete on product. Our idea is that we want to lead in customer intimacy, in understanding what the customer is looking for. We never want to compromise on product safety or product integrity and that's fundamentally what we stand for. We are in an industry where half the business is value but that says that half the business is also premium and that's where we want to compete. We're going to focus on being value added and making the absolute best. We want to make sure that we are selling to the customers that value our proposition.

MG: One of McCormick's five pillars is "**Inspiring Healthy Choices**". Talk about the connection between wellness and spices?

Alan: If you are making real food and you can control what you are including whether that's sodium or fat or whatever, you are making real food. The second thing is you can use our products to replace the stuff that you want to eat less of. It's well documented that cinnamon can help control and regulate blood sugar and not only that but cinnamon is also known as the "**happy spice**". Cinnamon is one of the things that people equate to happy occasions and people have a positive emotional reaction to it.

MG: You're completing your sixth year as head of McCormick. If I could give you one mulligan, how would you use it?

Alan: I don't think there is a big one. Probably not a drive, maybe a putt or two. I haven't hit one out of bounds yet. Certainly there are things I would like to do better. I'd like our growth rate to be stronger. I've whiffed on a couple of hires but I feel like

we do a pretty good job on hiring, about 8 out of 10 and with acquisitions we're about 7 out of 10 but we can always do better.

MG: Alan, talk about mentors. Who has been an important mentor to you?

Alan: My dad taught me the value of service, education, and character. He finished his college degree and got his call to ministry in his late twenties. He completed the seminary in his thirties and worked on the third shift inspecting power tools while finishing. Another mentor was a guy I worked for in the army, a general named Charlie Brown. As you would expect, Charlie was a strong leader. He taught me the value of priorities and focusing on the stuff that matters and how to use a staff. My predecessor Bob Lawless, taught me a tremendous amount about the business, but what he really taught me was how to recognize people and why it was so important. One of his parting words to me other than "don't screw it up" was "never forget the soft stuff". You have to be with the people and you have to be available to them. Bob was always approachable and I have tried to live that way as well.

MG: Alan, I've enjoyed immensely our conversation this afternoon. Last question: The year is 2020, how will McCormick look different than it does today?

Alan: We'll be more global than we are today. By 2020 at least 50% of our sales will come from outside the U.S. compared to approximately 40% today. We will be 30% in what we define as emerging markets and have a good balance of business in faster growing markets with healthy and mature economies. I think we will be more diverse as an organization; we'll have to be to have the talent we'll need. I think we'll be a much younger organization. Right now the millennials are 25% of the population; they are 26% of our workforce. I think we will see more and more as our organization develops and we will be giving younger people greater opportunities earlier. We will still have market share leadership in our core categories, and we will still have a culture that values people and teamwork.