Jacob Morgan 00:00
Kevin Murphy, CEO of Ferguson enterprises, is that the technical company name?

Kevin Murphy 00:04
We could actually just call it Ferguson. Ferguson. Okay, fine. Yeah. change

Jacob Morgan 00:11
for us. Okay, cool. Let me push record on my little backup camera here. All right. Unless you have anything else I'll jump right in, if that works for you. Works for me. All right. Hey, everyone. Thanks for joining me for another episode of leading the future of work. My guest today is Kevin Murphy, the CEO of Ferguson. Kevin, thanks for joining me.

Kevin Murphy 00:33
Thank you for having me, Jacob. Really a pleasure to be with you.

Jacob Morgan 00:36
Yeah, I'm looking forward to the conversation. For people who are not familiar with the company. Can you give us a little bit of background information about who you guys are because, up until recently, I wasn't even familiar with the company. But you guys are actually a massive, massive organization.

Kevin Murphy 00:53
And the reason that many people haven't heard of us is because the bulk of our business is really done b2b through the trade professional. But we're a leading value added distributor in the construction of North America. Everything from underground water, wastewater, stormwater infrastructure, through plumbing, appliances, lighting, HVAC, fire protection, and more. We service new construction, as well as repair, remodel renovation, we service residential construction, as well as non residential commercial activity, industrial activity. So really the build out and the construction of North America. And we're a big part of that being north of $23 billion in revenue last year. And like I said, majority of that revenue is being driven through that trade professional, to make sure that that project that they're working on, is more simple, successful and sustainable. And our people take great pride in that they wake up every day, knowing that they're adding their peace to the construction of this country and Canada,

Jacob Morgan 01:58
and how many employees you guys have?

Kevin Murphy 02:01
That's over 31,000 employees today working hard for our customer every day.

Jacob Morgan 02:06
Wow. That's uh, yeah, you guys are massive organization. And I understand that you actually were part of a, of a different company was a family business. And then Ferguson came and acquired you guys. Right? So what was it like? I mean, you started off in the family trade, I believe even in the warehouses, and kind of work your way up to CEO.

Kevin Murphy 02:27

It's been a long journey to get to sit here and talk with you today. If I look back, I really started when I was a young lad, if you will, working in our pipe yard, picking up steel bands and pieces of wood and cleaning up the yard went in through loading and unloading trucks working in our sales counter helping to guide customers to what the right product solution is, ultimately to drive in large steak body trucks delivering ductile iron pipe to new subdivision job sites and, and then ultimately, in through the outside sales and inside sales sides of our business, into operations management. And then ultimately, it was a small family held business. We were in Columbus, Ohio, Cincinnati, Ohio, and Marietta, Ohio. And we we got a call from Ferguson talking about what's that next generation of succession planning? What's that next step on your journey? And so for my father and I, it was a decision, do you want to hunker down and be a bit more of a niche player in southern Ohio? Do you want to expand to become a more regional player, or might be time to take that step and, and join a larger firm? And so we decided to join Ferguson. I never thought candidly that I would stay with the organization, I didn't think they would want somebody who came through an acquisition. Boy, was I wrong. This company really embraces and in fact, acquisitions are a key part of our growth strategy. And they really embraced me and I ended up meeting and working with some of the most talented, passionate people that you'd ever want to associate yourself with. And so I came aboard and ran that business for Ferguson for about three years and in the company was very kind to me and said, Would you like to take on a larger role in what we call the underground water and sewer infrastructure side of our business? And so I ran South Carolina, up through Maine and back through Illinois, doing some of the same things that I was doing in an independent business, going out and acquiring new locations, and sending salespeople out to contiguous markets. And then I came in to report news, Virginia, ran the whole of our operations and now I'm sitting here with you today. I love

Jacob Morgan 04:45

that story. Did you ever go through any kind of like formal management and leadership training or is this all stuff that you kind of had to learn on the job?

Kevin Murphy 04:53

A lot of it was just learning from key mentors that I've had throughout the years. I did do You know, some, some leadership training and some overall executive management training. I did a stint at Wharton Business School, for their executive programs and, and then several courses throughout my career in areas like Harvard and the like. But really, the bulk of the learning comes from being on the job. And learning from those key mentors, starting with my father, and moving through some of the key leaders that I met inside of Ferguson, I'll never forget, when we first sold the business to Ferguson, I was sitting in my office in Columbus, Ohio, and the CEO of Ferguson at the time, came to visit me at my small location. And he said, So what do you want to do? And I looked at him puzzle. What do you mean? He says, Well, where do you want to go? What? What's that next location? You want to go to Indianapolis? Do you want to go to Cleveland? Do you want to go to Pittsburgh? What do you want to do inside the organization, and for somebody who came from independent business, that was such a unique thing. But what I learned about the culture of Ferguson was that if you don't teach, mentor and train somebody to be better than you to take additional responsibilities, then you can't grow. And again, that was fairly foreign to me coming from independent business where you kind of hoard information as

a form of job security, if you will, totally the opposite disorganization. And it's one of the really intoxicating things about our culture that I've loved for so many years. Yeah, I love that. And

Jacob Morgan 06:27
you're right. I mean, a lot of stuff. I'm working on a new book on leadership and vulnerability. And that's one of the things that I talk about. And I feel like in early on, especially in a lot of people's careers, they don't want to be vulnerable. They don't want to ask for help or show weakness, they don't want to share information to your point, they kind of want to hoard everything. But then at some point, they realize that the exact opposite of that is actually what's beneficial and what's what's valuable to the company. So it seems like you went through a little bit of a change in leadership style, right? From hoarding information to understanding that it's about putting other people first, can you talk a little bit about what that transformation was like?

Kevin Murphy 07:05
Some of the some of the real basic things that were inflection points for me in my career, we were used to running a business as an independent family. And so sharing financial information wasn't necessarily what you did with associates, soon after I joined, it was a sharing of the entire p&l. With everybody in the company, please read everybody in the company. Here's, you know, here's what we're what we're doing at the branch level inside of our inside of our, you know, profit center, you want to know what cell phone bills look like for, you know, a particular outside salesperson, let's go because it really educated the entirety of the workforce is to what was important, what were the drivers of what we're going to make us successful. And when you had that buy in amongst the entirety of the associate base, you had people running through walls to make sure that we delivered not just for the customer, but for the organization and the health of the organization as well. Did that

Jacob Morgan 07:59
ever backfire? Because it seems like you need to have a high level of trust with your employees that anybody ever taken information? And I don't know, use it some way or try to hurt the company. I mean, I'm sure from 31,000 people, you must have had some instances where like, things didn't go well.

Kevin Murphy 08:15
Yeah, and of course, you're talking about 31,000 people at the corporate level, we obviously don't share all information with all associates. But when you get down to the branch level, and what makes the branch tick, and how you because we have over 1600 locations across North America, that are in local markets, serving local customers. And when those associates understand what truly makes our business run, and what's truly important, to making us successful, it's incredible to see the buy in, and you hear people that are around organizations that I've never met such a palpable energy level inside of a group of associates. And like I said, it's quite intoxicating, because the the other element that we're really proud of here at Ferguson is in the early days, when the company was founded. It was founded on a principle that we were going to bring people into an industry into an organization that they never would have thought they would join. You talked about not understanding what Ferguson was, you don't wake up in elementary school and say, If I could only be in the plumbing, wholesale business, then my life would be completed. It's an incredible way to make a career. And so at a very early stage, we brought people in incredibly talented people into the industry into the company, tapped him on the

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shoulder to take on additional pieces of responsibility in many cases before they thought they were ready and created a career orientation. And so it's not odd to walk around one of our campuses and meet 2530 35 year vets sprinkled in with recent college graduates in our training program, sprinkled in with some art of the possible thinking from associates that came from leadership positions and best in class industry.

Jacob Morgan 10:05
So one of the things that I was really interested in is that, you know, over the course of the pandemic, you know, inflation, all that sort of stuff, your business is consistent, consistently been doing well, right. Is that, is that correct? I mean, even through the pandemic, and all the stuff that's going on, you guys are still growing and doing well.

Kevin Murphy 10:22
And we were very fortunate our markets rebounded. But but our company also performed and our associates performed really well. It was, as everyone knows, a very vague and tough situation to gauge in the early days of lockdown. But after we got through those early days of lockdown, we've had good strong markets. And we've been able to continue to outperform those markets. And candidly, supply chain chaos really served to highlight the strengths of this organization.

Jacob Morgan 10:54
So what what is it? I mean, how did you get it because so many companies struggled, and they do struggle during times of change, or disruption, transformation? What is it about you guys that allowed you to thrive during these times of disruption and chaos, where so many other companies struggled,

Kevin Murphy 11:12
we've been put to what happened during during COVID. And they'll give you a little bit of a view as to as to how we think about it. During the early days of COVID, we consider best associates in our people, and our relationships to be the driver of everything that we do. And so we said, safety first, right first and safety culture, you've got to worry about the safety of your associates, your customers and your communities first. And so during the early days of lockout, we locked down those facilities, even though we were considered an essential service inside the community, because of the repair replace work that we do for industry, commercial, and residential. And so it's a very short period of time that we did that. But once we could put together a safe environment with good social distancing, and protective PPE, we brought half of the organization into a remote work status. So again, 31,000 people, we took half of that workforce and brought it remote, the rest took care of the customer in the local markets. And one of the key things that we did is we communicated really often, and we did it across the entirety of the organization. So we did video feeds like this, with the entirety of the management team across the branch network and said, Here are this, these are our values, these are our principles, around taking care of people. Now you need to act from an entrepreneurial perspective, and make the right decision for those people. For those customers, don't worry about it's wrong, from a cost perspective, make the right decision, and you'll never be wrong. And that empowerment that entrepreneurial spirit in the local market, served our associates well built up morale, and served our customers incredibly well. And so that was the real jumping off point for for how we went through the pandemic.

Jacob Morgan 12:58
I love that approach. Don't worry about cost, just focus on what the customer needs, because usually it's the exact opposite, right? It's focused on cost, don't do too much for the customer. And you guys have it flipped the opposite way.

Kevin Murphy 13:13
And the funny part, Jacob is they weren't going to make it they were more concerned about the amount of cost they were going to put into the system, then what was really going to have a meaningful effect on the p&l of Ferguson overall. And so it really did serve us well. It was one of the more impactful things that we did during the initial stages of the pandemic. Oh,

Jacob Morgan 13:33
interesting. I wanted to talk about leadership a little bit and kind of your leadership style, how you lead? What kind of a leader would you say you are? What's your approach as far as how you engage with your people, how much you share, you know, command and control, are you more open.

Kevin Murphy 13:50
And I would not call it command and control. I would call it more empathetic than command and control personally. But I also think that my style is a reflection of overall Ferguson style. It really is one that talks about, care more about the development of others and you care about yourself, and that will that will serve you well. It's one of an insatiable intellectual curiosity. It's one of very much and I know this overused, a little bit, but it is a servant leadership style culture. And I go back to the early days when I joined the organization, if you didn't teach, mentor, train and make somebody better than you, then you didn't have a chance of moving in the right direction. And I get asked quite a bit by people that join our company from the outside. What what's going to cause a problem when I come, you know, what should I be concerned about? When I come join Ferguson? And I said, if you don't care more about what's important to others in the development of others, if you don't seek first to understand and then be understood, that's the fastest way for organ rejection to happen inside of our company. And And if you do, especially in this, this organization really embraces when somebody has a new way of looking at solving a problem. And so if somebody comes in and really cares about a problem that another associate has habit, and works to bring a solution to that, it's amazing, that kind of gravitational pull that gets created for that person. And so that that, to me, is what really makes the you know, this organization tick, it really starts with, are you committed to excellence? And do you care about me as a person? I think Lou Holtz might have said that years ago,

Jacob Morgan 15:31
how do you actually make that a reality? Because you know, for a lot of employees, when they start working there, if they're not in a leadership position, they're just heads down focused on their task, right? Just their project, what's right in front of them, there's not a lot of incentive for them to worry about other people and taking care of other people and helping other people succeed, if they're being rewarded based on how they accomplish their task. So how do you get even entry level employees, individual contributors, to focus on people, not just on the tasks that they're doing?

Kevin Murphy 16:05

Yeah, I'll give you my connotation of culture. And it really is what gets rewarded. What's get recognized? What are the norms inside the organization, and the behaviors that are that are applauded. And when I look across history, regardless of what your p&l performance, regardless of what your cash performance as a leader was, if you were balancing that, with developing and promoting people that would move across different areas of the organization, different customer groups, different geographies, different functional departments, then you're being recognized as a true leader inside of our organization, and said that really permeates down through the organization down to the supervisory level and the individual associate level. If you aren't working to make that person promotable, then it's not going to serve you well. And you look, labor is the biggest part of our cost base, it's two thirds of our cost base. But it's also the relationship that actually solves the problem for the customer. And it's the secret sauce of what this organization is.

Jacob Morgan 17:14
So if I'm the one at the company, right, and I'm not a leader, I'm an individual contributor. Do you communicate that to me in some way that look, your job here isn't just focused on pipes or sewage, your job here is to actually take care of those around you. How does that get conveyed and train for employees.

Kevin Murphy 17:38
And I think what you'll see is, depending on the different job, you'll see how we care about making that customer's job more simple, successful and sustainable. That project, that service ethos that we have, you'll hear that in how you're supposed to do your particular job, whether you're a driver delivering to that site, and making sure that you are the best salesperson, because you see the customer more than the salesperson does, whether you're loading the truck, and you're making sure that if you don't get the right product on that vehicle, then you're going to hurt that customer's ability to build that house, that apartment, that office building. So that starts it. But then it's also just how you see others acting in and around the organization, how you see that reward mechanism playing out inside the company.

Jacob Morgan 18:31
Okay, so you position to kind of in the in terms of how, how it serving the customer how it's helping the customer? That's right. Okay. I like that approach.

Kevin Murphy 18:41
It hurts our stomach as associates, if a we aren't able to secure a project as a whole and be if that customer stumbles. Okay, that customer, if we let them down, it hurts us in our soul. And that's one of the one of the key drivers of what this company does.

Jacob Morgan 19:00
Okay. All right, that makes sense. So going back to, to leadership, would you say that you are a vulnerable leader? I mean, are you pretty good at sharing mistakes, failures, things that you're struggling with your team? Or do you have very strict work and life boundaries for yourself?

Kevin Murphy 19:21

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So I think you might read a lot into it in that I don't like talking about myself a great deal. If you talk to our communications team, they probably would get frustrated because I line out anything that says I and put we so it's difficult for me to even tell you that I'll I'll start to talk about how we do things in this organization, what our culture is, and what we do. I think that probably tells you a little bit about myself. I'm probably more self critical than anyone else would be of me. I'll be the first to shoulder that blame in that room. sponsibility for others, I think that's just kind of a personality trait more so than even a leadership quote you'd like to build upon.

Jacob Morgan 20:11
But, but let's say you make a mistake or you have a failure, or you have a tough time at home, are you open? Sharing those things? Or do you try to maintain? Like specific boundaries between work and life?

Kevin Murphy 20:26
No, I don't I in fact, I have fewer boundaries. My wife will tell you I have the worst poker face in the world. You know, I'm a pretty transparent person, what you see is what you get. And, and but the other part is my work is my personal life to a great degree. Many of my best friends, our associates, a Ferguson, the people that come to visit me in Virginia, are our customers from Columbus, Ohio, that I maintain these relationships with today. I grew up in this business. And so I consider to be Ferguson, my family, I consider to be my customers. Part of that family as well.

Jacob Morgan 21:06
Oh, okay. Yeah, it's kind of interesting. It's a work life integration, right. And work is not just the place where you go to get a paycheck, but you actually need friends there. Your organizations are kind of like health and wellness advisors, because they're, you know, there's so much blurring going on that it I like that point that for you, it's kind of like work is life and life is working. I think that's how it is for a lot of people actually, who've seen this big change happen, which I think is actually a good thing. But for you, you know, when you're

Kevin Murphy 21:39
Jacob is, you look at how you take that. And you extend that to what is the definition of loyalty. Because I do believe we are a family, a past leader that I learned a great deal from inside of Ferguson said, We are a family, but we are a high performance team as well. And how that's translated into today. Vernacular is, loyalty is really giving you every possible chance to succeed, giving you every tool, giving you direct and candid feedback, and making sure that you're allowed to succeed, and you've got an environment to succeed. But it doesn't mean blind loyalty, even a family will challenge under performance inside that family. And so it's it's making sure that you've got that right boundary set as you go forward.

Jacob Morgan 22:26
So that's actually an interesting point, because loyalty is like one of those big topics of conversation now, right, we keep hearing about the great resignation, and a lot of leaders have saying, Well, you know, employees aren't loyal to us anymore, they're leaving the second they get a job that pays them more money, loyalty is dead. When you hear that, what do you say to that?

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Kevin Murphy 22:46

I don't, I don't believe that loyalty is dead. And part of that is because I absolutely see it inside of organization. Now, do we have substantial turnover versus historic, you know, ratios, when you look at some areas of our business, like in the driver or warehouse category, because of the sheer demand for that workforce today, and in the underserved nature of that workforce today? Absolutely. But what I do believe is, once you are with this organization, in this industry, for two years, two to three years, it really does create that sense of family, it gets I often say it gets in your blood, and it's a part of who you are. So I do believe that loyalty is still there. But it's got to be earned every single day by the company. And so we talked about culture earlier to one element of culture is every single decision you make every single thing that you do affects what that culture looks like in the evolution of that culture. And so you've got to work very intentionally to make sure that you protect those aspects of the culture that are near and dear to you, while you're evolving, those aspects that need to change given the current environment. And we've been through a lot of that, over the course of the last 1218 months, as you look at what a hybrid workforce looks like, as you look at the changing nature of what work is.

Jacob Morgan 24:11

So you mentioned you have to earn loyalty every day. What does that mean? How do you actually go about doing that?

Kevin Murphy 24:19

So, again, I start with, you've got to, you've got to bring people in, you've got to put people in the right seats. And then you've got to make sure that you give them the tools necessary, the candid feedback necessary, and the ability to work and make mistakes so that they can go out and succeed. And that's what we've got to hold ourselves accountable to, you know, every single day, and that's the way that we will ultimately build loyalty. And we've got a responsibility to earn that loyalty as a management team. As we come into the office.

Jacob Morgan 24:57

How do you keep up with employee demands? Because sometimes I hear these crazy He stories from companies that, you know, an employee was maybe making like 50 $60,000. And all of a sudden another company comes by, and they're like, we're gonna give you double that we're gonna give you equity, we're gonna, you know, just come over to work for us, we're gonna give you whatever you want. How do you keep up with with that, because it seems like some organizations out they're getting so desperate for talent, they're just throwing everything, including the kitchen sink to try to get people. And it seems like things can get a little off balance. So how do you as the CEO of 31,000, person company, balance, like, Hey, that's not realistic, like, we can't do that. But we still want you to stay here.

Kevin Murphy 25:39

So we're going to be competitive, we're going to be competitive. And just like any large organization, we're gonna have a great deal of data, we're going to have that balanced against what our local managers are seeing in the marketplace. And what that competition for talent looks like. We're going to make sure that we are reaching out and touching base with our associates to understand where are their preferences? Where does it sit in base wage, variable compensation, health benefits, 401k in

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retirement, time off work life balance, and where does it sit across the spectrum? But that's those are table stakes. In my view, what then really has to happen is, are you providing that person with the right level of opportunity to grow their career in the way in which they want to? Are you giving them the right training opportunities? Are you making sure that you're tapping them on the shoulder and allowing them the opportunity to grow, and it may be grow vertically inside the organization, it may be? What's that next best thing from a learning perspective and career opportunity that they're looking for. And then the one of the biggest things is, it's a pretty commonly known thing that people don't quit on the company, they quit on their supervisor and their leader. And so making sure that you understand how those leaders are acting in the marketplace, is hugely important.

Jacob Morgan 27:06
What's been the biggest mistake or the greatest failure you've had, from a business perspective, you'd like you personally

Kevin Murphy 27:16
made a lot of them. The good news is that most of them have had the ability to react quickly to and write them. What I would say is my biggest mistake, and I'll make it made it more more often than I care to, is putting people in the wrong seat. I said earlier, one of the leaders key jobs is to make sure that you put people in the right seat on the bus, give them the right towards the right candidate feedback, and the right autonomy to let them go out and make their way. Now, the problem is, if you put somebody in that wrong seat, especially at a higher leadership level, what you find is, it's very unforgiving. It affects a great many people, it's very difficult to take out, especially for a long term person inside the organization. And so at some point, you know, for me, it was I had an ego maybe too much that I thought that we could work through some of the challenges and personality traits to get to the right behavior in this new role. And it might be because you're working in a matrix versus working in a strict hierarchy, it might be because it's a position of influence, as opposed to a position of authority might be a different role inside the organization entirely. But putting somebody in the wrong job has been a challenge for me, and then making sure that you address it quickly. It's been an even bigger challenge.

Jacob Morgan 28:42
That's actually an interesting point. I think a lot of people who are watching and listening to this who are in a kind of a leadership position have to deal with that, too. So how do you address that? So first, what are the things that you look for to find out if somebody's in the right leadership position or not? Like what are the signs? And then if you realize that somebody's not in the right position, what do you then do?

Kevin Murphy 29:05
So, to me, some of the most apparent times are when you see somebody who was incredibly successful in a role, which would naturally lead you to say, this next opportunity is right for them. But maybe you looked at the inherent skill sets that they were utilizing in that role, and you overestimated what their ability was to jump into this new era. Like I said, perhaps it's moving from a strict hierarchy to a more influence based position. But what you've got to look out for is whether or not that person can make that leap. Whether they're asking for help, whether they're seeking others, to help them to modify

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what that behavior looks like. And the but again, the biggest mistake from my perspective, is that you recognize things you see it happening around their associate base that they're late. Getting, and you fail to act quickly. So it's not the right decision. And it's the right decision for the company and the team.

Jacob Morgan 30:08
Okay? So it's not just the fact that somebody's making a mistake, it's the fact that they're making a mistake, but maybe not taking ownership not trying to get help not trying to fix it. It's at that point that you're like, wait a minute, this person is not in the right role. But if somebody is making a mistake, and they're trying to fix it and address it, then that part is at least okay. It's just when they don't take the accountability or action afterwards.

Kevin Murphy 30:32
It has the emotional intelligence to recognize how their actions how they're addressing issues, is having an effect on others. Okay, that's a challenge. That's the place to be.

Jacob Morgan 30:43
Yeah. Okay. So then, what do you do next? You know, you identify that you see the signs, and you know, it's time to kind of move or transition somebody out of the company. What, what do you do as a leader? How do you begin that conversation? Because it's probably pretty awkward and tough for a lot of people out there to do it. So what is it like for you?

Kevin Murphy 31:05
Firstly, feedback has to be often and not a surprise. We try and operate from the no surprises rule inside this organization. If you're making a decision with someone, and they don't, they haven't heard that already. They haven't gotten that feedback. And shame on you. Right? So a no surprise, oh, first and foremost. Secondly, you go back to that position of loyalty. And this is what I do believe, is both a blessing and a curse inside of our company, finding that right spot for somebody, putting them into a role where they can succeed that right seat on that bus. And then if it can't work out, then it's it's time to our company. In many cases, it's a blessing for that associate. But it's also a blessing for the organization. I think that so often, we as leaders, stress and toil over a particular decision, only to find out after we make that decision that the rest of the organization has been waiting on you to make it.

Jacob Morgan 32:04
Yeah, I'd say it's kind of an interesting point. So it sounds like you've tried to do whatever you can to get that person to succeed. But transitioning somebody out of a company is the last resort, but sometimes it does happen.

Kevin Murphy 32:17
Sometimes it happens. That's right. And in many cases, it's the best thing for the associate, in reality.

Jacob Morgan 32:23
I wanted to transition a little bit to talk about how you make decisions. You know, one of the things I think a lot of people are interested in is how, how do leaders how do CEOs think about opportunities. So in your case, you know, you're doing acquisitions, you're putting people in leadership roles, you're

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sometimes having to make tough calls. Do you have a framework that you use when it comes time to making a particular strategic business decision.

Kevin Murphy 32:47
So I'm fortunate to be surrounded by a lot of great people inside the organization, I would say that I seek more collaboration, in terms of how I how I make decisions. But one of the one of the more challenging things is, because I came up through this organization, there's a natural tendency to believe that you need to add value, you need to be helping to define all the time where we should be going, as opposed to listening, and being the last one to enter a discussion. And so it's very much a conscious decision for me, to never be the first to enter into the discussion and enter an opinion. I say, Never Say Never forget, always, but very rarely will I be the first. And most of our team knows, I'll even argue a position that I may not believe in, simply to make sure that we have a culture that we have an environment where people can always and better always challenge but challenged from a position and a place of respect. And so making sure that all those opinions are voiced, and that people with strongly held beliefs, have the opportunity to voice that. And then you take into consider ration all of the appropriate information. And then you make the call, one of the things I hope that people would say about me is you're not afraid to make a call, you're not hesitant to make a call. But you're also not going to be rash, you're going to take into account the learnings, the knowledge and the understanding of all of our people.

Jacob Morgan 34:31
One of the big challenge I think a lot of leaders are faced with is there's this expectation now to take a stance on social issues to take a stance on just things that are going on in the world. Whereas, you know, 1015 20 years ago, leaders used to not do that they used to kind of play in the gray area because they didn't want to upset anybody. And now everyone's like, Kevin, what do you think about this? What you know, are you going to make a statement on this? Are you going to tell us what you think about this? Which can be kind of a scary and a vulnerable thing. For leaders, any any stories like that come to mind for you where you were asked to comment or to address something that maybe otherwise you wouldn't? And then how do you approach those types of things? And what happens if you say something wrong?

Kevin Murphy 35:14
As you said, it's a changing landscape, and it's becoming more expected behavior. And I go back to when you asked me what kind of leader I was earlier, and I said, I don't like to talk about myself. And I don't like to use I like to use wheat. And so that's a incredibly challenging place for me, because I don't take myself too seriously. And I don't believe that I alone speak for this organization. And so that's been a challenging environment for me. Additionally, the position of our company, earlier in our time today, you talked about us being in nominee paraphrase us being one of the largest companies that you haven't heard of, we have a culture of making sure that we're behind the scenes helping that trade professional helping that job that transcends into how we think about the stance that we take in the world. That said, we also absolutely believe in hold our people in the highest regard. And so speaking out on those areas, that directly affect our people, in our branches, and in our headquarters is important. So in areas like racial justice in areas like, you know, equal treatment and such, we absolutely do come out, we try to stay away from political issues, and political stances. We stay away

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from lobbying efforts. And so we are trying to make our way through and find our right path. But that's it. That's a journey that we go through every day. And finding what that right place is. I've had a great amount of feedback from associates as we went through times, like George Floyd, as we went through things like vaccination and COVID. And some areas where people expected the company to take a stance. And one of the things that I tried to do is I get a tremendous amount of feedback from from our associates, when an associate poses a challenge directly to me. And it comes from a good place, a place of respect. I tried to make sure that I answered that individually, or email, chat, or through a phone call. Because they had they took the time to position a question with me as to why we are doing or not doing something. I want to make sure that I answer that.

Jacob Morgan 37:40
Yeah, I mean, it's interesting point, I guess that's when you get the disrespect you How dare you, you know that, you know, that kind of stuff. But it's, it's a very different conversation than then kind of respectful one, which is interesting point

Kevin Murphy 37:55
is, we live in a polarized world today. And so yeah, that speeches is is appropriate, I think is incredibly important.

Jacob Morgan 38:06
You mentioned that you get a lot of feedback from your employees. What is it that your employees tell you that you need to work on the most personally,

Kevin Murphy 38:17
I don't get as much feedback on that. But we start with, we consider all of us to be part of one team that's pulling in one direction. And so, which is why we call our people associate is because we don't, we don't think about hierarchy a great deal. What I will say is I get a fair amount of feedback on how we need to approach different issues in terms of growth and opportunity, and different areas of training and different markets that we need to get into. And so again, if it comes from a place of respect, I'll engage in conversation with just about every associate that that's out there, raising that issue.

Jacob Morgan 39:03
Nobody says like, Hey, Kevin, you got to do this better, or that better, or you got to be more emotional, or you got to work on how you do this.

Kevin Murphy 39:13
I don't get as much around sharing of emotions, maybe from our leadership team, I get a little bit of that. But generally speaking, what you see is what you get, and we try to make sure that that the entirety of our team has great exposure across our dissociated base, because the people that are out in front of our customer every day, the people that are out solving problems for that customer every day, the most important people inside the organization

Jacob Morgan 39:44

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before we jump into action items, okay, so before we jump into action items, one more question for you is around what when you look during the course of your career, what one moment most impacted or influenced who you are as a leader.

Kevin Murphy 39:59
Yeah, so I To go back to we were talking about challenging, but from a position of respect, I don't think that happens often enough in business today. I think, too often, people either say what they think someone wants to hear, or hold their opinion to themselves, because they don't believe it's their place. And if you're at the table, you need to make your opinion now and make what you see as the right decision be now, in early in my time with Ferguson, as I was growing in the organization, there was a conversation about a direction that we were going to go in, in a particular line of our business and investment that we were going to make that was going to change what our role in the supply chain was. And everyone followed, what that leader at the time, wanted to take from a direction perspective. And I was this old person from Columbus, Ohio, and jumped in on the phone call and said, I disagree. And these are the reasons why. And these are the reasons why I think we need to make this, you know, move, what was the only one on the entirety of the call that took that position. And it was not a comfortable place for a new person coming in from acquisition, what it turned out to be is an inflection point in my career, and a launching point, for me to take on a new role inside the organization, I'll never forget that. And I'll never stop talking about that kind of behavior. Because if you don't have people challenging the status quo, it is a really dangerous place for an organization, especially one that is successful inside of its industry. And so making sure that our associates at a very young stage of their career, understand that that's expected behavior, I think is incredibly important.

Jacob Morgan 41:51
And that's actually a perfect transition into the next segment of the podcast, which is looking at action items. And we can actually start with that. Where what happens if you do speak up, and you get shut down. Because it sounds like during your meeting, people were maybe open and receptive to what you had to say. But for a lot of people, what happens if you speak up and you get shut down and told to shut up made to feel like your ideas are insignificant, you probably are never going to want to speak up again.

Kevin Murphy 42:20
That's right. And it's the fault of the leader. And we see that I've seen it in my career, where someone, and it may not even have been as blatant as Shut up. But that associate has been marginalized. And they are very hesitant to come back. What I hope is that we've got a culture that changes that behavior, that leader removes that leader completely, because that's really detrimental inside the organization, I can remember one, like it was yesterday. And thankfully, that leader is no longer part of our organization. Because it can really start the entirety of the population, not just the associate that was marginalized during the conversation, I happen to consider that to be one of the most important aspects of a culture as you grow an organization. And like I said, I think it's even more important for a successful company, inside their industry, because it's the fastest way to get to decline.

Jacob Morgan 43:21

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So transitioning a little bit to culture, I know this is an important topic for you. How do you begin to define a culture? So for a lot of leaders out there, whether you're a leader of a team or leader of a company, you know, the first thing people always want to figure out is, you know, you don't either you come into a culture, but sometimes you need to change a culture or to define a culture, how do you begin to do that, like, what's the first step to figure out what kind of culture you want to have.

Kevin Murphy 43:47
And so, again, I'll go back to what I believe culture to be. And it really is, those behaviors, those norms that allow you to you can call it fit in what is recognized, what is rewarded, what is expected behavior, are people inside of that company. And what I think is most important, and again, I hate to be repetitive I said this a bit earlier, is to realize that each and every decision that you make, the companies, the associates are viewing that they're seeing how you're reacting, they're seeing what is recognized and rewarded. And so you've got to be really intentional about how those decisions are affecting the culture of your organization. And it isn't going to happen overnight. But it absolutely is going to evolve and evolve in the wrong direction. And so we take, for example, at the beginning of this year, we took two aspects of our culture that we really wanted to be intentional about in the coming year to really build on whether that service are associated. So we really want to focus on those areas, and then we bleed it through. We make sure that we test it against what our reward might mechanisms are financially, we tested against what our communications plan is. We tested against how we're doing recognition for leaders in the field sales, leadership, operational leadership, how we're addressing that on a daily basis inside the branch locations, and make sure that we're being intentional on driving those things that are incredibly special that we want to protect, while at the same time changing those things that we would do want to change over time.

Jacob Morgan 45:28
So it seems like the culture is a reflection of kind of actions and behaviors that you want to have. But how do you narrow that down? Because it seems like you could make a list of like 100 different things, right? I want everybody to serve the customer. First, I want everybody to be respectful. I want everybody to be innovative and productive. And you make a list of like 1000 things. But that's not going to be realistic, right? I mean, you can't have a culture where everybody is like this perfect unicorn, how do you narrow down what's most important for you.

Kevin Murphy 45:59
So for example, inside of how we plan to grow this organization going forward, like I said, we're a project company, we're not a transactional company, we're going to make sure that we are as good with a thumbprint on an iPad for a single SKU to be digitally transacted and shipped out same day. But that's not where we live, where we live is making sure that the project that our customers working on is better, because Ferguson was a part of it. So given that, that's the strategy of organization, we need to make sure that from a culture perspective, we're promoting that as being the mindset, the vision for where we're going, as a company. And so then you begin to curate how you position things on our intranet, how you then make sure that you're rewarding an outside salesperson for being collaborative across different customer groups, to make sure that that project is successful, that you're working with our global sourcing teams to make sure that they've got the right product solution that is unique to Ferguson that only we can provide, that makes that customer's job better. And so we try to align that

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culture and those focus points on what the business strategy is, and where we want to take the overall organization and allows us to focus in the appropriate area.

Jacob Morgan 47:21
Okay, so you define the culture, you kind of set forth, what kind of environment you want to create. What's the next step? You know, I guess you communicate that to everybody? How do you get others on board? With that culture? I mean, especially with such a large organization? How do you get people to live it

Kevin Murphy 47:41
from a leadership perspective you live in, and you create those norms by how you act? And how you hold yourself, and how you surround yourself from a from a leadership perspective? How you act inside the location? You know, if you say that you're a first in safety culture, because best associated the foundation of what you do, did you start your day when you visited a location by going into the manager's office and closing the door and looking at financials? Or did you start your day in the warehouse, talking with the driver, making sure that you called out an expected safety behavior, making sure that the wheels of the truck are chock making sure that that person has got safety shoes on making sure that the vest is high vis? Are you living? What you're promoting from a culture perspective? And people watch? People see everything you do. I mean, we talked about integrity all the time. You know, what, what do you do when somebody's watching? What do you do when nobody's watching? And that's that, to me is the most powerful part of the culture. When somebody sees me walk into the back of the warehouse, as opposed to the front door, when somebody sees me picking up trash in the yard? Because the first problem from a safety perspective is housekeeping. I think it has it has meaning.

Jacob Morgan 48:57
Yeah, leading by example, it sounds like it's a very powerful point there. But it also kind of gets to this idea of ego. How do you make sure to check your ego at the door, right CEO picking up trash CEO walking through, you know, warehouse or from the back instead of coming in through the front door? How do you make sure that as a leader, the more you grow, your head doesn't get super big, where you think you're better than everybody else?

Kevin Murphy 49:22
I probably second guess myself, more than most. I don't take myself extremely seriously in. So I hope that the converse is the problem. Not Not that. But what I do know is this company can go on very easily and thrive without any one person that I can promise you because of the associated base that we have the culture that we built and the momentum that this organization has. And so Oh, that's, that's, that's a that's a principle that you should live by. But it's also very powerful. Because I go back to Part of the reason why you can take chances and, and make mistakes be vulnerable is because no single person carries this organization. We're all in this as a team. And so you've got to be able to readily admit those mistakes. Because bad news doesn't age well. And so just just come forward, ask for help. And we'll all work to solve this

Jacob Morgan 50:37

this culture change over time? Or is it something that you define one Saturday?

Kevin Murphy 50:42
Absolutely. I believe it's a constant evolution, like I said, I just think that you've got to be mindful that your actions are always framing what that culture looks like. And you better darn well be sure what you're willing to change. And what you really want to stay true to?

Jacob Morgan 51:00
So how, how does it change? I mean, has it changed it at Ferguson for you? I mean, can you give an example of what the culture used to be like and how you changed it? And how often does it change?

Kevin Murphy 51:12
Absolutely. And some of its incredibly visible. Let's take one example that's really visible. This company for years wanted to professionalize what this industry was. And so we would wear ties at every level of the organization. Inside Sales, counter sales, we were always call the tie, guys, you know, always and in, and we were very professionally dressed male and female, very professionally dressed inside. We've evolved as a culture, we also were one that was a branch based network, because people grew up serving the customer in that branch, even when they came to headquarters. And when you serve that customer, especially the truth, they start their day very early. And so it was thought of if you weren't in your location, if you weren't at your desk at headquarters, by 6:30am. Somehow you were coming in at midday, we evolved dramatically. Our head of HR Galva, in a semi log, who's a fantastic leader inside of organization, brought a dress for your day culture. We still dressed very professionally, when it's appropriate. We dressed very casually, when it's not little things around culture. And what that personal life professional life balance starts to look like. We're dramatic changes inside of what our culture was. And it served us incredibly well.

Jacob Morgan 52:36
For people out there who want to become more successful in their careers, they want to become better leaders. What advice do you have?

Kevin Murphy 52:43
Stay with an insatiable intellectual curiosity. First and foremost. Always be out learning in areas that may seem even incredibly crazy. I tell our cultures and values team when they when they come to our our headquarters is new associates inside of our group, I'll even I may not be interested in US magazine, but I'll read us magazine because I want to know what's going on. I have this insatiable curiosity, that do that same thing about everything in your professional life. Have an insatiable curiosity about what's happening inside of finance inside of accounting. If you're in sales, have an insatiable curiosity about what's happening inside of a different customer group from a product knowledge perspective, what's happening with Department of Energy regulations, and just just always be curious and never let that be satisfied. I talked earlier about challenge but from a place of respect, never hold what that belief is. If you have a strong belief about a particular subject, but do it from a proper place. Focus on execution. Make sure that that you are always holding people accountable, holding yourself accountable for what next steps are. But make sure that that execution plan is in place. Make sure that you care about the development of others more than you care about yourself. And always, always try to

develop that emotional intelligence side be reflective about how your emotions are affecting others. be reflective about how that last interaction with that particular person went, what could you have done differently to get a better outcome, have empathy, have humility, and always be seeking to develop relationships, those are kind of the things that we focus on inside inside of our leadership plans.

Jacob Morgan 54:29
You mentioned execution isn't enough to just to be really really good at your job to be successful and to get ahead and to become a leader.

Kevin Murphy 54:39
It is good if you're in a task, if you want to grow and develop you've got to have these leadership characteristics in order to develop into continue to grow. And you know there there are certain areas where where somebody feels as if you know what, this is a great home for me. I can make a career here and I'm going to seek to cut Then you to get better. But you've got to be able to execute at that particular job. But then you've got to develop these other skills in order to, to expand your career beyond where you are currently.

Jacob Morgan 55:11
So it sounds like being good at your job is sort of table stakes, it's, you can make a living, you could stay within the company. But if you really want to ascend, it takes more than just being good at your job, which I think is actually a change in the corporate world, right. I mean, I feel like if you were to go back a couple of decades, if you were just good at your job, those are the people who got promoted. I remember even in the finance space, when I interned at Morgan Stanley, man, almost 20 years ago, now, the people who were promoted were just the ones who brought in the most amount of money. And, you know, they, they had no leadership training, but they were just put in positions to lead others because they brought in a lot of money to the firm. And that's it. And it was purely, you know, performance based, as opposed to other qualities, which I think are now so important.

Kevin Murphy 55:59
They are, in fact, even in this organization was similar to Morgan Stanley, it was very much a sales culture. And so those fantastic salespeople, were those next managers. So then I go back to, it's amazing how quickly you can find out the IP, put somebody in the wrong seat on that bus. Because having incredible sales skills does not necessarily mean that you can or will develop will take the time will put the energy forth, to make sure that you can develop that managerial skill set that leadership skills.

Jacob Morgan 56:34
Very last question for you. Before we wrap up, do you have a leadership hack a tip or strategy, something that you think is unique to you, that helps make you more successful?

Kevin Murphy 56:45
You broke up there? Could you could you repeat, Jacob? I didn't I

Jacob Morgan 56:47

didn't hear? Oh, sorry about that. So do you have a leadership hack a technique or strategy that is unique to you that you've used that you think helped make you more successful?

Kevin Murphy 56:58
I tend to rely on a lot of the things that we talked about earlier, and how I was raised. As, as kind of my leadership back, I was really fortunate in the early days of my life, to have a fantastic mentor. And my father, who was also my sales manager, who was also my boss. And when I got out of school, actually moved home, early on, and in, I got a lesson in sales management every night at the dinner table. And what I recognized very quickly was when you're committed to being better every single day, win, winning is incredibly important. But you've got to care about the development of others. And you've got to make others better. That what really sank in, you know, from and so those characteristics that I talked about earlier, I just kind of hope I live them. And it served me well up to this point.

Jacob Morgan 57:56
I love that were those were all the questions that I had for you. Why don't you let people know where can they go to learn more about you? Ferguson, anything that you want to mention? Are you hiring maybe people out there interested in getting a job with you? So anything you want to mention?

Kevin Murphy 58:10
Yes, we are on a very strong growth trajectory, we happen to be in very attractive markets. And we've got very large upside inside those markets, we compete in a $320 billion market. And as I said, we're still encroaching on 30 billion, so he's still got tremendous opportunities in front of us. And people are the heart of what we do. are we developing fantastic digital capabilities, and an omni channel solution. The heart of this business is relationships. And so we're bringing loft college campuses and out of the local markets, every single day, you can go to ferguson.com and find out more about this organization, the markets that we serve, and the goodness that is North American repair, remodel in new construction.

Jacob Morgan 58:58
I love it. Kevin, thank you so much for taking time out of your day. I really appreciate it.

Kevin Murphy 59:02
Thank you, Jake. Appreciate it. Take care.

Jacob Morgan 59:05
And thanks, everyone for tuning in. My guest again has been Kevin Murphy, CEO of Ferguson and I will see all of you next week. All right, don't hang up yet. Let me push stop record