



**THE**  
**KLEIN**  
**GROUP**  
SINCE 1983

**WAY!**

**How we create Business Excellence in a  
“revolutionary” way, by serving the  
Customer.**

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## Part 1: Why the Klein Group Exists, the Philosophy from the Chief Excellence Officer

Welcome to the Klein Group! I am pleased that you are taking the time to read about the Klein Group Way. This document exists to unify all team members and partners towards our goal of being the best companies to do business with and work for, and to explain our business philosophies, in full, based on the morals of our Chief Excellence Officer, Cory Klein. This document has been improved and revised over many years, but the core message has not.

Let's start by explaining why our businesses exist. A successful business cannot operate unless it knows why it is in business in the first place.

**“We believe in always challenging the way businesses are traditionally operated and to continually improve the way we deliver our products and services to our clients.**

**We achieve our belief by ensuring that every decision puts customer service, community well-being, and employee fulfillment ahead of shareholder profits.**

**Despite other business philosophies, we do not exist to create a profit for the shareholders; We exist to provide value-based services or products to our customers. The profit is the reward for exceeding the Customer's expectations and by delivering an unprecedented positive experience.**

**It's not that profit isn't necessary; the difference is that the focus of the business starts with the Customer in mind, which naturally results in a more substantial profit than we could ever try to engineer.”**

## Part 2: What is the Klein Group, a Break Down of the Complimentary Companies

Klein Group is a shortened form of *Klein Group Family Holdings Ltd.*, which owns and operates multiple complimentary companies. Some of the businesses are over 55 years old, and the others are relatively new. Although each company performs different activities, the main goal is to provide the best service and quality at the lowest possible price. Despite popular belief, the lowest price does not mean a low-profit margin when the work is continually being thoughtfully planned and executed. I will give examples of how we achieve our main goal below each introduction to our companies.

**R.F. Klein & Sons Ltd.:** R.F. Klein was, historically, a Civil Construction company that planted the seed for the rest of the Klein Group companies. R.F. Klein was founded by Roland F. Klein and his two sons Roger and David Klein, in July of 1965. Today R.F. Klein operates a Landscape

Construction entity called “Northern Earthworks Solutions” and, in the winter, performs snow clearing operations for customers such as Pine Centre Mall, University of Northern BC and the College of New Caledonia. Each of the above mentioned has been customers of ours since the day they opened.

How we achieve our primary goal? For *Northern Earthworks Solutions*, one way that we achieve our goal is to provide the highest quality by building in work standards that allow us to deliberately construct to the desired quality with the same or less amount of work than our competitors. We provide our work at the lowest cost by reducing the labour burden required to perform the tasks by continually improving the efficiency of how we do the job. Our *Snow Clearing Division* is primarily hourly work. You may ask how we can deliver hourly work at the highest quality and the lowest price when the rate is fixed? This is easy, yet most contractors completely miss the mark. We do it by thoughtfully planning the work in a way that minimizes the number of hours required to perform the service, which results in a lower overall cost to our Customer without sacrificing our hourly rates. We also invest time and energy in making sure that our operators are well trained and that all hazards made visible to ensure that accidental damage is reduced or eliminated.

**Klein Solutions Ltd.:** *Klein Solutions Ltd.*, is majority-owned by *R.F. Klein & Sons Ltd.* and does business as Island Cache Stone Company and Sun-Ko Landscape Supply.

How do we achieve our primary goal? This company is unique from other similar companies because we allow the Customer to buy by the piece rather than by the pallet, we also allow customers to return the products that they do not end up using, which saves them even more money. This service, although more costly than just selling by the pallet, provides an unmeasurable benefit to our Customers. Our Team Members are well trained and often have first-hand Landscaping experience. We are proud to offer a zero sales pressure environment; when your products are high quality and low priced, the product sells itself. Our thoughtfully designed store looks excellent by showing off our products in a way that allows the Customers to touch, feel and visualize what the items would look like at their home or business.

**Klein Business Partners:** *Klein Business Partners*, a division of Klein Group Family Holdings Ltd., was created to take new business ideas or existing businesses and architect the way it is to be operated in a way that provides the best service at the lowest price. Klein Business Partners also provide the “back-end” function of the business, such as Financial Management, Website Design and other marketing functions.

## Part 3: Core Beliefs, Klein Group's Solid Foundation

1. **Customer Driven:** Our goal is to provide the Customer with an unprecedented positive experience. We believe that the Customer deserves to receive the highest service and quality at the lowest possible price. Contrary to popular belief, it is possible to have both high quality and a low price. When you focus your business on delivering the “work” in the best possible way instead of focusing on the profits, more profit will naturally develop than could ever be planned. Focusing on the work means finding better ways to do the work by reducing wastes and struggles, therefore reducing costs and time.
2. **Employee Fulfillment:** Building a safe, healthy and trusting environment for our people so that they love what they do. When this happens, our people naturally want to look after the Customer. We believe in providing the highest possible wages and benefits to our team members so that everyone can afford to buy a home and be a positive contributor to our community instead of a tax on society and Government. Our people know that better wages are directly related to continually improving how the work is performed. Therefore, they use their brainpower more than their brawn.
3. **Community Well-being:** Our Companies have been in Prince George since 1965 and know better than most how rewarding it is to give back to the community. There are three main ways we do this:
  - a) By providing the highest possible quality of service and products at the lowest price possible, this allows the community to buy more with less, thus increasing their standards of living. Remember that the people of the community are the same people that own and work within all businesses, therefore trying to provide the lowest wage possible always results in reduced buying power.
  - b) By donating time and expertise on not-for-profit organizations that have mandates that match our core values. More on this topic later.
  - c) Being a good neighbour is very important to us; this means that we are respectful of people and the environment. Our projects are kept clean and tidy, with minimal noise, and we make an effort to reduce waste. The waste that we can not eliminate is thoughtfully repurposed or recycled.
4. **Partnerships:** Partnerships are an essential part of doing business. We believe in choosing partnerships very carefully to ensure that our partners share our core values and beliefs. Unfortunately, it is harder than it should be these days. However, there are still plenty of great ethical companies and people in our region that still believe in bettering our communities instead of solely benefiting themselves.
5. **Industry Betterment:** We have a part to play in ensuring that our industry is continually improving. The more our industry improves and develops, the better we will strive to be. By providing the lowest price at the highest quality, we can be leaders of the industry, forcing the industry as a whole to become better community stewards.

- 6. Continuous Improvement:** The idea of continuous improvement to cut production costs for the Customer while increasing wages and quality was made popular by Henry Ford and was adopted and “perfected” by Toyota. We believe in always working on ways to make our products and services less expensive while increasing the quality so that all people can afford what we have to offer.

## Part 4: Guiding Principles, how Every Decision is Analyzed

- 1. Reputation before Profits:** Klein Group’s Reputation is held above all else, including profits. We can afford to lose money, but we cannot afford to lose a shred of Reputation.
- 2. Long Term Philosophy:** Base your management decisions on a long-term philosophy, even at the expense of short-term financial goals. The service failure of the majority of businesses is directly related to the short term pressure to increase profits, dividends and share prices. This leads to poor decisions for the long term health of a business and compounding pressure each quarter.
- 3. Levelling out the Workload:** The goal is to achieve a steady production instead of wild swings, this also includes ensuring that projects will be completed within the time frame set by the Customer. Levelling is achieved by ensuring that enough resources are allocated to complete the project on time and that resources are promptly reallocated to the next project by deliberate planning.
- 4. Stopping to Fix Problems:** Build a culture of stopping to fix problems to get quality right the first time. As a business owner, it is incredibly difficult to stop work to fix issues or to reduce the struggle of work when you are on tight timelines and budgets, but stopping the work to fix these problems always leads to cut costs and improved schedules.
- 5. Standardized Tasks:** Standardized tasks and processes are the foundations for continuous improvement and employee empowerment. Standardization does not mean the process is “written in stone” it just means that this is the best way we currently know how to do a task to provide the best quality at the lowest cost.
- 6. Visual Controls:** Use visual control so no problems are hidden. (Think Stop Signs, shadow boards and images of the process.) A real-life example is used in our snow clearing division. We set up coloured posts to mark where hazards exist beneath the snow, such as curbs, maintenance holes or irrigation systems.

- 7. Grow Leaders & Develop People:** Grow leaders who thoroughly understand the work, live the philosophy, and teach it to others. When we hire people, we recruit based on personality and teach technical skills. Although not everyone can be a leader, we do encourage our people to excise their brains rather than their muscles.
- 8. Go to the “Gemba”:** “Gemba” is a Japanese term that means to go and see yourself to understand the situation thoroughly. As managers and decision-makers, it is often too easy to make decisions sitting at a desk and assuming the issues rather than going to see what the problems are in person. Going to the “Gemba” also means asking the people closest to the issue to come up with a solution as they usually know the work the best.
- 9. Learning Organization:** Become a learning organization through relentless reflection and continuous improvement. A business, like people, need to continually learn and grow to stay successful and live their best life.
- 10. Always do the Right Thing and be Fair:** Every decision made needs to be about doing the right thing and to be fair in a way that benefits all parties involved. This means that we stand our ground when we are in the right and use every option reasonable to enforce our position, but also admit when it is our fault and be held accountable.
- 11. Use Debt Conservatively and Wisely:** The use of Debt, in itself, isn’t a bad thing, misusing Debt is. Although the ultimate goal of our businesses is to operate only on cash generated by operating activities, we still use financing when appropriate. What we never want is to need to borrow money. Debt should only be used if the purchase increases productivity, makes the work easier on workers, improves the quality of the service or product or positions the business for future strength. Debt can never be used for “consumption” goods.
- 12. Hire Employees, Sub-Trades, and Suppliers based on values that match our own:** When deciding on employees, Sub-Trades and Suppliers consider what kind of person/company they are and how well they accept, support and work towards the organization’s goals and values instead of basing decisions on price or skills.
- 17. Respect:** Respect is a significant core value of the Klein Group. Every team member is expected to have Respect for all Customers, stakeholders, assets and the environment.

## Part 5: What makes Klein Group Successful

This section covers, in detail, the various views that allow us to be more successful than most “traditional” businesses, traditional meaning putting profits ahead of service.

### Section 1: Our View on the Purpose of a Business

At Klein Group, we take a different approach to traditional and modern business philosophies. If you ask people why businesses exist, especially anyone with an MBA, most will always tell you that the answer is “to make the shareholders a profit!” Well, of course, that makes sense, doesn’t it? We have been reinforced at every turn through movies and business schools that profit is the goal, at any cost. This thinking, in my opinion, is not only wrong; it is devastating, and not the approach of the Klein Group. Profit is not a bad thing; focusing on profit first is. This kind of thinking leads to many short-term decisions that actually result in reduced profit and usually happens at the expense of customer service or quality of products.

I have a straightforward answer to why businesses exist; it is to provide the best product or service at the lowest possible cost to the Customer. That’s it; that is what it comes down to. The first business created was to serve a need.

For example, imagine that I have a surplus supply of high-quality oranges and that you want to make high-quality orange juice, but you don’t have any oranges; instead, you have a surplus of apples, and I happen to need apples. The solution? We make a trade. I give you enough oranges for your juice, and you pay me in apples. I’m happy, and you’re happy. This exchange results in a voluntary, equal and fair deal.

If a business has adequately accounted for all its expenses, plus allowed for re-investment into equipment and growth, then a company should end each year with zero “profit.” Ending the year with excess profit only shows that the business has, essentially, overcharged its customers. Excess profits should be used to help cover future possible losses/emergencies and to be given back to the people who work for the company and the customers through higher wages and lower costs.

The primary goal of a company should never be to make the shareholders rich. How does making a select few people richer provide for a better community? The purpose of profit added to a product or service is so that the business can afford to grow, which results in selling more, less expensive, better quality oranges, creating rewarding employment, and being able to give back to the community!

Now, if you are going to start an orange business and grow it, you may need some help (team members). The need to hire help originates from the fact that one person cannot perform all



the tasks required to run a growing business. The business owner needs to delegate some of his work to others. If the owner is sharing his workload, why is it reasonable to try and pay these people hired, the lowest wage possible? It doesn't make sense. They are not just employees; they become partners in the business and an extension of that business owner.

I have a second question for you. If you were the team member in question would you want to spend your time at work hating every minute or would you rather feel fulfilled by the fact that you are helping to supply the best oranges so that someone can enjoy the orange juice, and to share in the "fruits" (sorry had to do it) of that labour?

I am going to throw some "complicated" math at you. Customers = Employment. In other words, a business cannot support the business owner, team members or the community without having customers. Therefore, the most important responsibility of a business is to ensure that the Customer is looked after and to avoid bad customers who deliberately take advantage.

## Section 2: Our View on Strategic Philosophies

**Money:** Money was created as a necessity to improve the transactions of goods and services. If you wanted to buy a pig but only have a cow to exchange, you may have to take 3.5 pigs for the cow and then have to find someone else who wants pigs so that you can trade for other goods or services. This is extremely inefficient. Money represents the value of production and nothing more. Money in itself is not wealth; therefore, wealth cannot be printed into existence; it has to be created by the production of goods and services through human labour. The ability to produce products and services is wealth.

Money cannot fix poor business management. If a business is struggling, a loan will not solve the issues; it will likely only postpone the problem. Management needs first to find out why the business is struggling and thoughtfully re-arrange the business to make it healthy again. This usually means eliminating waste within the business and let me tell you, there is always waste. More on waste later. From experience, I thought that refinancing some significant debt that I had would "fix" the business and allow it to become once again profitable. Well, all the refinancing did was to allow me to pay some bills, sit back and relax for a few months while nothing was changed in the business. The result was making a sick company even sicker, so sick that the company was starting to die.

**Safety:** Our view on Safety is quite simple; all we have to do is eliminate the chance for injury, the easiest way to do that is by removing opportunities for near misses. (Sounds easy enough, doesn't it?)

It isn't that difficult to achieve when every process has been evaluated and improved in a structured and standardized way. Every improvement event must make the process safer than or at least just as safe as before. Safety is a conscious choice and is created when every task is done with purpose.

Safety is not just boiling regulatory requirements down to a checklist and making sure that a company has all of its documentation. Although legally necessary, it is designed to protect the company more than the people. Investment into real Safety is an investment in your business and adds value to the Customer and decreases the cost of that product or service.

**Long Term Thinking:** You will never see Klein Group management only evaluating short-term ROI when evaluating decisions. Instead, you will see a very detailed analysis of how the decision will benefit the long-term growth of the company and how it will have a positive effect on our customers, employees, community, and industry. When you have survived for 50 years, it becomes even more critical to plan for the next 50, not just the next three months.

**Steady Controlled Growth:** Growth of a business shouldn't happen by accident. At Klein Group, growth is incremental and controlled. We prefer a little growth year over year rather than a series of highs and lows. (What's the saying? Slow and steady wins the race? I am pretty sure there was no mention of a roller coaster.) A few ways to ensure Steady Controlled Growth:

1. Do not take part in speculation. This means do not buy products in anticipation of rising prices or to create an undeserved profit. Speculation forces the manager away from focusing on the Customer and away from finding ways to make production more efficient and less costly.
2. Use Debt wisely. This is discussed in more detail later.
3. Focus on providing the best possible service to customers instead of trying to service too many customers.
4. Plan work in advance and have "Plan B" in place if plans change.

**Recession Years:** At Klein Group, we do not fret about recession/depression years. Every day we are continually improving and working on our systems so that we are ready for any economic situation. When the economy is on the fritz, we take advantage of being able to buy companies and equipment from our struggling, often greedy competitors. Focusing on thriving through the lean years means that our organization will never have a year of loss showing on the income statement.

**Cash Reserves:** At Klein Group, we know that uncontrollable circumstances may disrupt our business. Therefore we put away a certain amount of every dollar that we receive. This is an attempt to ensure that we can “level out” our cash flows year after year. When times are good, we put away more money, and when times are bad, we draw on our savings. As long as we have politics in Government, then we will always have “good” and bad years.

**Debt Free:** Debt can be a beautiful thing when used correctly. At Klein Group, we believe in being able to be debt-free. This doesn’t mean that we do not have Debt or use Debt, but that we do not rely on Debt to grow our business.

### **Section 3: Our View on Lean Practices and the Continuous Improvement Process**

**The Practice of Lean:** The Klein Group uses the spirit of Lean as demonstrated and developed by Henry Ford and Toyota, to touch on every single aspect of business operations. This practice not only results in significant continual efficiencies but also improves Safety and environmental responsibility by default.

**Wastes:** One of the main focuses of Lean is eliminating the “8 Wastes”. Since we are eliminating waste, we automatically eliminate excess movement and processes, thus resulting in reduced chances for injury, less impact on the planet and much better value to our customers. (Oh, and allows us to be much more competitive so that we always have work.)

The “8 Wastes” are below followed by an example:

1. **Overproduction** (Producing more than needed or building larger than necessary)
2. **Overprocessing** (Producing a higher quality than required)
3. **Motion** (Unnecessary movements such as reaching for the tools needed or bending)
4. **Transportation** (Placing a pile of materials further away than needed)
5. **Waiting** (Waiting for another process to finish before another can start)
6. **Inventory** (Having more materials on-site than needed or required right now)
7. **Defects** (Having to re-grade pipework or repair a valve that was incorrectly installed)
8. **Unused Employee Potential** (Not asking the people who are closest to the work, how to best do the work.)

**On-Site Defect Identification:** Every employee has the authority to stop work when a problem or defect has been identified to work on correcting the issue. This is essential to ensuring that we are continually improving and providing increased value to our customers.

**Fix What Bugs You:** Just like the previous statement, every team member has the authority to “Fix What Bugs Them.” Instead of complaining about work, stop and fix the issue so that it never happens again. We can all work together to make work easier.

## Section 4: Our View on Team Members and Work-Life

**Team Members as Assets and Partners:** Many companies may say that their people are their most valuable asset, but at Klein Group, we demonstrate that belief every single day. Our people are the only ever-appreciating asset. Each day, that team member becomes more valuable, because of the constant and purposeful training and development.

Each Team Member is an extension of the business owner because one person cannot do all the required tasks, additional people are needed, this is what makes them partners in the business and should be rewarded as such.

**Team Member Development:** Each team member is an essential part of the process. If they were not, then they would be considered one of the (8) wastes. Since every team member is vital, continual professional development and learning are necessary to ensure that they are being fulfilled by their work and are adding ever-increasing value to the product or service for the Customer.

A conscious effort is put into every employee every day to help them grow their skills and hone their trade while giving them the training needed for future leadership. We help to do this by having well-rounded and diverse team members, the more versatile the team member, the more work opportunities and chances for advancement.

Our journey for our team members starts in the hiring process, where we deliberately look for someone with a strong foundation that is willing to support our philosophy to grow our people.

**Wages and Benefits:** Every team member should be able to be compensated enough to be able to purchase the products and services that they are producing. As a result of practicing Lean, we can pay some of the highest wages and benefits in the industry. We also believe that all of our employees have the right to own their house and be able to save for retirement and take regular holidays.

An important point to make is that Management does not pay the wages; the Customer does. Management only handles the money.

**Hours of Work:** As a result of Lean Practices, we can maintain a very comfortable work/life balance. Our employees work fewer excess hours than Industry Standard but earn more money. We also endeavour never to work long weekends unless the Customer requires it, and we try to take off early the day before the long weekend begins.

**Team Member Hiring Process:** At Klein Group, we take the time to choose who works for our organization carefully. We select people based on values that match our own instead of solely technical skills. Technical skills can be taught, which is why we also have a preference to bring in team members that have the drive and ambition to work for a company that will provide them all the training required to move up through the organization.

**Team Member Knowledge:** Our customers have a reasonable expectation that our team members have specific professional knowledge about the product and services they are using. We will endeavour to ensure that all team members have the proper training. This is especially critical in roles involving pricing projects or selling products.

**Team Member Work Ethic:** Although much conscious effort is put into trying to make work enjoyable and un-laborious as possible, it is expected that we are all at work to work. Work means providing full customer service and value. A general lack of work ethic can not be hidden. Everyone, especially the Customer, can sense a pitiful lack of effort and care towards one's job. Work is apart of life, and it is expected that everyone should be rewarded in proportion to their work ethic.

Examples of poor work ethic include always leaning on tools or sitting on the job, constant smoke breaks, poor attitude to the work being done, bringing other people's morals down and being distracted by non-work related conversational activities (including the use of cell phones).

Everyone deserves plenty of leisure time, but work is not the intended place for it. You know the saying "Work Hard, Play Hard," although I prefer "Work Smart, Play Hard."

**Respect:** Respect is a primary core value of the Klein Group. Every team member is expected to have Respect for:

- Our Customers
- Our Co-workers
- Our Suppliers and Sub-Trades
- Our Partners
- Our Community
- Our Environment
- Equipment and tools

**Some Examples of What Respect doesn't look like:**

- Arriving to work late or not at all
- Not attending meetings
- Not being ready for work
- Not looking after tools and equipment
- Not identifying and correcting Safety hazardous
- Not keeping the site or equipment clean
- Being rude to project participants
- Smoking on private property
- Dressing inappropriately

## Section 5: Our View on Management

**Management:** Management works on the “Shop Floor,” you will never find any manager cooped up full time in the office away from the people and processes that their decisions affect. Management must “see for themselves” what needs to be done in the business.

The number one thing that distinguishes our managers and leaders is the fact that they spend most of their time teaching, ensuring that their experiences are passed down and improved upon day after day.

Our managers are also rarely problem solvers. Instead, our managers give clear direction to the employee and give that employee the flexibility to come up with their solution. The employee will then share his idea with the manager where it can later be discussed and decided if that is the best direction

**Management Hiring Process:** Since the success of our organization depends on our people and values, we prefer to train and promote our team members to become key managers instead of hiring from outside the organization. All our team members have the potential to become key executives, especially when they have started from the very bottom.

**Job Titles:** While each position may have an official “job title,” it is understood that everyone pitches in where needed to help fill any voids in customer service. In other words, an Operational Excellence Leader may help out by doing some of the duties of a Project Success Leader or Crew Success Leader or even an Operational Excellence Leader in another Division.

Job Titles are a promise to our clients, team members and partners. For example, the “Chief Excellence Officer” is a promise to ensure that business excellence is being carried throughout the entire organization by challenging the way businesses are traditionally operated and to continually improve the way we deliver our products and services to our clients. These promises are put right on the business card for all to see.

## Section 6: Our View on Equipment and other Company Assets

**Equipment Maintenance:** We take the maintenance of our company assets very seriously. Like our team members, equipment needs daily care and attention. Equipment maintenance is performed more aggressively than industry standards. A real effort is put into ensuring that equipment is always kept clean and tidy and that there are no safety hazardous or damaged parts present at any time.

**Equipment Age:** Although the care and attention to our equipment mean that our assets last much longer than is typical, we try not to have any equipment with more than 10,000 hours and try to sell around the 6-7,000 hours depending on the demand of the market.

**Equipment Disposal:** Equipment purchases are always considered a long term investment. Our goal is to ensure that our equipment sells for the highest possible market value to maximize our return on that investment.

**Equipment Utilization:** Each asset purchase is based on the assumption that the machine will be used to an acceptable range per year. If the machine is not being utilized, first, a plan will be created to increase value-added hours. If that doesn't work, then the machine will be sold. Underutilized equipment is waste; it should be sold so that it can add to the overall increased production of the world, which benefits everyone.

**Equipment Purchases:** All equipment purchases will be based on careful evaluation of need and long-term performance. Purchases must:

1. Reduce the effort of the work on our people,
2. Reduce the cost to the Customer and
3. Improve the quality or service of the work.

## Section 7: Our View on Vendors/Subtrades and other Strategic Partners

**Paying for Products and Services:** At Klein Group, it is considered unacceptable not to pay commitments on time. Since our businesses are designed to receive payment at the point of sale or earlier, we rarely carry an Accounts Receivables balance; therefore, there should be no excuse to pay promptly.

Holding back money owed to collect interest on that money is poor Management and results in no benefit to anyone. Management isn't about playing games with money, it is about always providing improved value to our Customers. Once you take your eye off of the work, your business starts entering the world of speculative activities by trying to make money a commodity instead of a means of transaction. Money on its own does not create wealth; at best, it only transfers that wealth from one person to another.

**Selection of Vendors:** We believe that the choice of vendors is just as important as the careful selection of our team members. Our vendors should be as local as possible and have acceptable business practices in the eyes of Klein Group's upper Management. Preferred vendors should always be chosen over other vendors even if the cost is higher unless the selected vendor is higher due to being unavailable or uninterested.

When possible, (2) similar vendors should be available to ensure that prompt service to our Customer is always possible.

**Partnerships with Vendors and Sub trades:** Every relationship with our vendors and sub-trades is considered a strategic partnership. A partnership will result if three essential conditions are met:

1. All parties have the end customers' needs in mind.
2. All parties have priced products reasonably with a fair profit.
3. All parties are continuously trying to improve the value of the product and service delivered to the end customer.
4. All parties can grow together.

**Partnerships with Financing and Professional Services:** The relationship that we form with our Bank, Accounting Firm, Consulting Services and Law firm are some of the most valuable.

We don't just do business with a National Bank or National Accounting firm "Brand"; instead, we partner with our Account Managers. They develop a full understanding of our business and are kept up to date on or plans as they progress. This allows our Account Managers to help guide us along as we grow and act as a Board of Directors, giving us advice and direction. Our Account Managers are more like friends rather than only business associates.

## **Section 8: Our View on Inventory**

At Klein Group, we strive to keep the least amount of inventory as possible while ensuring that we are always able to provide the Customer with what they need when they need it.

**Inventory Purchased for Sale:** We keep only enough inventory on hand of each product we sell so that the Customer can take the product home that same day. Instead of stocking up on inventory so that it lasts weeks, we schedule deliveries of inventory a few times a week to ensure we only have what is needed on hand, no more and no less.

**Equipment Lubricants, Filters and other Shop Items:** We carry the bare minimum on hand and make sure that our suppliers have products that we need on hand within 24 hours. If items have a long lead time (i.e. two weeks), then we may stock a spare just to be safe. This drastically improves cash flow and reduces possible waste created due to obsolete items.



## Section 9: Our View on Customers

**Selection of Customers:** Unfortunately, we are not in business to serve everyone. We carefully select our customers to ensure that their project fits with our overall goals and philosophies. If we feel that the project or Customer is in breach of these goals and beliefs, then we will not do business with them.

**Case Study 1:** We once had a very long relationship with a National transportation company. The company is one of the main reasons that we were able to thrive and grow over the years. Unfortunately, the company eventually did not meet our strict criteria for a good customer. They were in breach of a few of our core values, such as:

- a. **Safety:** We believe that Safety is not a priority at this company because of the repeated attempts to put our employees in danger to provide quicker service.
- b. **Respect:** The company did not show our company, Management or employees the Respect due.
- c. **Our other Customers:** The company always tried to put their needs above anyone else's.
- d. **Employee Work/Life Balance:** The company would not stick to a schedule and would rather call at any time of the day for service and would force our employees to work much harder and longer than necessary, also causing undue stress.
- e. **Partnership:** The relationship was very one-sided were our only benefit was being able to bill a higher than the typical rate.

**Case Study 2:** A customer has a project that does not add improved value to our community. An example of this is when the project harms our environment or create unethical products or employment. Another example is if the project subjects our employees to unnecessary danger, harm or other harsh working conditions. The adage of "Someone has to do it; it may as well be us" doesn't fit our company's views.

Our customers are what keeps us relevant as a business. We must understand that our customers are often expecting a very stressful experience and would prefer not to have to call us. They usually require very complex problems to be solved by our organization, which can be very expensive and time-consuming. Our job is to ensure that our Customer has a positive experience where they can "sit back and relax" as we do all the heavy lifting. This may require taking on some items that we are not experts at, in this case, we may have to research and hire other organizations that do have this knowledge.

## **Section 10: Our View on Profits**

Profit, this word must be one of the most controversial words in the business language. Managers love the term but most team members and customers often misinterpret and fear it.

As mentioned in Section 1, if a business has adequately accounted for all its expenses, plus allowed for re-investment into equipment and growth, then a company should end each year with zero “profit.” Ending the year with excess profit only shows that the business has essentially overcharged its customers. Excess profits should be used to help cover future possible losses/emergencies and to be given back to the people who work for the company and the customers.

The primary goal of a company should never be to make the shareholders rich, how does making a select few richer than necessarily provide for a better community? The purpose of profit added to a product or service is to be able to afford to grow your business so that you can sell more, less expensive, better quality oranges with better service, creating rewarding employment, and being able to give back to the community!

At the Klein Group, profit is a well-managed, well developed purposeful goal. It doesn't happen by accident, and it most certainly doesn't happen by cutting corners and ripping people off. It is merely the reward for a well-managed business, which creates a better environment for Team Members and lowers costs with higher quality for our customers.

## **Section 11: Our Views on Charity and Donations**

## **Section 12: Conclusion**

Thanks for taking the time to read this essential document. The Klein Group Way is the sole of the company and will be used to guide us through any situation.

This document is continuously improving, almost daily, so be sure to come back and read the newest revision soon.

We welcome any feedback that you may have about this document and would love to discuss this document, and the philosophies contained in great depth whenever you feel like it. Feel free to come to talk to Cory in person.