
MANAGERISM

Reinhold Würth – Visionary and Entrepreneur

Principles – Practice – Achievements

Manfred Hoefle

"I believe that arrogance is the most obnoxious characteristic that an entrepreneur can have", affirms Reinhold Würth (born 1935) reflecting on over 70 years as a successful businessman. During that time, he turned a small wholesaler of industrial screws into the Würth Group – a global player for industrial assembly materials and fasteners.

Würth believes that pride is destructive. It makes you careless and self-centered, dismissive of good arguments, and devoid of human sympathy and understanding. That is why he emphasizes the avoidance of arrogance in the business enterprise which is his life's work.

INTEGRITY FROM THE START

Reinhold Würth learned from his parents the meaning of integrity and trustworthiness. The need to save and economize was also necessary in post-WWII years and such parsimony never left him. His sources of strength have been, "My family, my Swabian homeland, and my belief in God. They help me to focus on what is important in life". He was the sole apprentice of his father, a consummate salesman. After his father's sudden death, Reinhold took over the family wholesale screw business together with his mother who looked after the storekeeping and order processing. They lived in the Hohenlohe Land, then the poorest area of Württemberg in south-west Germany, a region to which he remains closely attached. The people of that region, Swabians, appreciate Reinhold Würth the cosmopolitan business boss, for his hard work, sincerity and straight-forward manner. Würth's motivation and source of deep satisfaction is the enjoyment of success and a certain belief that fortune favors the industrious.

CIVIC VIRTUES – FAITH IN HUMANITY

Reinhold Würth believes that liability, honesty, straightforwardness, humanity, humility, modesty and friendliness are the virtues that should be the heartbeat of a business enterprise.

He has never forgotten his humble beginnings. It was much more than symbolic on the 50th anniversary of the Würth Group, when he pushed a hand cart with company goods to the local rail station – just as he had done as a young boy – but this time leading a large crowd of Würth employees. He thinks that conviviality begins with small things, like saying "Thank you". Maintaining close personal and trusting relations is important for him, the born salesman. This credo of trust is exemplified by Würth being one of the first businesses to adopt flexi-time working and no longer recording employee working hours. This reflects his belief that people have a natural desire to work, although occasionally encouragement may be necessary.

BUSINESS ENTERPRISE AND FAIR PRODUCTIVE COMMUNITY

Reinhold Würth considers his business to be an organism, not a profit-making entity. Its business culture is an inheritance of "symbols, myths, attitudes, actions, successes and setbacks". Employees must be aware of where a business enterprise comes from – to understand why it is what it is. Würth believes a business should be a learning and working association driven by a pioneering spirit, equipped with agility, collegiality and humanity. First and foremost, for every "Würther", should be the will to "work creatively". Only then can you be successful. Würth's experience convinced him of a virtuous circle: "Successful employees are satisfied employees and satisfied employees are successful employees." Awareness of this interaction is fundamental to understanding the purpose of leadership. It is no coincidence that 90 percent of management trainees are promoted from within the enterprise.

Knowing Is Nothing Without Doing – is a Reinhold Würth maxim

Businesses excel through the targeted implementation of experience and knowledge. A pre-condition for this is a decentralized, open organizational structure based on the principle that, "The greater the degree of freedom, the greater the success". A pleasing, positive working atmosphere, fair pay, suitable working hours, and appropriate social benefits are crucial. Then your workplace becomes "your" company. More employee loyalty results, which has led to a fluctuation rate at Würth of under five percent. And the fixed boundaries between work and private/leisure time become a continuum.

The Würth Group is primarily a trading company and its motive power is the sales force. It is they who must transmit the underlying ethical values of the business to customers worldwide each day. The sales-customer interface is the testing ground of moral practice; it is the litmus test of whether moral aspiration becomes reality.

These Würth commandments for the field sales service were and still are decisive:

- Never take unfair advantage of your customer.
- Do not make promises that you cannot keep.
- Give customers the certainty of absolute fairness.
- Treat them courteously and as partners.
- Try to build an interpersonal relationship.
- Visit your customers at least every four weeks.
- Never make a sale based on a falsehood.

MORE LEADERSHIP – LESS MANAGEMENT

Business leaders should promote a sporting, performance-centered attitude to work. Inducement and group spirit are desirable. Reinhold Würth prefers goals which are clear and simple. His "golden rules of leadership" are: set clear targets, delegate responsibility, recognize and appreciate above-average performance, systematize social communication, and transform hired employees into fellow human beings.

Goals should be challenging, but achievable. This creates trust and security. When targets are exceeded then gratitude and visible recognition should be certain; that is what rewarding performance is all about. Würth has a carefully managed "Rewards Program". Delegating responsibility requires a leap of faith, because it is incompatible with overly management control. Business enterprises are places that need regulated but appropriate and purposeful communication and a positive human-centered atmosphere. Celebrating success is a top priority at Würth. Themed days, conferences and congresses are part of the annual cycle.

Reinhold Würth recognized the power of 'visions' like few others. They can spark the desire to conquer new markets. Visions and imagination can be animators of change, and trigger "positive crises" and innovation. However, it needs leadership skills to visibly formulate a vision or purpose, to make it imaginable for everyone, and transform it into realizable objectives.

WÜRTH'S PRINCIPLES OF MANAGEMENT

Reinhold Würth is an entrepreneur and a management pragmatist. He reached out to obtain support and ideas from universities, in technical questions from technical consultants, studied concepts including the "virtual corporation", investigated futuristic topics, and incorporated whatever he believed was practical into a unique Würth mix. He didn't think much of general recipes for success, he ignored management fads and fashions. Changes were first tested on a small-scale, and only then rolled out. His practical experience matured into practical rules. When it comes to knowledge and understanding of human nature, he has mostly relied upon his own resources. A specialty of Reinhold Würth has been to dictate letters every day with suggestions, requests and praise for the team.

PRINCIPLES OF SUCCESS BY A HIDDEN CHAMPION

Würth Group is a mid-sized company, which has prospered outside the major industrial conurbations. It is what is known as a "Hidden Champion" – but due to its outstanding reputation it is in fact a Global Player. This type of family company is disproportionately represented in German-speaking countries; they are the pillars of the Mittelstand. They are characterized as follows:

Strategically highly comprehensive quality orientation, which enables price leadership. The *Würth* brand – and its logo of a cylinder-head and a round-head screw – stands for quality down to the last detail. Over 15 percent of Würth products is made in-house.

By concentrating on specific strengths: Würth has its sales, sophisticated market and customer segmentation and a systematic approach to gaining market share.

By focusing on long-term, balanced business development. One-sided shareholder value orientation or profit maximization is out of the question – Reinhold Würth called that approach a "suicide program". Of course, sufficient profit is essential to finance growth; but profit is in reality "a reward for smart management".

Würth business retains close links to the founding family. For Reinhold Würth, the firm is an extended family, the family treasure. It provides for his own family.

Avoiding dependency, especially on a few major customers, suppliers and banks. Financial independence is assured by what is, for a merchandizing concern, a very high equity ratio of over 40 percent.

A flat, decentralized organization allows practical experience and the growth potential of employees to spread across the firm.

Healthy growth: which means renouncing "non-core" diversification and integrating other previously entrepreneurially-directed businesses. Growth should be mostly achieved by own efforts. Therefore, the training of sufficient in-house managers is essential.

PRUDENCE AND FORESIGHT

Reinhold Würth has never failed to emphasize that business success largely depends on human factors. That includes the will to work hard and do a good job. Businesses are always communal ventures. Ideally the Würth Group could be compared to a sports team – and as a learning organization with continuity of leadership.

The survival of a family business depends upon continuity and stability, especially when an individual of strong character has steered its course for so long. The Achilles heel is the period of transition to the successors. Reinhold Würth has prepared the firm well by handing over executive management of Adolf Würth GmbH & Co KG to a five-person group management board in 1994. His daughter Bettina chairs the Advisory Board of the Würth Group. Reinhold Würth also participates as honorary chairman in addition to directors from other companies. The group is incorporated into family foundations, which are also monitored by the Foundation Supervisory Board on which Reinhold Würth is the chairman. His grandchildren are already present on advisory boards. What inspires and constantly inspires Reinhold Würth as his primary task is to prepare the business for the next 25 years, and beyond, and to inject the business with the "Würth spirit".

CULTURAL ENTREPRENEUR AND CULTURAL MEDIATOR

Reinhold Würth gained prominence with major collections of art – the largest private collection in Europe – and by founding several museums with free admission. And this includes a "screw museum". The town of Künzelsau, where the family business is headquartered, has become a cultural brand. And together with the nearby town of Schwäbisch Hall it is a visitor magnet for art lovers. The region is musically enriched by the Würth Philharmonic Orchestra. The Carmen Würth Forum was extended to provide a large Culture and Congress Center. Reinhold Würth's patronage of the arts combines his personal motive of creating cultural value and benefiting the community, and although that is not the purpose, this also adds to the reputation of the Würth Group.

He has actively promoted various local clubs and associations. At one point he was a member of ten local clubs. His gift of moderation has been sought and is highly valued. He has passed on his wealth of business entrepreneurial experience to students, many of whom he has encouraged to launch start-ups. He has often been in demand as a business consultant and supervisory board member for major Swabian companies in the region.

Reinhold Würth wholly embraces the dictum "Property ownership entails responsibility" – as also anchored in the German Basic Law (German constitution). As a citizen and entrepreneur, he has taken his social obligations extremely seriously and had made an extraordinary contribution to his community and society.

The Würth business enterprise in numbers (2020):

Sales: 14.4 billion euros; Operating result 775 million euros; 400 subsidiaries; Presence in 80 countries; 125,000 products; over 80,000 employees worldwide.

Sources of in-depth Information:

- Reinhold Würth: *Erfolgsgeheimnis Führungskultur – Bilanz eines Unternehmers*, Verlag Paul Swiridoff, 1995
- Beat Balzli (ed.): Christin Rau, Martin Seiwert: *Reinhold Würth – Mein Leben, Meine Firma, Meine Strategie*, GABAL Verlag, 2020