degrees—none of the usual status differentiators carry much weight." Importantly, *resources get attracted, not allocated*: "Human effort flows toward ideas and projects that are attractive (and fun) and away from those that aren't." As for senior executives, *leaders serve rather than preside*: "Credible arguments, demonstrated expertise, and selfless behavior are the only levers for getting things done." And, perhaps most tellingly, *power comes from sharing, not hoarding*: "To gain influence and status, you have to give away your expertise and content." On the Web, Hamel continues, "No one can kill a good idea," "Everyone can pitch in," "You get to choose your cause," "Excellence usually wins (and mediocrity doesn't)," and "Great contributors get recognized and celebrated." The challenge for leaders, he concludes, is to create organizations that reflect these same principles.[9]

"YOU DON'T GET TO DEFINE US, WE DEFINE OURSELVES" —NEW-WAVE LEADERSHIP IN AN OLD-SCHOOL ORGANIZATION

I don't mean to suggest that a new style of leadership, based on a spirit of "here-and-now humility" and a respect for the creative virtues of "random collisions of unusual suspects," requires an entirely new leadership style—entrepreneurs with the eccentricities of ecommerce titan Tony Hsieh, the convention-busting vision of mining innovator Rob McEwen, or the informal, peer-to-peer sensibilities of app developers steeped in the work styles of the Facebook crowd. A commitment to embracing the power of collective genius, to recognizing that what you unleash matters more than what you control, can reshape the logic of leadership and success in organizations with all sorts of histories and cultures, and among executives and company builders with many different personal styles. You don't need to live an unconventional life, or be a card-carrying member of Generation F, to appreciate that the best ideas can come from the most unexpected places—and that the leaders who do the best job of attracting those ideas are the ones who generate the most impressive results.

As an instructive case in point, consider the remarkable long-term performance of a little-known company called Fastenal, based in the quiet town of Winona, Minnesota (population twenty-eight thousand). A few years back, when *Bloomberg Businessweek* went in search of the single best-performing stock in the United States in the twenty-five years following the Black Monday crash of October 1987, its journey didn't end at the Apple campus in Silicon Valley, or at Microsoft headquarters in Redmond, Washington, or at Berkshire Hathaway's offices in Omaha, Nebraska. It ended at Fastenal headquarters in Minnesota's bluff country on the banks of the Mississippi River, a two-hour drive southeast from the Twin Cities, a four-hour drive northwest from Milwaukee. (Besides being home to Fastenal, and being considered the unofficial "Stained-Glass Capital of America," Winona's biggest claim to fame may be the actress Winona Ryder, who was born in nearby Olmsted County but named after the town.)

In what glamorous, high-margin, cutting-edge field has this hyperperformer made its mark? Software? Biotech? Aerospace? Not exactly. Fastenal is one of the country's biggest and most important distributor of industrial supplies (nuts and bolts, along with cutting tools, safety equipment, lighting, and all sorts of specialty parts) for factories, mills, construction sites, and other facilities. In other words, if you're a big construction company, a small contractor, an oil driller, or an automobile factory desperate for an exotic bolt or specialty fitting to finish a job or keep a machine running, Fastenal is where you'll find it. And if your part is no longer around or you need something that just doesn't exist, Fastenal will make it for you. It has eleven factories worldwide that can manufacture anything, from fasteners to specialty parts for Arctic energy exploration, mining, and manufacturing, for all kinds of technically demanding endeavors. As the company likes to say about its factories, "We make the unavailable part available."

Fastenal may be pretty invisible in the public imagination, but it is indispensable in the lives of its customers. It is also huge. The company employs thousands of people who work in nearly 2,700 stores, with locations that stretch from the country's biggest cities and industrial centers to rural communities even smaller and more remote than Winona. Its online catalog offers hundreds of thousands of different items. It also has installed more than 60,000 "fully customized and automated Fastenal stores" at factories, warehouses, construction sites—basically, high-tech vending machines for cutting tools, safety gear, and all sorts of other industrial supplies and equipment. It is, in short, a distribution powerhouse whose presence extends into virtually every nook and cranny of the economy.

The result of this overwhelming reach—a wider variety of products offered through more channels at a greater number of physical and virtual locations than any other company in the industry—is truly overwhelming business performance. According to *Bloomberg Businessweek*, Fastenal shares rose 38,565 percent in the quarter century after Black Monday. Microsoft, by contrast, was up 10,000 percent (still not too shabby), and Apple was up 5,542 percent. No stock goes straight up, of course, and in the last few years, with major slowdowns in the worldwide construction market and sharp price meltdowns in the energy sector, Fastenal shares have been under pressure. Still, an investor who bought and held $10,000 worth of Fastenal stock in October 1987 would have had *$3 million* by October 2015. And the company itself just keeps getting bigger and bigger. At the time of its IPO in August 1987, Fastenal had 250 employees and $20 million of revenue. By 2015, it had more than 18,500 employees and $3.7 billion in revenue.[10]

There's a vital lesson behind such high-flying results in such a low-key field, a lesson that drives home the central message of this chapter. I got that message loud and clear when I traveled to Winona, Minnesota, to make sense of the Fastenal story. My first in-depth session was with Lee Hein and Gary Polipnick, top executives who traveled well-worn paths at the company. Both started in the mid-1980s, before the IPO, when Fastenal was all of fifty people working in a handful of stores. Both moved from store to store, region to region, and finally into senior leadership. Polipnick became executive vice president of FAST Solutions, the company's ecommerce arm, in January 2016, and Hein has served in a range of leadership positions, most recently as senior executive vice president of sales.

What's the most important part of Fastenal's success that outsiders like me, discovering the company for the first time, don't understand? "The number one thing for me is the people aspect," Hein replied. "The goal is to unleash entrepreneurial passion, a commitment that I will be self-driven to do better than what you can expect. It's a mind-set: Run your business like you own it. When you trust people to solve problems and make decisions, and then let them go, that's when the magic happens. That is the story of this company."

In other words, the energy and drive that Fastenal unleashes among its frontline people matter just as much as the warehouses and distribution assets it controls. To be sure, the company exudes an aura of power and muscle. It is a national (and global) distributor. It also manufactures more and more products on its own, and sells these super-specialized (and often high-margin) items to some of the world's most demanding customers. At the same time, Fastenal embraces a spirit of radical decentralization and autonomy. Each of its twenty-seven hundred stores operates as a stand-alone business, with a clear leader, full P&L (profit and loss) responsibility, and grassroots zeal for growth and service. It also maintains a proudly old-fashioned culture, a throwback sensibility of sorts, that recruits many employees while they're still attending college, starts a majority of them in part-time jobs, prizes lifetime careers, and drills everyone on the timeless basics of sales and service.

"We grow from the ground up, based on the actions and decisions of thousands of people who run their businesses like they own it, who stay up late thinking about the next customers, the next piece of business," Lee Hein says. "And I want those people to stay with us forever. They will never have to stop at a certain level. You may have to move, you may have to learn a new [market] category, but there will always be opportunities here."

> **"Run your business like you own it. When you trust people to solve problems and make decisions, and then let them go, that's when the magic happens."**

All told, there is a quietly fierce, and fiercely determined, attitude among the people you meet at Fastenal, a palpable sense of both ambition and humility that Edgar Schein would recognize, and that's different from the brash, disruptive energy in Silicon Valley, or the money-centered, me-first outlook on Wall Street. In fact, Fastenal includes ambition as the first of its four core values, and defines it as a blend of five related attributes. *Aggressive:* "a persistent attitude toward the execution of job-related goals." *Confident:* "being certain of one's abilities." *Energetic:* "a fast-paced enthusiasm toward your job." *Motivated:* "an internal desire to be the best you can." *Self-reliant:* "approaching tasks, or your job, in a determined and independent fashion." These may not be new-wave sensibilities, but they have supported a wave of competitive excellence that is hard to match.

"The toughest thing to understand for the new generation coming in is the culture," says Gary Polipnick. "We want people with common sense, a strong work ethic, people who want to learn the business, understand our customers, figure out how to solve their problems and save them money. We call ourselves a blue-collar sales company. When our folks in the stores are doing it right, customers say, 'This guy knows my business better than I do.' We don't care where you went to school, we care about what they can't teach in school—wisdom, savvy, entrepreneurial spirit."

Actually, Fastenal has created a school of its own to teach the business skills, sales techniques, and service mentality around which its bottom-up culture is built. The Fastenal School of Business was launched in 1999 by Peter Guidinger, a PhD chemist who put together a handful of courses on the basics of sales and service. Today it has 39 instructors, 20 campus locations, and more than 300 different courses, from ten-minute e-learning modules to one-week and two-week programs. (True to form, Fastenal designs and develops all the course material itself.) It even offers introductory courses in welding and metalworking, as a way to help salespeople relate more personally to their manufacturing customers. Nearly 9,000 employees spent time in the classroom in 2014, and the workforce as a whole completed nearly 280,000 online courses. It also publishes a widely read paperback, *The Little Blue Book of Customer Service*, which has become a bible of sorts for parables on how to treat customers.

"There are a lot of people who want to be told what to do," says Peter Guidinger. The curriculum at the Fastenal School of Business reflects "our belief in the potential of people. It encourages decentralized decision making and as much autonomy as possible throughout the company."

This agile, flexible, bottom-up approach to building the culture is what makes Fastenal such an intriguing and refreshing organization to encounter—a company that is as nimble as it is disciplined. It also reflects the strategic mind-set with which Fastenal's leaders have built the business as a whole. Five cofounders, led by Robert Kierlin, Fastenal's first and longest-serving CEO, who remains a living legend in Winona, opened a one-thousand-square-foot store to sell nuts and bolts back in 1967. (That first store is now the company museum.) They waited a full four years to open a second location, in nearby Rochester, home to the world-famous Mayo Clinic. By the time of the IPO in 1987 there were still only fifty stores, all clustered in the upper Midwest. Yet even as the company has emerged as a colossus, and has ventured far afield from fasteners (although they still account for 40 percent of total revenue), it has never used big acquisitions or high-risk maneuvers to jolt the business forward. It expands one location, one product category, one customer, at a time. I may be the cofounder of a magazine called *Fast Company*, but I am struck by how Fastenal's slow, steady, methodical approach to growth has served it so well, especially when it is built on a foundation of rank-and-file autonomy. Like so many of John Doerr's Silicon Valley missionaries, Fastenal runs its business as a marathon, not a sprint.

"Fasteners are the tip of the spear," Lee Hein told me. "We get your fastener business, we do a great job. Then we get your cleaning supplies. So we do more. We say, 'Hey, we can do gloves and safety glasses, cutting tools, welding supplies.' Then people need a bolt they can't find. So we make it for them, and we do more again. When you help someone out by making a part they can't get anywhere else, when you keep a mill running that would have shut down for two days, that's a difference maker. We want to know our customer's business so well—what they spend, how they could be more efficient—they can't imagine doing business with someone else."

Even the one real sprint in the company's history, the game-changing rise of its vending-machine channel, is actually an example of its marathon mind-set. The original "business plan" for Fastenal was sketched on a piece of paper by Bob Kierlin, a sketch now on display at the company museum. That sketch, believe it or not, was for vending machines that Kierlin wanted to place in factories and shops around Winona, to dispense boxes of nuts and bolts as customers needed them. He never could find or develop a machine that worked, so he opened a store instead. Nearly fifty years (and several generations of technology) later, Fastenal does one third of its business with customers that have installed its vending machines. These machines, it's important to note, almost never subtract from the business customers do with the stores. They offer one more way to go deeper and do more, to solve problems and sell products.

Thus explains the agile giant that is Fastenal. It rejects the "either-or" choices that determine strategy and culture at most companies—big or nimble, high tech or high touch, cutting edge or conservative—in favor of a "both-and" mind-set that relies as much on the energy and ingenuity of its people as on the scale of its warehouses and the intelligence of its industrial vending machines. I wish more organizations and leaders could be less obsessed with the resources and assets they control, and more confident about what happens when they set the stage for others to perform.

"You get it!" Lee Hein says, chuckling, as I try to frame the big-picture insight behind the company's performance over the last several decades. "We're not one giant organization. We're twenty-seven hundred small businesses wrapped up into one big company. Society tell us, 'You're a big company, act like it!' We say, 'No! You don't get to define us, we define ourselves.' We go against the grain in almost everything we do."