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PRESIDENT'S DINNER SPEECH

by

George Jenkins, President
Publix Super Markets
Lakeland, Florida

Mr. Chairman, ladies and gentlemen, I appreciate the honor you have extended to me to be with you this evening and to participate in this most important food distribution conference. Specifically, I was not asked to talk on any given subject...so would like to talk with you about "where is our industry going and what ought we to be doing?"

Today, we stand on the threshold of a new era...America is changing and as she changes her people change. In the late 1800's our country shifted dramatically from an agricultural society to an industrial society. But today we are seeing an equally important shift from an industrial society to an information society. Today over 50 percent of our population are working in the information sector. More people today are working with knowledge and data than with equipment and products.

We are indeed facing an explosion of knowledge and information. Today we are facing what Rudyard Kipling has called "The opening verse of the opening page of the chapter of endless possibilities."

We find ourselves on the threshold of time when our business is caught up in what baseball players call a squeeze play. The pressure of the unsettling economic conditions of inflation and

recession on the one hand and the challenge of using the explosion of knowledge and information on the other hand. Our industry is facing what I believe will be the decade of change. All we can be absolutely certain of today is the inevitability of change.

I have been asked, on occasion, what I consider to be the most important steps in the evolution of food retailing. I have identified these as:

1. Self Service. This development has truly allowed us to feed the people of America at the lowest possible cost.
2. Refrigeration which led eventually to air conditioning. This development has made it possible to offer our customer a variety of products as well as a quality of products that otherwise would be impossible. Air conditioning has indeed made it possible. Air conditioning has indeed made it possible to provide a comfortable environment in which to shop.
3. The shopping cart. A development that needs no explanation if you have ever seen the hand held shopping baskets of the 30's.
4. Computer assisted scanning. This development clearly underlies the importance of my opening remarks in

regards to our change to an informational society.

Many of you do not remember the first three developments but there is no question you are, or will be, in the midst of this information explosion which is brought about by scanning.

As I look back over the 60 odd years I have spent in food retailing, I'm amazed at what has happened. But I truly believe the future holds before us such fantastic opportunities it is almost beyond belief. These opportunities will lead to even greater economic and material success. But these will also lead to even greater problems, or as we prefer saying at Publix...unsolved opportunities.

I would suggest to you this morning, as you approach these days together in this distribution conference, that we must use the productivity, the intelligence, and the initiative that has contributed to our success in the past to contribute to the solutions of our problems in the future.

Achievement of material and economic success in our retail stores or in our distribution systems may be accomplished in part, by machines and science; but the real solution to our problems will continue to come from people...people led by people.

With the acceleration explosion of knowledge...with the ever increasing pressure of social problems it's interesting to see a renewal of concern by executives towards business and personal philosophy. Management people are asking themselves some very probing questions:

"What is the real purpose of this business?"

"What are we trying to accomplish?"

"What is business integrity?
How do you insure its application?"

"What should be the guiding policy of our company concerning ethical conduct?"

I would like to take a few minutes to share with you this evening four business philosophies that I have seen followed in various degrees by management people of the 20th century.

First, there's the philosophy of indifference. Indifference to civic duties, indifference to employees, indifference to world events and local problems.

Second, is the philosophy of materialism. This truly is a philosophy of self-centeredness. It's central concern is for the present interests and comforts of life. Its application is in terms of personal gain.

Third is the philosophy of power. Power that is needed to satisfy a person's ego. This too is a philosophy of self-centeredness...of complete disregard for the feelings, the lives, the needs and concerns of other people.

Fourth is the philosophy of idealism. Not a blue sky, unattainable idealism, but a philosophy that recognizes the potential of each human being as an individual with unrealized potential. The need to stimulate and educate the individual to bend every effort to produce and provide for himself the satisfaction of achievement.

This is really the foundation of America. Although many have been led away by indifference, materialism or power...I believe we are seeing a return to the philosophy of idealism. of truly developing our human resources.

No matter what wonders our scientists may perform with their amazing technology and electronic marvels, I hope you will remember that science can equip us but science cannot guide us. The success or failure of our business enterprise will still depend as it always has, upon that magic quality of people. The power of human resources with their muscle power, with their brain power and with their heart power.

The great industrialist Andrew Carnegie once said, "Take away my factories, my plants...take away my railroads, my ships, my transportation, take away my money. Strip me of all these things - but leave me my men...and in two or three years, I will have them all again."

The philosophy of progressive business leaders throughout America recognizes that today the real essence of managements' responsibility is to assist and encourage people to develop themselves. To enlarge upon their abilities and to expand their capacities. Our strength in business lies in people...people who will continue to work together to serve more people, more profitably.

It is my belief that the greatest opportunity one company has over another in our competitive economy is in communicating ideas...not just words. Thinking in terms of images...by making the truth exciting...by permeating every objective with a sense of mission and to emphasize that your company is not merely providing a service to the public, it is also providing a way of life for both the people inside and outside of your organization. It is building prestige; a feeling of importance and a pride of accomplishment. These are the beliefs and the ideas that keep a group of people on the march.

So much about my philosophy of management in general. I am reminded

that this is a distribution conference and you have asked that I share with you a little of the Publix approach to some of our unsolved opportunities. When you consider that over 85 percent of the cost of distribution is in people costs it would seem to me this would be your primary interest. As critical as energy, inflation and mechanical technology might be, the major part of our job is managing people effectively. Quite frankly, this is the area I feel most comfortable in. For a Georgia boy who arrived in Florida with \$9 in his pocket, I've never been comfortable talking about philosophy. I much prefer talking about Publix and Publix people.

During the years I have operated my own food business I have learned that when you have a high degree of integrity, enthusiasm, initiative and loyalty among your people, you add a new dimension to the potential of your business. Certainly it takes a greater investment in time, effort, and money to build a top quality staff of people. But believe me its as good an investment as can be made in this business.

Through fair wages and good benefit programs, we have been able to attract and keep bright, ambitious people in the Publix organization. Financial incentives are important. That is why we share our profits with all full time employees, both in retail store bonuses based on store profits, and a retirement trust plan based on the profits of the corporation. That's also one of the reasons we started our employee stock ownership plan where we give all full timers and many part timers, shares of stock in our company. To borrow from Prudentials' ad, our people truly own a piece of the rock.

But this is far from the whole story...financial incentives are only

part of the formula. Several years ago Daniel Yankelovich did a study of Publix people for the Super Market Institute and his conclusion reveals another part of the formula for good human relations at Publix. Dr. Yankelovich said that Publix people had found the secret to motivation. (I'm still trying to figure out what was such a big secret about it.) His report stated: "Publix people seem to have been unusually successful in making friendliness compatible with efficiency." This was no secret to me...It's been a way of life in our organization since 1930.

At Publix, we have always considered our employees as members of the Publix Family. I realize this philosophy is thought of as "Old Fashioned" in many companies, but we're interested in these employees as PEOPLE...and we aren't afraid to let them know it.

Earlier I referred to the philosophy of idealism, a philosophy that places emphasis on the potential of each human being as an individual. This is what we have tried to do at Publix.

As we recognize the physical needs of life, we provide salaries and benefits to meet these needs. But this isn't enough. We have a society today where most of these basic needs are provided. People are looking for something more...and that something has to do with their relationship to themselves. You can call it self-respect or self esteem or individualism, but whatever you call it, it is I believe, the key to motivation of most working people today. Of course we want our people to have respect for the management of our company. But let's not get the cart before the horse. Respect for management is a reflection of the respect management

gives to people. People must feel like people...and not like numbers or machines.

Several years ago some food industry friends told me, "George, you're doing fine with this philosophy toward people now but wait till you get 50 stores and 2500 people." Well, when we passed that figure they didn't change the tune, just the words: "Wait till you get 100 stores and 5000 people." Now that we have almost 254 stores and 27,000 employees those industry friends are say, "Well, Publix is doing fine now...but wait till George gets out of the picture."

Let me assure you that Publix Super Markets is going to keep on growing exactly as it has...because our staff is instilled with the same values and philosophies, and with an almost evangelical zeal to pass them on.

Once you have people dedicated to these values, and have these values reaffirmed by peoples' daily experiences, the values will not die.

One of our great American orators Daniel Webster, expressed far better than I, a summary of the Publix philosophy:

"We know that if we work upon marble it will perish; if we work on brass, time will efface it; if we rear temples they will crumble; but, if we work with men, and imbue them with principles we engrave on those tablets something that will brighten lives for all eternity."