

Disrupt Yourself Podcast

EPISODE 270: RUSS WHEELER

Welcome back to the Disrupt Yourself podcast, where we provide strategies and advice on how to climb the S Curve of learning in your professional and personal life. Stepping back from who you are to slingshot into who you want to be. I'm Whitney Johnson. Before we start, if you're finding these shows useful, it would be wonderful if you were to open up your podcast app right now and leave our show a review. One or two sentences about why it's important to you is a huge help in helping us attract diverse, interesting guests for you to listen to. This week, we get fired up about the business of barbecue. Russ Wheeler is the CEO of Barbecue Guys, a retailer for all things grilling, smoking, and camping. But Russ' Journey is about much more than the backyard life. He's been in the home improvement business for decades and navigated many tough decisions through the dot com boom, bust, and dramatic evolution of retail. The lessons he's learned apply to anyone in an industry where the only thing that's guaranteed is change. Russ is always fun to talk to, I know you'll enjoy this conversation.

Whitney Johnson: I think I hear dogs in the background. Is that right? And what kind of dogs do you have and what are their names?

Russ Wheeler: Dogs, plural. I have, I have five dogs if you can believe that we're a glutton for punishment, kind of like with the S Curve. And we can continuously jump into these new, new roles and new S Curves. But I have three French bulldogs, Macie, Leela, and Sophie, and then we have two other dogs, a shiatsu and a Brussels griffon. And they're in the other room. They're being good. The Frenchies are in here with me. So they're hopefully they're about to settle down right now.

Whitney Johnson: When you think about who you are as a person today, what's something that you would say most shaped you?

Russ Wheeler: You know, growing up in a small town and around my grandad's farm, I was always working and it wasn't like I had to work, you know? I enjoyed it. I didn't enjoy working on the farm as much. That was always kind of a way to get remotivated to go back to school and do well because, you know, hauling hay and working in tobacco is not exactly fun. You do that and you certainly want to, you certainly want to go back and work on getting your

education. But just from a very young age and I was always doing something, whether it was at the country club, cleaning clubs, being a ball spotter in a golf tournament just seems like I was always had a job that I was doing because I enjoyed it.

Whitney Johnson: Over the past few years. Just for our listeners, Russ and I have had the opportunity to work together. Barbeque Guys was acquired by Brand Velocity Group and so, I've gotten to be his coach. And so, one of the things I would love for us to do, Russ, is at one point you mapped your career as a series of S Curves. Would you walk through, when I look at it, I think there's three or four major ones from a career perspective. Will you walk through those?

Russ Wheeler: So, when I was, you know, fairly early in my career and I call it mid-twenties, I was calling on Home Depot as an account executive and I got this opportunity to take a job with a company that's got this crazy name called Your Other Warehouse. And I was living in Atlanta, and this was in Baton Rouge, Louisiana. And so I was offered this opportunity to go down there and a, in a higher-level job, kind of a VP/GM opportunity type role. And the folks at Home Depot that I was calling on that I become pretty good friends with are like, you're going to this YOW. We call it Lowe's other warehouse because Lowe's was the biggest customer of YOW at the time. We can't believe you're doing that. They were trying to hire me to come to Home Depot as a merchant, and so I picked up my family. We moved to Baton Rouge. I went to work for this really crazy named company. But it was such a unique business. And the guy that founded it, Tom Bromley, is still one of my best mentors. He sold me on the business, and we came down there because we had a really unique business model. And the business model was basically the precursor to what everything that's being sold online today for, for building products or decorative products. We, we specialized in high-end decorative plumbing, like if you're upgrading your faucets or your decorative lighting and things like that. So, it was kind of the precursor to what was being sold on Homedepot.com and Lowes.com. So, when, when I took the job down there, you know, reached out to my old friends at Home Depot and said, hey, you ought to come down here and see this.

Russ Wheeler: It's really special. They're like, we don't like it because it's Lowe's. And Lowe's was our biggest customer at the time. Well, I ended up getting them to come down and we started doing business with Home Depot, which is pretty cool, and they ended up wanting to acquire us. So, Home Depot actually acquired the company that they said I should never go to join. And spent the next five years growing my career, you know, not just in this, this company that was a really unique business, but, but growing into one of the best businesses out there. So, that was one of the first S Curves that I jumped. About five years after the acquisition with Home Depot, I was continuing to get in areas of increasing responsibility. When we acquired about \$150 Million, we built it up to about \$750, almost \$1 Billion, doing all the special orders at Home Depot, as well as kind of like I said, when this is when dotcom was just starting and doing all those kind of shipments, great service, and then shipping directly to the customer's home. And so, that was a great experience, and I was really enjoying it, but it was more of a, a matrixed organization if you know what I mean. And so, it was I was a GM over a large business, but I didn't have complete control of all parts of that, that function. And so, I was approached about.

Whitney Johnson: Wait, before you go on, just to clarify for people because not everybody will know what a matrix organization is. So, are you saying because it was a matrix because you had different people you're reporting into? You're managing one part of the business, but not the entire part. So, just talk through that really briefly for people.

Russ Wheeler: That's 100% correct. So, you figure we, when we were acquired, obviously we ran the whole business from logistics, customer service, marketing when we were acquired by Home Depot. Home Depot was going to run a lot of the logistics. So, there's different functional areas that, that were being handled by different people, and you would have a peer that you worked with. I was in charge of the overall sales, marketing, and profitability, but I didn't have 100% control of all those different functional areas because again, it was, it was matrixed out to these different business units as part of a big company.

Whitney Johnson: So, you did that. You're doing this for about five years. You're growing the business from you said \$250 Million to almost \$1 Billion. You get to the top of your S Curve, and then what do you do?

Russ Wheeler: So, again, I could have had a great career. I mean, I was having a great career at Home Depot. I could have continued to grow as an officer in the company and moving through the organization. But I saw an

opportunity, or I was approached about an opportunity to go to a company called Hansgrohe, which is a German faucet and shower company. And it was going to give me full autonomy, international, as well as manufacturing experience. And it was something that really looked exciting to me. Now, this is a much smaller company. It was in, when I joined, it was in that \$70 to \$80 Million range. And so, joining Hansgrohe was everybody is like, are you crazy? Or you're going to this small company? And I'm like, It's an international company. I wanted to get this more global experience. And so, it was, it was really great. I got to work really closely with the Grohe family who founded the company, and Klaus, who was actually Hans Grohe's son. You know, he invented most of the things that we see in the shower today, whether it's the adjustable straight showerhead, or a hand shower, or a wall bar. Klaus invented all that stuff and he and his sons were involved in the business and his youngest son worked with me in the US market. So, I got to kind of teach him about the US market while they were teaching me about the European markets and other parts of the world.

Russ Wheeler: And it was just a great experience as we, as we grew that business, it got me more international experience. I spent a lot of time in Germany and Switzerland, and we were manufacturing in the US and the Germans are pretty funny because they had a saying, you can have whatever finish you want as long as it's chrome. Because you know, if you look at the European styles, it's still very contemporary, everything's chrome. But in the US markets, people like gold finishes, oil-rubbed bronze, stainless steel, satin nickel. So, there was all these different finishes that were needed for the, for the US market that was completely different. We're like, hey, we want to sell this very modern, cool brand, but we also have to adapt it to the, to the local market as well. And so, because of my relationship with the Grohe's, they kind of gave us a lot, they gave me a lot of leeway. We had US manufacturing; we were doing injection molding. So, we're injection molding our showerheads. We had a plating operation, which is a very complex, heavy metals, very dangerous. You have to have good safety protocols. And then we were, we were making all these different finishes in these PVD chambers where you're actually putting the finishes onto the products.

Whitney Johnson: Stop for just a second. PVD Chamber?

Russ Wheeler: Physical Vapor Deposition. The fact that I can even remember that. So, this is a, this is, this is a, this is a plating process. It's a lot cleaner than just doing like chrome plating. But you can put the color on there.

Whitney Johnson: Yeah.

Russ Wheeler: So, you mix these gases in a chamber, and you can put a finish. It's a very hard scratch-resistant finish. So, when you see something that is oil-rubbed bronze, or satin nickel or stainless steel, it's probably PVD. It was a really high-tech operation using a lot of the German engineers coming over and teaching the Americans. But one of the things that was the most cool thing about it is we were, we were still globally sourced. We were buying from our plants in Germany, plants in France. US we were manufacturing stuff. Obviously, we had a plant in China. We were importing components from there as well, but we actually started exporting to China. So, that was something that was super cool because we feel like everything always just comes from China to the US market with the global supply chain. But we were actually sending products to China. Because again, the Chinese market, the Middle East, they like a lot of gold. It's a feel, it gives them a sense of wealth. And, and so, we were actually exporting these gold faucets that we were sending to the Middle East for big projects like in Dubai, like the, the Burj Khalifa, that big giant, the tallest building in the world, in Dubai. We did all the faucets in there with this gold finish. We were doing a lot of big projects in Shanghai and Beijing. So, it was it was pretty cool to not just manufacture for the US market but actually export it to these other markets.

Whitney Johnson: So, you took this job at Hansgrohe gave you a lot more international experience. You were working directly with the owners. It allowed you to do manufacturing. It sounds like you had a greater sense of autonomy, so you were willing to trade a larger PnL for all of those things. And so, that was, that was your next S Curve. Yes?

Russ Wheeler: That was my next S Curve, too, because, again, we go from a very large company to a very small company. And one of the first things we did when I got to Hansgrohe was about \$15 or \$20 million of that \$80 million was Home Depot. And we were, we were losing money on it. And so, I knew the buyers. I mean, these were my, my colleagues. And I went to them, and I said, Guys, we're not making money on the faucets that we're selling

you. You know, we need a price increase. And I can tell you, Home Depot, it's a lot more fun to be negotiating on that side of the table than than being a vendor partner. And they said, well, we, we can't do it, so we're going have to transition out of it. And we said that's fine. And so, we ended up transitioning out because we weren't making money. And obviously, we're a for-profit company and we actually took those products and took them to Costco. So, it was, it was another opportunity to get another sales channel. And with Costco, it was pretty, it was pretty interesting because Costco had never sold a, a higher-end German design-centric faucet. And when I, when I first met the buyer and I was working with trying to build a relationship, they said, hey, look, we'll buy these 50,000 that you have for Home Depot at \$99 and we'll blow them out. And I said, no, this is a \$300 faucet that you can sell. These customers are in Costco. And it took some testing. We did some testing; we did some roadshows. And we actually proved to, to Lester, who was the buyer at that time, that, hey, this is a great product that will sell well. So, we end up getting it in there. We tested it, it we sold it for 249, which was a great value for the customer. And Costco has very high, very affluent customers coming in there. And we proved that they could do it. And within two years we're doing over \$30 Million with Costco on one SKU, strictly just a kitchen faucet.

Whitney Johnson: It completely replaced your Home Depot business. So, so, one slight digression is I didn't realize that Costco was considered a store for affluent customers. That's really interesting.

Russ Wheeler: What you see about Costco is they may not buy it at Costco, but those customers are in Costco. And we proved that a high-end brand, a high-end brand will resonate with the customer. If you go in there, you'll see them. They'll be doing a roadshow on Vitamix, so they're selling these \$500 blenders. So, the customers are in there. And usually, you'll create something that's just a little bit unique and exclusive for Costco. That's a value. And it's almost like that treasure hunt. If you don't buy it when it's there, it might be gone. You know, you'll go in there and they'll be TUMI luggage. So, they definitely sell high-end brands, but it's almost like if you have to get it when you get it or, or it might be gone. And so, we built this up over years with Hansgrohe. We did, we did a couple of different faucets over the years. We did a shower program one year that was super successful. And when I left Kohler, Moen, Delta, everybody is in there now. And so, it created a whole, whole channel based on something that we kicked off with a high-end German brand that a lot of people hadn't heard of.

Whitney Johnson: I love it. All right. So, how long were you at Hansgrohe and then what was your next S Curve after that?

Russ Wheeler: So, I was at Hansgrohe for about eight years and again, really enjoyed it. My next step there, they wanted me to, to be in charge of sales and marketing for the whole business. Meaning have responsibility for the, for the world, and very similar to our group in Mayfield Kentucky, Schiltach Germany is even smaller. If you can believe that. So, this great international company that's invented, all this stuff grew up in Schiltach, Germany, which is in the middle of the Black Forest. So that's like southwest Germany. So, figure you're 2 hours south of Stuttgart, a couple of hours north of Zurich, and the beautiful Hansel and Gretel postcard type space. But I brought my wife there a few times and it was a little too slow, let's just say it that way. And while I would have been traveling all over the world, bringing and moving the family, there would have been, been tough. I think it had been a great experience for our kids, but again, it had been a lot easier if it had been Zurich or Frankfurt or Stuttgart, where they have like an international school and things like that, that they get onto. Schiltach is a little slow. I didn't want to put my family through that. My next S Curve was to take a, a lesser role at a company that I actually helped get started, which was called Build.com.

Russ Wheeler: And, and Chris Friedland, who founded Build.com. It all goes back to that, that Your Other Warehouse company that was acquired by Home Depot. So, when Chris was founding Build, out of his apartment in Chico, California, which is where Build is. I was the first person to ever gave him credit, like in the early 2000s. So, they were trying to sell faucets online through Faucet.com, Faucet Direct, which eventually came Build.com. And I saw this opportunity. I said this is where I think the future is. They're getting their money up front on a credit card, so, they're floating it for 30 days. They're giving the customer a good experience. And we were doing all the fulfillment. So, we were doing the packing slips and shipping everything next-day air to their customers. So, Chris and I go back to the point where I actually invested in him because I was, I was betting on him and gave him credit. And then several years later, he comes back and said, hey, we'd love you to come join the company, because he was in the process of transitioning out because they had sold their company to Ferguson Enterprises.

Whitney Johnson: Hmm. Interesting. So, so far, every single job you've gotten has been through a solid, strong relationship network from prior.

Russ Wheeler: Every one.

Whitney Johnson: That is fascinating. All right. So, you go to Build.com. So, talk to us in terms of you said it was a smaller role, but a bigger company. So, the reason I'm asking you this is, is people are listening. One of the things that sometimes we think about is that oftentimes when we're jumping to new S Curves, or when we're disrupting ourselves, we're, we're getting something but we're also giving something up. And we've seen that with a number of your situations where you're like, okay, bigger role, more autonomy, more responsibility, but also smaller company initially or smaller PnL initially. So, when you went from Hansgrohe to Build, what was the dynamic there?

Russ Wheeler: So, Hansgrohe, we had tripled the sales over that, that time period, but it was still a relatively small company compared to some of the others. And when, when Chris reached out to me, the opportunity was, hey, he had sold the company. It was, it was still in a very high growth pattern. It was in north of a couple hundred million dollars. And he wanted me to come out to be COO. And I had a relationship with Ferguson as well because they were big customers of Hansgrohe. They wanted me as kind to take over for Chris because once he worked through his earnout, obviously he could go and do something else. So, I was brought into kind of take over for Chris, give them some confidence that they made this investment in this acquisition and it was going to pan out because I had relationships. Great relationship with Chris and that team saw them all grow up. And then I had a great relationship with Ferguson because they were my, my customer at Hansgrohe. So, I joined and there was a couple of different opportunities that we wanted to do. I wanted to get that e-commerce experience because I was seeing e-commerce was continuing to accelerate digital plus online, buy online, offline, all those kinds of things. I wanted to be more involved and learn that much better.

Whitney Johnson: What year was this when you did when you moved to Build?

Russ Wheeler: That would have been 2010. Products first started being sold online. I mean, this is almost like dial-up. I mean, you would load the page and you could literally see the page slowly render as it was going down. So, so now it's, it's more high speed, but it's still not mainstream. It's absolutely not mainstream. You know, Home Depot and Lowe's are still not very good at it. Amazon is selling CDs and things like that they're in books. They're not really selling the huge plethora of things that they sell today. So, it was still fairly early on. So, we saw a lot of upside and not a lot of competition. So, there was a lot of green space to go after. The other opportunity they wanted me to come on and help with was to build up their private label, you know, slash own brand portfolio because again, it's a lot more profitable. The margins on plumbing and lighting are pretty good, but the margins on plumbing are not great. So, my experience from Hansgrohe, understanding manufacturing, I was helping not just Build.com but also Ferguson start to grow their private label, own brand.

Whitney Johnson: What's the relationship of Ferguson to Build.com?

Russ Wheeler: Ferguson acquired Build.com.

Whitney Johnson: Okay, Ferguson owned Build.com. Got it. All right. So, you went in as basically a COO. You, you're excited about this really building out e-commerce. It's a larger company and then you eventually became the CEO of Build.com, is that right?

Russ Wheeler: I did.

Whitney Johnson: Okay.

Russ Wheeler: Now, first couple of years, there was kind of standing up the new private label opportunity to build our own brands, increase the margins, build out the sales center. That's the consultative sales that we do, and then transition into Chris's role. And Chris stayed on as a consultant, as an advisor for another three or four years. But then I took, I took that over. It was in Chico, California, and I was commuting from Atlanta back and forth because, again, I didn't want to move my family out there because my kids were in middle school or high school at the time.

So, I was balancing the family with, you know, still having to be out there and run the company. This is pre-COVID, so, you need to be in the office a little bit. And I was always big on remote work. I've been doing it for the last ten years. I was going out there and it was pretty tough, you know, flying cross-country to, to Chico. It's a long trip. I could be in Germany in about the same amount of time.

Whitney Johnson: Mm-hmm. Mm-hmm. So that's Build.com. You're eventually the CEO, and then BBQ guys comes along. How did, how did you get this particular gig? Because I'm interested in the networking piece and also the calculus that was going on in your mind of, like, why you, you know, apart from the move, but what other, what else were you giving up and what were you getting?

Russ Wheeler: If you do the right thing, it will come back to you. I've always just kind of felt that way. If I could help somebody, I always try to help them. And then I've just been very fortunate to have these, these great relationships. The Ferguson executive team, I was, I was really close with I had moved into actually a Ferguson executive role about a year prior. So, I was running Build.com. I ended up taking over the all the portfolio companies that we'd acquired as well as Build.com. And more of a, a senior executive role for Ferguson over, over all of digital commerce which was Ferguson.com, Power Equipment Direct, Supply.com. All these companies that we had bought over the years, one in Texas that did kegerators which was a fun, a fun space.

Whitney Johnson: A what?

Russ Wheeler: Kegerators.

Whitney Johnson: What's a kegerator?

Russ Wheeler: Beer. Beer on tap or cold brew coffee. So, it was again, it was, it was a company called Compact Appliance that we had bought in Texas Company. And the reason I bring that up is Rick, the founder of Compact Appliance knew Mike Hackley, who's the founder of BBQ Guys. So, this was call it, two years I've been there. So, probably four, four or five years ago, I'm in this kind of portfolio role. We looked at acquiring BBQ Guys. We met Mike and his wife LaDana, and we looked at acquiring them as a Ferguson acquisition. That would have been a bolt-on to Build.com. And again, Build.com is really good at the decorative inside the home, home improvement, a little bit of outdoor lighting and things, but certainly not focused on the outdoor. Ferguson has these beautiful design centers where they'll build out your bathroom or your kitchen. They sell outdoor, but they're not really focused on it. So, again, it was kind of just not it was adjacent, but not adjacent enough that we felt like it was an immediate need. And actually, Mike at the time decided to, he didn't want to sell anyway. So, we probably could have done the deal, but we decided that, hey, we like each other. And then he decided to pull it off the market for a few years. So, fast forward, I'm in this again, a more matrixed and I don't know if that's the trigger for me, but I'm at Ferguson in a more matrixed role because I'm not, I'm not running Build anymore, which is what I really enjoy doing, is running a company and really having control of the company versus, you know, overseeing a lot of different PnLs, and being in a more kind of, an executive leadership, working with the executive team at Ferguson and doing things which was fun. But it's not the same thing. I like to do is like really getting my hands dirty and being in the business and trying to, to build things. So again, relationship Chris Friedland, who's the founder of Build was down consulting with Mike Hackley on.

Whitney Johnson: The founder of Barbecue, the founder of BBQ Guys.

Russ Wheeler: The founder of Barbeque Guys. He called me. This was during COVID. I get a call from Chris and said, hey, what would you think about coming to, to run BBQ guys? Hackley is looking at selling it private equity. And I said, private equity is not something that I think I want to do. I'd have been approached over the years by a lot of different private equity firms, and my core values didn't really align with traditional private equity core values. And Chris was like, you really should meet Steve and BVP. They're doing it differently. There's something about these guys that are different. And I said, well, sure, I'll be happy to have a conversation. And then Chris talked to Steve, who's the founding partner of BVP, and he said, well, yeah, we're pretty far down the path on, on a really great candidate, but we'll have a conversation. So, Steve and I spoke literally like two days later on that Sunday, and we spoke for several hours, and we had this great conversation. And he goes, this just seems right, you know? And I just said, I know. It's kind of weird. It was just very organic. And I'll tell you, it was all around our core values being very

aligned. BVP was trying to create a different type of private equity model where it's not about just enriching the, the senior executives of the team, but doing something where actually all employees can benefit and build wealth.

Russ Wheeler: And so, they were they had created something, or they were in the process of creating something that I kind of tagged onto at the very end and helped them, you know, articulate and build out called share the gains. So, they were giving we're going to give 10% of our carried interest, which is what they make on a deal to the employees, to the, to the non-executive employees that didn't have equity in the deal. And I was like, you know, I love that. I love that idea that completely aligns with my core values of doing the right thing and giving back. I said, I want to give 10% of my equity too. And Steve was just like blown away that I just would want to do that. I'm like, well, you're doing it, and I think it's a great idea that'll just make the pool bigger, you know, so we can continue to do that. So, then we said we have to figure out how do we do this? Because it's not really been done and we're kind of operating without a playbook. So, we start figuring it out. And Steve's just an incredibly good person, you know, super-smart Harvard undergrad and Harvard. J.D. And just super. He likes to say he's a reformed lawyer, but just really smart guy and thinks of these things. We said, well, this pool of dollars, it could be anywhere from 50 to 100% of a, of a year salary for every single employee that's there prior to the acquisition.

Russ Wheeler: And he goes and then on any change of ownership, then they would get that. I said, Steve, we can't, we can't pay people that are working in the warehouse or, or driving a forklift or doing something like that a year salary. I said, they'll quit. We'll lose the, we'll lose I mean, we'll lose a lot of people. I said, and we also and we need to kind of protect them from themselves. If we, if we pay them out, say, let's say quarterly over two years. One, it'll be almost like a long-term savings program that can actually help them build wealth. And it's another way for them to, to stay super engaged with the company. And that was if it's a private transaction, that's the way it would trigger. And then if it was a public transaction, it would convert into shares at best over time. And then you have every single employee of the company has a chance to build wealth. And I saw this in action when I was at Home Depot because over that period of time, a lot of people that were working in stores, doing whatever. We're making over time; we could have a \$1 Million portfolio of Home Depot stock. So, I saw it as something similar that we could do on a, on a small scale and then take this really great small company and try to build it into a lifestyle brand.

Whitney Johnson: So, did you make that decision, like after that day, did you go home and say to your wife, I got to do this?

Russ Wheeler: I was there. Again, you know, I was, I was at that kind of that peak of that S Curve and that mastery phase. And I was, you know, whether you call it a glutton for punishment, I just get. If I get to a certain point, I want to keep challenging myself and my friends think I'm crazy sometimes. That's what makes me want to get up and go in the morning. So again, I loved what Steve was wanting to build. And with BVP and his other partners, you know, Drew and Austin were awesome as well. Flew down, interviewed with Austin face to face, met the team. They grilled me. It was like the ten senior leaders of the company. So again, they put me through the wringer, and it was just so, similar to what we did at Build. I mean, I wrote a business plan for Steve, and I said, it's I mean, I'm not inventing anything. I mean, we really have a great playbook that we, we've done over the years of Build that we can very easily, you know, transition for BBQ Guys. And I joke, I say one of the most important things is just not doing the stupid things. So, you know, not stepping all those same landmines that we did over the years and say, yeah, we tried that one. That was a made a mess of that one. But those are also the ones that you learn and those are the ones that stick. So, we had this, this great playbook of how we could take this 100 just over \$100 million business and try to build it into a potentially \$500 to a \$1 Billion business over the next few years. I was pretty psyched and excited about the opportunity, especially when we started talking about how we want to help build wealth for the employees and as well as a brand.

Whitney Johnson: I think what's interesting is there's a pattern for you where you're you go into a new situation, you're willing to step back in terms of the size of the organization or the role initially. But then over time, you're able, as you move up that S Curve, your responsibilities expand. You end up in a role that in some respects has less autonomy because you're managing across the organization. And each time you say, okay, I want more autonomy. In this case, it sounds like, with BBQ Guy's, not sounds like, I know. You also got equity, so you became an owner as well. And so, you're continually looking for how can I have more autonomy, have more of an impact. And so, in this instance, it was not only for you personally, but also being able to share the gains with everyone inside of the company. Does that encapsulate the experience for you?

Russ Wheeler: Absolutely. And yeah, for sure. I love the job opportunity, but it was absolutely an equity opportunity to, hey, if we win, everybody wins. So, if, if we execute the board, the investors win, but also all of our employees. And when I was doing the first town halls, which were all over Zoom, I very quickly started talking about when and if we would sell the company and or if there was the opportunity. We potentially, we think we have an opportunity potentially to be a public company someday if we, we do really well. And everybody's like, Mike just sold the company. Why are you talking about selling the company again? I said I'm not talking about selling the company. I want to tell you why this is great for you to be part of this new family. BBQ Guys is a family. Its Mike was the reason he picked BVP and Steve, is because he trusted them to protect not just his legacy of the business, but all these people that have been there, some of them ten, 15 years. So, that was a big decision when he was looking for a partner. And, you know, and that's the reason he picked BVP. Some are the same reason I picked them. So, it was like we want everybody to know that, hey, you are an owner in this company. If we win, you win.

Whitney Johnson: So, you, you come to BBQ Guys, you're really excited to be here. You're, you're an owner. It's got a great brand. It draws on all of your 20 years' worth of experience. But there have been some micro curves. There have been you have been thrown a curve or two. Talk to us about some of those that you've experienced.

Russ Wheeler: You know, I've always tried to rely on data, but again, it's like if your gut is normally right, if you feel a certain thing, you're probably right. But if you can back it up with data even better. So, over the back half of '20 was still very, very heavy with COVID. Everybody's working remote, trying to run a business in a, in a COVID environment while protecting your employees while keeping the doors open. Was, was a lot of, a lot of complexity. Plus, you're a new acquiree, so you're trying to build trust, but doing it remotely. And if you are face to face, you have a mask on. And so, again, it was, it was really a crazy time to really lean in and learn. Then rolling into '21 as, as COVID continued to go on, everybody thought it was going to slow down. We did an acquisition. So, Mike Hackley, who's the founder, is still a board member. He was like, hey, there's this company that I looked at. We never got it done. I think we should do it. It's really an important part of the supply chain. So, we, I think it was week two, we flew out to Southern California with BVP, and we had PCM Pacific Coast Manufacturing under LOI within a week.

Russ Wheeler: That was another thing about being fast and having a great private equity partner like BVP. We went really quickly, so, we got them under LOI and so we're again COVID, all these things going on, plus a new acquisition that's going to take time and just to make it, just to make it completely fine because I wasn't really challenged enough. We were approached, I presented at ICR conference, which is a lot of investors coming in there, and this was January of '21. And Steve again called me on a Sunday, which he likes to chat on the weekends. He's like, have you ever heard of a SPAC? And I was like, yes, I don't know much about them. I know what they are. A blank check company goes well after we presented at ICR. There's been a huge amount of interest from a lot of the banks about potentially going public. And I was like, I agree. I think we definitely have an opportunity of going public and you know, three or four years as we start building the core foundation of the business and continue to grow it. And they're like, no, we're talking about this year. And I was like.

Whitney Johnson: Stop for a second. So, SPAC, define it for everybody.

Russ Wheeler: A Special Purpose Acquisition Company is basically a blank check company.

Whitney Johnson: Okay, blank check company, but the acronym is Special Purpose Acquisition Corp. Keep going. So, they're saying we're going to do it this year. All right. Go ahead.

Russ Wheeler: They said, would you like to do this? Do you think it's the right thing? And so, it was it was crazy. Well, first, it, it's flattering that people like the business, but I mean, BVP had only owned the company for about six months. You know, I'd been there maybe seven or eight months at that point, but it was something fast. The market was incredibly frothy with excitement around not just e-commerce companies, but companies that were involved in the outdoor space. So, it's kind of like that, that perfect storm opportunity. But again, it's also a big process. And talking about new S Curve and jumping to something and learning private equity was one. But then the whole going public process was a whole nother level. Doing these investor meetings and meeting with the different banks and lawyers and audits and all these kinds of things. So, it was a lot. So, we all agreed as a team that we thought it was

something we should go for and we did. We went head down crazy while we're still growing well into the double large double-digit growth with COVID still going on. We're also going forward with trying to take the company public via SPAC, which is a little bit different from the traditional IPO. The SPAC is already a public company and then you're just merging with it at the end when you, when you close.

Russ Wheeler: So, we started going down the path with that very aggressively. It was going really well. Tons of excitement and interest from all the investors that we were presenting to during our roadshow. And pretty early on March or April, I started saying supply chain is not great. There's continued challenges with the supply chain. We're fighting through it, but it's not good. This was in March of '21. Well, when you got to the summer of '21, it wasn't just like, well, we're hearing this from Russ, the investors, and the banks, and everybody were hearing it from everybody. It was on the front page of the Wall Street Journal every day it was on CNBC. You just kept compounding. You know, it was like that bullwhip effect of, you know, everybody stopped, then everybody started, then everybody pushed all this demand into the market. And then obviously the mainly coming from Asia couldn't produce fast enough. So, the logjams just kept moving from Asia to, to Long Beach, and then it's just taking a lot longer to get your product. So, it was a lot of moving pieces and parts and heading into Q3 and Q4 of '21, again being drilled on, you have to be accurate. You have to hit your numbers; you have to have a three-year for cash.

Russ Wheeler: You have to not just hit your expectations as the analysts want to see but beat your expectations. And so, I started pushing back saying, look, there is a lot of uncertainty with this market, not just because of COVID, but there's a lot of uncertainty because of the supply chain, the inflationary costs, all the stuff that we're living in right now and in early in '22 with everything that's going on, which just kind of compounding those, those issues. So, we got to the pretty close to the finish line. And I said, it's not, it's not right. It's not the right time to do it. And a lot of our peers or adjacent companies did go public in this time frame. Solo Stove, Weber, who's one of our or one of their largest customers, Trage, same thing. They did go public and. In this very challenging market. And they were about a month or two ahead of when we were going to potentially close. And I'm, I'm happy to say, I'm not happy. It was a tough year, but I'm glad we did not go into the public markets with all the things that are going on right now, because it's been a, it's been a challenge, to say the least.

Whitney Johnson: So, Russ, let's stop there for a second, because I think this is really important. You're, you're about to go public. You've spent 6 to 8 months, everybody working incredibly hard toward this goal. You've got bankers, you've got lawyers, you've got your private equity firm, you've got high profile investors. But then you say, we need to not do this. How was that for you? That to me takes a lot of courage and a willingness to say this is not the right decision for us to proceed right now. And I think so often that is very difficult to do. So, talk to us a little bit about that process that you went through to, to be able to do that and how you felt.

Russ Wheeler: For me to be the one that says, stop, it's not right. We need to we need to pause. It was really hard, and I didn't know if I was making the right decision. I was like, am I being too risk-averse? I don't feel like I am, but I'm really glad that I did in hindsight, which because I mean, it would have been really tough on the company, on me personally, on our board, you know, being in the public market. So, it was, it was a challenge. And then when we got to that point and I went to the board and to Steve specifically before we went to the board, he goes, I agree, it's the right thing. Let's take a step back and reevaluate. And you know, when we did, when we did agree to mutually dissolve with our SPAC partner, who was a great partner, by the way, a lot of these SPAC deals started being canceled out after, after we did it. So, I'm not saying we were the catalyst for it. I think everybody is probably looking at the same challenges we were seeing, but I'm glad that we were kind of ahead of that and not looking like we were just kind of jumping on that same trend.

Whitney Johnson: Yeah, and I think for me, as I observe, one thing that it's important is that, yes, in hindsight, it did turn out to be a good decision. But I still think that for you and I think for a leader generally, you, you made the decision that at the time felt like it was the right decision. In other words, you said, here's what I think we need to do, and you did it. And so, even if the outcome hadn't been what you thought it was going to be, which in this case was not. Things did not go well with the market. It's still, it's still took a little bit of courage to make a decision that you felt like was the right decision to make at the time. Right?

Russ Wheeler: Absolutely. There was a lot of anxiety before, after, during. Because, again, you're balancing is that the anxiety of the market? Is it like the company is not physically ready? And how do you, how do you balance that?

But again, once I had made that decision with obviously with, with advice from lots of different people, you included. I said that's the decision. That's what we're going to do. And this is the right decision for the company and we're going to commit to it just like we committed to going for it and going through the process. And we all agreed as a team that we were going to go for it. We were all head down and running in the same direction. So, I think it's always good to have your team involved to, to really beat things up and then get to it. And again, you debate and have healthy conflict. But then when you get to the decision, everybody runs in the same direction. I still think we are a great candidate of being a public company via the traditional path IPO, you know, sometime in the near future. And I can tell you there's still a ton of interest because the banks still call and ask for a point. You know, they're all reaching out. Let us know when you're ready because so the interest is still there. And that was also a good feeling as well that the investors really liked the business because it's a great business.

Whitney Johnson: Yeah, even as you're making this decision, your numbers are still really good, and your numbers are up. And so, that that's I think that's an important thing to consider. Question for you on supply chain as a consequence of it being so slow, is there something that you have? I talk a lot about how a constraint can become a tool of creation. Is there something that you've innovated around from a process, from people, whatever it might be as a consequence of the supply chain issues that you've had, does anything come to mind?

Russ Wheeler: Everything. It touched, it touched, it touched every, every part of the business. And we were very fortunate because we don't have any, any of these large mass merchant partners like a Home Depot or a Lowe's or Costco or Walmart or Amazon, because those are much harder to push price increases on to the market because we're vertically integrated. As an online retailer selling our own brands. You know, we were able to pass on these price increases to the market. I mean, we saw inflationary raw material prices have gone up on stainless steel, call it 10% to 12%. Freight went up five X and this was widely circulated on the news at containers that you were paying \$5,000 for, got as high as \$30,000 late in Q4, which is unheard of. Seeing a little bit of normalization, but it's still well north of \$10K to \$15,000 per container. So, all these costs were hitting the market and it's like, how do you manage through this? And, you know, the market will bear with the market will bear. And again, if you start pricing yourself out of market, then you're going to, you're going to slow your growth and everything else. So again, because we didn't have these contracts or anything with the big companies like Home Depot, etc., we were able to put them on directly to the, to the customer. And so far, because we are selling a higher-end product, I mean, over half our business is outdoor kitchens. So, I would say they're a little bit less price sensitive. So, we were able to pass that on to the market and we're still seeing in '22 more price increases.

Whitney Johnson: We've talked a lot about your own S Curve and, and your growth. Can you talk briefly about an instance where you've applied it to your team, where you've said to yourself Oh, I now understand how to help think about developing this person or how to recruit this person or, oh, it's time for this person to go work at another organization because they've gotten, they've done as much as they can do on this particular S Curve that they're on. Does anything come to mind that obviously, you can disclose publicly that would be useful for people to learn?

Russ Wheeler: Absolutely. So, when I really understood and started learning what the S Curve was and how you can apply it, is we had everybody kind of self-rate themselves, where are you on the S Curve? Are you at the launch point or are you in the sweet spot or are you in mastery? So, it was really interesting to see where people thought they were then, where I thought they were. And then you really start to identify you're your, your kind of your core and extended leadership team of who's in what position and how can you leverage them? Are they in mastery? So, how do you give them additional responsibility that's going to challenge them or again, that it can get them back to a new launch point, maybe in a new role in the organization? Or like you said, maybe they need to move on to a, to a new organization, which is what I did in a lot of my roles. So, it was really interesting to identify where everybody was. Again, we brought in some really, really smart, talented people and we brought in some super smart people from great companies like Wayfair, Sherwin Williams, their S Curve is they're back at that launch point, but they're bringing a lot of external knowledge as well. So, we have a great blend of a nice chunk in that sweet spot, a few that are in the mastery that we've given additional responsibility on a few that we've moved on. And then again, some of the new folks that have joined that are bringing a lot of external knowledge in that launch point, whether it's from a digital commerce point of view, whether it's from a branding, whether it's from a product development.

Whitney Johnson: I think I've heard you say that you've hired a group of people who are at the launch point of their career in your sales organization who are just really doing a phenomenal job. So, I'd love for you just to talk briefly about the power of bringing in people who are fresh and new at the launch point of their career.

Russ Wheeler: Following the Build playbook that we built up over the years was, you know, we're an online company and we have a great digital online experience, but we're also selling a complex product. If you're designing and building an outdoor kitchen, it's no different if you're doing a custom shower or you're remodeling your kitchen. So, we took that same model and we're quick to say we have a sales center, not a call center. This is not, you know, you're going calling in, you're holding for 15 minutes, you're getting passed around. You know, when we want you to engage with one of our, whether it's customer service or salespeople, because, again, we've invested in these people. And we are, we want to give a great experience, whether you're upgrading your grill or you're doing a \$30,000 outdoor kitchen remodel. And one of the ways we've done that is, again, I've always had the and this wasn't mine. I forget I think it might have been Nardelli when I was at Home Depot. It's like hire athletes and teach them the sport. So again, when I, when I joined the company, our person that was in charge of the sales center, call center, then. Said, oh, we can't get college kids. They wouldn't do this job. And I said, yes, they will. This is a great opportunity for them to come in and actually learn the business. There's no better way of learning the business than getting live fire and being on with customers and understanding what the challenges are.

Russ Wheeler: So, we, I had a lot of these kids that were growing up that I watched grow up around here that went to whether it's Georgia, Georgia Tech, Clemson, Auburn, Alabama, Florida State. And I saw them growing up. I said these would be great, great kids to get at that very start of their career, let them come in, learn the business, and then grow them through with BBQ Guys, or they would get great experience, then go on to it to their next role as they're doing it. But it was really, it was really fun to watch these, these kids that I watch grew up that I didn't even have to interview them. I knew they would be good. We've hired several for sales, a couple for finance. It's really great bringing these people in that have never had a job. I actually, one actually interned for us and then we just, we just hired him. So, I caught him when he was actually in his last year of college, brought him in as an intern in finance and now he's a pricing analyst for us. So again, bringing him in at the launch point of their career, watching them grow, and then seeing where it goes from there. But it's something that's been really exciting. And one of the things I've talked to him about is the last call it two classes coming out of college. Most of them never worked in an office.

Russ Wheeler: It's been 100% remote. It's been 100% COVID impacted. So, we're, we've got our office in, in Louisiana. We've got an office in Southern California with PCM. And then we're opening an office and a design center in Atlanta, in Alpharetta. And so, the team I've told them, I said, look, we always want to make, we want that work-life balance. We want to allow you to have that flexibility. But I think we're also we're still missing a lot by not getting together face to face, to collaborate, train, build relationships. So, we're going to kind of have that that flex space, whether it's in the West Coast, whether it's in Baton Rouge or whether it's in the Atlanta metro area where we can get together, collaborate and still do those things that, like I said, all these young kids coming out of college, they don't know what it's like to work in an office. I mean, they're working in their basement or in their apartment. And there's, there's a lot lost there. I mean, there really is I mean, we've proven that we can train people can be successful remotely. But we've had a few meetings when COVID started to loosen up and I told the team, I said I never thought I'd be happy and excited about sitting in a Marriott conference room for two days eating crap food. And just by, just by being face to face with the team and collaborating, it's been super, super exciting.

Whitney Johnson: You've talked about your core values a couple of times. Can you speak to that, please?

Russ Wheeler: When I talk about our core values, it's about doing the right thing. Giving back could be volunteering, or it could be doing the right thing with, with your team. Meaning the things, we talk about with share the gains and things like that. And it's, I'd also say it's really easy to do the right thing when it's aligned and you're being successful. It's harder to do the right things when it's a tough market. And I'll tell you again, typical private equity would be incredibly tight on things like this. And I mean, example, we had a, we had a hurricane last year. We had a lot of people that were impacted and flooded. And very quickly, BVP said, we want to help. We want to help the people. And we, we want. And I said, well, we want to help the people, too. So, they paid out of their pocket. You know, we gave every single employee like 500 bucks. We're also building a BBQ Guys foundation to have that pool of dollars there to, again, not just help out our own BBQ Guys family whenever there's something

that's happened that's been impacted. But also, to use that as our mechanism to, to give to the community. Whether it's to partners, like I was telling you, Operation Barbecue Relief or protecting the wetlands, because we are in, in Louisiana, there's a lot of erosion there and feeding the hungry. So, all of our kind of service-related partners are tied around our core values as a business and our core values as people. And again, we really look hard at that and we're hiring new people. Anybody that gets to me at the interview stage, it's going to have the technical skills. So, then it's how close are you on a culture fit? And one of the biggest cultural fits are do you share the same core values? And when they hit on that, it's almost a guarantee that that person is going to be a pick for me because again, once they get to me, they're going to have the technical skills.

Whitney Johnson: Our latest book, *Smart Growth, is Grow Yourself to Grow Your People, to Grow Your Company*. And so, what are you doing to grow yourself right now?

Russ Wheeler: Well, I'm using an executive coach who's wonderful. It's Whitney, by the way. It's an investment in yourself. And again, having that sounding board is incredibly beneficial for me personally. And this is not a, a plug, plug for Whitney. I mean, this is, again, something that BVP said. We're not just hiring you, but we want to help grow you as well. This is a program that was driven by BVP as well, which is another great experience. And similar to what I'm doing with, with my coaching with you and you know, is we are expanding what we're calling share the gains to share the growth where we want to do some extended coaching for our team and to continue to invest in them. Because again, we want, we want them to understand where they are on that S Curve. But it's really about buying in people that want to grow. And it shouldn't be seen as, oh, here's more work that I have to do to do this. If that's the way they feel, they're not the right person for it.

Whitney Johnson: All right. So, you know, this question that I'm about to ask because I ask it of you frequently, which is as we've been talking today and you've been processing, are there any connections or insights that you've had or just generally what was useful to you as we're talking?

Russ Wheeler: Well, you know, it's kind of taking that trip down memory lane, you know, all the way back was, was really kind of interesting. Specifically, as we kind of got more in detail. It's. You know, like I said, I'm kind of a glutton for punishment sometimes. And my friends that have stayed with the same in kind of a similar role for a long time in their career, they're like, why do you keep doing this? And I said, you know, I don't know. It excites me. It's what I enjoy doing. It's building, but it's only been that BBQ Guys really, I'm a few months from two years and it feels like dog years because I have these dogs. But it's, it's been good. I mean, we've accomplished a lot in an incredibly crazy environment. And I mean, I've probably learned more in the last two years than I've learned in the last 20. And it's always that way whenever I make one of these S Curve launches and I just like to learn. And so, again, while it's, it's been a lot it's been 24 seven for a long time. It's enjoyable. And I again, I love learning and growing and, and taking on new challenges and then, then having great teams that help you solve them.

Whitney Johnson: Russ, thank you so much for being with us. This has been a lot of fun.

Russ Wheeler: Glad to be here. Whitney, always enjoy talking with you.

I have three big takeaways from my conversation with Russ. Number one, share the gains. I appreciate that the values of company are important to Russ. When approaching a critical juncture around a private equity investment. He was hesitant at first. PE Investments rarely benefit all employees, but when he learned that 10% of the upside or the gains on that investment would go back to the team, not just the executives, but to the entire team, he was in. Because this will allow every employee to build wealth and thus stay engaged. As Russ said, it makes them an owner of the company. If we win, you win this mentally clinched the deal for us.

Second step back to grow. This is the lesson we come across time and time again. Russ was at the top of his game at a large company, and a new opportunity comes along. The purview, much smaller, skills required, different on paper, some may have seen it as a downgrade. But Russ did the calculus around what he was giving up and what he would gain from jumping to an unknown S Curve. His instincts, they paid off.

Three. Don't fall victim to sunk costs. I was really impressed by Russ' story about the IPO. So much work, so much time, so much money goes into a process like that. They had invested so much, but the uncertainty in the world, it gave him pause. And at the last moment, he pulled the plug. Stop. It's not right, he said. At the time he didn't know if he was making the right decision, but he didn't let the sunk costs of the process dictate the final outcome. That takes a lot of guts. For more on stepping back to grow, give a listen to Jason Jedlinski, [Episode 108](#). For more on modeling the behavior you want to see, you can give a listen to Melissa Smith, CEO of Wax, [Episode 98](#). And for more on Michelle McKenna, former CIO of the NFL, who now sits on BBQ Guy's board, listen to [Episode 172](#). Thank you for listening. Thank you for your reviews. Thank you to our producer Matt Silverman, audio engineer and editor Whitney Jobe, and production assistant Stephanie Brummel.

I'm Whitney Johnson

And this is Disrupt Yourself.