

Market Commentary

## Lessons From Our Forerunners

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RealMoney Contributor

7/2/2009 3:45 PM EDT

URL: <http://www.thestreet.com/p/rmoney/marketcommentary/10533840.html>

Gary and Jim Milgard are the best businessmen in American history that you have never heard of.

The two brothers took a small family-owned glass shop in Tacoma, Wash., and methodically turned it into the best and likely most profitable window company in the U.S. during their tenure, which began in the 1950s.

I met the Milgards in 2000 when they hired **Morgan Stanley** (MS) to sell their company and I was assigned to manage the day-to-day aspects of the divestiture process. Gary and Jim made an immediate impression on me and in nine short months gave me a veritable lifetime of lessons for which I am in perpetual debt to them.

The Milgards quite literally embodied the fulfillment of the American Dream. Enormous, self-made success combined with deep-rooted humility and gratitude. Not only great capitalists, Gary and Jim were men cut from Madison's image: virtue and self-interest working in tandem to create a superior outcome for them and the families of their employees.

As the divestiture process progressed, I would call Gary routinely and provide him with weekly and sometimes daily updates. It was during these calls that Gary invariably provided valuable words of wisdom and I started taking notes in a business journal that I have kept over the years. Whether Gary noticed or not, the more he shared with me, the more I called him. I was like a sponge trying to soak up as much insight as possible from him.

Gary sadly passed away four years ago this month. As we go into the Fourth of July weekend and celebrate the accomplishments of American patriots, I have pulled out some of my Milgard notes out of the vault to share with you.

*Whatever your business, your people should be your first order of business.* Fairness to your employees creates more opportunities for all. It also avoids unnecessary, negative consequences of mistrust and greed. When our corporate titans are paid ungodly amounts of money, they set the standard for their organizations and the seeds are sewn for a culture of greed at nearly every level. We are living with the consequences of a bitter harvest of massive, unbridled greed. There truly is no loyalty amongst thieves.

In contrast, when a manager is fair to his or her people and shareholders, those people will be fair to others and customers. Long-term relationships of trust are formed.

*Focus on your skills, not the scoreboard.* Our technologically rich, high-productivity culture only seems to empower an inclination to demand our own kingdoms right now. Instead of focusing on day-to-day skill-building and execution — the dribbling, shooting and passing techniques of business -- our eyes remain fixed on the scoreboard. Without intense focus, the ball is invariably stolen and we become kings of nothing.

A business culture focused on "honing one's craft" results in true long-term value creation. With the exception of some impressive technological and medical advances, what have we created since the inflation of the great credit bubble? Instead of kings, we are subjects to the lords of financial engineering.

*Stick to your knitting.* Keep it simple, stupid: Ascertain competitive advantage and execute that advantage relentlessly.

The Milgards did one thing better than anyone: manufacture and sell first-class windows. They didn't "roll up" competitors; they simply executed what they knew best.

Gary sold his business and was taken from his family and friends far too early. In true fashion, Gary is easily the most important benefactor in Tacoma history, having established a very important charitable organization that focuses on building his community. He was clearly the best.

We need more Gary and Jim Milgards in the U.S. I am an optimist and believe we can get back to basics and back to the business of values: valuing people, valuing skills and valuing *true* creation in the US.

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