

The Assignment: Write a 15 to 20-minute speech for the Owner, Founder, and Chairman of the Board on the occasion of The Holmes Group's 20th anniversary.

One of the chief concerns of the creative director was finding a writer the Chairman, who had never worked with a speechwriter before, would be comfortable working with.

I met with Jerry on a number of occasions, including several times at his home, most of the time just talking to him about his business and his life over the past 20 years.

Prepared text for Jerry Kahn
The Holmes Group 20th Anniversary Celebration
Draft # 2
Page 2 of 16

Prepared text for
Jerry Kahn, Chairman of the Board
The Holmes Group
December 12, 2002
The Holmes Group's 20th Anniversary Celebration

Good afternoon. And welcome to The Holmes Group's 20th anniversary and holiday celebration.

I would first like to thank Ian for his very kind words about our company.

I invited Ian to talk to us today, not only because he's an old friend—he and I go back all of these 20 years and even before that—but because he is the editor of Home World, the largest and most influential publication in our industry. And because of his position, I felt that Ian was the best independent industry expert who could objectively give you an understanding of how The Holmes Group—and therefore, you—has impacted the appliance industry over the past 20 years. And Ian, you didn't fail me. You, as always, were insightful and fair.

I would also like to extend a warm welcome to all of you who have traveled so many miles to be here today. We have visitors from China, Mexico, France, the UK, and Canada, and I believe that in our 20-year history, this is the first time we've been represented globally in one room.

Today is the culmination of a year of celebration. We are commemorating the fact that in the span of 20 years, we grew from a single idea, to one of the largest companies in the world that manufactures, markets, and sells electrical appliances.

We did it through constant innovation.

We did it through hard work and sweat.

And we did it with people who cared.

Yes, I started this company. But you—you and others like you—were the people who built The Holmes Group.

At times the road we traveled was bumpy, but, considering where we started and where we are today, I would say that we've come a very, very long way. And personally speaking, I wouldn't have missed it for the world.

We got to where we are today because we do things our way. We do things The Holmes Way.

We don't rest on our laurels. Instead, we are constantly looking ahead—for the next product, the next innovation that would make us stronger and help our customers. That is The Holmes Way

We ourselves are our own harshest critics. If we have 100 things to do, and if we do 99 of them, we always look at the 100th and say to ourselves, We could have done better. That's The Holmes Way.

Satisfied people do not change the world or build businesses. Dissatisfied people see something they don't like, and change it. Satisfied people stay put and get passed by the competition. We kept innovating and growing and WE passed the competition. That is The Holmes Way.

Being proactive. Constant improvement. Listening to our customers and giving them what they ask. Those are the ways we became successful.

And that's the way we will remain successful.

Even though I don't like to look back, today I think we should. I decided that today's celebration should be internal. We didn't run any ads telling the industry that we're 20 years old. There are no journalists here,--well, except for Ian and I don't consider him a journalist. (Ian, you know I'm kidding.) We didn't even put out a press release.

I thought we—me, you—the people who built this company—should celebrate our success together. I wanted to celebrate with the people who got us where we are.

I wanted to talk to the people who work here. And I want the entire company to understand our past, our heritage, our tradition. Because I've come to realize that if we don't understand our past, we won't know where we're going.

That is why, today, I would like to talk to you about our history. Where we've traveled. What made us what we are today.

Over the course of a business like ours, there is no darkest hour where the company appeared to be doomed. There is no brightest spot that defines a particular time. That's the sort of image Hollywood would like you to believe. In reality, business is a series of events that you deal with, overcome, and in the end you're either satisfied or not with the outcome.

There are a multitude of darkest hours and brightest spots, and sometimes they happen on a weekly, or even a daily, basis.

But in order to win like we have, there has to be more bright spots than dark times, and at Holmes, that certainly has been the case.

You've walked through our Historical Hall. You know the products we introduced and manufactured throughout the years. Each one of those products illustrates The Holmes Group's defining goal: To keep ahead of the competition by attending to the needs of our our retail customers and ultimately the consumer.

That's been our goal since the time our company's story began, in 1982. Then we were called HolmesAir.

We started with a single idea. To take mundane seasonal household appliances—fans, heaters, humidifiers—and put fashion and function into these appliances to make people's lives better.

Before The Holmes Group, if your mother had a fan in the kitchen and company was coming over, she'd put the fan in the basement because it was ugly. It looked like a tool.

We changed all of that.

No, we don't cure cancer. But we do make lives easier and more enjoyable by making appliances that are well-designed and functionally pleasing.

Our first couple of years were just plain hard work. I worked trade shows, and offered sales reps \$100 to bring clients to our booth. Our first major facility was a 5,000 square foot warehouse in Framingham, and the four of us who at the time made up the company would do everything, and I do mean everything. We ran down sales leads and emptied waste baskets. We loaded and unloaded trucks, and visited customers.

As an example of how we always would go the extra mile, that first year I made nine trips to the Far East to work with manufacturers there who were making more attractive appliances than their counterparts in the United States.

Hard work pays off. After two years, we made our first sale to Wal-Mart. What better way to crack the retail market than by working with the world's largest retailer? Bill Fields, a v.p. at Wal-Mart came to our booth at a national trade show, and he left an order for 50,000 fans. Wal-Mart was our first national account, and HolmesAir was on its way.

It was an exciting moment, but we didn't stop there. We had too much to do.

Between the years of 1982 and 1985, we rushed to flesh out our product offering. We reached our goal of offering a full line of electrical appliances, something that no other company was doing and something we knew

would set us apart from the competition. We designed and marketed a full line of appliances that included fans, heaters, humidifiers, and air purifiers.

In 1985 we got our first injection of capital investment. Pentland Industries, an English company, saw the potential we represented and invested in The Holmes Group, giving us a financial foundation that enabled us to keep moving forward. The deal was simple: They put up the credit, and we ran the business.

In 1989 we opened our first manufacturing plant in China, and two years later, in 1991, we opened our first U.S factory in Marlborough. Both initiatives gave us better control over our manufacturing process. It's challenging to open two factories and integrate their operations into a business, but both projects were something we felt we had to do. The Chinese facility allowed us to keep our innovations proprietary by keeping our products away from prying eyes. And the Marlborough factory, because it was close to home, allowed us to learn how to be a better

manufacturer by trying things out with less effort than it would have taken if we had tried it in China.

All told, we went from a startup in 1982 to a company approaching \$60 million in sales in 10 years.

The 1990s were an unbelievably exciting time for our company. It was a period of incredible growth where it seemed as if everything we did was met with success. Of course, some people say that good luck is simply a matter of being prepared, and that's the point: We were prepared. We already had a strong business foundation on which to build.

Between the years of 1992 and 1999 we grew from \$60 million to \$225 million. During those years we launched hundreds of new products and expanded the breadth of our product line.

In the early 1990s, we hired graduates of the Harvard Business School for our executive staff. They were trained in the intricacies of growing and

running a large enterprise like ours, and who made a marked difference to our business and the way it ran.

In 1993 we leveraged our strength with retailers and opened an entirely new division: Lighting by Holmes, which opened up entirely new markets for us.

Expansion continued.

In 1994 we unveiled The Raider Motor Company, which became our source of motors. In 1998 our Raider Motor Company formed a joint venture with General Electric to manufacture motors, and that year the first shipment of 6 Sims motors produced in China left the factory.

In 1996 our FamilyCare product line initiated our entry into the pharmacy marketplace.

In 1997, Berkshire Partners invested in our company, replacing Pentland and giving us an infusion of capital that left control of the company in management's hands, allowing us to pursue the vision of expanding our brand further and entering new categories.

We opened Holmes Products Europe, and began construction on our new Far East facility, a 1.3 million square-foot facility that will be the hub of our Asian operations.

In the process of doing all of this, we earned the reputation of being the most aggressive new product developer in the appliance industry.

In 1999, our world changed. Everyone here knows what I'm referring to.

We acquired The Rival Company, creating a \$600 million appliance giant. The acquisition gave us instant access to the \$192 billion kitchen appliance market. We suddenly had name brand products, and increased

penetration into the European and Canadian markets for the Holmes product line.

But along with the benefits of acquiring Rival came some very serious challenges. When a \$250 million company absorbs a \$300 million enterprise, it's like starting over from scratch. Nothing stayed the same; we literally had to change everything that we did.

It was tough. Yes, it was tough, and a lot of work. But to attest to our success, when we bought Rival, its kitchen appliance business earned \$170 million. At the end of this year, we will announce kitchen volume well north of \$300 million. That alone is great news, and it is something we all should be proud of.

And our company continues to change today. If we thought our environment was fast-paced before, we obviously hadn't seen anything yet. All through the years change was a part of our business. But it has never been like it is for us now.

For the first time ever in our company's history, in 2001 we won Wal-Mart's prestigious Supplier of the Year Award. Companies in our industry not only hold this award in high esteem, but also the winner. Holmes Group employees have every reason to hold their heads high.

Also in that year, we moved into our impressive, state-of-the-art world headquarters, a complex that befits a company of our stature.

And in a major change in management, Peter Martin came onboard as president and CEO. Peter has 16 plus years with Rubbermaid, and I felt he was exactly the person who had the leadership skills, and just as importantly, the vision, to take the reins of The Holmes Group.

This day, this speech, forced me to look back. I've concluded that over the years I've had to make some tough decisions that I didn't always like making. But I firmly believe if those decisions weren't faced and made, the story of The Holmes Group, as it is written today, would have a

completely different ending. And I'd hate to think what that ending might have been.

With 20 years behind us, we put together our past and be proud of what we've accomplished. And we can all stand here today and be confident that we're positioned for the future years.

To everyone in this room, I give you my heartfelt thanks. I am proud of each and every one of you, for what you've done, what you're capable of doing, and what I am confident you will do.

To all, very happy holidays, and a prosperous New Year, and let this be the best holiday party in our history.

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