



# Raymond A. Mason School of Business

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## EPISODE 68: NICK JIANNIS – THE STIHL STORY

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### Ken White

From the College of William & Mary in Williamsburg, Virginia. This is Leadership & Business. The weekly podcast that brings you the latest and best thinking from today's business leaders from across the world. We share the strategies, tactics, and information that can make you a more effective leader, communicator, and professional. I'm your host Ken White. Thanks for listening. It's the number one-selling chainsaw company in the world. In addition, Stihl produces other top-quality outdoor power tools like blowers, trimmers, and edgers. The company is unique in that it does not sell its products in big box stores but rather only through dealers who sell and service Stihl products. Stihl has been on top for decades, and this company, known best for its legendary chain saws, has a legendary customer following. Stihl customers are extremely loyal. Much of that loyalty can be tied directly to the culture the Stihl organization has created and maintained over the years. Nick Jiannis is Vice President for Sales and Marketing at Stihl. He's been with the company for 22 years. We spoke with him at Stihl's headquarters for US operations in Virginia Beach, Virginia, where we discussed the effects company culture has had on Stihl, its products, and customers. Here's our conversation with Nick Jiannis Vice President Sales and Marketing at Stihl.

### Ken White

Well, Nick, thank you for taking the time to be with us. And thanks to you for inviting us to Stihl. This is a great place. What happens here where we happen to be in Virginia Beach? What takes place here?

### Nick Jiannis

Virginia Beach is the US headquarters for Stihl. We have a full manufacturing operation. We employ around nineteen hundred people total here in Virginia Beach. If you include our distribution operations around the country, we run about twenty-one hundred twenty-two hundred Stihl employees here in the US, but this is the US headquarters, so you have sales and marketing, which I'm responsible, you've got, of course, finance, technical service, operations but within operations you have assembly, you've got machining, you've got extrusion, you've got blow molding, accessories plan a number of different

departments within operations and we all work together to of course provide Stihl products to the marketplace.

### Ken White

Anyone who knows Stihl or learns about Stihl finds the culture to be not only unique but incredibly important here. How would you describe the culture?

### Nick Jiannis

I think it stems from our company founder Andreas Stihl, he started the company in 1926. And his philosophy has always been a product is only as good as the service behind it. And so from day one, he's always said that the Stihl products and Stihl brand are only sold through servicing dealers, and we've never waver from that philosophy, and this is our 90th year in business. So for 90 years, you know, always gone to market one way. And so throughout the years' everybody has worked in this company has. We have a saying here we bleed orange. And so we are we all believe in that philosophy, and we sort of feel like we are in the old David and Goliath story. You know we're David to a certain extent. We've gone the other direction, and we're proud of that. We know we're not sold in the big box stores. We're not sold on the Internet, but yet for seven years running now. We've achieved the number one status of gasoline hand-held outdoor power in the United States. How do we do that by not going to the mass merchants and not going on the Internet? It's almost a sort of a thing of pride we wear on our sleeves, and we did it our way, we did it the right way, and we supported independent small businesses that are, you know, working in local communities, and we all just really enjoy working for a company where from the top down Peter Stihl second generation is still alive. Matter of fact, all the second generation is still alive. Third-generation ownership is now at the helm of the board. And a lot of folks within the organization have worked for Stihl for a very, very long time. So put it all together, it's hard not to feel part of this culture we have. I say it's a global fraternity because it's not just in Germany but every one of our subsidiaries, even the importers, the people that that work for the company have been there for such a long time. When we go for annual meetings to Germany, for example, it's the same faces every year. It's almost like seeing an old friend again, and we all go to the same meetings. We all have to present to the same people, and over time it creates this thread that is sort of unbreakable amongst the employees of Stihl.

### Ken White

Well, you mentioned a couple of things. Lengthy tenure there are people you've been here over 20 years. Many of your colleagues have been here for many years. How does that? How does culture drive that? I mean, in today's world, people are changing jobs like crazy.

### Nick Jiannis

What we despite our size, we strive to continue to do things that we did when we were a small company. So, for example, you know we still have a big company picnic in the summer, we have a big company holiday party in December, but we also have monthly service award luncheons. So employees from all ranks, from executives to the folks on the assembly line. If they've achieved ten years of tenure or then 20, 25, 30, we skip 15 only because we have too many people. We have too many luncheons. But when they hit ten and then 20, and every five years thereafter, we have a nice luncheon at a local restaurant here. Every member of the local executive council here attends and we have a bio and a write-up of all the employees. And one of the executives, myself included, reads a bio about the employee, and they get a little pin, and they get a plaque, and some recognition. We did that 20 years ago. We could have stop doing that because we're a much larger company. But we say, you know, it's part of our culture is we want to recognize the employees that make this machine work because without the people on the assembly line or out in the field, this thing doesn't function properly.

### Ken White

What's interesting about that what you just described. I mean, that's HR 101 recognize your employees, yet so many organizations don't do that. That really works, doesn't it? Recognition.

### Nick Jiannis

It does, and we also take care of our employees financially. Stihl has a very, very good benefits package. My father was career military, and when I first got hired on by Stihl, he saw the package and said this rivals the military. But you know we are one of very few companies that has a company-sponsored pension. We've got a very healthy 401K package. And you know, you add that all up, and we have, of course, bonuses that we give out throughout the year. There's a quality bonus to the production folks or performance bonuses that they may earn. You put that all together, and I think we treat our employees very, very well because we understand that without them, this doesn't work.

### Ken White

Right, now, you mentioned Germany. You've got headquarters there as well, and you're all over the world. That's a lot of different cultures and a lot of different generations too. How do you keep the culture going? I mean, the Germans are very different from Americans.

### Nick Jiannis

I think it stems the brand is the unifying link between all the subsidiaries because we basically only allow subsidiaries and independent importers that, by contract, have Stihl. They only sell Stihl. So you're not going to see a Stihl subsidiary also sell wheeled goods,

perhaps, or other brands. It's only Stihl, so we all bleed orange from top to bottom. We also have Mr. Stihl, who is the second-generation chairman emeritus. I guess you call him a retired chairman. He visits every production facility within the Stihl group every year. He comes here every October. He also visits every non-production subsidiary, probably every other year. You've got other members of the family visiting various production sites and views, calling on dealers. So you always have an injection of Stihl family blood or visits in your organization on a regular basis. We all go to Germany at least once a year to present to the family. Interact with folks in Germany. So I would say that yes the cultures are different around the world. But Stihl is that that that binding mechanism that keeps it all together. We all have the same, more or less the same product portfolio, the same challenges, the same competitors, give or take, across the globe. And so when we get together, we can all talk shop and learn from each other hey, what do you do over there in Sweden to do that, or that's a good idea over in Canada, or what did South Africa do? What are your challenges, and we can learn from each other? We share best practices.

Ken White

And the brand, as you say, that's the common thread.

Nick Jiannis

And the brand is a common thread.

Ken White

Yeah.

Nick Jiannis

And what while models may differ from Australia because it's perhaps a very dry air conditioned down there versus maybe what you get in Siberia, for example. The inherent machine, a chainsaw, is still that mechanism that binds us together. We all sell chainsaws and string trimmers and hand-held blowers and backpack blowers and just minor variations thereof, but we all get to talk shop with each other, and we learn from each other.

Ken White

With this kind of culture, and you mentioned, it's all about people. How does hiring roll into this? When someone applies, how do you know?

Nick Jiannis

Well, when I got hired, I was a newly minted MBA and wanted to conquer the world, and my first job was working in a dirty, dusty warehouse in California, basically picking parts, and my father said, well, you know, like the military doesn't hire admirals they hire engines,

and you work your way up. And so with an MBA, I was wearing a pair of jeans and boots, and I was picking parts, and I was the lead shipper and shipping UPS boxes to our various dealers across the West Coast, and we try to instill that to all the new hires and say listen you need to learn the business and learn the product and also learn the culture. We do things differently here. And once you do that and you proved yourself, then there will be opportunities to kind of either move laterally to add some more to add a broader net to your skill set, and then eventually something may open up that we always say that you need to have a broad level of experience in this organization. You know we are a dealer-centric company. We only sell through dealers. So we like for folks to have field experience. It's to simply stay at head office. We're very cognizant of the ivory tower syndrome. The real the real work happens out there in the real world with real dealers with real problems. And the competition. So we insist that people that want to make a career at Stihl gets an experience. Whether it be at a branch or, in some cases, they can get overseas to another subsidiary of ours for a couple of years and then come back. But we want him out of head office for a while, and then they come back, and we'll see what happens.

### Ken White

We'll continue our conversation with Nick Jiannis, Vice President Sales and Marketing at Stihl, in just a minute. Our podcast is brought to you by the Center for Corporate Education at the College of William & Mary's Raymond A. Mason School of Business. The Center for Corporate Education helps companies and organizations from all over the world by creating and delivering business and leadership development programs. If your organization is looking to get to the next level, contact the Center for Corporate Education to discuss how we can create and deliver a program that specifically fits your needs and gets results. For more information, visit our website at [wmleadership.com](http://wmleadership.com). Now back to our conversation with Nick Jiannis, Vice President Sales and Marketing at Stihl.

### Ken White

There's a heck of a lot of turnover when we talk to executives all over the world. It's tough to hang on to people. Does that approach help you keep people longer than, say, maybe?

### Nick Jiannis

Yes, I think it does because we get these young folks at an early age, and I hate to use the word indoctrinate, but we really kind of indoctrinate them into our culture and our philosophy which we think is unique, and it's fun. You know we work hard, we also play hard. We have excursions we do. We have business trips both in the business trip. We have some group team-building exercises we might weave into the trip. So we generally enjoy our company outside of the office as well. We might meet across the street for a drink after work within various groups. So it's a family. It truly is a family organization from the Stihl family to our own internal Stihl-incorporated US family. And we think that that

does pay dividends down the road that people do tend to stay longer. The average tenure here across Stihl Inc. is about ten years, and considering it's a manufacturing operation, that says a lot.

Ken White

Yeah.

Nick Jiannis

Now, if you were to move into the office ranks, you've got people here that have been there for 30 years, 35, 40 years. It's not unheard of.

Ken White

And in some companies where that happens, things might go flat. New ideas, innovations not there but still manages to stay on top.

Nick Jiannis

We do. We do hire from the outside. I won't tell you that every single job is promoted from within. So we do have a constant injection of new ideas and new blood, which I think is healthy because, you know, we don't want to become incestuous to the point where we only think of our own ideas. We need outsiders to come in and bring a fresh set of eyes a matter of fact, our new President, Mr. Fisher, had a nice long career with Siemens. So he brings with it a different perspective in a different way of looking at things which has been wonderful for all of us long-timers to get a different view of how we could attack a certain problem or strategize about a certain scenario.

Ken White

This unique culture also applies to your customers. You have one of the most loyal customer bases. For those who don't know Stihl boy, the customers are unbelievably loyal, aren't they?

Nick Jiannis

We have. You're right. We have. We look it as almost two sets of customers. We have dealer customers, and they are really our gateway to the consumer customer because, as I said earlier, we only sell through service and dealer, so and dealers have a choice in the outdoor power equipment they want to sell, and we have some formidable competitors out there. So we have to win their minds and hearts as well. So we have to meet the dealer customer expectation but then also your point the consumer customer expectation and within the consumer base or customer base we have different segments as well we have the professional logger, the professional landscaper, the professional arborist, the professional construction worker, the homeowner. So each of them thinks differently.

Consumes media differently. But to a certain extent, they, particularly in the pro segment, they have a very, very strong affinity for brands. And I know other brands I could think of they have that similar type of emotional heartstrings would be a Harley Davidson, for example.

Ken White

Yeah.

Nick Jiannis

Where where you know you're a Harley guy, you're a Harley guy, and that's it. And you talk to some of the loggers in the Pacific Northwest. They've run Stihl all their lives. Their daddies ran Stihl, and they've had they've got Stihl's that are 20 30 years old that still run, and you see pictures of guys with Stihl tattoos on their backs, on their shoulders. And they just love the brand, and we love that about them. And so we started a campaign, I'm guessing here a little bit, Ken, but I would say maybe three to four years ago called real people Stihl people, and we used our social media outlets to let the consumer speak to us. Now we'd say okay, tell us about your best brand experience or tell us about you know what you like about Stihl and send us a photo of how you use our equipment. So we call it UGC or user-generated content, and we can then repurpose that information, those pictures and images and stories in advertising, for example. Our on our Facebook page. So many of our ads have been real consumers, real loggers, real landscapers. And it speaks to the authenticity and the integrity of the brand. They're not paid, actors. That guy's a real landscaper in Texas, and he swears by our equipment and that sort of feeds into this whole philosophy that we are a consumer-centric brand. We fight for the small guy. We have outstanding equipment, and it resonates in the hearts and minds of our customers.

Ken White

I can think of so many organizations that would love to get to that place where your customers are just crazy about you. And will go to bat for you. For an organization, maybe starting out, maybe trying to reach that. What kind of advice would you have for them? How do you get that kind of a loyal following?

Nick Jiannis

Well, first and foremost, you have to have product quality. You can't have. You might have short-term ad campaigns or gimmicks, which might create some initial demand, but if the product quality is not there, you will not have a sustainable model. And you know we've put product quality. We are essentially an engineering-driven company. I mean, Peter Stihl, who is probably now 84, 85 years old he, could still on his mind draw up carburetor schematics on a piece of paper. He knows the product, he knows how it's designed, and it's his name on the nameplate, and he's willing to spend quite a bit of money to make

sure that maybe a small deficiency that any other organization might say, oh, it's not a big deal, it's not a safety issue I'll let it go. He'll fix it because it's his name on the nameplate, and he wants to make sure that the customer gets the best product possible, so that's number one and number two don't take shortcuts. If it was easy everyone would do it. So take the high road and do it the right way, do it the smart way. In our case, we felt so strongly about the service behind the machine, and a lot of the big box stores don't have service. So why would we entertain that? Matter of fact, there's a book that was written several years ago called the distribution trap, and I can't recall the author right now, but they dedicated a chapter of the book to the Stihl story and talked about how brands and companies can get caught up in the distribution trap chasing the quick buck, and they go to the big box stores or go to the Internet looking for volume, and they may get it initially, but over time the brand gets watered down for a number of different reasons. And we've always felt that as long as you have the product quality and maintain your brand equity, don't let go of the brand equity. The rest will follow. And it may take time. Won't be easy. It requires investment, but in the long run, I always use the analogy the tortoise and the hare. We are the tortoise. We will win the race in the long run. In the short term, other brands might look flashy or have some short-term gains over here or over there. Meanwhile, we're just doing our thing every year, consistently high product quality through servicing dealers and build that now over 90 years. That builds the culture and the affinity for the brand that you have when guys have tattoos on their shoulders because their daddy had a Stihl, their great granddaddy had a Stihl. It always runs, and they can get parts, and their dealers are a buddy of theirs, and it's this big woven matrix that it's very hard to replicate.

**Ken White**

And it's fun when you win like that, isn't it?

**Nick Jiannis**

It's fun when you win it the right way. You don't need. My predecessor in this position, I recall him saying it to many dealer groups. He said the nice thing about working for Stihl is you never have to apologize. And so sure, we may have a quality issue here or there. Every company does. No one's immune from that. But when you can look in the mirror and look any dealer in the eye or any customer in the eye and say you know we did the right way, we might have messed up over here, but we'll fix it, and we'll make it right for you. That's all they want. They want to know that the manufacturer stands behind their product, and we do. And we have a servicing dealer base take care of them. Let them do their job. We'll take care of the rest.

**Ken White**

That's our conversation with Nick Jiannis. And that's our podcast for this week. Leadership & Business is brought to you by the Center for Corporate Education at the College of

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