

Letter from the CEO, 2022

Every family has its traditions around the holidays, and in my family, one of them is steadily watching our way through our favorite holiday movies. This year, it dawned on me that every single one portrays the business community and the characters' work lives in a negative light.

Just look to the heartless children's book publisher Walter Hobbs in 'Elf,' businessman Mr. Potter trying to ruin George Bailey in 'It's a Wonderful Life,' or Clark Griswold's boss eliminating the holiday bonuses in 'Christmas Vacation.' I could point to further examples in movies like 'The Holiday' and 'Love Actually,' but I don't want to overshare my family's movie tastes.

I guess it's not hard to see why our society likes to portray businesses in a negative light. There are plenty of real-life examples of businesses being greedy, unproductive, soul-sucking, unfair, and unjust. But not all businesses are bad, some are just mediocre. These businesses are the sneaky ones because they neither excite nor offend us. And then there's that rare category of business that truly makes its mark on those who it comes in contact with for the better. We strive to be in that rare category of business that truly makes an impact on its employees, customers, and community.

I could list out dozens of examples of how we're making that positive impact, but instead, I'll focus on three measures that show me 'root evidence' of some very good things going on in our business, especially in this very challenging environment.

While many companies are being hit by "The Great Resignation," our turnover rate has actually decreased 22% since 2018, all while our total employee count has increased by 220%.

Turnover and retention rates are not the kind of thing we'd typically brag about, but in a year when the 'great resignation' made headlines with record numbers of people leaving their jobs, we're proud of the fact that we bucked the trend. Great employees are at the core of everything we do, so knowing we've created a place worth sticking with is important. The basics of pay and benefits are just part of the equation. We're excited to invest further in areas that can help employees grow, such as the creation of our company-wide Employee Engagement team in 2021 and our Employee Experience Advisory Groups which over 100 employees have signed up for to date.

Repeat customers coming back to do more business with us are the highest percent they've ever been in our history.

Great customer experiences generate repeat business, and we are clearly seeing that trend in record form as more customers are choosing to do business with us over and over again. While we see growth in repeat customers, we are also serving a greater number of first-time customers as well. Our online shopping reviews, which have remained consistently high this past year by industry standards, see customers loving our variety of readily available products, quality websites, responsive customer service, and quick shipping. In a year when many companies saw customer ratings sink due to misleading or disappointing lead times and lack of responsiveness, we are proud to have maintained our high standards. Getting 'the basics' right this past year when it comes to a great customer experience has never been more challenging, but seeing customers vote with their orders has validated all our hard work.

Record business results have resulted in record support of the communities that we operate in.

We believe that businesses and communities have a symbiotic relationship. When businesses support the communities they do business in, those communities can thrive and become places where employees love to live. Over the last 3 years, as our company continues to grow, our charitable foundation support has increased 275%, primarily going into the communities where our employees live. This spirit of giving back extends to our employees as well, who personally donated over \$50,000 to Lancaster's Extraordinary Give event this fall, only to donate nearly another \$50,000 a few weeks later to support the devastating tornadoes near our Madisonville, Kentucky facility. This employee generosity for our Kentucky community was extended by our charitable foundation to \$250,000 and growing at a time when that community desperately needs it.

So these three points alone don't put us into that category of 'remarkable business' but I think they're representative of hundreds of other things going on across our companies that show we're moving in the right direction. And they were all the signs I needed to see to be comfortable in saying that 2021 was a pretty great year for us. As we close our 50th anniversary year, we can feel very good about how we managed the many challenges that came our way in what was a roller coaster kind of year for everyone.



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Here's to celebrating the things we got right and learning from the things we got wrong. It may not make for the next classic holiday movie plot, but it's a storyline I'm glad we're sticking with.

Thank you for the role you play in it,

L. Gene Clark

CEO, Clark Associates, Inc.