

The first CEO I met and was immediately enamored with was Barclay Simpson.

He didn't fit the image I had of a business legend. He wasn't flashy or over-confident. Despite enormous wealth, he was plain spoken and generous with his time, even with me, a young analyst who didn't even know what questions to ask.

Maybe that's the point.

In 1956, Simpson was running his family's small screen door business. Nothing about it suggested the beginning of an immense business success story.

Then, one day, a neighbor stopped by with a question. He needed a metal connector to hold some wood roof joists together. This wasn't a standard product at the time and builders often improvised.

Could Simpson build one? He didn't know how but said yes anyway.

Using the tools and materials he had, he designed and built a simple metal connector. And it worked. And over the coming decades, that one small favor turned into a billion dollar enterprise whose products are often specified into professional building plans.

How does that happen?

It's easy to look back and say it was because of a grand vision. And certainly, management and execution are crucial. But when you study Simpson and many other exceptional businesses, there are deeper patterns. While less obvious they are just as important.

The first is these businesses often begin almost by accident.

Simpson did not set out to disrupt the construction industry. He didn't write a business plan for a global manufacturing company but ran a small screen door shop. The opportunity came to him which some may call luck or serendipity or great timing. But Simpson said yes which was the first in a long line of decisions that snowballed into something spectacular.

Management has less control over the second pattern.

These businesses are often pulled into existence by a world that *already* values their products.

Simpson didn't need to convince people of the value of stronger, more reliable connectors. The need was already there. Post-war construction was booming and neighborhoods were being developed quickly. Builders needed better, more consistent housing components. Simpson's product didn't solve some future, hypothetical problem, but one that was important that day. And once people saw it, they kept buying.

This is very different from businesses that try to manufacture demand from scratch. In Simpson's case, demand was waiting. He just filled it.

The third pattern may be the most important for investors.

Exceptional businesses often grow far larger than anyone, even the founders, ever dreamed of.

It's hard to believe that Simpson, working in a screen door shop, thought he was starting something that would reshape the residential construction industry. That's because he wasn't. He was just solving a problem for a neighbor.

But over time, Simpson products became standard. Engineers began specifying these connectors into their plans while more stringent building codes and safety standards provided an additional tailwind.

These patterns play out again and again; Jack Henry, Fastenal, Expeditors International, Copart and countless others. A unique product is created that solves an important and unmet need. Customers line up at the door. Management executes while the business grows steadily, compounding over time.

In a world consumed by charismatic founders and billion dollar capex budgets these patterns are easy to miss.

Barclay Simpson's story captures all of this in a simple, almost understated way. A neighbor knocked on Simpson's door and while he didn't know how to solve the problem, he figured it out. And that one decision grew into something few could have imagined, making committed shareholders rich along the way.