

SALES STAR


The Man Who Sold Shipping to the World: Frederick W. Smith, Chairman, President, and Chief Executive Officer of FedEx Corporation

[By Charisse Dengler]

Frederick W. Smith is the man when it comes to shipping. Whether you need pacemakers or chocolate chip cookies, Smith is the one you can thank for getting you what you need when you need it. Smith, who originally proposed the idea for Federal Express (or FedEx, as it is most commonly referred to these days) in a paper he wrote while in college, is the brains and passion behind the now-\$33-billion business based in Memphis, TN.

The idea in the paper that Smith wrote was rooted in his observations of how the world was changing and the emergence of technology in business. He felt that with computers taking on a larger role in the workplace, there needed to be a delivery method that would be able to service computers and get them the parts and repairs they needed quickly to keep the economy running smoothly. That somewhat simple idea led to the empire that is now FedEx.

In his current role, Smith is in charge of planning the future direction of each and every company within FedEx Corporation, which includes FedEx Services, FedEx Express, FedEx Ground, FedEx Freight, and FedEx Kinko's; and while his current title may not label him as a salesman, Smith started out as nothing more than a young man with an idea that had to be sold to the world. He wanted to establish a shipping company that would be able to get people what they needed faster than any other shipping company. In fact, he wanted deliveries to get to people overnight, an idea that sounded completely ludicrous at the time.

Smith, who was born in Marks, MS, on August 11, 1944, went to high school at Memphis University School. Upon graduation, he went on to earn his bachelor's degree in economics from Yale University at the age of 22. After college, he spent five years in the U.S. Marine

Corps, where he was a platoon leader and pilot, and served in the Vietnam War.

He then went on to purchase Ark Aviation Sales, a company that specialized in aircraft maintenance. Smith soon revamped the company to specialize in trading used jets, and in 1971, FedEx was born out of money that Smith had and money that he raised from his family and friends.

Smith has admitted that getting the company off the ground was rough—especially because it was something that had to come on the scene with a bang rather than something that could start small—but he knew in his heart that his idea was worthwhile.

"It was similar to what people tried to do more recently in the telecom industry. You can't come up to a potential client and say, 'I've got a terrific new phone system for you; you can call Albuquerque, Rochester, Chicago, and Miami.' People would think you were crazy," Smith said in a *Fortune Small Business* article in 2002. "Similarly, when I approached potential clients like Xerox and IBM, I had to have a network to sell."

After the fledgling company got its wings off the ground, Smith began the daunting task of raising the venture capital to keep it alive. However, he soon found that the process was made a little easier due to his own financial

investment in the company, illustrating that one of the tricks to selling your product is being heavily invested in it yourself.

"I was asking for some serious capital (about \$90 million), but I had some marks in my favor [...]. I was putting up a lot of my own cash. I wasn't just some guy with an idea; I was risking, really risking, something of my own to start this company," he said in his 2002 interview with *Fortune Small Business*.

However, it's now safe to say that all the hard work he put into it in the beginning has definitely paid off. Since its inception in 1971, Smith's brainchild has transformed into a corporation with more than 275,000 employees and contractors who serve "more than 220 countries and territories with operations that include 670 aircraft and over 70,000 vehicles."

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