

FedEx Founder FREDERICK W. SMITH:



COURTESY OF FEDEX

Frederick W. Smith
CEO and Founder, Federal Express

“I Owe a Debt of Gratitude to the Marine Corps”

By Joel Searls

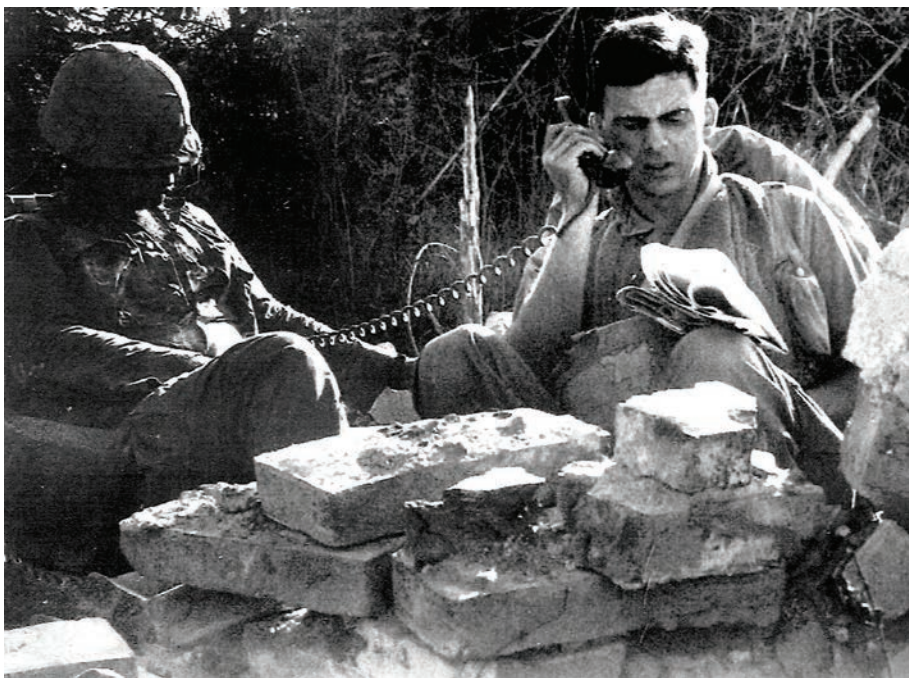
Frederick W. Smith has spent the majority of his lifetime in leadership, first in the Marine Corps during Vietnam, and then later as an entrepreneur in the founding and operating of Federal Express. After graduating from Yale in 1966, he served four years in the Corps, which included two tours of duty in Vietnam. He then launched the original air-ground Federal Express network which began operations in 1973 to serve the rapidly growing high-tech, high-value-added sectors of the economy Smith had predicted. The company has since grown into an \$84 billion global enterprise that serves more than 220 countries and territories.

Smith is responsible for providing strategic direction for all FedEx operating companies: FedEx Express, FedEx Ground, FedEx Freight, and FedEx Services, which includes FedEx Office, FedEx Logistics, and FedEx Dataworks. FedEx operations include 684 aircraft, more than 200,000 vehicles, and more than 5,000 operating facilities. Approximately 570,000 team members worldwide handle more than 19 million shipments each business day.

FedEx has been widely acknowledged for its commitment to total quality service. FedEx Express was the first service company to win the Malcolm Baldrige National Quality Award, the nation’s highest award for performance excellence, in 1990. FedEx has been recognized by *Time* magazine as one of the “*Time* 100 Most Influential Companies” and has consistently been ranked on *Fortune* magazine’s industry lists, including “100 Best Companies to Work For” and “World’s Most Admired Companies.”

Smith is a Trustee for the Center for Strategic and International Studies and a member of both the Business Council and Business Roundtable. He served as chairman of the U.S.-China Business Council and co-chair of the French-American Business Council. He has served

on the boards of several large public companies—Malone and Hyde (AutoZone), First Tennessee, Holiday Inns, EW Scripps, and General Mills—and charitable organizations including St. Jude Children’s Research Hospital and the Mayo Foundation.



Smith served with 3/5 during one of his two tours in Vietnam.
(Photo courtesy of Frederick W. Smith)

He was formerly chairman of the Board of Governors for the International Air Transport Association and chaired the executive committee of the U.S. Air Transport Association. Smith served as co-chairman of the U.S. World War II Memorial project alongside Senator and World War II veteran Bob Dole, and then as the co-chairman of the campaign for the National Museum of the Marine Corps. He has received several honorary degrees and numerous civic, academic, and business awards including the Global Leadership Award from the U.S.-India Business Council; the George C. Marshall Foundation Award; the Atlantic Council's Distinguished Business Leadership Award; the Wright Brothers Memorial Trophy; and the Circle of Honor Award from the Congressional Medal of Honor Foundation. In addition, Smith is a member of the Aviation Hall of Fame and the Business Hall of Fame. He appeared on Forbes' "100 Greatest Living Business Minds" and has been named a top chief executive officer by both Barron's and Chief Executive magazines.

As a highly decorated Marine Corps infantry officer and forward air controller (FAC) in the jungles of Southeast Asia, he learned critical leadership lessons and had lifechanging experiences. Smith was awarded the Silver Star and Bronze Star. After leaving the Corps, he then pursued his entrepreneurial dream, which started as an urgent package delivery service.

Editor's note: The author recently conducted a virtual interview with Fred Smith, discussing everything from his service in the Corps to the future of FedEx.

What are the most important leadership traits you have utilized in the founding and operating of FedEx?

Well, I think if you were to go to a FedEx Leadership Institute class, and I would emphasize that our management school is called The Leadership Institute, so that should be a dead giveaway that the Marine Corps had a big emphasis in my life because you have to be a great leader to be able to withdraw the discretionary effort out of people in the service industries. ... It's similar to athletics and the military where the leader's job is to get that discretionary effort, which in the military can be up to and including risking or losing one's life in furtherance of the mission. So, if you were to read the FedEx Manager's guide ... which I wrote the original version of it, or you read the FedEx Operating Manual you would find as an NCO or company grade officer in the Marine Corps the doctrine and basic tenets of leadership and management are straight out of what the Marine Corps teaches and had a very big influence on me. In 2008, I wrote a brief article in the Naval Institute *Proceedings* at the request of its editor

Bob Timberg, also a Vietnam Marine veteran, where I talked about how important my Marine Corps service was in all of the principles I used to found ... then continue to use to this day at FedEx even though it is a company approaching 750,000 people. Our philosophy, People Service Profit (PSP) goes right back to that core tenet that the Marine Corps teaches its young officers and NCOs, and that's take care of the troops. ... If you take care of the troops, they'll take care of, in our case, the customers or the mission and you'll achieve success. So, I cannot overemphasize

Our philosophy, People Service Profit (PSP) goes right back to that core tenet that the Marine Corps teaches its young officers and NCOs and that's take care of the troops.



Frederick W. Smith with FedEx's original DA-20 Falcon aircraft.

COURTESY OF FREDERICK W. SMITH

how important the Marine Corps was in my business career, more important than my formal education I might add. How to manage an organization and achieve goals and results really, mostly was from my Marine Corps experience and of course sports was important to me too ... my Marine Corps experience was the bedrock on which FedEx was formed.

We select, we just don't let anybody into our management ranks, and we have to evaluate you to see if you have the ability to lead people. ... The traits that a leader has, which are taught by the Marine Corps: keep your men informed, make clear the mission, look after your troops, all of those core bedrock principles of leadership are taught in our Leadership Institute. Now we also teach them ... the formal aspects of management which we call Quality Driven Management (QDM) which is usually with statistics and all kinds of what other companies would call Six Sigma ... quality management techniques to manage the enterprise. But since our product is a service, we don't make automobiles or food where you can just repeat the processes.

It's a new day every day when we put all of those tens and tens of thousands of vehicles on the street or fly all those planes, so you have to have great leadership at the first level of management to be able to accommodate all of the vagaries and vicissitudes ... the weather ... traffic and all the things we deal with every day. That's why we have leader managers and not just managers. ... The principles of the Marine Corps are as true today as they were

when I learned them some 50 some odd years ago and they're probably exactly the same thing as the Athenians and Spartans were teaching their troops 2,000 years ago.

How does your Marine training in troop welfare influence the culture of FedEx and how do you take care of your employees?

We do it in a lot of different ways. Praise in public and counsel in private. We have BZs, which everybody in the naval service knows which are the two the flags that the admiral puts up on the yard arm to mean "well done." ... So, I adopted that. If you've done an outstanding job, a manager can give someone a BZ voucher, dinner for two, an unexpected reward sticker ... on a memo, or a BZ lapel pin, it's straight out of Marine Corps leadership and the naval services.

I think probably the most important thing is we made a commitment to our folks that if they do well, they will have an opportunity to advance. ... If the company does well, we'll share the rewards with them so that is the bedrock of that PSP philosophy. ... In the military it's quite the norm that you go from lieutenant to captain to major and so forth. So, you promote from within by definition. In the business world that's a bit of an unknown thing in many organizations. You mean you started off as a package handler and now you're a vice president at FedEx. We have platoons of them. That's why veterans find it such a familiar and friendly place to work because they're used

If they do a good job they can go as high in the organization as they want based on their abilities. ... it's very familiar to anybody that has been in the military service, particularly in the Marine Corps.



Frederick W. Smith, center right, is pictured here with senior officers from FedEx and the head of the New York Stock Exchange.



COURTESY OF FREDERICK W. SMITH

Above: Smith received two Purple Hearts during his tours as an infantry officer and forward air controller in Vietnam.

Right: Smith, second from left, in the field in Vietnam. The leadership lessons he learned during his service as a Marine are the basis for his leadership philosophy at FedEx.



COURTESY OF FREDERICK W. SMITH

to that extraction of discretionary effort, setting the example, keeping your troops informed. So, if they do a good job they can go as high in the organization as they want based on their abilities. ... it's very familiar to anybody that has been in the military service, particularly in the Marine Corps.

I invite anybody who has spent 35 years at FedEx to come by and see me when they retire. ... There's not a week that goes by that I don't have several people that are informing me [they] are retiring after 35 or 40 years. I don't know this for a fact, but I would bet that we have more long service employees at FedEx than any major company in America because that loyalty needs to go both ways and so that's the most important part of the PSP philosophy.

Our folks had really worked hard on the front lines of keeping the at-home, industrial and healthcare supply chains operating. Most people were doing remote work. Our people were out there delivering and flying planes, so we gave all of our front-line employees a very significant bonus in January 2021. It wasn't part of their regular pay package, but that reinforcement of focus on commitment to the mission and taking care of the customer in our particular case. It's worked very well for us for many years.

Yes, I think people relate to these principles because they're universal truths and they also relate to them in other parts of the world. You may have to modify it ... to the culture, but the golden rule is as true in the Middle East as it is Latin America or Micronesia. Again, you have to make sure you modify it for the local culture. So, our PSP philosophy has worked for us every place, and we serve 220 countries and territories.

Now some of them are agents who are licensed to be FedEx there, but those that are actually FedEx, which is the vast majority of our operations overseas, if you went to them and asked them about PSP or Quality Driven Management, they would know exactly what you're talking about. It's a lingua franca that goes throughout the FedEx organization around the globe

and again it all comes back from those basic leadership and managerial principles.

I mean I still use the Marine Corps method of laying out a strategic issue for our strategic management committee, Situation, Mission, Execution, Administration, Coordination and Communication; SMEAC. That's what I learned in The Basic School. It's pretty solid stuff.

What key components did you take from your service in the Corps and how has that evolved over time?

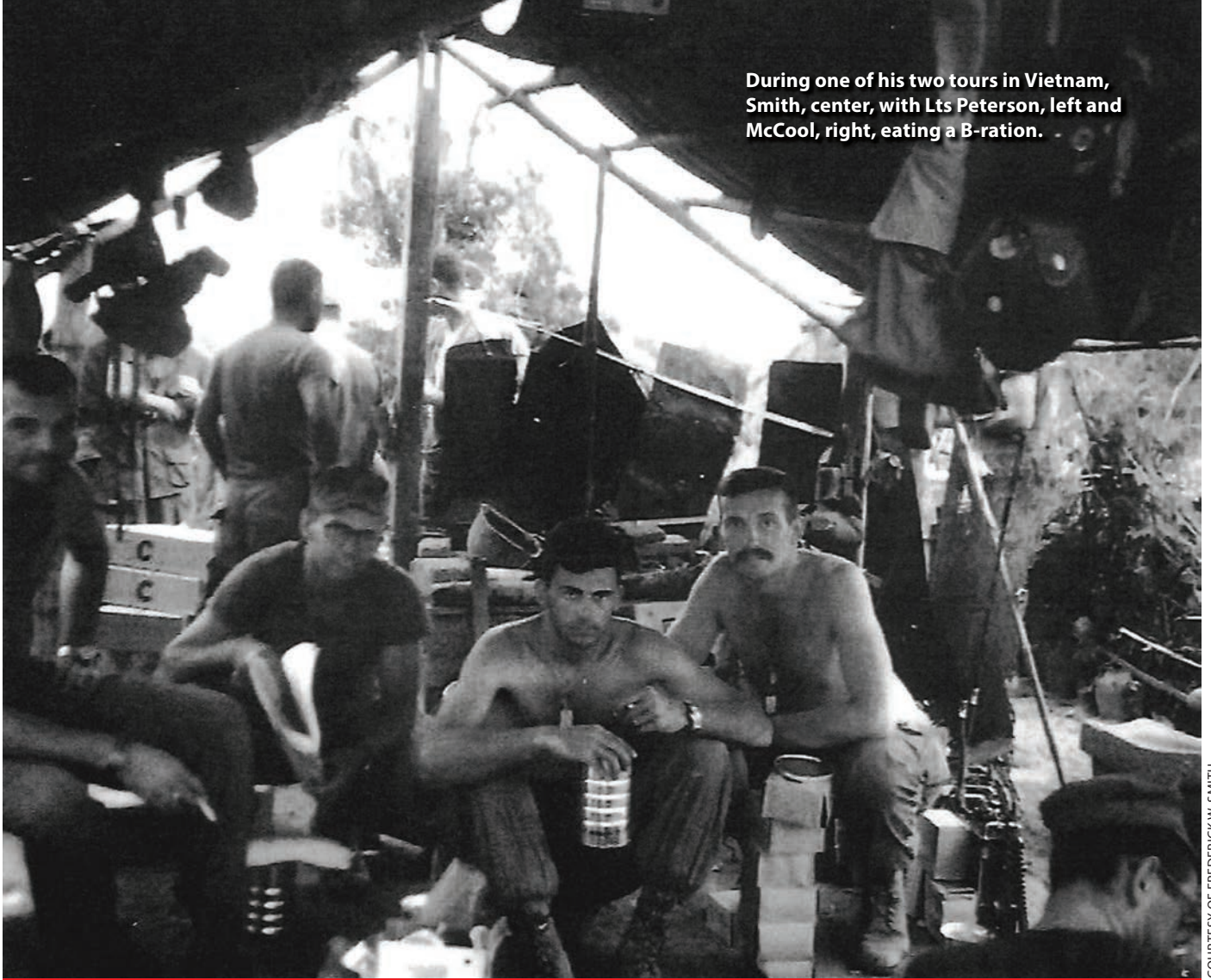
I think people are a bit more questioning today than they were in my era and would be even more so if you went back to the Korean and World War II generations. So, you probably have to put more effort into communication in the "why" rather than the "what," but that is a good thing, that's not a bad thing. I think communication is more intensive, particularly today with social media. You can have some incredible firestorm that erupts over some post or mistake. You see it every day in the business press. So, those communication skills are even more important, and we've had to get better and better at that. Biannually, I put out



COURTESY OF COMMERCIAL APPEAL

Frederick W. Smith, President of Federal Express, Sept. 25, 1976.

During one of his two tours in Vietnam, Smith, center, with Lts Peterson, left and McCool, right, eating a B-ration.



COURTESY OF FREDERICK W. SMITH

a letter to the entire organization to sort of set the stage as to what our board of directors is trying to do and the things we need to focus on.

For instance, two years ago I did a very extensive one on the changed world of cyber security. Your phone now is a way into your life and a potential weapon against you. Those communications as to what's going on and why we are putting restrictions on use of your phone and clicking on this or that in your [personal computer]. It's a more complex world and it's a world in which the average team member is much more informed, perhaps erroneously, but they have all kinds of information coming at them.

So, you have to put a lot of time and effort into the communication in an organization this size to make sure everybody understands what we are doing and not only what we are doing, but why we're doing it, and when something goes wrong, you know what we're doing to fix it. So, those are modifications I think brought by modern technology like we are using today doing an interview 1,500 miles apart and it's like we are sitting here in the same room.

Outside of "Devotion," what are your favorite films to have produced (financed) and why?

Well, there have been a lot of them. I guess one of them that comes to mind is "The Blind Side." That was a famous story

about left tackle Michael Oher who was written about by Michael Lewis, one of our great authors of the day. He [Oher] was adopted by a family in Memphis. He came from a rough situation and went on to be a great football player. So, my daughter Molly found that script and we knew the family and in fact my youngest son is married to the Collins, the real Collins, who is in the movie. "The Blind Side," I believe is the highest-grossing sports movie of all time, so obviously that's a favorite for a lot of reasons.

The initial movie that I financed for Alcon Entertainment is still one of my favorites. It's called "My Dog Skip" and it has Diane Lane and Kevin Bacon in it. If you watch "My Dog Skip" and you don't have a tear in your eye in the last frame of that movie, you're not human. ... It's based on a Willie Morris novel. Willie Morris was a great Southern writer ...

of the Faulkner tradition ... he was the editor of *Harper's*. "My Dog Skip" remains a favorite, but there's so many of them.

Then my daughter Molly, who was an NYU film school graduate, and then worked for Alcon, the original film company I backed with these two young men that went to Princeton together, she started her own company called Black Label Media. She's done a number of them that are favorites of mine. "Sicario," about the drug trade and "Soldado" ["Sicario: Day of the Soldado"]. If you watch those two movies, they were several years in advance of exactly what you're seeing on the border. They were very

I funded "Devotion" because the story of these two men deserves to be told. It's incredible to me that it never was told before now.

prescient. Benicio Del Toro, Josh Brolin, Emily Blunt. Those were great films.

“Only the Brave,” Josh Brolin was also in that one and Miles Teller and Jennifer Connelly . . . about the hotshot firefighters that saved Prescott, Ariz., and unfortunately lost their lives. It didn’t do great financially, but it’s a wonderful movie. In the military genre, “12 Strong” which was about ODA 595, the first Special Forces Group that went into Afghanistan after 9/11, it’s a remarkable story, very well received commercially. Molly was an executive producer, she’s a working producer, but she was an executive producer and helped to fund “La La Land,” which was a huge success. Of course, more recently they’ve just finished in Black Label Media two films, one of them for Netflix called “Reptile,” which is a detective story with Benicio Del Toro and Justin Timberlake.

“Devotion” is a story that is close to your heart, and you have produced (financed) the film which is due out in theaters next year. Why did you choose to back the film, what do you like most about it, and what do you want audiences to take away from their experience?

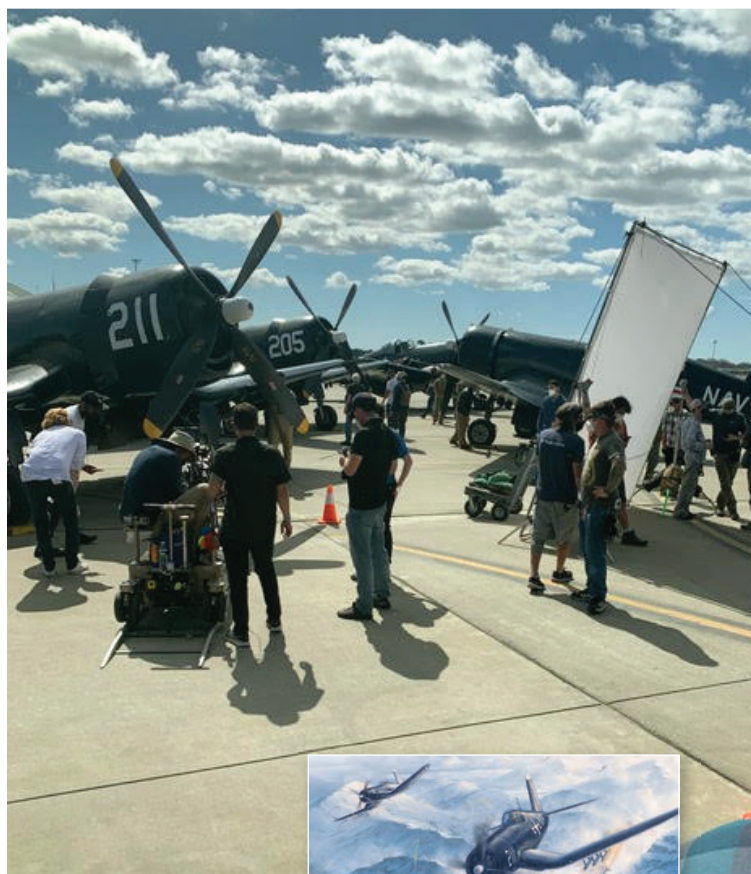
Then close to my heart and to anybody that has been in the naval service and the Marine Corps is the movie adaptation of the *New York Times* best seller by Adam Makos called “Devotion.” It’s about Jesse Brown, the first African-American naval aviator and his wingman Tom Hudner flying Corsairs in support of the Marines surrounded at the Chosin Reservoir in North Korea in late fall 1950. The film tells the incredible set of circumstances which led to Brown being shot down and Hudner deliberately crash landing his plane in 15 degree below zero weather to try to save Jesse Brown, which unfortunately was unsuccessful.

That movie comes out this summer and it’s shot with real airplanes. They’re not CGI airplanes, they’re real Corsairs, and Sky Raiders and Bearcats which they were flying up at Quonset before they transitioned to the Corsairs on the USS *Leyte*. . . It’s a fantastic film and it’ll be out in late summer so I can guarantee you that is going to be a favorite of mine, and I think its [going to] be a favorite of any Marine or Sailor that watches it too.

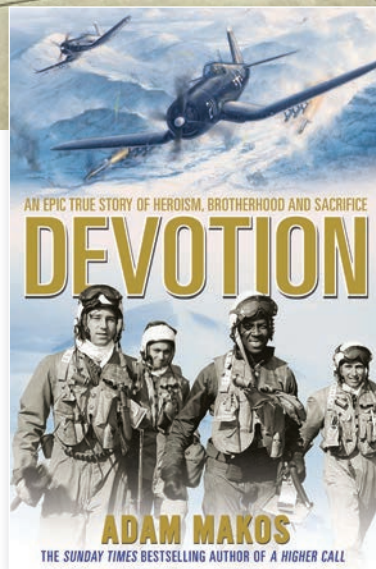
Well, I funded “Devotion” because the story of these two men deserves to be told. It’s incredible to me that it never was told before now and again it’s because Adam Makos wrote this wonderful book about these two men largely unknown. People in the Navy know about Brown and Hudner, and Hudner thought he was going to be court martialled when he deliberately crash landed his plane, but he wasn’t; he received the Medal of Honor. So, he’s quite well-known in naval aviation circles, but among the general public these two men are not known. Jesse Brown was to naval aviation what Jackie Robinson was to baseball or the Tuskegee Airmen were to Air Force aviation.

In fact, President Reagan gave the commencement address at Tuskegee in 1987 and he talks at the end of his commencement address for about ten minutes about Jesse Brown and says just what I said. Everybody knows about the Tuskegee Airmen, but nobody knows about Jesse Brown who broke the color barrier in naval aviation. There wasn’t a single (African-American) naval aviator during World War II. Then in 1948, he went to Ohio State and went through all kinds of prejudice and got his wings and then ended

Right: LT Thomas J. Hudner, USN, is congratulated by Mrs. Daisy P. Brown, widow of ENS Jesse L. Brown, after receiving the Medal of Honor from President Truman at the White House, April 13, 1951.



Behind the scenes of “Devotion,” a movie based on the story of Navy pilots, LT Thomas Hudner and ENS Jesse L. Brown, during the Korean War. Smith financed the production, adapted from the book “Devotion,” believing the story of the two friends deserved to be told. (Photo courtesy of Black Label Media)



Frederick W. Smith with Senator Elizabeth Dole, head of the American Red Cross, during the announcement of FedEx's support for worldwide disaster relief. (Photo courtesy of Frederick W. Smith)

up giving his life getting the Marines out of the Chosin Reservoir cauldron and for the United States.

It's just a message I think getting to what I hope people will take away from the film about two men. They couldn't be from anymore disparate backgrounds, one a sharecropper's son from Mississippi and one from a well-to-do family in Boston who broke ranks from going to Harvard and went to the Naval Academy, and they come together. They become devoted to one another, hence the name of the movie. It's a great example of what Dr. King said about judging somebody by the content of their character than by the color of their skin. That's the message I think that is so needed today. I hope "Devotion" gets that message across and I think people are going to like the film.

The majority of the film's proceeds go to the Brown-Hudner Scholarship Fund managed by the Marine Corps Scholarship Foundation so there is a double benefit of seeing the film because it's going to educate a lot of legacy Navy and Marine Corps children.

What are your thoughts regarding nostalgia and what are your future projects and plans?

I'm so interested in everything that is going on today. That's just been the way I choose to live life. So, it's not that I don't think about the past. I think about Vietnam and a lot of my friends almost every day. I certainly think about my oldest daughter



who we lost. So, I think about the past, but I'm fascinated with the future, you know drone airplanes and autonomous vehicles, robots, and these incredible genetic medicines that are coming online.

We're very proud at FedEx for instance. We distributed hundreds of millions of doses of the Pfizer, Moderna, and Johnson and Johnson vaccines not just in the United States, but around the world. So, think about that this pandemic happens and these incredible scientists been working on it for 20 years come out with this miracle vaccine and then because of FedEx and UPS and others, but we certainly were either the biggest or we and UPS were the biggest in distributing these things.

It's not that I don't take great pride in the past and don't think about the past, but I'm still actively interested in the future. I



COURTESY OF US NAVAL INSTITUTE

1stLt Frederick W. Smith, second from right, CO, "Kilo" Co, 3rd Bn, 5th Marines, with platoon leaders, left to right, Lts Jack Hewitt, Joe Campbell (KIA), Jack Ruggles (KIA), and SSgt Dave Danford in the Tam Ky area of South Vietnam in the autumn of 1967.

think as you get older, and I'm 77, if you don't do that, you tend to maybe concentrate a bit too much on the rear-view mirror and not enough on things to be active and involved.

I think that FedEx which is now an enormous operation as I told you, almost 700 planes, 200,000 vehicles, 5,000 facilities, and 700,000 people in our system around the world. It's a lot of fun for me to come to work every day and still be active in the management of the company. Now, make sure you and everybody ... understands, just like any great organization it's run by a team. And we have a fabulous president and great executives in marketing and sales.

The CEOs of our operating companies of which we have three major operating companies and three smaller ones, so, [we've got to] come together every month as a team and I enjoy the synthesis of ideas, strategies and programs with my business partners. It's very stimulating and it's a lot of fun because we are in the center of everything. Everything. Medicine, we're in the middle of that, computers, production of almost anything that you can think of that is manufactured, we're right in the middle of that. If you want talk about European politics, Chinese politics, Australian politics, Brazilian politics, we're in the midst of all of it because we serve all of those countries.

It's something that I enjoy and this team that's running this place when I go over the side, as we say in the naval service, it won't miss a beat because the people that make up that strategic management team are just terrific. I can promise you I learned a

long time ago as a very young man as a platoon leader that you want to make sure you have a good succession plan because in those days people often had to call on them. So, we have great management depth and great management training, so I think your readers need to understand ... I'm just a representative of that managerial team.

One of my roommates at language school when they sent us out to learn Vietnamese in a compressed curricula in 1967 was General Carl Fulford, and I always tell Carl that he drove me out of the Marine Corps because you could tell he was going to be a general and I was not. ... All kidding aside, I have maintained many friends in the Marine Corps throughout the years with Carl, Sen. Jim Webb, LtGen Ron Christmas, I could keep going on and on about all my buddies from the Marine Corps. I've always been extremely grateful for what the Marine Corps taught me. A lot of my service was not pleasant, but it shaped who I am, and I owe a debt of gratitude to the Marine Corps,

and I was glad to come to this interview and tell you that.

Editor's note: Effective June 1, Smith will step down as chairman and CEO of FedEx and will assume the duties of executive chairman.

Author's bio: Joel Searls is a creative and business professional in the entertainment industry. He writes for We Are The Mighty. He serves in the USMCR and enjoys time with his family and friends.

➔ **I learned a long time ago as a very young man as a platoon leader that you want to make sure you have a good succession plan because in those days people often had to call on them.**



Frederick W. Smith with FedEx's first DC-10 widebody aircraft.

COURTESY OF FREDERICK W. SMITH