

The White Knight

Great news sometimes comes when you least expect it. Craig had been out of the office the better part of the day. By the time he returned, it was well past business hours. He slumped into his chair and punched up his phone messages.

The fourth message started, “Ah, hello, Mr. Winn. This is Fred Smith of FDX Corporation in Memphis, Tennessee. I’ve been studying your business, and I’d like to meet you.” He left a phone number.

Fred Smith, as in the founder and CEO of Federal Express? He didn’t recognize the FDX moniker, but it sounded like an abbreviation. Oh, I get it, Craig thought, since I’ve been hanging with the likes of Andy Grove, Jack Welsh, and Paul Allen, why not Fred Smith? How many times have I compared Value America to the concepts that drove FedEx? It’s just a practical joke. Still...Craig dialed the number. A woman’s voice answered. “Executive offices, FDX Corporation.”

“Uh, hello,” Craig stammered. “I, ah, I got this phone message from Fred Smith, and this is the number he left. Is this Federal Express?”

“Yes,” answered the polite but slightly amused voice. “You’ve called on Mr. Smith’s direct line. He’s not in now. May I take a message?”

“Oh, yes, please,” said the slightly rattled CEO. “My name is Craig Winn, that’s C-R-A-I-G W-I-N-N, from Value America. Please tell Mr. Smith that I returned his call and that I’d be pleased to meet with him.”

Craig missed Fred Smith’s return call and found himself playing telephone tag with one of the legendary figures in American business. “Hello, Craig,” the second message began. “This is Fred Smith, from FDX Corporation. I’ve read everything I can find on your company, and I’m impressed with your business model. The way you’re using technology to manage logistics and inventory is great. I’ve been reading about your failed IPO and thought you might need a friend about now.”

“Hey Rex,” Craig said. “C’mere. You’ve got to hear this!” Craig played the message for Rex, then for Dean.

“Uh, maybe you ought to call the man back,” Rex suggested.

Craig grinned sheepishly. This time Smith was actually in his office, and the two founders had a long chat. They hit it off immediately. Fred said he viewed his “freight” company as a technology firm. Even though we were in different “businesses,” both companies were engaged in using technology to compress space and shorten time—both were about bringing people and products together, he shared.

Pretty profound, Craig thought. As the conversation progressed, the brilliant mind of Fred Smith manifested itself in his ability to grasp complex details and difficult concepts quickly. Craig found that he wasn’t able to finish explaining a thought without Fred comprehending it well enough to finish his sentences for him. I’ve met some bright people along the way, but this fellow is flat-out amazing.

"Let's meet," Fred proposed.

"Sure." Craig explained that he owned a Cessna 206, hoping that a common appreciation for things that fly might help cement the relationship. "I'd be pleased to fly to Memphis as soon as your schedule permits."

"Oh, there's no need for you to fly here, Craig. A 206 is a fine little plane, a real workhorse, but I've got a better ride," Fred laughed. "Actually I'm often in Charlottesville. I have a son and a daughter enrolled at UVA. I love the town. As a matter of fact, we even thought about moving our headquarters to Charlottesville."

"You're kidding."

"No. Much of what drives our business happens in Washington. It would have been convenient. Anyway, my next trip to D.C. is in four days, and I'll be coming to C'ville afterward to pick up my kids. Why don't we meet then?"

Fred asked for background material and explained that he was a voracious reader. So an information packet was prepared: our two brochures, *The Retail Revolution* and, appropriately, *It's About Time*. The executive summary was included; a list of our brand partners, almost a thousand of them by this time; a document that explained how we lowered costs while increasing revenue; frequently asked questions; and a streamlined version of the business plan, shortened for public consumption to about fifty pages. The red herring from the failed IPO completed the package. Not quite enough to make a good novel, but there was plenty to read.

Fred didn't disappoint. By the time they met, he had read—and understood—most everything. Smith had obviously earned his success. But unfortunately, Fred's hearings in Washington were running late, so he wasn't going to be able to visit our offices as planned. "Let's say hello anyway," Fred told Craig over the phone. "I'm still going to pick up my kids and fly them back to Memphis. Why don't you meet me at the FBO around nine o'clock. We'll schedule another business session."

Smith finally arrived at the General Aviation terminal in Charlottesville about five or six hours later than he'd planned. Since it was now past dinnertime, Craig brought Katharine and their two sons, now twelve and thirteen, to meet the legend. Rex and Jane came too. It turned out that the man stepping off the Challenger 604 corporate jet was a dad first, business mogul second. Fred told Craig, as he got down on one knee to greet Blake and Ryan, that the last of his ten children was about Craig's boys' age. "I named him Cannon," he noted with a twinkle in his eye, "because he was my last shot."

Craig greeted Fred's daughter and his son, Richard. Conversation then turned to the Value America materials Craig had FedExed to Smith. Fred looked Craig squarely in the eye and said, "Yours is the best damn business plan I've ever read." Since Fred's plan is considered by most to be the best ever written, the statement was shocking. So there would be no confusion, Fred added, "...even better than my own."

Craig managed to blurt out something self-deprecating, talking about the undeniably earth-shaking changes the man before him had wrought. "I don't care," Fred said with disarming simplicity. "This has more potential than anything I ever did at Federal Express."

Wanting his kids to stay engaged in the conversation, Craig responded, "Boys, do you know that Federal Express grew out of a paper Mr. Smith wrote for one of his classes at Yale?"

They didn't, of course, but Fred played along. "Yeah, my professor didn't like it very much. Gave me a 'C.'"

"So the legend is true?"

"Well, not really. I don't remember what grade I actually earned, but it wasn't a 'C.' Some reporter got it wrong, and others picked up on it, so everybody now thinks it's true. It's good for laughs."

"When can we meet again?" Craig asked as he shook Fred's hand.

"Soon. I'll call you tomorrow. My guess is that you probably need a friend, and some money, right now."

As Fred gathered his children and left the FBO, Rex turned to his partner and said, "Now there's a man we can trust."

Three Foxtrot Echo taxied up to the terminal again. It was a little before nine o'clock on a brilliant fall morning. Craig hadn't noticed the tail designation or the purple and orange FedEx stripes on the white Challenger during the last visit.

No Chevy Suburban today. Craig picked up his jet-set friend in his Jaguar XK8 roadster. They took the back way into town, down Earlysville Road, winding through the rolling hills of Albemarle with the top down, enjoying the brisk air, the falling leaves, and the company. In less than ten minutes, they had arrived at the Yellow House. All too soon.

Craig could have shown Fred the store and its operation himself. But he didn't. He was proud of his team and as anxious for us to meet the legend as he was for the legend to meet Team Value America. So he asked the leaders of each department to prepare a presentation for Mr. Smith. This would give Fred the opportunity to ask questions of the people who were actually working out the answers. All day long, small groups trudged through Craig's office, explaining our presentations, technology, merchandising, finances, customer care, advertising, and operations.

We immediately fell behind schedule. That was because Smith, like Winn, was an active listener. Understanding, remembering, and acting upon good ideas are the three hallmarks of the active listener (as opposed to the "good," listener, who just sits there open-eared). Smith probed and questioned. He was liberal with his praise. By the end of the day, he had developed a deep understanding of what Value America was all about, from the point of view of the people who were building it. He weighed the progress we were making against the materials Craig had sent him. As the day wore on, he formulated a plan of action in his mind.

Sitting with Craig at the old drop-leaf table, Fred grew wistful. "You know something? Value America reminds me a lot of Federal Express in the early days. We were once like you are now, exciting, driven, nimble, able to implement cutting-edge ideas. We could attract the best and brightest because we were inventing a new world. Like you, we were disintermediating space and time."

Disintermediating space and time, Craig thought. Great phrase. I'll have to use that.

"Unfortunately, we're a victim of our own success. We've grown too big and bureaucratic to move as fast as you folks do. These days, the best we can do is partner with companies like yours. It gives our people access to those blazing new trails, those

fighting tomorrow's battles. That's the reason I want Federal Express to invest in your company. By rubbing shoulders, our people will get exposed to the kind of out-of-the-box thinking that makes your company great."

Craig explained that we were putting together a "friends of the company" investment round at a valuation of \$400 million, \$10 a share. If the FedEx investment happened quickly, it would have to come in the form of a loan, he said, but they both knew that FDX was far too big and ponderous to get a deal done within the SEC's sixty-day moratorium. "We've also had some positive feedback from Paul Allen," Craig said. "He's expressed his desire to invest another \$50 million."

"That's the number I had in mind," Fred said. "Tell you what. You aren't going to need that much from both of us before your next IPO. To his credit, Allen got here first. You should give his people the first shot at anteing up. If they want to invest \$50 million, we'll come in with five. But if they want less, we'll invest fifty. How's that sound?"

Sounds like all we need now is a recipe for roadrunner fricassee.

We had come a long, long way from not being able to get the regional FedEx rep to return our phone calls. We obviously wouldn't have any problem getting Federal Express to ship our stuff now. That thought gave Craig pause. Rafe Durn, Mr. "Anything-for-the-working-guy," would doubtless have something to say about who shipped Value America's products. Teamster Union members drove UPS trucks. Non-union personnel made Federal Express deliveries, although their pilots were unionized. There was trouble brewing.

The next morning, nothing had changed but the outlook. We were still short of money, long on friends, and uncertain how, or even if, it would all work out. Craig sat at his desk, dealing with little things like keeping the company alive. At about ten o'clock, his phone rang.

"Hello, Craig," the voice said. "My name is John Tigrett, and we're having lunch today."

Craig pulled out his calendar and saw that he was penciled in for lunch with someone, but he wasn't named Tigrett. He had never heard of John Tigrett. "Uh, my calendar begs to differ, sir," Craig replied, not knowing quite what else to say.

The voice chuckled. "Well, I'm a friend of Fred Smith, and my calendar says we're having lunch today."

"It does, does it?" Craig laughed. "Well, I see. Yes indeed. I must have been looking at the wrong date. Yes, there it is, Tigrett, lunch today—twelve o'clock."

They both laughed.

"I'm looking forward to meeting you," said the voice. "I'm at the Omni. I'll meet you there at noon? I'll be the distinguished-looking gentleman."

Intrigued, Craig dashed upstairs to Dean Johnson' office. "Ever heard of a guy named John Tigrett?"

"No. Why?"

"I'm having lunch with him today," Craig said. "He's somebody special. I could hear it in his voice. Look, could you see what you can find out about him? I'd like to know who I'm dealing with. All I know is he's a friend of Fred Smith."

"Sure," said Dean. "There's this thing I heard about called the Internet that's great for looking things up...."

About five minutes later, Dean strolled into Craig's office with a printout in his hand. "You're not going to believe what I've found."

"Money?" Craig asked, still focused on his overwhelming priority.

"No, sorry, but I found out that Fred's friend Tigrett is one of the 20th century's most intriguing characters. Ran things at Occidental Petroleum, started a couple of successful toy ventures, ran a large bus company, was considered one of the world's foremost financiers, and he's the world's best negotiator. As in second to none. Oh, and he's on FedEx's board."

Craig arrived at the Omni Hotel, and Tigrett immediately walked up and introduced himself. He was indeed dashing, another larger-than-life character. John was in his mid-eighties, but the years had not blunted his mental acuity or his wit. Indeed, his stunning intellect had now been tempered with the wisdom life's experiences leave in their wake.

The two walked the short distance to the elegant Downtown Grill. Dean's quick research had revealed that Tigrett was sort of a Forrest Gump with brains—he had interacted with dozens of the century's most influential people, from Winston Churchill, Dwight Eisenhower, and Douglas MacArthur to Howard Hughes, Jimmy Hoffa, Armand Hammer, and J. Paul Getty, to the Shah of Iran, and Libya's Mu'ammar Gadhafi. He was on a first name basis with both Ronald Reagan and Leonid Brezhnev. Not many people can say that. But Tigrett didn't really want to talk about himself.

"In all the years I've known Fred Smith," he began, "I've never seen him so excited about a person or a company. You have impressed him, as has your company. I just wanted to see for myself what all the excitement is about. You know," he said with a grin, "it's not healthy to get all worked up, not at his advanced age." (John had to have a good quarter of a century on Fred, but no one knew for sure because John was known to lie about his age.)

"I'd be honored to share the Value America story with you, John," Craig said as they sat down to lunch, "but could you indulge my curiosity? I did a little homework, and you seem to have led a rather remarkable life. You've engaged the most fascinating people of the 20th century."

With a little goading, Craig induced John into telling the story of how he had saved Winston Churchill's life. "I was a corporal during World War II," John said. "I would get orders to go here or there, and it occurred to me that there wasn't much thought to the process. I asked around and found out that somebody in Washington was just pulling names at random out of a central file.

So the first time I got a few days leave, I bought a case of scotch and went up there. I found out who the fellow was and gave him my case of scotch. I asked him what the really good assignments were, and how a guy like me might go about getting one of them. He asked me, 'What do you like?' and I said I liked people, airplanes, seeing the world, and I think I'd make a pretty good manager. Then the guy said that a C-47 couldn't make it all the way from the States to London, so they stop for fuel in Iceland. 'If you were there,' he said, 'you'd get to meet all kinds of interesting people.' I said I'd take it. Next thing I knew, I was stationed in Reykjavik.

"I heard one day that a planeload of bigwigs was coming through, so I decided to meet it personally. And there he was, Winston Churchill himself. He asked me if there

was any place a man could get a glass of scotch, a good cigar, and perhaps a shower. I told him, ‘There’s only one shower, and it’s in my quarters. It’s not very big, but you’re welcome to it. I’ve got some scotch too, sir—my scotch is your scotch. The cigars I’ll have to work on.’

Tigrett was quite a storyteller. Craig was hooked. Lunch took four hours, but Craig didn’t care. John Tigrett was the most inspirational and charming character he had ever met. He wanted to soak it all in, somehow hopeful that John’s indomitable spirit might be contagious.

“Churchill wanted to continue his journey, but there was a big storm brewing in the North Atlantic, too big to fly around, too dangerous to fly through. I told him I wasn’t going to let his plane take off that evening.”

“You were a corporal, right?” Craig asked the obvious question.

“Yes. The place was crawling with four-star generals, not to mention the Prime Minister of Great Britain, who wasn’t known for taking no as an answer. I told him, ‘I understand our relative stature, sir, but my job is to decide which airplanes leave and which don’t. Now, you can relieve me of duty, you can have me thrown in the brig, you can do pretty much whatever you like, but unless I’ve been relieved of duty, your plane’s not taking off. Not tonight. Sir.’ Churchill looked me straight in the eye, and said, ‘Let’s have another scotch.’ I lit a fire, and we sat and talked all night. And I kept pouring the scotch—I watched Churchill drink thirteen doubles. Never phased him. Amazing. The next day, the weather cleared, and he and his entourage went on their way.”

“So how did you save his life?” Craig asked.

“Another C-47 did take off that night. Somebody let it slip that the Prime Minister was flying out, and the Germans got wind of it. They shot that airplane down. The next day, it was reported in the German press that they had killed Winston Churchill—the war was as good as won. Loose lips sink ships, the wartime phrase went. Only this time, the treachery was deflected.”

John treated Craig to several other stories, including a memorable anecdote describing how he found himself in the midst of the most significant oil negotiation of the century with Mu’ammar Gadaffi’s pistol pointed at his forehead. The Libyan dictator possessed, he said, a unique negotiation style. John talked about famous “rascals” he had known, like J. Paul Getty and Armand Hammer. It was clear that John loved rascals. He then said something that gave Craig pause. “Fred is a rascal, you know. Can’t be trusted.”

He explained the remark: “When we met, he asked me to serve on his board, and I said no. He pressed, asking me what it would take. I finally told him I’d take a pair of first class, round trip tickets to any destination in the world I’d choose. My wife and I wanted a vacation. Did I ever see those tickets? No,” he said with a grin. “The man’s a rascal. Be careful.”

Having the founder and CEO of a company like FedEx verbally commit to investing in a company like ours is not exactly the same thing as having the money in your pocket. The process of due diligence must be endured, baring the recipient’s inner workings to the scrutiny of the investor’s army of experts. No one wants to buy a pig in a poke.

Like so many others before them, FDX's team descended upon Value America in search of problems. They were led by their CIO, a man responsible for as large a technical team as any in America. Their CFO was scheduled too, but there was a labor dispute brewing, and he had to stay home to tend to more pressing matters.

As our employees acted like the owners they were, and as our friends stepped forward, precise shareholder data became a moving target. There were new influxes of capital every day or two in the form of loans, most of which would eventually be converted to equity at the lenders' option. When and if this happened, it meant new shares would be created. This process would dilute, in effect, the percentage of ownership of other shareholders, even though the value of the shares would remain constant.

What this meant to FDX was that the more successful we were in raising funds from other sources, the smaller their percentage of ownership their five million would buy. They couldn't just say, "We want to own 1.25% of Value America," for instance. The same investment that represented 1.25% today might work out to 1.23% tomorrow, depending upon how aggressively our employees and friends stepped up.

Their CFO had apparently never worked with a company of this nature before. Big companies like FedEx raise money, of course, but not with a process like ours. They use more esoteric vehicles that circumvent the dilution issue.

When Dean Johnson provided FedEx with an updated chart reflecting Durn's \$2 million loan/investment from ULIC, the CFO realized that FDX would ultimately own a microscopically smaller percentage of Value America than their original expectation. He cried foul, telling Smith we were, "changing the deal." Most investors understood that, in theory, the process of dilution gives them a slightly smaller slice of a slightly larger pie. Net loss: zero. But explaining dilution to the CFO of a Fortune 500 company was sort of like lecturing the Pope on Catholicism. It's not supposed to be necessary.

As this drama was taking shape, Craig and company were calling on FedEx in Memphis, first in Fred's spacious but homey office and later in one of his large conference rooms. Craig pitched what he envisioned as Value America's future, something we came to call "Demand Alliances."

Our concept was to create a custom online store exclusively for FedEx employees, another for FedEx's business clients, and a third for consumers, the recipients of FedEx deliveries. They would all offer their own individualized value proposition. And they would all feature free delivery. "The best products, from the best brands, delivered by the best...free!"

In return, we would receive the endorsement of Federal Express, along with mutually beneficial access to their customers. "This," Craig shared, "would diminish our cost of sales and end our industry's costly dependence on advertising. It would also strengthen FedEx's position in e-commerce. Demand Alliances give Value America a ready-made customer base, motivated and trusting, acquired and served at a fraction of the cost of any other means," Craig proposed.

This also explained the emphasis Craig had placed on direct marketing in Glenda Dorchak's job description, in which he had listed the subject no less than five times in a single paragraph. FedEx, he hoped, would be but one among many such Demand Alliances, each with its own custom marketplace. Each would have its own methods of motivating customers, whether it was free delivery, discounted prices, patriotic loyalty, or just a painless way to make charitable contributions.

As these discussions progressed, Craig discovered an ominous political undercurrent running through the FedEx organization. Some of FedEx's earliest employees were devoted beyond reason to the cause of Federal Express and its fearless leader. Others, more recently hired, informed Craig discreetly that they viewed Fred and the company differently, as if their interests were mutually exclusive.

There was a feeling among some of the FDX suits that they had to watch Smith, to keep him from going off and doing something crazy with their company. The fact that it was more his company than theirs, having founded, nurtured, and led it since its inception, was apparently lost on them. Fred was an entrepreneur, an innovator, and therefore dangerous. There was no obvious movement to force Fred onto the sidelines, of course. He remained CEO and thus held the position of power. What was happening, rather, was a chipping away at the edges, a subtle undermining of the founder's credibility. The problem wasn't with Fred. He was the real deal. It was with his antagonists.

It wasn't as simple as all that, however. Access to Fred Smith, CEO, holder of supreme power at FDX, was the thing most highly prized among these same managers. Being close to power was power itself, and power was like catnip to these corporately insecure bureau-cats.

It followed that somebody new, somebody who was able to get close to Fred, was a potential threat. Those who had his ear could exert undue influence. John Tigrett was such a man, but he clearly had no personal agenda. He was simply Fred's moral compass, his mentor, his unshakable friend. He was old. His bite had been dulled by the passage of time.

Craig Winn, however, was another story. He would have to be watched. The suits were appalled at how quickly Smith had taken a liking to the e-commerce pioneer.

FedEx's CFO wasn't the only one who had an interest in stopping FDX's investment in Value America. Rafe Durn's pro-union position naturally made him antagonistic to any FedEx alliance. Durn believed, and had said, "That company is anti-Union."

Craig was beside himself. Until and unless the Paul Allen deal closed, Value America would need every friend we could get. He, unlike Durn, didn't care about what piece of the pie the Teamsters got. Craig's loyalty was to Value America, to our employees, brands, and shareholders. An alliance with the technologically superior FedEx for an e-commerce company dependent upon reliable delivery was as good as good ever gets.

But Craig had anticipated this eventuality a year earlier. In his negotiations with ULIC's lawyer, he had negotiated a clause allowing Value America to use any freight company it desired so long as at least "some or all of its employees were operating under one or more collective bargaining agreements." Rafe was evidently under the impression that this precluded us from using Federal Express. Craig knew better. He had negotiated this specific language just in case such a possibility arose. As abusive as ULIC's lawyers had become over minutia, Craig relished trumping them on a material issue. He was enjoying the moment.

And then, as if on cue, on the eve of the Christmas shipping season, the FedEx pilot's union threatened to strike, seeking a seventeen percent pay increase over five years.

Although the union caved in by late November, the incident served to remind Rafe Durn that there was indeed a union at Federal Express. If he had been thinking like an investor and not like a union pension fund manager, Durn would also have been aware that UPS's Teamsters had staged a crippling fifteen-day strike only one year before. It was a strike that would have brought Value America to its knees had we been doing business at the time.

These facts didn't stop Durn from acting belligerently. Covenants in his Series A investment gave Rafe the power to block any new capital, including FedEx's. As an investor, that wasn't in his interest. But Durn, now aware of the language Craig had negotiated, knew he couldn't legally block the company from using Federal Express.

He was conflicted, to be sure. Smith, in Rafe's eyes, was anti-Union. But Value America needed cash and friends, or his union investment would turn to dust. In a tense and nerve-rattling confrontation at the Union Labor Investment Company's offices, a frustrated Winn dug into his pocket and placed the keys to Value America on the table. "If you think you can do a better job running this company, they're yours."

They laid there for what seemed like an eternity. Neither man spoke. The keys on the table spoke for them. Finally, Durn backed down and approved the transaction. But it would come at a terrible price.

Rafe hissed, "If you ever do a deal with that anti-union company, I'll bring you down."

The threat was personal, and Craig knew it. Sure, putting himself at risk was nothing new. That's what builders do; they place the common good over self-enrichment or self-preservation. It's written somewhere in the job description. But this personal threat from a union big-shot was a bit much. "Thanks, Rafe," Craig said as he got up to leave. "I've got a company to save."

In 1973, John Tigrett, then in his sixties, had wooed and wed a multi-talented southern beauty named Pat Kerr—then in her twenties. An unlikely love match, perhaps, but John and Pat were anything but average. Their son, Kerr, was the same age as Fred Smith's son, Richard. As close as their fathers were, it was not surprising that the two young men became close friends as well. They were, in fact, both students at the University of Virginia, both members of the same fraternity.

Education is relatively easy to come by, albeit expensive. What's hard to get is your first meaningful job. So Craig hired Kerr Tigrett and Richard Smith to work at Value America as their college schedules would allow. He hoped to see something of their illustrious fathers emerge, and he was not disappointed. Kerr and Richard worked hard and acquitted themselves admirably. Their value exceeded their salaries many times over.

One day, life's road took a funny twist. Kerr and Richard unwittingly brought Value America to the brink of disaster. Drinking is a common pursuit at UVA, and Kerr had had a few, though Richard hadn't. As they tell the story, they, along with two other Delta Kappa Epsilon brothers, decided to visit the local 7-Eleven for some snacks at about two o'clock one morning. On the way back, they encountered Alexander Kory walking on Rugby Road, apparently drunk, shouting obscenities at them. Smith, Tigrett, and Brad Kintz, seeing no good reason to sit idly by and be verbally abused, got out of their car and

confronted the inebriated freshman. Words were exchanged. The gregarious Kerr enjoyed trading gibes with Kory, who was not having quite as much fun. As the belligerent freshman grew more vociferous, Richard stepped between them, as a peacemaker, to calm things down.

And then it happened. Kory went too far.

Richard Smith had gained a few pounds since his days on the UVA football squad, and Kory took the cheap shot: "What are ya gonna do about it, fat boy?" So the 265-pound Smith took a shot of his own. He popped Kory in the mouth. One punch was all it took. The foul-mouthed frosh landed on his butt, got up, and ran off. Smith, Tigrett, and Kintz shook their heads in disbelief, got back in the car, went home, and thought nothing more about their brief encounter.

The next day, the buzz on campus was that some guy had been attacked and beaten up by a vicious street gang. As Richard and Kerr joined their peers bemoaning the rise of violent crime in small-town America, details began to emerge as to the time and place of the incident. Then it dawned on them. "Oh, my God," Kerr said. "That was no street gang. That was us!"

They went to the Dean of Students to explain what happened. No big deal, they were told. Later, the police came by the fraternity house and asked them to come downtown and make a statement. When they arrived, however, they were arrested and put in jail. Fred Smith flew back from business in Alaska to bail his boy out of the slammer.

Richard pled no contest to misdemeanor assault and battery—\$2300 worth of dental work—and was sentenced to a two-month jail term and 400 hours of community service. If that seems a bit stiff for one punch on the jaw, factor in the scuttlebutt overheard shortly thereafter at the Glenmore Country Club: the local District Attorney was heard boasting that he had "nailed Fred Smith's son." Nobody was going to accuse him of showing favoritism. He was a real crime-buster.

But what happened next was the UVA version of a public lynching. The student-run Judiciary Review Board scheduled a hearing on the matter but told the accused they'd cancelled it. Then, after Richard and Kerr had left town for a trip home to Memphis, the Board held their hearing anyway, in their absence. Not surprisingly they were found guilty. The punishment: expulsion from UVA. Jefferson could be heard turning over in his nearby grave. Kerr's only crime was talking, yet he was expelled from the university founded by the man who had written the world's foremost treatise on freedom. The press had a field day with the whole incident, stopping just short of running banner headlines: Rich Kids Get Their Comeuppance. The Tigretts and the Smiths were quickly losing their taste for Charlottesville.

Both Craig and, curiously, Rafe Durn, were touting the FedEx investment commitment. This enhanced our company's credibility with other investors. Smith had even encouraged Craig to do so. And one didn't keep a thing like this a secret. As a result, Fred Smith's call put our company right back on the edge of the abyss.

The gist of the message was, "I've decided not to invest in Value America. I am told by my CFO that our deal has changed. More importantly there are pressing personal matters I need to attend to." A complicated dynamic was suddenly in play. It was easy

enough to figure out what the “pressing personal matter” was, but it hardly seemed like a plausible reason for bailing out of the investment. On the other hand, the CFO of FDX had made it clear he didn’t like the deal.

Craig could instantly envision the reaction of other investors, from Paul Allen on down: Fred Smith found some horrendous problem with Value America, and they got out while the getting was good. We should too.

The message was repeated in a letter Fred faxed to the company. Craig, Rex, and Dean sat in stunned silence at the antique table, staring blankly at it. Dean finally spoke. “Once again, gentlemen, we’re dead. I know we’ve said that before, and somehow we’ve managed to drag ourselves out of the funeral pyre. But not this time....”

Rex knew. “The minute word gets out, we’re toast. And it will get out, because we’re obligated to keep our investors informed. As soon as we tell them what’s happened, our credibility’s shot.” It’s one of life’s great ironies. When you tell people something they don’t want to hear—even if it’s the truth—the messenger loses credibility. “No one will trust us after this,” Rex concluded. We’re finito.

“It’s a long shot,” Craig said, gazing out the window. “But it’s the only thing I can think of.”

Rex and Dean turned and stared at him with incredulity. “What?” they said in unison.

“Fred Smith is a good and decent man. He’s been misled. He’s made a bad decision based upon incomplete and inaccurate information from his own people. Give me a couple of hours. I’ve got a letter to write.”

Three hours later, Craig had composed a 6,000-word tome. He sent it to the CFO and cc’d Fred Smith. It was conciliatory in tone, edifying, calm, reasonable. It recounted the entire history of the Value America/FDX business relationship, how we had done everything possible to keep them informed, how the misunderstanding concerning dilution came about, and how the relationship could mutually benefit both companies if allowed to proceed. Written between the lines, Craig informed them that we had justifiably relied on their commitment and made public comments about it. For them to pull out now, claiming it was due to a personal matter, would cause us grave and irreparable harm.

The letter specified three possible courses of action FDX could take, any one of which would be acceptable to us. The first would allow them to own a big piece of the company for \$50 million. With it we offered an anti-dilution provision. The second option was a bit more complicated, but at its core, it prescribed a smaller investment than option one.

The third was the obvious choice, a sort of “get-out-of-jail-cheap” card. “We have relied on Fred’s commitments,” it said, “and per his instructions, announced our relationship. A failure to invest now would be devastating and could destroy the company and all that so many of us have worked so hard to build. Thus, a symbolic investment of as little as \$5 million on the same terms as the \$50 million option would allow us to save face and to continue to make progress in implementing the mutually beneficial alliances we reviewed earlier....”

Upon reviewing the letter with Rex, Dean, and Caise, Craig faxed it to FDX, and they held their collective breath, though not for long. We received a response within the hour, not from the CFO, not from Fred Smith, but from FDX’s legal department. The salient paragraph of the faxed response read, “FDX disagrees sharply with many of the factual

assertions in your letter, and the Company is deeply disappointed by its threatening overtones. Nevertheless, subject to the conditions set forth in this letter, FDX Corporation is prepared to negotiate a \$5 million investment in Value America....”

Rex and Dean couldn’t believe Craig’s letter had worked. The odds against a reconciliation leading to an investment were one in a million. Yet all he had done was convey who had said what to whom. Nonetheless, the cadaver was breathing again. Value America was starting to make Lazarus look like a warm-up act.

Pressing personal matters my ass, thought Craig. This near-disaster had been precipitated by an incident that had been blown all out of proportion by people with an axe to grind. These were good boys. They didn’t deserve this. Something needed to be done.

The Chairman of the Board of Education for the Commonwealth of Virginia happened to work for Caise, Perkins. So when He told Justin about their latest hair-raising saga, Caise said, “I can help. There’s a fellow on our staff....”

Craig turned the Smiths and the Tigretts on to him. In the process of trying to get Richard and Kerr reinstated into the University, the three families grew close. Although there wasn’t any direct connection, Fred in time grew bullish on Value America again. The reason was John Tigrett.

“You know, Craig,” Smith said during one of their now frequent visits, “We committed to invest \$5 million, but if Paul Allen doesn’t come through, I’d still like FedEx to do the \$50 million deal with Value America.”

“I appreciate your confidence, Fred,” Craig said. “It means a lot. But I’ve gotta tell you, what I value most is your introduction to John Tigrett. He’s the most remarkable man I’ve ever known.”

Fred concurred. “He’s my best friend, the wisest man I know. You ought to hear what he says about you.” Craig had an idea. John had written and called often. His words of encouragement were dear to Craig.

“Anyway,” Fred went on, “here’s what I’m thinking. There are a lot of people who will look at the FedEx investment and say, ‘They’re a big company. Five million is nothing to FDX.’ But from me, it’s different. So what I propose is to invest \$5 million of my own money in addition to FDX’s five.”

An immensely grateful Winn thanked Smith profusely and said, “You know what I’d really like, Fred? I’d like you to serve on our board.”

“I don’t do boards, Craig. I’m on some charity boards, but I haven’t served on a corporate board for many years now.”

Craig gave him that look.

“I’ll think about it, okay?” Fred said with a smile he couldn’t repress. “I’ll think about it.”

The next evening, Craig received a call from an attorney he didn’t know. He introduced himself and said he was calling on his cell phone from a duck blind. “My friend and client, Fred Smith, tells me I’m supposed to wire five million dollars from his personal account to your company. He says the paperwork isn’t done yet, but he trusts

you.” The attorney laughed. “I’m doing my official due diligence here. Actually, I’m calling to find out what kind of guy could induce my friend Fred to send five million dollars to somebody without documentation! I’ve known Fred for years, even served on his board. This takes the cake.”

After all the brouhaha over minutia, Fred was telling Craig to treat his money as if it were his own. He told him to send the paperwork and stock certificates to him whenever it was convenient. With those instructions, Craig and Fred’s attorney talked for the better part of an hour about Value America, Fred Smith, John Tigrett, and the value of friendship. No ducks were harmed during the making of this conversation.

A weary Winn taxied up to the Charlottesville FBO at the controls of his Cessna. It had been a long day. He brightened when he saw the Challenger, 3FE, parked on the tarmac; its door was open. He climbed the stairs and peeked inside. To his delight, he found his two friends, Fred and John, sipping merlot and waiting for their families.

“Craig! Come in. Join us.” The three sat in the jet’s spacious cabin and talked of recent events, for it was now May, and a great deal had come to pass. But this wasn’t a time to talk business. Chance meetings are the glue that holds our most cherished memories together, and so they talked of friendships and families, of love and life. As Craig bid them farewell, he didn’t know that it would be the last time he would see John Tigrett. John was swallowed up in history that night. His heart, in the end, had proved to be no match for his indomitable spirit, a spirit that lives on in the best of us, in our best moments.