

## Three Years Gone in Three Hours

Despondent, Craig leaned up against the wall. “This place gives me the creeps. We’ve become strangers in our own land. It’s a shame. We came so close to pulling this off.”

“We left management too soon and hired the wrong people, that’s all.” Rex leaned back in his chair. “We should have stood up to ’em too, not rolled over, especially when we knew we were right. Of all the scoundrels, how did we end up with Morgan? Okay, I know; don’t remind me.”

Craig did anyway. “We were trying to ace the queen of scumbags.”

“At least Morgan isn’t evil,” Rex sighed. “He’s just dumb. You can fix a lot of things, but you can’t fix stupid.”

Not being bright isn’t a crime, of course. But to accept the role of CEO in a public corporation, to accept a \$600,000 salary, to make decisions that affect the lives and fortunes of thousands of employees and shareholders, one ought to be smarter, have greater skill, and display better character. Average people shouldn’t take above-average jobs.

“Forget dumb,” Craig reflected. “I smell trouble. Roche’s ‘succession’ bit at the end of yesterday’s meeting gave me the willies. I think we have a genuine sicko—a Judas—on our hands.”

“Yeah. We’re losing money hand over fist, especially in advertising. You gave ’em a way out on a silver platter, but they were more concerned about protecting their pal. What’s up with these guys?”

“Maybe boards have just outlived their usefulness. A board stacked with company insiders is no different than having a managers’ meeting. But an outside board, like ours, never seems to know enough to make the right call—especially when the chips are down. These guys don’t know us, don’t know our company. They don’t even understand retail. It’s no wonder they’re lost.”

“And without that knowledge,” Rex mused, “they’re so easy to manipulate. It’s pretty obvious somebody’s been yanking their chain.”

“Well, whether it’s Tom’s gang or Glenda’s, it’s certain they haven’t been running the business. The stock is down below ten bucks!”

“It’s sad. But I say we stick to our original plan and get out of here as fast as we can,” Rex proposed.

“Agreed. We don’t know a tenth of these people—and I don’t even recognize the company.”

“We just own it, that’s all.”

“It’s time to go to the Omni. You coming?”

Rex glanced at his clock. “Yeah, you’re on in thirty.”

“Can you believe it? Six hundred employees, and you and I are the only ones who can sell.”

“The whole place is upside down. They’re trying like crazy to drum us out, but who’s going to present the company when we’re gone?”

“When you get right down to it, without somebody convincing brands and others to partner with us, the company will just shrivel up.”

With the exception of Dorchak and a few of the original merchants, none of our expensive suits had been able to get anyone to invest in our product presentations or advertising. Unlike the founders, the come-latelies had done little but worry about their positions and salaries.

“Hey, I’ve got some good news. I sold some stock yesterday. How ’bout you?”

“Naah. I know we’re out of the six-month lock-up, but Robbie Stephens screwed up,” Craig answered sadly.

“What happened?”

“The bankers were asleep at the switch. I sent ’em a letter two months ago approving their plan. They’d proposed selling two percent of what I owned each quarter. Then they forgot to process the paperwork! They say they’re gonna sell some tomorrow.”

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The Grand Ballroom of the Omni Hotel was packed. There must have been over a hundred executives in attendance, many from the world’s biggest brands. Over the past month, Craig had helped raise over a million dollars in co-op advertising with vendor days like this one. The audiences were getting progressively larger and more prestigious. The brands were here to partner with Value America and our allies: Citibank, Federal Express, Falwell Ministries, the AFL/CIO, and now the associations affiliated with KFS and MBNA. The promotional vehicle was direct response—the most productive tool in any promotional arsenal.

Craig arrived after lunch. His extemporaneous presentation was a brand-centric version of the E-tail Is Retail speech. This audience, unlike those with vested interests on Wall Street, understood and appreciated its themes. From retail metrics to partnering, promoting, and presenting, Craig’s words were music to their ears. For an hour and a half, he held the audience in rapt attention. Well, most of the audience.

“There’s another one, Rex,” Tom Morgan groused as he scribbled a note on his pad. “That’s ten now.”

Rex wanted to hit him. Maybe it would shake some sense into his thick skull. But he remembered the promise he’d made to Craig. Rex would appear to be neutral, sometimes even sympathetic, to the pathetic behavior of Value America’s management team. That way, at least, they had a shot at knowing who was doing what to whom. Rex believed in staying close to his friends—and closer to his enemies.

“Oh, there’s another one. He’s not telling the truth,” Morgan mumbled as he kept scribbling. Having just lied to our shareholders in his written quarterly release about material things, the hypocritical Morgan was now nitpicking minutia in Craig’s extemporaneous sales presentation.

Craig was now sharing with our brand partners how they could reach the patrons, members, customers, and cardholders of these great companies and institutions. The offer was concise and compelling. Everyone was feverishly taking notes. But unlike Morgan, they were making plans to build their businesses, not destroy them.

Craig finished to a standing ovation and thunderous applause. He was mobbed by brand executives on his way out of the room. Most wanted to express their appreciation

for being included in what was clearly a win-win opportunity. Morgan scurried out the back. Rex cornered Craig.

“We’ve got a problem, pal,” he said softly. “You were right. There’s more to Morgan than dumb. He’s on the warpath. Roche’s succession bit is sounding more sinister every minute.”

“Why can’t the guy just do his job?” Craig moaned. “At least until we find a replacement. I’m sorry, but I can’t stand this shit. The games have gotten downright perverse.”

“Yeah. Watch your back, my friend.”

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Morgan returned to Craig’s office and closed the door. He started in, “I’ve decided to resign—again. I just can’t live with myself. I’m tired of supporting you, sick of making excuses for you. I’m through explaining away all of your lies. You,” he hissed, “are not a truth teller.” Morgan shuffled and squirmed in his chair. His voice was weaker than usual. He was nervous, rubbing his perpetually red, runny nose, sniffing. He didn’t even look like a CEO any more.

He gathered himself somewhat and continued to rant. “I sat in the back while you gave your speech. You are not a truth teller. I can’t in good conscience continue to work here. I’m resigning.”

“Well, that’s twice in two weeks. Congratulations.” Craig was too irritated to be polite. “Speaking of telling the truth, what happened to the commitment you made to continue—to not bail out in the middle of the fourth quarter? You made a commitment, Tom, for the good of the company, its employees and shareholders. How about honoring it? What about giving this company the time it needs to find your replacement?”

“I cannot continue to work here. I have to be able to live with myself. I am tired of defending you. I just can’t do it any more. I won’t do it any more. You’re not a truth teller,” he cried again.

“That’s the third time you called me a liar. Mind telling me what I said that offended you?” Craig challenged. He was disgusted.

“I’d rather not,” Tom sniffed. “I’d rather just walk out of here quietly. Don’t want a thing from you or from the company. No severance. I just want to leave quietly. But I think you need help, professional help.”

I thought that’s why I hired you. “I’m unaware of a single comment I’ve made publicly or privately since I started this company that’s inaccurate in any material way. So unless you have evidence to the contrary, I suggest you refrain from making such allegations.”

“I didn’t want to do this, but if you insist...” he squealed, “I brought my notes with me this time. But before we get to these lies,” he said, shaking his notes, “I want you to know that you lied to me when you said you’d be gone by the end of the year.”

“I said nothing of the sort. I said I’d go to half time in Q1 and quarter time in Q2. But based upon what I’ve heard around here, you’ve been telling folks otherwise.”

Tom knew he had misrepresented what Craig had said, especially in his confessions to the Brethren. But admitting this to Craig’s face took more courage than he could muster. Before and after each “resignation” meeting, Morgan, Godfrey, Starnes, and Kuo

met in secret, compiling their demands. Then, buoyed by the Brethren, Tom would march off to Craig's office without his notes, recognizing that with them his "resignations" would have looked as contrived as they really were. But unable to think on his feet or remember what had been planned, Tom would end up listing a series of petty demands like lowering the strike price of his stock options. Then he'd retreat to the security of his entourage and profess that he'd stayed the course. Looking at his notes, he'd brag that he'd prevailed and reached an accord with Winn on all of the conditions they had conspired to achieve. When Craig acted in a manner consistent with what was actually discussed, they called him a liar.

Now with his rumpled notes in front of him, he coughed, rubbed his nose again, and began. "When you said our returns were one-half of one percent you weren't telling the truth. They're greater than that."

Craig snarled. "Who was I talking to, Tom?"

"What does it matter? It doesn't change the truth."

"Good God, you're lost," Craig snapped back. From a business perspective, he was conversing with a child. "It does matter. Those were all consumer brands, not computer brands."

"So what?" Morgan looked confused. This was beyond him.

"The thing that irritates consumer brands is non-defective returns, buyers' remorse," Craig explained. "Unlike PCs, their defectives are very low. They understand that our product presentations help customers make better buying decisions, so returns are diminished. Look more closely at your reports. What I said was accurate. These returns for consumer products are less than one half of one percent. The returns on PCs are probably six or seven percent. That's why we ought to stop selling them. Y'know, I offered to teach you this stuff, Tom."

Morgan was feeling even more squeamish, so he changed the subject rather than admit he'd been wrong. It's a common tactic of the vanquished. "Yeah, well, you didn't tell the truth when you said we'd signed an agreement with KFS."

Craig sighed. "Once again, you're wrong. But I'm glad you brought it up. In Boston last week, Kessler said that he was moving ahead with the first five KFS-MBNA associations. Howard's comments were based on the document we signed with his i-Belong organization. That contract defines the relationship between us, just as I explained during the brand seminar. This only shows that you, the CEO, don't know what's going on." Winn was about an inch from losing it. Being in the same room with Morgan was starting to make his skin crawl.

With every word, the animosity deepened. "Kessler called me yesterday," Craig continued. "He said he'd heard rumblings that there was dissension here at Value America. He reiterated that the deal he authorized was with me, because of me, because he trusted me. 'If you're not with that company, I'm not with 'em either,' is what Howard said. Just like Citibank, they trust me. Why don't you?"

Trying to change the subject a third time, Morgan grasped at Citibank, hoping Craig hadn't noticed that the score was now Winn-3, Morgan-0. "You're violating SEC regulations when you announce things like the CitiPrivilege and FedEx Marketplaces before they're publicly disclosed."

"Wrong again." Craig was wondering why he was having this conversation. "I've discussed this with our SEC counsel. Not only is it perfectly acceptable to discuss such

things with our partners, we'd actually be violating our fiduciary duty if we didn't keep our brands informed like this. I know your buddy Kuo has you all up in arms over this, but in speeches to current or potential partners, you're expected to sell. Right from the beginning, I begged you to get involved in building partnerships with brands, to lead by example, but instead you've done nothing but complain, and that has no value. Selling is hard. You really ought to try it sometime. Now, what else do you have on your list?"

"Not so fast," Morgan said, hoping to salvage his assault. "We haven't signed an agreement with FedEx, yet you talked about their Marketplace."

Craig's exasperation was showing. "We've already printed—and distributed—half a million FedEx catalogs! The written documentation describing our current and future relationship is over twenty pages long. The founder and CEO of Federal Express shook my hand on it, confirming the relationship, in my cabin right after the last board meeting. And you're telling me we shouldn't talk to our brand partners about how they can participate?"

"I'm more conservative than you. I don't agree." Craig reflected that if "more conservative" meant Morgan was less likely to do anything, he had finally said something accurate.

Tom went through the remainder of his list. Each "lie" was just as silly, petty, and easily refuted as the one before it. But each clearly revealed Morgan's fundamental lack of understanding, ability, and more critically, his lack of character. "Board members agree with me," Tom revealed. The remark betrayed Morgan's complicity in his anti-Winn campaign, but it would take a day or two for that reality to really sink in. Today, as Tom claimed he had grown weary of "defending" Craig, the sad truth was that he and his useless friends had been the founder's most outspoken critics since the day they had arrived. But on this sad day, Craig only knew that Tom was incompetent. He knew nothing of the impending coup or the secret board maneuverings. His instincts had told him that Tom was up to no good, but he hadn't listened to his gut. He'd tried to think his way out of our predicament instead.

As Morgan reconfirmed his second resignation, he said he was taking Friday off to return home and watch his daughter's cheerleading squad (one he admitted to having financed with Value America's diminishing capital). He said he wanted to withhold his public announcement until the following week.

Unable to reason with Tom, Craig decided to use him. It wasn't a game he wanted to play, but he had to buy time to find his replacement. "Tom, you know as well as I do, this won't work. We've been over this ground before. You can't have the CEO of a public company leave in the same quarter as the CFO and CIO." Tom nodded knowingly. "We need time. We need you to hang in here for a few weeks. Call it a transition period for us to find your successor. I don't care if you spend the entire time on a paid vacation."

"No, I won't do that," Tom said. "I'm worn out. I can no longer defend you." Heavens! Tom was too worn out to take a paid vacation. Must be brutal bending all those paper clips.

Craig repeated the vacation offer a couple more times, but to no avail. Morgan was so self-absorbed, he'd allow only two options. Either he and the Brethren would gain total control—immune from all criticism—or he'd aid and abet the destruction of our company, leave us dangling in the wind trying to explain his irrational behavior to the scandal-crazed media. There was no longer any pretense of honor.

So much for being rational, Craig thought. All right, if he wants to act like a spoiled child, let's play. "Tom, what would it take for you to stay?"

"I'm not interested in staying." Yeah, right.

"You were two weeks ago. You had a list of six concessions. I agreed to all of them, and you committed to stay." While Craig knew he had to quickly rid the company of Tom's debilitating presence, he was strangely comfortable with the concessions he'd made. He expected to abide by all of them. After all, he wanted out, and none of his concessions prevented Craig from searching for Tom's replacement. "Since I once again seem to be 'your problem,' tell me—how much more do you want from me?"

Tom didn't hesitate. His second "resignation" had been designed to elicit this very question. Could this be the first sign of intelligence?

Morgan tried frantically to remember the demands he had crafted with the Brethren, but sadly, he was unable, so he just blurted out a bunch of things, petty things. But it all boiled down to one thing—Morgan wanted Craig to leave in six weeks rather than six months as they had previously agreed. Craig said he would acquiesce to all of Tom's childish demands if he would agree to stay through the end of the quarter. Tom wouldn't. As he got up to leave, Craig, sensing that Tom was uncertain of his demands, asked him to write his requests down, so they could review them first thing Monday morning and resolve this matter professionally.

"I don't want there to be any misunderstandings. The last time we went through this, the conditions you proposed, and I affirmed, turned out to bear no resemblance to what I hear you saying now." Morgan said nothing. There was hollowness behind his eyes. Craig pressed one last time for a commitment, but Tom, as usual, was unable to speak for himself. He needed to consult his "advisors." Godfrey, Starnes, Kuo, and Kuo. Along with Morgan they were Dumb, Dumber, Dumbest, Naïve, and Naïver. If it weren't so sad, it would have been funny.

Craig was now in possession of materially adverse non-public information. He took the few steps to his desk, looked up a number and dialed.

"Robertson Stephens," said the voice at the other end.

"Hi, Tony. This is Craig Winn. Something's come up. Please refrain from selling any of my shares."

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Craig walked down to Rex's office and recounted the meeting. Without even the pretense of commitment from Tom, the founders were left with no alternatives. They knew that their first order of business was to immediately survey the troops, evaluate the condition of the company, and form a strategy to separate the firm from its floundering management.

Craig's first meeting was with Cliff Chambers. Chambers had been recruited by Morgan, so Craig entered his office like he was walking on eggs. "Cliff, I need some answers. First, have you attended any of the consumer brand seminars?"

Cliff nodded. "Good. You're responsible for operations and technology, right?" Cliff nodded again. "You know our numbers pretty well?"

"As well as anyone, I imagine."

"Did I misstate any fact?"

“No.”

“Have you ever heard me misstate a fact?”

“No, never.”

“What are our returns in consumer products?”

“You mean everything except PCs and technology?” Craig nodded. “I don’t know for certain, but total returns for consumer products are less than one percent. You’d have to back out mis-shipments to get the net number but it’s around one-half of one percent.”

Cliff swallowed hard. “Does this have something to do with Morgan? I just got a call from Gerry Roche that sounded suspicious. Roche told me to hang in there. He said that he knew how difficult my job had to be with all of the crazy stuff you’re doing. Gerry told me that he and some other board members would have the ‘Winn problem,’ as he called it, resolved soon enough. He implied that he was working with Tom to eliminate whatever problem they think exists with you.”

I knew he was up to no good. Roche and his pals, Godfrey, Morgan, Kuo—they’re up to their eyeballs in something that really reeks. Craig didn’t know at the time that Caise, Durn, and Dorchak were in just as deep.

Cliff sat up a little straighter and added in his defense, “I told him he was wrong. There was no ‘Winn problem.’ In fact, I told him this place wouldn’t survive without you. It’s the truth. He didn’t want to hear it. I don’t think Gerry was very happy with me.”

“Oh, my God. It’s worse than I thought,” Craig said under his breath, struggling to maintain his composure. “Listen, Cliff. I appreciate the support, and the company is going to need you. Morgan resigned again yesterday. But what you told me about Roche pretty much answers my next question. I recognize you’re Morgan’s friend and that he brought you here, but as you probably know, my phase-out plan is no longer acceptable to him. He wants me gone yesterday.”

Chambers was normally so passive and soft spoken, Craig was taken aback by what came next. Cliff sat forward and looked him straight in the eye. “I don’t know how you missed it. Tom Morgan is the most insecure man I’ve ever known. That’s what this is all about, you know. He needs constant reinforcement and praise.”

Craig sat in stunned silence. No! It can’t be. He seems so religious, so meek. This can’t be happening again. Craig’s stomach tightened into knots. He became nauseated, dizzy. His whole business life flashed before him. Then he finally saw it, all of the symptoms: the fancy cars, the perfect wardrobe, the fanaticism with the orderliness of his desk, his wife’s complaints, his rage over a misplaced sock, his sanctimonious attitude, his willingness to demean others for personal gain, his craving for attention. It had been Morgan all along. The slightest criticism, even constructive and in private, had been enough to set him off. His insecurities had finally gotten the best of him, and he was now lashing out, attacking. Winn was dazed. He wanted to scream, but nothing came out.

“Craig, Craig!” Cliff uncharacteristically shouted. “Are you okay?”

Craig shook his head violently. He wasn’t okay. He had once again invited cancer into his company, not once or twice, but five times. Morgan, Dorchak, Godfrey, Starnes, and Kuo. Individually and collectively, they were doing what cancers do: infecting, multiplying, killing. He held his head in his hands. He thought he was going to vomit.

Cliff’s quiet voice filled the void. “I’ve talked to Tom about this, pleaded with him. I’d like to see both of you here. That’s why I came. But if I had to choose between you

and Tom, that's easy. He's my friend, but this place wouldn't last six months without you."

It took every ounce of strength he could muster just to stand up. Wobbling, he nodded to Cliff, thanking him for his time. He floated down the hall in stunned disbelief.

He went back to Rex's office in hopes of regaining his composure. His friend's reassurance recharged his batteries just enough for him to continue his quest. He went from office to office, person to person. Craig avoided known Morgan loyalists, especially Starnes and the Kuos. They had accomplished nothing, so neither their opinion nor support mattered. He avoided Dorchak and her closest allies as well. They had their own agenda; he wasn't about to elicit the devil's support. But Craig talked to everyone else that mattered, in Technology, Operations, Customer Care, Presentation Marketing, Sales, Business Development, Merchandising, and Finance (or at least what was left of it). He asked the same two questions twenty times. "Are you aware of any statement I've made that's inaccurate?—If I were to leave, could Morgan lead the firm?"

Twenty managers, forty questions, one answer: "No."

The path was now as clear as it was fraught with peril. Despite their reservations, despite the personal cost, Craig and Rex would have to return to management. There was no other choice. It was the only way to save the company.

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It was a beautiful fall day. A cool breeze hinted that winter was nearing. Filtered sunlight danced off a nearby stream as it streaked through a stand of majestic hardwoods. The leaves had begun to fall, building a carpet of yellow, gold, and crimson. One leaf amongst the thousands caught Craig's eye as it released from a limb high above the forest floor. He watched it float gracefully down, glimmering in the soft light, translucent, almost iridescent. It finally settled silently near his feet.

Was God trying to tell him something, to let go and trust Him? Was he being told to prepare for a fall? Were the trees shedding their leaves in preparation for a long, cold, blustery winter? Should he do the same, prepare for stormy times? Perhaps it was all just part of the cycle of life—leaves fall and die, releasing their energy into the earth so the giants of the forest can sprout forth new life come spring.

A swirl of wind blew a whiff of smoke from the fireplace inside his cabin toward the deck upon which he was sitting. Craig took it in, and set his pen down. The cabin. It was here that he, Morgan and Starnes, Kuo, Shepard, and the General had met for Bible studies. Less than two weeks before, Craig had shared his willingness to accept the "marching orders" he felt he had received from the Almighty. He had also shared his premonition that something would soon happen to drive them apart. Sometimes there is no pleasure in seeing the future.

Craig picked up his pen and completed his hand-written press release.

Value America, in Charlottesville, Virginia, today announced that it is empowering its management team to strive toward profitability. Craig Winn, the company's founder, chairman, and leading shareholder, said he is returning to serve fellow shareholders, employees, brand partners, and customers as CEO.

Value America is entering the fifth phase of its strategic plan to revolutionize retail. In phase one, we conceived an innovative plan to serve all Americans, making the world of e-commerce more inclusive by converging the power of computers with the ease of telephones and the communication prowess of televisions to serve all, not just the privileged few with Internet access. We set out to conquer the digital divide that separates our nation by providing credit to those without it and linking customers directly to great values on Internet-enabled PCs. Our plan sought to revolutionize commerce by giving brands a turn-key solution to reach and serve consumers in a more efficient, direct, and inventory-free model. We sought to replace warehouses with technology and invest in systems rather than inventory, so we, working together with our brand partners, could sell the best for less.

In phase two, we brought together a bright and dedicated team. We are committed to enabling our shared passion to improve retail. Today, many members of our management team are being promoted.

Recognizing it takes three things to positively change our world, great ideas, great people, and a great deal of money, in phase three we sought to raise capital. Working together we raised \$130 million in private equity and an additional \$145 million in our IPO this April.

In phase four, we sought to execute our plan. In what may be record time, we have built one of the largest and fastest growing e-tail firms. Our Q3 results are proof of our scale and growth. They also reflect positively on our unique inventory-free model and innovative demand-generation strategy because operational, technological, promotional, and fulfillment costs are all continuing to decline as a percentage of revenue.

In phase five, we are committed to becoming profitable. We are aware that no business-to-consumer e-tailer has achieved this goal. We believe we can...so if you are a shareholder, investor, analyst, or journalist and would like to discover how Value America is changing retail you are invited to join us....

Craig faxed a copy to Rex. He made some edits and added a note to the top of the release, "Craig—Here are my thoughts. Good letter. I'm glad! Let's get on with it."

Minutes after the exchange of faxes, the two men spoke on the phone. These were sobering times. The conversation was short and to the point. Rex began. "This is the last thing either of us wanted, but we've been given no alternative. Let's see if we can get this thing stabilized, find a leader we can trust, and then get out, like we planned."

"My sentiments exactly. The company is in rough shape. The systems conversion is our biggest problem—it was butchered. The outsourcing of sales was a huge mistake. Morale is low, but at least amongst the people that count, it appears to be salvageable. We're going to have to deal with Dorchak, stop wasting money in advertising, get a new CFO, and improve Customer Service. Immediately, if not sooner."

"First thing tomorrow morning we'll call each board member and let 'em know what's up. We should give them a heads up on your release." Rex paused for a moment. "You know, we may not win this one, pal. It's been a long time since we managed this thing. We don't even know most of these people anymore. We don't have a clue what they're up to."

"Yeah. We're out of touch. We're out of practice. And we may be out of miracles."

Craig called the General, the only other person who was aware of all that had occurred. Mick reconfirmed his unwavering support.

Then Craig called David Kuo, who was, unfortunately, responsible for issuing our press releases. “David,” Craig spoke onto Kuo’s local answering machine, “I’ve left a copy of a draft press release in my cabin. If you return this evening, pick it up. It’s confidential. I want you to recommend changes and prepare it for release. As a public company, we have to keep investors informed. I’ll call the board and get their support before it goes out.”

David didn’t do as Craig had requested. Instead, he and his bride did something that destroyed the founders’ already-slim chance of saving Value America. They took the press release to Tom Morgan.

It was an incredibly foolish move but not out of character for Kuo. He had never built a business, never built anything, and thus lacked the ability to evaluate Craig’s decision. Moreover, David was loyal to the Brethren above all else. He had to be. Based upon private confessions, David was the moral equivalent of a “made man” within the supposedly “Christian” United Brethren. He and Seth Rossi had more than one thing in common.

The press release hadn’t even mentioned Morgan. Craig was willing to let Tom script his own departure in any manner he pleased. If he had really wanted out, as he’d claimed, if he’d been sincere when he said he wanted to leave quietly, David’s treason wouldn’t have mattered. But such was not the case. Morgan and his allies were more interested in positioning and enriching themselves than they were in the survival of the company they had been paid to serve. They threw a collective temper tantrum.

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First thing Monday morning, Craig pulled out a copy of his Value America Directors phone list. He started at the top, placing a call to Bill Bennett, but he was out helping a struggling friend. Sam White was out of town, so he left a message. Next he called Caise. Justin listened to Craig’s proposed release and said he supported it. Justin feared confrontation above all else.

Gerry Roche was next. In spite of his relationship with Morgan and Godfrey, Gerry seemed supportive as well. It was an Oscar-winning performance. But time would soon reveal the depth of his complicity.

Craig had Frank Flowers’ direct line. Although it would be hours before Frank made it into Vulcan’s Seattle offices, Craig thought it might be wise to leave a message. It usually took a week of exchanging voicemails with Flowers before they actually got to talk. Scatena’s name was next. Craig already knew where Rex stood—he had known precisely where Rex stood ever since the day they had stood together on the first tee of the Mauna Lani.

Craig called Wolfgang Schmitt. He was out at a Kimberly Clark board meeting. When Wolf returned the call, he seemed so understanding, Craig queried him about becoming more involved. Schmitt was retired (or more correctly, had been retired), following the sale of Rubbermaid to Newell. He volunteered to visit later in the week to discuss the possibilities.

The white knight was next, the Babe Ruth of business, Frederick W. Smith, Chairman and CEO of Federal Express. Craig brought Fred up to speed and then read his handwritten release.

Smith said, "That's beautifully written, Craig. I don't have an issue with anything you've said, but before you release it, you should schedule a board meeting."

"Time is not our friend, Fred. I'd prefer to keep calling board members individually. Tom has resigned, and his failed systems conversion is impacting customer service. We need to stabilize the company, tell the Street where we're going, and move forward."

"I don't think that's the right call. I'd rather you get Tom to go along with a transition period so that we can handle this thing professionally."

"My sentiments exactly, Fred. I told him to put our employees and shareholders' interests before his own. I asked him to do exactly what you just said many times. He refused. Then I asked him to take a paid vacation. He even refused to do that."

"Listen, Craig, I'm no fan of Tom Morgan. I knew right off the bat that you were going to have a problem with him. He just sat there in board meetings like a damn bump on a log."

"Obviously, I hired the wrong guy. He never engaged. He didn't even understand the Path to Profitability you responded so favorably to."

Fred jumped back in. "Damn right, I liked it. It's the whole ball game, but why are we discussing it now? This board came together in June."

"Fred, I wrote it back then. I sent you a copy in response to a question you asked in July. The reason we haven't discussed it is Morgan. It's a budgetary plan. That's the CEO's job. Neither he nor anybody on his management team gave it the time of day."

"Well, that's just it, Craig. This is really awful timing. If you had come to the board months ago and told us what we already knew, that you were having a problem with Tom, we could have formed a committee, done a search, and announced his replacement." Fred was obviously unaware of the interworkings of the Brethren. "We shouldn't be in this pickle. Now, it's my opinion you've used this board poorly. You've wasted our time on stuff that's less important—like those department presentations."

"Fred, I appreciate your advice. You've been a good friend."

"Well, thanks, but I think you've got a bigger problem here than you realize. You may even lose some board members over this."

With that said, Craig dialed Rafe Durn's number, wondering if he was still with ULIC or if he'd already gone. Rafe, it transpired, had accepted a job with Pacific Capital Group, the venture company behind Global Crossing. Gary Winnick, the founder of both firms, was an Internet billionaire and a multimillion dollar investor in Value America's Series C round. Don Tarpin was also a Pacific Capital principal, serving on Global's board with Winnick as co-Chairman. Durn had awarded Tarpin one of the two Value America board seats ULIC had earned by virtue of its Series A investment. Durn's current, or former employer, depending on whether or not Craig had dialed the right number, had invested heavily in both Global Crossing and Value America. They had weaved a tangled web. Was Winn about to be ensnared?

"Hello, Craig, this is Rafe. What can I do for you?"

"Glad I caught you," Craig said. "I didn't know if you'd already left."

"Just cleaning some things up before I go."

“Rafe, I’ll get right to the point. Morgan has resigned. The timing’s terrible, fourth quarter and all, so I’m volunteering to return as CEO until we get the place back on track and find another candidate.”

“Sounds fine to me,” Rafe shot back quickly. Craig was relieved and worried, all at the same time. He was pleased that Durn wasn’t going to make a meal of him, at least not yet, but he was worried. The board was universally supportive of his plan to return as interim CEO. That was both good and bad. They must have known no one internally was prepared to take the job, and they recognized it would be impossible to find a suitable CEO from outside quickly enough. Even then, a new CEO wouldn’t be up to speed on the firm, and thus productive, for at least six months. The company was floundering, with busted systems, in the midst of the busiest quarter. It had days, not weeks, certainly not months, to get its house in order, or things would really get nasty.

Winn and Scatena were volunteering for a suicide mission. They had no better than one chance in ten of pulling it off. If they failed, they would earn all the blame and go broke doing it. Coming back to management would instantly make them both insiders, consequently barred by the SEC from selling any of their stock—twenty-one million shares between them. To save the company, they would be risking a personal fortune worth \$300 million. They volunteered anyway; they felt it was the right thing to do. Dumb?

“Craig,” Rafe went on, “you and Rex have done everything you said you’d do, and more. That’s the reason I invested in Value America after the failed IPO. That’s the reason I encouraged all of my friends to invest. You’ve earned our trust. I’ll support whatever you guys want to do.” Pretty strong sentiments for a guy who never visited the firm.

“Thanks, Rafe. That means a great deal right now.”

Then Durn asked, “Have you called Tarpin?”

“He’s my next call.”

Don too was glowing in his praise. He said that the reason he was on the board, the reason everybody was here, was because of Craig. He counseled him to take charge and act decisively. It was the opposite of the advice Smith had given. As he said goodbye, Don told Craig how impressed he was with the way he was handling himself. Craig breathed a sigh of relief; every single board member was prepared to support the founder’s plan to save the company.

But sadly it wouldn’t last. His phone call with Tarpin was the last positive conversation Craig would ever have with a Value America board member. A lot can happen in twenty-four hours.

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Morgan was irate. Apparently, it was perfectly fine for him to assail Craig’s credibility, okay for him to renege on his commitments. But the shoe didn’t feel so good on the other foot. When Craig’s intentions to actually accept his resignation were revealed with the purloined press release, Morgan lost all semblance of decency. He stormed into Winn’s office demanding to know why he had been misled. Morgan had thin skin, and his short fuse was ignited when his scheme was turned against him. He instantly moved from dumb to dangerous.

Tom had informants, but Craig thought he had circumnavigated them. He hadn't factored in David Kuo's treason. David lied so convincingly. He would waltz into Craig's office, tell him how much he "loved" him, feigning friendship, and pledging his undying support. He'd then pump him for information, only to spill his guts to Morgan, revealing whatever he thought he'd learned. There may be a psychological term for such behavior, but suffice it to say, David had a problem. David was a problem.

Tom knew his bluff had been called. Craig wanted to officially accept the idiot's resignation right then and there, but he delayed, in deference to Smith's request. Listening to Fred's counsel, though, would carry a penalty. His hesitation would cost him—all of us, really—everything we had worked for.

No longer in an "asking mood," Craig told Tom to take a vacation—anything to get him out of his hair. There was work to be done.

In typical Winn fashion, Craig focused on the biggest and most lethal dragons first. He started with technology. It had become obvious that the company was operating in the dark. Overburdening the systems conversion had resulted in inoperative customer care, falling sales, and faulty reporting. There was hope: Joe Page and Thor Anders were making progress at a geometric rate. But they needed time, and time was in short supply.

Finance was next. Dean Johnson was long gone, as was his controller, Karen Wiles. So the remaining members of the team gathered around Craig's old maple table and painted a most unpleasant picture. Under the management of Morgan and Dorchak, the company had been burning through money as if there were no tomorrow.

Sales was next. Candy Clifford thought she would deliver a quarter with revenues of \$75 million, about \$8 million below their internal budget. She and her boss, Glenda, were armed with a mountain of reports, but they never seemed able to answer the same question the same way twice. As usual, they had more excuses than Craig had problems. Mostly, they blamed their performance on the company's failing systems. Suits are certainly good at dodging responsibility. He wanted to scream, but this was not a time for assessing blame.

Craig knew the company would need to chart a new course quickly if we were going to stay afloat. But he wanted to know whether we could handle the management transition separately from the course correction. That would depend upon the delta between our current expectations and Wall Street's. So Craig invited the senior managers into his office, along with Kim Kuo, VP of Investor Relations.

Craig began, "Folks, I have been trying to assess the damage we've sustained. The picture is neither encouraging nor debilitating. We have a chance to save our company, slim as it may be. But before we begin repairs, I want an accurate appraisal of the difference between our current reality and Wall Street's expectations. We have a fiduciary duty to bridge whatever gap exists before word trickles out via back channels. So Kim, let's begin with you. What do the analysts' models expect us to show in revenue and earnings in Q4?"

"I don't know," Mrs. Kuo said, fumbling through her things. "I didn't bring my notes with me, I think it's...."

"You don't know the numbers? What have you been doing?" Craig asked incredulously. Back in the days when he'd had a thousand times more on his plate, he had known the analysts' projections—by quarter, two years out—as well as he knew his children's birthdays. This was Kim's only job.

She sheepishly guessed, but made it clear that's all it was. Normally an attractive woman, she looked awful, an emotional wreck. It was certain there was something going on, but there wasn't time to deal with Kim's personal problems, so Craig carried on. He explained why he thought the Street's revenue expectation was \$72 million. He shared a conversation he'd had with Tom back in August. He told the suits that he had privately encouraged Morgan to use his impending system conversion to increase expense estimates and diminish revenue projections in Q4. Craig explained the strategy and concluded, "I have no reason to suspect he would have done otherwise, so I believe the numbers we discussed are valid."

Kim Kuo somehow convoluted Craig's support of Tom in this regard into an attack on him. It was becoming obvious that she cared deeply for him. Hardly able to contain herself, Kim rushed out and called Morgan.

Moments later Tom called Craig, crying—literally. "I cannot believe you'd stoop so low as to assail my character."

Pretty good opening line, Craig thought, from someone who's spent months doing that very thing to me.

"I want you to know," Tom said between wheezes and sobs, "that I did exactly what we discussed. I called the analysts and lowered revenue expectations to seventy-two million."

"That's what I said," Craig responded flatly.

"You're lying!" Morgan had a very limited vocabulary.

"Tom! Get control of yourself. I did no such thing."

It doesn't pay to reason with the unreasonable. The relationship between Tom and Mrs. Kuo had apparently grown beyond business, throwing a whole new monkey wrench into the works. That was shock enough, but what came next was electrifying. "Up to this point, I have stayed away from the board," Tom lied, "but now that you've attacked my character, I'm going to take the gloves off! I'm going to go after you with all I've got! I'm going to tell them the truth about you."

"Tom, you're not thinking rationally. You're reacting—overreacting—to an unfounded allegation. Call any of the other people who attended the meeting. Find out for yourself what I said."

It did no good. Good, from that moment on, was in short supply, an endangered species.

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"Rex, in less than twenty-four hours, we've gone from eight board members in our corner to eight against us," Craig said in disbelief. He felt punch-drunk, wobbling back on his heels, ready to fall. It wasn't so much the challenge of surviving the fight, of righting our ship. They had done that before, and against stiffer odds. But this time, the enemy was their own crew, the officers. They had mutinied; they were now serving their own private agendas.

"Today's board meeting was unreal," Rex responded. "How could they turn on us like that? Yesterday they were cheering us on as we volunteered to go to war on their behalf. Today they're asking for delays and dismissing our plans. Sure, they're new on the job and don't know us or the company very well, but..."

“Well, at least we’ve been discharged from our suicide mission. They clearly have no interest in us returning to management. They don’t seem to have a clue what it took to build this company.”

“You and I managed Value America for three years, ’96, ’97, and ’98, as CEO and President. When we started, we were worth nothing; we had no money, no systems, no people, no sales. Three years later, the company we built was worth billions of dollars; we had hundreds of millions in the bank, hundreds of great people all doing their jobs, and we were growing faster than any e-tailer on the planet. Then we resigned from management. The ‘professionals’ we hired, who are now sliming our reputations, have managed to slash our value, cripple our systems, stifle our people’s productivity, and blow through most of the money we raised.” Rex had said a mouthful. “What do you say we send each of our board members a calendar? Just highlight the date and our value when we left management. They might figure it out.”

“They may be smart people, but I doubt they’d get it. It sure didn’t take much to mislead them.”

“It’s easier than you might think.” Rex knew; he was a lawyer, after all. “They’re all outsiders; they have their own businesses to run. I’d be surprised if any of them have invested any serious time in this thing. When you lack good information, bad information is seductive.”

“Rex, I can’t prove any of this, but I have a theory,” Craig said. “It’s just my opinion, mind you, but I think I might know who betrayed us.”

“Who?”

“It all began with our failed IPO and the badly strained relationships between us and Robbie Stephens—especially Dale Dandridge.”

“He’s no friend of ours,” Rex agreed.

“That’s my point. Dale was more interested in defending Amazon and his damn media metrics than he ever was in promoting us. If we were right, he was wrong. Things went south when I delivered my first E-tail Is Retail speech at Robbie Stephens. Remember? You were there. Dandridge was so miffed he wouldn’t even introduce me at his own conference. Then, partly as a result of him not supporting us, our stock tumbled, even though we were raising expectations and beating them. Do you remember our Q2 conference call? Dale’s reaction?”

“Yeah,” Rex answered. “You asked Dale to change his model to reflect the demand alliance strategy we’d touted on the Road Show—the Path to Profitability. He refused.”

“That’s right. And in so doing, two things happened. Internally, Morgan and Dorchak had a reason to discard our Path. Dale didn’t like it. And externally, Dale, in my opinion, worked to shift blame for our stock’s decline from himself to me.”

“Well you’ve got to give him credit. If that’s what he did, he did a darn good job,” Rex offered. “But come to think of it, it’s only natural. When things go south, people always need someone to blame. As our founder, you were the easiest target. You were our spokesperson. You did the most, said the most.”

“That’s probably why I have some enemies here, inside the company too,” Craig said sadly.

It was true. “But anyway,” he continued, “as it relates to the Street, what I think happened next is speculation, but it’s the only rational answer I can think of for all the irrational behavior we’ve witnessed.”

“Gambini,” Rex said, sensing where this was going.

“Can’t prove it, but yeah. Dale decides to leave Robbie Stephens. He’s under attack because he’s the lead analyst on our deal. He doesn’t want to take the hit for not supporting us, so he blames it on me. He knows investors were put off by what I had to say. So,” Craig asked, looking sideways at Rex, “how does our boy spread this load of crap quietly through the investment community?”

“Gambini,” Rex answered again.

“Yep. Bet you dollars to donuts that’s what happened. They were tight. Dale served on his board. Jake is even godfather to Dale’s kid.”

Rex surmised, “So her first week on the job, Kim Kuo flies off with our pal Morgan, and they run into a buzz saw. They visit with frustrated investors, and they hammer you. They need someone to blame, so you’re it, the only target, because Tom hasn’t done enough to be noticed. So they claim you’re the reason our stock has fallen, even though you and I had nothing to do with it.”

“By trying to save the company, I set myself up.”

“So that’s where they came up with the harebrained idea that the stock will double as soon as you’re gone.”

“The only problem with their theory is that the stock has climbed five bucks a share over the last week on rumors that Morgan’s out.”

“I don’t normally look at the message boards, but this week A-Rod turned me on to ’em,” Rex said.

“I don’t either. What did you find?”

“First, we’ve got too many people around here with diarrhea of the mouth. If loose lips sink ships, we’re in the Titanic. The Street knows Morgan is gone, and they’re happy about it. They’re comparing his eight-month tenure here to his USOP disaster.”

“If that’s the case, the board’s postponement in dealing with Tom’s resignation is a huge mistake,” Craig added, stating the obvious. “Every day we go without a public announcement, we assume greater liability.”

“A-Rod showed me a bunch of messages. They’re not only speculating that you’re returning to management, they’re saying that’s why the stock has jumped from ten to fifteen bucks a share.”

“Great,” Craig said, shaking his head. “That’s just great. We volunteer, against our own self-interests, to act as interim managers, and the markets respond by increasing our value fifty percent. All the while, Morgan and his allies are shouting, ‘Damn the facts, Winn is the problem, axe him and the stock will double.’ Apparently, based upon our reversal of fortunes, the board’s gulping his shit down.”

“Well pal, I’m all out of options. What do we do?” Rex asked.

“What about Wolf Schmitt?” Craig questioned. “He’s not doing anything. Maybe he’d consider being CEO while we find a replacement.”

“You said he’s coming in for the Citibank meeting later today. Why don’t you ask him? You guys have known each other for years, right?”

“No, not really,” Craig countered. “We served on an industry board back in my Dynasty days. He seemed pretty sharp. He talks a good game, anyway. Our board should like that. But I haven’t really spent time with him in years.”

Before the two could leave Craig’s office, a disheveled David Kuo poked his head around the corner. Craig motioned him in.

David said, "I'd like to speak with you alone."

"Whatever you have to say to me, you can say in front of Rex. He and I have no secrets."

David sat down and read a letter of apology. He began by telling Craig how much he "loved" him, complaining that he felt like an "abandoned and unloved child of a divorce." He confessed to the inappropriateness of giving the draft press release to Morgan. It was anticlimactic; Mick had already informed the two founders that it had indeed been David's doing. As Kuo read his letter, both Craig and Rex became increasingly uncomfortable—Rex because it was entirely religious in nature and that gave him the creeps, Craig because it was entirely religious in nature and he had good reason to believe that the Brethren were the biggest hypocrites in God's creation, and that gave him the creeps.

The Brethren: Morgan, Godfrey, Kuo, and Starnes. Not an accomplishment between them. They had built nothing of value, here or anywhere they had ever been. Between them Morgan and Kuo had worked for thirteen different companies in half as many years. Godfrey and Starnes had simply remained dependent upon the charity of their temporary hosts. Pride, jealousy, covetousness, greed. Whatever the motivation, the results of their behavior are as undeniable as they are despicable.

Moments later, the prince of hypocrites slithered through Craig's still open door. Winn was ready for him. A secret source had tipped him off.

"Can we talk about my position in the company?" Starnes asked.

"Sure, Tom," Craig replied coldly. "Just as soon as you tell me why, all of a sudden, you're calling Fred Smith at home. What, or should I ask, whom, have you been discussing, Tom?"

That one caught the Harvard MBA by surprise. Craig couldn't have found out so soon. He must be bluffing. He had no idea Craig would uncover his complicity in the save-Morgan-oust-Winn coup. Starnes didn't have the courage to challenge Craig, not to his face, anyway. Nor did he answer his question. Morgan's lap dog mumbled something about calling an attorney, put his tail between his legs, and scampered out of the room.

What made this so hard for Craig and Rex was knowing how incredibly close they'd come to pulling off their improbable dream. The Citibank relationship alone would have diminished the cost of demand generation to pennies on the dollar. Then there was Visa, KFS, and MBNA, not to mention the potential of the Federal Express Marketplaces for consumer and business products and their e-services alliance. Any one of these relationships was sufficient in itself to break the chains of advertising dependence and launch the company toward profitability. But now, rather than capitalize, the company was rendered rudderless by its mutinous crew and its clueless board. Treachery is expensive.

Later that same afternoon, Wolf had the privilege of attending another mind-numbing Citibank meeting. Their business development team had made their way to Charlottesville to work out the details and the timing for implementing the grand relationship they had proposed in New York. In the unbalanced "praise-one-minute, attack-the-next" style of Gerry Roche, Wolf Schmitt oozed admiration for Craig's propensity for conceiving innovative and value-laden strategic partnerships. He said, "Others just see the dots, but you manage to connect them in a way that's almost magical. It's a gift."

Following the meeting, Schmitt agreed to accept the role of interim CEO while the board searched for a permanent replacement. A third telephonic board meeting was arranged to discuss the matter.

On November 19th at 5:00 PM EST, ten of Value America's eleven board members met telephonically to discuss Tom's departure and the Wolf solution. Rex began, "I move that we accept Morgan's resignation."

There was no second, so Craig said, "I second the motion. Any discussion, gentlemen?"

"Yeah," Durn barked, "I want to talk to Tom. Why isn't he on the call?"

"Because he resigned, and he's not a board member," Craig said calmly.

"I don't give a damn! I said I want to talk to Morgan. Get him on the phone," a hostile voice screamed back. The seeds of deceit had taken root. Dorchak's relationship with Seth Rossi was paying off.

Craig asked Biff to find Morgan and connect him to the call. Seconds later, as if prearranged, a voice he had come to loathe said, "Morgan here."

"Hello, Tom. This is Rafe. I asked you to join us so we could hear it directly from you. Why are you leaving?"

"There can't be two cooks in the kitchen, two generals on the field," Morgan answered. "Craig hasn't allowed me to do my job. I'm tired of being second-guessed. Since I don't feel comfortable working with him, one of us has to go. Since I'm the newcomer, I thought it should be me."

"Then you're not saying you don't want to be CEO. You're just saying you don't want to be CEO so long as Winn is here."

"That's right," Tom answered.

"How about you, Craig," asked Durn. The former lawyer was enjoying his cross-examination. "Are you willing to step aside and let him do his job?"

"I did step aside—before the IPO. Contrary to what Tom told you, I haven't overridden any of his decisions. I focused on outside relationships because the company needed them, and it freed Tom to manage the business without interference." Heck, he's so paranoid he threatens to fire anybody who even tries to talk to me. I don't even know the people I'm being accused of managing. The very allegation is moronic.

"You're not acting like a traditional Chairman," Fred Smith charged. "Cultivating relationships outside of the company is the CEO's job, as is strategic planning. I don't want to beat a dead horse, but when you said at our last board meeting that you were not a manager, you put this board in tremendous peril." Sadly, the intelligent are not always wise.

"Fred, I have a great deal of respect for you, but we differ on both accounts," Craig answered, futilely trying to defend himself from the lynch mob. "I have consistently referred to myself as a builder rather than a manager. But builders have to be managers—good ones—or nothing gets built. They must conceive and design what they intend to build, raise the capital, hire the talent, buy the materials, and coordinate construction. That takes management. It takes leadership. Builders are leaders. I am proud to be a builder. But once something is built, I don't much enjoy the day-to-day managing, the meetings, the personnel squabbles." Like this one.

"Sorry to say it," Smith said, "but that's what managing is all about."

It was like the Salem Witch Trials. No matter what the accused said, it was quickly convoluted and used to fan the fire in which Craig was standing.

“We’ve been over this turf before, Fred, but I’ll try again. New-technology companies are different than asset-based firms like yours. Your assets are warehouses, planes, and trucks. Ours are ideas, people, and partnerships; While both need managers and builders, new-economy firms need to be led longer than traditional asset-based industries. Consider the world’s two most successful tech firms: Microsoft and AOL. Both are led and managed the way I believed Value America should be. Gates and Case are visionaries; they’re builders, leaders. Ballmer and Pitman are tough, effective managers. What makes their companies successful is their ability to work in harmony with their visionary founders.”

Craig realized what he had just shared was of no interest to the assembled. Although it was pointless, he continued. “In the Internet Age, alliances are uncommonly valuable. There is no better use of a chairman’s time than to increase the quantity and quality of these partnerships.”

“Fred Smith here,” he said. “Listen, I disagree. I could spend the next week giving you chapter and verse on proper organizational protocol, but I think it boils down to a founder trying to do too much and a CEO who’s neither prepared nor able to work within that kind of environment.”

“Durn here.” Rafe wanted back in. He evidently enjoyed executions. “Craig, it sounds like Tom is willing to come back. If he were to stay, would you be willing to move aside?”

“No. Not now. Not after what I’ve learned this past week.”

“Why not?”

“He’s not the right person for the job,” Craig replied. You want Tom Morgan to form strategic partnerships and lead this company? Are you crazy? Morgan couldn’t sell water to a rich man dying of thirst.

Durn thanked Morgan profusely for his glorious eight-month service. Others passed along their goodbyes, hoping, as Tom was, that it wasn’t over yet. Everybody knew now that Morgan had had no intention of actually resigning.

As they settled down, Craig told the board that Wolf Schmitt had expressed a willingness to act as interim CEO while the board formed a committee to search for a permanent replacement. Smith, Roche, and Caise were assigned the responsibility of confirming the appropriateness of naming him acting CEO. The meeting was adjourned at 6:35 pm.

By all accounts, the Saturday morning conference call between Smith, Roche, Caise, and Schmitt went well. They were all in agreement. At the next board meeting, Wolf would be crowned acting CEO. Craig was relieved.

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when a rock starts to roll down a hill, it usually just goes a few feet and stops. But sometimes it gains momentum, kicks up debris, and starts an avalanche. That’s what happened here. Craig and Rex had picked the wrong stone—again. In scrambling to save the company, they doomed her.

Wolf told Craig to send the company jet to pick him up—the second time he'd asked for this special treatment. The plane wasn't supposed to be used to pamper board members. Even so, Wolf didn't seem to enjoy the flight. He arrived a changed man. At dinner with Rex, Craig, and the General, he suddenly and boldly proclaimed the firm was too fragile for him to lead it. Someone had obviously gotten to him prior to his arrival.

At dawn the next day, Wolf asked Craig to arrange meetings with the managers of each department. He waltzed in announcing that the board had placed him in charge, waxing poetic about his glorious career at Rubbermaid. (Some believe Wolf had been instrumental in destroying his former firm, forcing the merger with Newell. But we had long ago entered the land of make-believe.) By the time the meetings concluded, Wolf had developed a nasty repetitive-motion disorder patting himself on the back.

Throughout the day, the solid citizens who remained at Value America, of which there were many, marched into Craig's office to ask what was going on. They had thought he was returning to management to lead us back to the Promised Land. "Who was this Wolf? Why was he here? What was happening to the company we'd worked so hard to build?" They saw right through him.

I was one of them. But I had not come to burden him with these questions. I had come to resign. The company he had conceived, the one we had so lovingly nurtured and raised, had become an unruly, rebellious adolescent. I no longer knew these people, so childish, rude, and greedy. Our firm had been without adult supervision ever since Craig and Rex had left management. So I told Craig I was leaving. Even though he was no longer my boss, he was the only person to whom I felt I owed an explanation.

I had never seen Craig so despondent. It wasn't the news I had brought him, although he was clearly saddened by it. It was as if something, or someone, had sucked the life out of him. He was a hollow shell of his former self. He told me that he was not at liberty to explain, but I could clearly see that whatever it was, it was bad, very bad. Craig thanked me. Then, as I was leaving, he reminded me one last time of the curious thing he'd said countless times before: "You were our patron saint. I always knew God would never let anything bad happen to our company so long as you were here." Why does he keep saying that?

After I left, Wolf made his way into Craig's office. He was joined by Rex and Mick around the old table. The telephonic board meeting was scheduled to start in ten minutes, promptly at four o'clock.

Wolf repeated the "fragile and unfocused" diatribe he had delivered at dinner the night before. He said the participants in each meeting had echoed his sentiments, and claimed that our technologists viewed our dilemma to be of crisis proportions, with no end in sight. As he told his tale, Wolf was confident, even pompous. He had ulterior motives to be sure, a separate agenda. And whatever it was, it was clear he had the blessing of at least enough board members to carry the day. Wolf was about to give wolves a bad name.

The good guys were screwed, and they knew it. Still, they fought on, though goodness knows why. It was in their interests to leave, dump their shares, and retire in style. Who could have blamed them if they had? They were *persona non grata* in a world they themselves had built. It was still their world; they owned it (at least their stock certificates said they did). But they were being treated like a pack of hyenas treats dinner.

Craig, rather than backing down, challenged Wolf's statements. Yes, he knew the company was fragile and unfocused. That was Morgan's doing, and thankfully, within the hour, he'd be gone. But Craig knew from the steady stream of visitors that the meetings had not been as Wolf had described them. "So who in technology said our systems are as far from remedy as you just described?"

"I had every technology manager in the meeting. They all said it," Wolf bristled arrogantly.

"So you're telling me Joe Page and Thor Anders were in the meeting and they told you that our systems were desperately faulty?"

"Yes, I've already told you that," Wolf bellowed in a tone calculated to show his superior status. "You and Rex are both so out of touch. This company is in worse shape than you realize."

"This past week, I've seen how bad a shape we're in, and I've learned how we got into this mess. I'm also aware that you're lying. Neither Joe nor Thor attended the technology meeting I arranged for you. And those who did said they never gave you their opinions. They said you were too busy talking about yourself."

"We'll just see about that," Wolf growled as he jumped up and stormed out of Craig's office. The founders were watching their own funeral. As they struggled to regain their composure, they saw Wolf dart into Morgan's old office. There was no question what he intended to do. Whomever he had cajoled on the board to support whatever plan he had concocted was being called with an update. It had taken three years to build Value America. Within three hours it would be gone—poof.

The founders scrambled to form an alternate plan. The board meeting was now less than five minutes away. Plan A had been trashed when Tom resigned a second time. Plan B had crashed when the board turned south and rejected their return to stabilize the firm. Plan C, Wolf as interim CEO, was now in flames. Plan D?

They gathered the four most senior managers together: Dorchak, Peters, Chambers, and Ewert. Craig and Rex explained the Wolf conundrum and asked the assembled if they had any ideas. Ewert considered it promotion enough making him responsible for all merchandising categories. Peters seemed pleased with his move into the management of demand and supply alliances. He, like Chambers, said he didn't want the job. Dorchak remained mostly silent. She had already sowed her seeds of discontent, and she knew they were about to take root.

"Alright folks," Craig said, "since none of you has a plan, I'll propose one. I'll volunteer to be interim CEO for ninety days. During that time, you'll manage the company as an Executive Committee. I'll teach each of you some aspect of what you'll collectively need to know to lead a public company. I'll ask the board to choose one of you to be CEO, another to be President, another COO. Are you all willing to work together in support of this plan?"

Three said yes. Dorchak squirmed. Craig asked them to stay, and then returned to his office for the start of the board meeting. Wolf was already there with a smirk on his face. Craig, Mick, and Rex sat in the other chairs surrounding the antique table. The octopus-looking conference phone sat between them. It was 4:00 PM EST November 23, 1999. As each board member called in, they announced their names. "Justin Caise is on."

"Hi, Justin. This is Don Tarpin."

"Rafe Durn is on."

“Hello, Rafe,” Craig said, “I’ve been trying to reach you.” Rafe didn’t respond.

“This is Fred Smith calling in from Memphis.”

“Hello, Fred. This is Rex. I’m joined here by Craig, Wolf, and Mick. We’ve also got Biff Pusey as Corporate Counsel.”

“Hello,” Gerry said, “Roche here.”

“White here.”

“This is Frank Flowers. I’m on.”

“That’s everybody except Bill Bennett,” Biff Pusey said, acting official. “He’s out of town and will be unable to join us. Mr. Chairman, you have a quorum and may call the meeting to order.”

The meeting started with a discussion of CFO candidates followed by a quarterly update, performance versus expectation. It moved to personnel.

“We still need to resolve the Morgan issue,” Craig said. “There has been a motion and a second to accept his resignation. Any discussion?”

“What about severance?” Roche questioned. Gerry was good at spending money on people. That was his job.

Don Tarpin said, “I was assigned the responsibility of working out a separation package for Tom, but I wasn’t successful. Tom is now saying that he hasn’t resigned, and he doesn’t want to resign.”

Justin Caise and Rex Scatena, attorneys both, jumped into the fray. They reviewed the facts and rendered their opinions. Morgan had constructively resigned, regardless of what he was saying now.

Then Craig stepped up. “Tom has told me repeatedly that he doesn’t want anything from us—no severance, nothing. As you’ve confirmed, he’s resigned and thus is not entitled to any severance. He only worked here eight months, so we shouldn’t pay him anything.”

But Tom, either directly or through his lawyer, had called Justin Caise, threatening an SEC investigation if he wasn’t given a year’s severance—salary and bonus. The fact that Tom had once again lied didn’t surprise Craig. An SEC investigation didn’t worry him either. He was concerned only about our dwindling cash reserves. Treachery, he discovered, didn’t come cheap. Tom’s compensation was \$600,000, plus a six-figure loan he never bothered to repay. Caise said, “I’ve talked with his attorney, and I can assure you he wants a year’s severance. But he’s also saying Tom has not resigned.”

“If we pay, let’s limit our exposure to six months,” someone said.

For the first time all evening, Flowers chimed in. “If the bid and the ask are six months and a year, let’s split the difference and pay him nine.”

Caise then responded, “I’ll negotiate the settlement.” What he failed to do was to negotiate a non-disparagement clause, the only conceivable reason to offer a resigning eight-month disgruntled employee any severance. Pretty poor lawyering, Craig thought. It would get worse.

“Gentlemen, do I have a motion to accept Mr. Morgan’s resignation?”

“So moved,” someone said. It was quickly seconded.

“Is there any more discussion?” Craig asked. There was silence. Good. “All those in favor.” There were some audible “Ayes.” “All those opposed.” There were no audible noes. “The motion is carried,” he said with some semblance of relief. At least one nightmare is over.

Craig wanted the minutes to reference some comment memorializing Morgan's eight-month tenure. It seemed like the right thing to do, so he made what he thought was an innocuous statement: "Tom Morgan tried to do what he thought was right, but he just wasn't the right guy to be running an Internet retail business."

"Stop right there!" Rafe shouted at the top of his voice. His tone was so angry, the assembled backed away from Craig's old table. "I don't know about the rest of you, but I'm not going to tolerate you demeaning Tom Morgan."

After a moment of stunned silence, our peacemaker, Justin Caise, tried to keep the meeting from deteriorating further. He said, in a significantly less hostile voice, "Caise here. I was of the opinion we were going to get a report from Wolf today." There had been no prior board discussion about Schmitt providing a "report." Justin's admission was proof positive the board was now scheming behind the founders' backs.

"Yes," Wolf said, sitting up and clearing his throat. "I have spent the day in meetings I've arranged with the managers of every department. What I found is that the company is unfocused and fragile, especially its systems. They're in very bad condition. The technologists have been distracted trying to accommodate Winn's whims rather than focusing on their jobs. The company is too weak for me to consider acting as CEO."

Right again, Craig thought. Damn. I knew it!

"Wait a minute!" Fred shot back, clearly annoyed. "Saturday, you accepted the role, and we confirmed the terms of your engagement. And now your telling us you're not going to do it?"

"Frankly, I think the company has been so badly mismanaged that it's more than I feel comfortable doing. But," Wolf added with a rise in his voice, "you haven't asked me what I think you should do."

Here it comes, Craig thought. The ulterior motive. Wolf's real agenda.

"If it were my company, I'd bring Morgan back."

Apparently, neither sanity nor rational thought was any longer a prerequisite for a board position. How does one reconcile, "The company has been so poorly managed I'm not willing to work here," with "bring back the manager who managed so poorly?" At least Craig now knew that it had been the Brethren who had betrayed us. Morgan, Godfrey, Starnes, and Kuo had seduced Wolf and persuaded him to join their coup, not that it mattered any longer. Hope was getting pummeled. One more blow and it would be all over.

"Well, we've got ourselves a pickle here," Craig said. "Morgan's gone, Wolf's out. Does anyone have a plan?" An indeterminable silence followed. With more heart than head, Craig filled the void. "I'm willing to return for ninety days as acting CEO while this board forms a search committee to replace me. I neither want the job, nor is it in my interest to take the job, but somebody's got to do it. I've just talked to the four most senior managers and there's support for this plan. They'll manage the company as an Executive Committee. I will teach them what they need to know to run a public company."

"Smith here. I'm told more people will resign if you return."

"We have too many people, not too few, so with cash the way it is, that would be a good thing. However, I have talked to everyone who's crucial. No one who is essential will resign if I return. In fact, they're pleased."

"What about Tom Starnes?" Smith asked incredulously.

“He’s not essential. He’s not even useful,” Craig answered.

About a dozen come-latelies like Starnes had rallied in support of Morgan, claiming they would leave the company if Craig remained. Their motivations were transparently simple: as CEO, Tom controlled their compensation; he held the power of the pen—hiring, firing, contracts, titles, bonuses, and even severance packages. Craig had no real power, and they knew it. In fact, most most didn’t even know him.

“Gentlemen, I don’t check the VUSA message boards, but I’m told they claim the reason the stock climbed from ten bucks a share to a high today of seventeen is because the Street is anticipating my return to management.”

“And I’m told the stock will double the day after we announce you’re gone!” an angry Durn shot back.

That was it. With that single sentence, hope’s faint light blew out. Three years gone.

“I’ve been quiet too long,” a clearly angered Rex Scatena stood up and spoke confidently into the phone. “I know this man you’re abusing here today better than anyone. I’m proud to call him my friend. He’s the reason this company exists. None of you built it; he did. None of you would even be here if it weren’t for him. Frankly, it disgusts me to sit here and watch you all tear him apart. I’d follow Craig Winn into hell.”

“I don’t appreciate your tone or your implications,” an angry Fred Smith responded. “I’m his friend too, and I’m here because of our friendship. You’re comments are inappropriate and out of line.”

“Roche here. I don’t want an acting anything. We need to have a real CEO, not an acting one. Tell us about your four top managers. Is any one of them qualified to be CEO?”

“No!” Craig answered. “Not now.” He was more dazed than ever. “I think they may have the potential, but none of them is ready.”

“We need to announce a CEO tomorrow morning.” It sounded like Fred’s voice. “This has gone on too long.” Wasn’t this the same man who had asked Craig to “hesitate” back when this problem could have been solved without calamity?

“This is Roche. Tell us about your four candidates.” Gerry’s question was as eerily predictive of turmoil as was his question about succession.

Craig went through the motions anyway. Sometimes he didn’t know when to shut up. “I know the least about Paul Ewert, but he was the Senior Merchant and SVP at CompUSA, a multibillion dollar company. He appears to be polished and well regarded. He knows the PC business. Cliff Chambers doesn’t want the job. He’s responsible for Operations. I’d like to see him promoted to COO. He’s a fine man. He was responsible for Operations at Genuine Parts, NAPA, a billion-dollar distribution company. Cliff understands most everything we do operationally.”

Craig caught his breath and scratched his head. He wanted to make sure it was still attached. “Byron Peters is the most qualified of the four. Byron was EVP and COO of Price-Costco’s eastern operation. He knows retail and distribution. He knows what brands want. He grew up in the Price organization and thus understands our core philosophy and mission. Byron has had the most people reporting to him, and managed the largest budgets—several thousand people and several billion dollars.” As Craig listed Peter’s qualifications, it was obvious the crowd was oblivious. You could hear coughing and other distracted sounds. To hell with qualifications. We’re not interested in Byron.

With the last ounce of strength he could muster, he turned his words to Glenda. It pained him. But in contrast, with each word Craig uttered, he could sense the board's rising enthusiasm. He said things like, she's been here the longest and works hard. She's in charge of sales and advertising, and that's where the money is. He was careful to point out that there were character issues that caused him concern. It didn't matter.

"Durn here. I'm impressed with her. She's experienced."

I guess Rafe's man Rossi has done his job. Wonder what he got paid this time?

"Roche here. I've already taken the liberty to talk to my people about Glenda." His comment clearly revealed that the board had already decided. "You all know," Roche went on gleefully, "that my firm was retained by Compaq to find Pfeiffer's successor. The leading candidate for that job had good things to say about her. She checks out great throughout my organization. So Craig, if you had to pick one of them, who would you pick?" Roche asked, begging the question.

Let's see. I've just told you that none of them were prepared to be CEO. I've stated as clearly as I can that Peters is the best qualified. I've told you that Dorchak's rotten. But she's obviously who this board wants, and nothing I could possibly say will make one bit of difference. If I told you guys that the earth was round and revolved around the sun, you'd burn me alive as a heretic. "Dorchak?" You deserve each other.

"Great, good choice," enthused the assembled. "Winn, go and see if she'll accept the job." As if they didn't already know. While Craig was out, Caise promoted a scheme that had also been hatched behind the scenes in smoke-filled rooms. "Wolf, would you consider being Chairman and guiding Glenda through this process?"

"Why yes, I suppose I would. Anything I can do to help."

"Then let's see if we can get Winn to resign," another said.

The board gushed all over Glenda as she walked triumphantly into the room. Craig doesn't recall who made the motion or who seconded it, but it was done; that much is certain. Glenda became CEO, and Wolf became Chairman. The founders joined generation ex.

Craig stumbled over to an old leather chair in the corner that had come from his oceanfront office in California, the very office he had used to craft Value America's business plan. He sat down and buried his head in his hands. His revolution was over. Our dream was dead.