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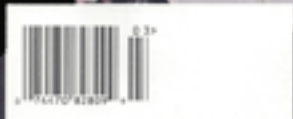
His corporate
feats and civic
endeavors

land **TOM**
SCHMITT

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Contents

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38

ON THE COVER

Tom Schmitt takes the lead.

By Katie Porterfield

Photo by Matthew Williams

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DEPARTMENTS

- 1 EDITOR'S LETTER**
In support of Little Oil
- 4 WEST/MEMPHIS**
Fred's Inc. finds itself buoyed by a downturn
- 6 MIDDLE/NASHVILLE**
Laying the groundwork for the electric automobile
- 8 EAST/CHATTANOOGA**
Mantria Corp. tries for that elusive negative footprint
- 10 EAST/KNOXVILLE**
A historic shift in TVA's ownership model
- 12 SMALL BUSINESS**
Finding the banker among the banks
- 14 COUNTY SPOTLIGHT-ANDERSON**
A billion-dollar division headquarters relocation makes SAIC Oak Ridge's fifth largest employer
- 17 COUNTY SPOTLIGHT-SEVIER**
The wedding industry stakes its claim as a top tourism draw

20 COUNTY SPOTLIGHT-PUTNAM

Flexial's small parts have an astronomical impact

24 MUNICIPAL REPORT

Tri-Cities embraces its potential as a third-tier automotive supplier

25 TECHNOLOGY

ORNL seeks to usher in a Mesofluidic Age

42 POWER 100

Our sixth annual list of Tennessee's titans

FEATURES

29 ACCOUNTING'S FINEST

The top members of an oft-overlooked profession receive their due





Good timing and even better execution have made **Tom Schmitt** one of Tennessee's most influential German imports

The Total Package

A

s early as age 7, in the small town of Biberach, Germany, Tom Schmitt listened to Casey Kasem's *American Top 40* every Sunday on Armed Forces Radio. Kasem's signature sign-off—**"Keep your feet on the ground and keep reaching for the**

stars"—stuck with the young German. But it wasn't just Kasem's parting slogan that resonated with Schmitt.

"Somehow, I thought this American thing sounded interesting," Schmitt says, in a noticeable German accent. "Whether the music sounded upbeat and the German music sounded more suicidal, or whether the movies tended to have more uplifting scenes and can-do attitudes behind them, on average, this just happened to be something intriguing."

Since then, Schmitt, now 43, president and CEO of FedEx Global Supply Chain Services, senior vice president of FedEx Solutions, and chairman of the board for the Greater Memphis Chamber of Commerce, has leveraged that early attraction to the American spirit into a leadership style that's benefiting FedEx, Memphis and, ultimately, the state of Tennessee.

The Start of Something Fed

Though Schmitt didn't act on his desire to experience America until after he graduated from London's Middlesex University, he took his first big step when he accepted a full-time job in London with British Petroleum on the condition that he'd be able to work in the United States in the near future. A few months later, BP reassigned him to Cleveland, Ohio, where he managed several gas stations. After a brief return to Germany, Schmitt later resumed his American experience (along with his then-girlfriend, now wife, Petra) at what he calls the "American name brand" of business schools—Harvard. But it was while working in Atlanta for management consulting firm McKinsey &

Co., primarily in the transportation sector, that he got the call that launched his career in the place he now calls home.

Under FedEx founder and CEO Fred Smith's direction, FedEx was recruiting transportation talent, and Schmitt was one of the company's finds. At the time, on paper, Schmitt says he had what others construed as "more appealing options." Today, though, he doubts anyone would second-guess his acceptance of a position at what naysayers 10 years ago referred to as "some transportation outfit in Memphis, Tenn."

Indeed, in 1998, when Schmitt joined FedEx as vice president of sales and development for the company's logistics and electronic commerce division, the purple and orange airline that flew letters and parcels around the world was on the brink of becoming something more. And interestingly enough, that transition lined up nicely with Schmitt's quick ascension up the FedEx corporate ladder—a fact that he initially describes as getting "lucky" but later frames, in CEO-speak true to his nature, as "when preparedness meets opportunity."

Thus, as FedEx evolved from a well-known express delivery service to a more diverse company that included a portfolio of different but related businesses, a need arose for a solutions implementation team that could navigate customers through the various FedEx operating companies. In other words, as Schmitt explains, FedEx needed a sort of quarterback to present customers with the "best of FedEx" or the right combi-

nation of customized services to meet their objectives, whether they be, for example, minimizing cost, maximizing speed or reducing carbon emissions.

So, by 1999, as senior vice president of FedEx Solutions, Schmitt was building the new division from scratch. Today, FedEx Solutions supports every step of the "best of FedEx" delivery process, from the initial sales call to execution of the desired solution. And it's certainly paying off, as the Solutions division contributes about \$5 billion to the \$40 billion in revenues that FedEx brings in annually.

In 2006, in addition to his solutions role—and in recognition of his success in the position—Schmitt was tapped to head Global Supply Chain Services, one of FedEx's eight operating companies. Today, his company brings in about \$1 billion in revenues each year. It augments the "best of FedEx" by partnering with other companies, such as railroad or ocean carriers, to satisfy customer objectives with services that FedEx doesn't provide in-house. In addition, like FedEx's largest operating company, FedEx Express, Global Supply Chain Services provides its own set of offerings.

"We have fewer products than Express—we're smaller, and we're pushing the envelope to some extent because we are trying to come up with offerings that change what's possible," Schmitt says.

Chamber Orchestrator

Like many on Fred Smith's "Dream Team"

of talented senior FedEx officers, Schmitt's contributions to FedEx are significant, but it's his role at the Memphis chamber that is giving him the most local visibility these days. At Smith's suggestion, Schmitt joined the chamber board of directors about five years ago after the FedEx representative who maintained the spot retired. He began his two-year tenure as chairman of the board in 2008, the very same year that the chamber, along with Memphis Mayor Willie Herenton, Shelby County Mayor A C Wharton Jr. and Memphis Tomorrow (a group of Memphis corporation CEOs), kicked off a five-year, four-part economic growth initiative called Memphis Fast Forward.

In addition to co-chairing the Memphis Fast Forward steering committee, Schmitt is responsible for the results of Memphis ED, the economic development portion of the Fast Forward initiative that the chamber primarily oversees and implements. John Moore, president and CEO of the Greater Memphis Chamber who came on in 2005 when the Memphis Fast Forward planning began, offers nothing but praise for the work Schmitt is doing.

"At the risk of sounding like a sycophant, I've worked in the corporate world for almost 30 years and I've never met at a more capable executive," Moore says. "Nor have I had a better boss when it comes to getting the job done."

And this is a big job. Memphis ED, which has a \$60 million program management budget, has five goals: develop a culture of innovation and entrepreneurship, market Memphis-Shelby County, pursue key target industries (specifically music/film, biosciences, logistics and tourism), grow existing firms, and make Memphis a "place of choice" for knowledge workers. Described as the most ambitious plan that the Memphis community has ever developed, the program has the backing of both local business and government—a factor that has not always been a component of previous economic development initiatives. Expectations are high, and success is critical—both the Memphis community and the state recognize the need to improve the region's competitiveness by lowering crime rates and bolstering academic achievement and job growth.

As a result, Moore and Gary Shorb, president and CEO of Methodist Le Bonheur Healthcare, say Schmitt is the right leader at the right time. Shorb says Schmitt is not only committed to the community—a fact that he's demonstrated through involvement

with not-for-profits such as Ballet Memphis and the Shelby Farms Park Conservancy—but his position as a member of FedEx's dynamic leadership team makes him well-suited to juggle all the moving parts of Memphis ED and Memphis Fast Forward.

"Here's a guy who is totally committed to measurement, scorecards and the planning and development of five-year measurable outcomes," says Shorb, who is the chairman of Memphis Tomorrow and co-chairs the Memphis Fast Forward steering committee. "It couldn't be a better match for where we are as a community."



In fact, one may be hard-pressed to have a business or leadership-related conversation with or about Tom Schmitt without hearing the word scorecard. So, not surprisingly, Memphis ED has a five-year performance scorecard containing eight economic metrics against which the success of the full Fast Forward initiative will be measured—net new jobs, total new wages, per capita income, percentage of minority-owned businesses, labor force participation rate, annual unemployment rate, total poverty rate and youth poverty rate.

"We know on a monthly basis whether we're green, yellow or red," says Schmitt, explaining his color coding system for measuring progress. "That's the way I started doing things here at FedEx, and that's the way the chamber does things there."

In fact, it's that results-oriented approach for which Schmitt is known, says Memphis

attorney and community leader Arnold Perl. (Schmitt and Perl even co-authored a book on that very topic, entitled *Simple Solutions: Harness the Power of Passion and Simplicity to Get Results*.) Perl describes Schmitt as a visionary who develops a plan, then works the plan until he succeeds.

"If you want to get results, put Tom Schmitt in charge of something," Perl says.

And with the clock ticking on the Memphis Fast Forward initiative, Schmitt says they are making progress. And yes, he has hard numbers to prove it, as well as other evidence indicating that Memphis is indeed moving forward. For example, though 2008 was a difficult year economically, 146 more jobs were created in 2008 than in 2007. Capital investment jumped from about \$419 million in 2007 to \$548.6 million in 2008. And the region landed 44 new projects (companies that expanded or moved to the area) in 2008, versus 32 in 2007.

But there's still a lot to be done, and Schmitt is ready for the challenge. He's motivated by the fact that "what's good for Memphis is good for FedEx and vice versa." It's vital that Memphis "work" not only for him and the 32,000 other FedEx employees who call Memphis home, but also for the additional outside talent FedEx recruits.

"To get the best talent to want to come here, and to stay here, this has to be an attractive, appealing place," he says. "So, taking Memphis 'fast forward' is a non-optional exercise for FedEx."

And from a selfish perspective, the self-described "left brainy, linear, precise and somewhat nerdy" Schmitt says he's better at his day job if he's able to draw from the passion that the more "right brainy" folks bring to the table.

"If you somehow figure out a way to get both [sides of the brain] going, you can actually win, have a good time and have the strongest impact," Schmitt says, reflecting his personal opinion and also summarizing the basic philosophy of *Simple Solutions*.

Even more revealing about Schmitt's level of dedication, however, is his notion that many people rightfully spend energy on the next generation, their kids. But because he doesn't have children, he feels obligated to use that energy on the next closest thing—the people and the community he cares about. That's a point that makes even more sense if one understands Schmitt's primary leadership principle: "Leave a place better than you found it." And that's exactly what he's doing. **ta**

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