

Quick Biz Reading

Federal Express

Fred Smith was a student at Yale University in 1965. He wrote an economics paper about the transportation of goods in the United States. He found that the



shippers used trucks or passenger airplanes to move large packages. Smith thought of a more efficient way to save time and money. He wrote that a company carrying small, essential items by plane could be a much better business. He, however, did not include enough details. He didn't write how to actually run such a company. His paper got a "C". But Smith did not give up on the idea. He launched Federal Express in 1971.

But within three years of the founding of the company, Federal Express was almost bankrupt. It was losing over \$1 million a month. This was because of rising fuel costs. At one point, the company had just \$5000 in the bank (¥540,000 in today's money). Smith tried to get more funding. Everyone said NO.

Most ordinary people would have quit at this point. Not Fred Smith. What he did next is easily the boldest move by the founder of a company. Smith flew to Las Vegas. He gambled the company money. Yes, all of the \$5000. On Monday, the management of the company had a pleasant surprise. FedEx had \$32,000 in its bank account. It was just enough to pay for fuel for their planes. They could operate a few days more.

Soon after, the company was able to raise large amounts of money. Today FedEx is a global giant. They operate in more than 220 countries and have an annual revenue of US \$60 billion (>¥6,500,000,000,000).

❶ Work with a partner. In Japanese, talk about this story. How much do you remember?

❷ With your partner, try to tell the same story in English.

❸ Can you find the arrow hidden in their logo? What do you think it means?

❹ **Take it deeper.** Gambling in Las Vegas is a dangerous way to try to make money. Most people lose money. Japan is planning to allow casino gambling in a few years. Good idea? Bad idea? Why? Do you have idea on how to make it better?