

# How to Make a Few Billion Dollars

**BRAD JACOBS**

"Brad Jacobs explains his Midas touch for creating spectacular shareholder returns."

**Ken Langone, Co-founder, The Home Depot**

"A compelling playbook by one of America's greatest contemporary entrepreneurs."

**Michael Moritz, former Chairman, Sequoia Capital**

PRAISE FOR

# *How to Make a Few Billion Dollars*

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“This is an inspirational book. Whether or not you make a few billion dollars, you will certainly learn from it and enjoy reading it.”

**Mark Read, CEO**

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“Brad’s book gives the best insight on what you need to do to make a few billion dollars.”

**Rodolphe Saadé, Chairman and CEO**

**CMA CGM**

“*How to Make a Few Billion Dollars* is a reminder to think differently without limits. Brad’s personal and professional wisdom is woven into each chapter.”

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“Brad’s insights, like his legendary business career, deliver enormous value.”

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“Brad deftly describes why and how any business leader must get the people stuff right.”

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**Adtalem Global Education**

“I can only think of two CEOs—Brad Jacobs and Elon Musk—who have consistently generated outsized value for multiple public companies across multiple industries.”

**Ed Wolfe, Founder and CEO**

**Wolfe Research**

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**BRAD JACOBS**

  
GREENLEAF  
BOOK GROUP PRESS



As a reminder to my readers (and current and future investors), past performance does not guarantee future results, and my future ventures might or might not be as fruitful for investors as my previous ones. Nothing I say in this book should be construed as a promise regarding future performance.

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First Edition

To Lamia, my wife and life partner, for your loving support of our daughters and me through time and space, and for teaching us the value of your “3 Ps”: always be patient, pleasant, and polite.

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**Bill Dixon**, Improvise while utilizing elements of the environment

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**Betty Alice Erickson**, Dream

**Matt Fassler**, Tell the truth, always

**Milford Graves**, All sound is music, including your breath and heartbeat

**Shirazeh Houshiary**, Unleash creativity while being as calm as a meditating Sufi

**Dick Houston**, Find the truth

**Ludwig Jesselson**, Get the major trend right

**Big Al Kaplan**, Get in the game and go big

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**Mary Kissel**, See the world for what it is, not what you wish it to be

**Ray Kurzweil**, The Singularity is near

**Marsha Linehan**, Think dialectically

**Maharishi**, There's a beautiful world inside your consciousness

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**Ernie Rossi**, Seek out numinous experiences

And finally, to the many millions of shareholders and customers my companies have served over the years, thank you for reminding me that *results matter*.

# Introduction

**DURING MY 44 YEARS** as a career CEO and serial entrepreneur, I think I've made every possible mistake in business. I've overpaid for acquisitions and botched integrations. I've run operations for cash when I should have invested for growth. I've delegated tasks I should have done myself. Sometimes I've hired the wrong people, or made strategic bets that didn't pay off.

And yet, my teams and I have managed to create tens of billions of dollars of value for our shareholders. This book is about what I've learned from my blunders, and how you can replicate our successes.

In corporate America, I'm what's called a moneymaker. I've started five companies from scratch—seven if you include two spin-offs—and turned them all into billion-dollar or multibillion-dollar enterprises. My teams and I have completed approximately 500 acquisitions and opened more than 250 greenfield locations. In total, these ventures have created hundreds of thousands of jobs and raised about \$30 billion in outside capital.

My career in business began in 1979, when I started a privately owned oil brokerage company called Amerex Oil Associates. I was 23 years old at the time, with just a few thousand bucks in hand and no experience. Within four years, my partners and I had \$4.7 billion in annual brokerage volume, with offices worldwide.

We were the first company to arbitrage between the futures markets based in New York and Chicago, and the cash markets in Houston, London, and elsewhere. The futures and cash markets dealt in the same oil commodities, but seemed largely oblivious to each other. As a result, the price for an identical barrel of oil often varied between the markets, so all

we needed to do was buy on behalf of clients in one market, sell in the other, and make money on the difference.

We sold Amerex in 1983, and I moved from New York to London the next year to start an oil trading company, Hamilton Resources, also privately owned. Hamilton generated about \$1 billion a year in revenue, and we made this money through an opportunistic combination of crude oil trading, countertrade, pre-finance, and refinery-processing deals.

In 1989, I moved back to the United States and entered a new sector, the rapidly expanding field of solid waste management. I called my new venture United Waste Systems and took it public with my team in 1992. We became the industry's fifth-largest player, and in 1997, we sold United Waste for \$2.5 billion to the company now known as Waste Management.

Over those five years, the percent increase in United Waste's share price outperformed the increase in the S&P 500 share price by 5.6 times, reflecting a 55 percent compounded annual growth rate (CAGR). And not coincidentally, we had a 55 percent CAGR on our profit.

United Waste taught me that I love working with outrageously talented people to deliver outsized returns for shareholders in public stock markets. I believe free markets value companies correctly over the long term, so it's gratifying to have our successes validated by Adam Smith's "invisible hand" of free-market economics. Public equity also allows us to raise capital, create vibrant corporate cultures, and build brands on a grand scale. Personally, I get a lot of satisfaction from knowing that the shareholder value we create ultimately benefits individuals and their families who are pursuing their own version of the American Dream.

In 1997, I started a new company, United Rentals, to rent construction equipment for jobsites in North America. I took this venture public later that same year with a growth strategy that emphasized acquisitions from the start. Within 13 months, we had built the largest equipment rental company in the world and became the undisputed leader in our sector. United Rentals stock is a "100-bagger"—the share price at inception was \$3.50, and it now trades at more than 100 times that price.

Then, in 2011, I was on to my next big thing, XPO Logistics. XPO's stock became a "32-bagger"—my initial investors in 2011 made more than 32 times their money by 2022. According to Bloomberg data, XPO was the seventh best-performing stock in the Fortune 500 of the last decade—and United Rentals was the sixth best-performer over the same period.

I created XPO with a private investment in public equity (a “PIPE”) that gave me control of a logistics company with about \$175 million in revenue. Its main focus was freight transportation: matching truckers with shippers, forwarding freight, and expediting urgent shipments. I felt confident we could create a business model with a major upside to earnings by applying scale and technological innovation, and we did that, building XPO into an integrated, global logistics leader.

More recently, I divided XPO into three separate, publicly traded companies as a value-creation strategy. Between 2021 and 2022, we completed the spin-offs of GXO, the largest pure-play contract logistics provider in the world, and RXO, a leading freight brokerage platform that runs on technology we developed in-house. As a result, XPO is now primarily a less-than-truckload (LTL) transportation provider—a road-freight service that combines shipments from multiple customers on the same truck to move them efficiently through a high-speed network. I currently chair all three companies, and each business is helmed by a strong CEO.

These experiences have allowed me to share thought experiments that can help you learn to think differently—an essential prerequisite to accomplishing big things. I also share how I spot big trends and capitalize on them through M&A, and I give you my thoughts on what I consider to be the biggest trend of all: the rapid evolution of technology and what it could mean for humankind. I lay out my approach for finding superhuman talent, “overpaying” them, and creating a love-vibe culture that nourishes them. And I confess my deep-seated aversion to boring meetings and share the techniques I use to make them electric.

This book is a guide for anyone who wants to achieve wealth creation through free markets or pursue their personal version of the American Dream. If you have a burning passion to make enormous amounts of money in business, or want to turbocharge your chances of success in sports, the arts, politics, philanthropy, or any other part of your life, read on.

## CHAPTER 1

# How to Rearrange Your Brain

**I’VE COME TO KNOW** a lot of extremely successful people in my life, and while their temperaments run the gamut—lovable, aloof, enigmatic, even eccentric—they all have one thing in common. They think differently than most people. All of them, to a person, have rearranged their brains to prevail at achieving big goals in turbulent environments where conventional thinking often fails. You can learn to think differently, too.

Making a few billion dollars doesn’t just happen, but it’s possible with intense focus and a willingness to transform how you use your mind. It starts with retraining the 100 billion neurons and tens of trillions of synaptic connections in your brain. That three pounds of jelly inside your skull is the psychological key to your success.

One term you’ll see throughout this book is “thought experiment.” These are mind exercises that stimulate the imagination to create expansive experiences. They can rearrange your brain to look at information from unusual perspectives, allowing you to think more freely. All of the techniques I’m sharing have been a work in progress for me for decades, and while I don’t profess to have perfected them, I know they’re absolutely critical to my success.

I’ll start by sharing a widely applicable technique that may seem unconventional to you at first. I call it “throwing love vibes.”

## **Business Lessons from a Destination Wedding**

When our oldest daughter, Yasmina, was planning her wedding in 2014, she asked me to officiate the ceremony. I told her I needed to think about it, because I didn’t know if I was capable of doing it well.

I searched YouTube, watched about 20 different wedding ceremonies, and learned there are at least 20 different ways to officiate a wedding. You can customize the ceremony more or less any way you want. So, I said yes, and took the opportunity to share a thought experiment that has helped me tremendously in my life and career.

The wedding was at an oceanfront resort on the gorgeous east coast of Mexico's Yucatan Peninsula. The natural beauty was breathtaking. Our daughter and her fiancé had invited only family and friends they loved and who loved them, so there was already a "whole lotta love" in the atmosphere—the perfect setting for my thought experiment.

I asked everyone to try to imagine all the instances of love between two people that have occurred from the beginning of time until now. During a minute of silence, you could see people's faces transform with that single, beautiful thought.

I said, "And now build on that, and get in touch with feeling all the love that exists on earth right at this moment." We all did that for another minute, and let that soak in.

Then I asked everyone to visualize all the love that could exist over the billions and billions of years to come, and we paused while the experience got even deeper.

For the grand finale, we imagined gathering all that love from the past, present, and future in our hands and pantomimed tossing it at the bride and groom, channeling that love vibe into the rings they exchanged. Yasmina says it was one of the happiest moments of her life.

So, what's love got to do with making a few billion dollars? It has a lot to do with getting your brain in the right place to make good decisions. Fast-paced business environments swing between ups and downs, with many stressful interactions. Love is in an expansive emotional state that allows you to neutralize conflict and get everyone to a better place.

**It's much easier to make a lot of money with a team that's in the love vibe.**

It's typical to feel tension in any business. In my case, we might be in the middle of doing a deal and arguing over indemnifications and representations, or maybe it's price. When that happens, I'll take a breath and tune into the love I felt at my daughter's wedding. Often, our dialogue

becomes more constructive. You can use this technique to calm down almost any interaction by willing your mind to return to a moment when you felt intense love.

I want to give you another way to create a durable love vibe in your company—this time, through one-on-one “gratitude conversations.” This is my modification of an exercise called gratitude letters developed by Martin Seligman, one of the fathers of positive psychology.

In my version, think of a particular person you work with who deserves your gratitude, and write notes to yourself detailing why you’re grateful. For example, maybe that person is good at solving thorny problems, or is a customer service all-star, or is simply fun to be around and uplifts the tenor of the whole organization.

**So much of success in business comes from keeping your head in a good place.**

Then, find a quiet time to sit down with that person, notes in hand, and verbalize why you’re grateful to them in a direct, personal manner. This simple act of giving and receiving gratitude can produce an overwhelming sense of happiness in both of you that can last for weeks or even months.

## **Expect Positive Outcomes**

Stop beating yourself up mentally. I have.

Successful people don’t always think positive thoughts. Because of the way humans are programmed, most of us—especially people with dynamic personalities—find that negative thoughts surface automatically. “I’m inferior. I’m defective. I’m weak. I’m vulnerable. I’m unattractive. I’m a loser. I’m doomed. It’s hopeless.” Any of that imposter syndrome stuff sound familiar?

**The next time you catastrophize something that isn’t that bad, understand that your reaction is a genetic survival trait you inherited from your hunter-gatherer ancestors.**

Negative thoughts like this are unavoidable at times, but you don’t have to let them control your thinking. They’re almost always overblown and

represent only one perspective. Two twentieth-century psychotherapists, Aaron Beck and Albert Ellis, introduced the concept of refuting negative automatic thoughts in their pioneering work on cognitive behavior therapy, or CBT. They emphasized that each of us can choose the mental lens we use to frame our life.

My wife and I learned this lesson firsthand while raising our children. When we put our kids to bed at night, we'd ask them the same question many parents do: How was your day? Sometimes, we'd hear the good, sometimes the bad, and sometimes the ugly. Then we met Martin Seligman, and he suggested asking children a slightly different question: What was the happiest moment of your day? We tried it. The change was dramatic—no bad, no ugly, just the good. And maybe because our kids knew the question was coming, they kept their antennas up all day with the expectation that the happiest moment could happen at any time. What an easy way to create an optimistic frame of mind!

**The question, “What was the happiest part of your day?” has a more uplifting effect than “How was your day?”**

When I have negative automatic thoughts, I use a two-step process to achieve a calmer, more rational state of mind and make better business decisions. First, I acknowledge the negativity as my natural, self-critical psychology kicking in. Then I challenge the validity of that perspective because, millions of years ago, our human psyche was programmed to default to anxiety and fear as a survival mechanism. We've been slow to evolve. Automatic negative thoughts are a knee-jerk mental reaction to a situation that almost always can be reframed in a positive light.

## **Give Yourself a Break**

The only time I've felt truly lost was when I stepped down from United Rentals in 2007. I started looking for my next big thing, but I couldn't find it, and for the first and only time in my life, I became depressed. Maybe I was just coming down from the rush of success, but I'm an ambitious person by nature and a dealmaker by inclination. Now I had no deal going,

no industry sector where I could envision working my magic. What was next for me?

Around this time, a good friend confided in me about being plagued with suicidal thoughts. I desperately wanted to help, but instead felt powerless, because of my own unsettling disorientation and my ignorance about self-destructive impulses. To help both my friend and myself, I started reading what turned into a library of psychology books, which led me to a deep interest in cognitive behavior therapy. I found an extremely knowledgeable CBT therapist and saw him twice a week for two years. Over that time, I learned a lot about why my mind works the way it does.

Our thought processes are full of all sorts of cognitive distortions, from catastrophizing (thinking of small problems as enormous impediments) to perfectionism, where anything less than perfect execution causes intense frustration. Another common cognitive distortion is dichotomous thinking (having rigid or “all-or-nothing” views). By learning to recognize these thought patterns and course-correcting accordingly, I’ve spared myself a lot of trouble. I learned, for example, to turn my internal chatter to my advantage by reframing negative thoughts as useful data rather than objective reality.

**I don’t take it for granted that I’m going to be successful. Unexpected stuff can happen at any time. A healthy fear of failure has kept me sharp.**

Inevitably, the process of running a business will test your bias toward hope or fear. Are you being too conservative about your projections? Is your fear keeping you from jumping into an opportunity? Is your anxiety fact-based, or are your biases spurring negative emotions? By keeping any biases at arm’s length from your decision-making, you’ll have a far better chance of success.

When I notice I’m feeling anxious about something, I ask myself a basic CBT question: “What’s the worst that can happen, and how would I cope with that?” Or, “If a friend had a similar worry, how would I advise them to handle it?” By putting distance between myself personally and the source of the anxiety, I can think more objectively about positive outcomes.

**If we accept that life is imperfect, we'll make fewer self-defeating demands for perfection on ourselves and others.**

Finally, I'll share something that might spare you some time in rearranging your own brain. "Not beating myself up" has been a hard-learned lesson for me and those around me. I became much happier in my middle age when I stopped expecting unrealistic levels of perfection from myself and my family, my friends, and my co-workers, not to mention customers, vendors, and shareholders.

The reality is that when you're trying to make a few billion dollars, your team is likely running in multiple directions at a fast pace. Accept that some goof-ups are inevitable, and you'll find that it's much easier to maintain your mental equilibrium as you pursue big goals.

## **Expand the Possible**

A bronze sculpture called *Large, Sad Sphere* sits prominently on the front lawn of my home in Connecticut. The cartoonishly round humanoid is slouched over in apparent sadness—elbows on knees, head in hands. On top of the perfectly spherical head sits a small cube with sharp edges. I don't know what the artist, Tom Otterness, intended when he sculpted it, but I see a kid who's sad because he's thinking inside a box. If he could think in a bigger, less confined way, his problems would seem smaller, and he'd be in a better mood.

That's why I find time for thought experiments that encourage me to think in large arcs of time and space—millions and billions of years instead of decades or centuries, light-years rather than inches, yards, or miles. I visualize space getting bigger and bigger and I try to identify with the totality of the universe. Or it could be a vast multiverse containing an infinite number of universes spreading out in every direction. My goal is to feel like a "bodiless mind floating in space," which is the feeling so elegantly expressed by the noted hypnotherapist Milton Erickson.<sup>1</sup>

Sometimes I do the opposite by visualizing space contracting until it all fits in the palm of my hand or within the nucleus of an atom. With respect to time, I visualize the evolution of the entire universe from the Big Bang 13.8 billion years ago until now, or, on a more personal scale, I sometimes

focus on retrieving long-forgotten memories from when I was young. I let those images emerge from my subconscious and float in and out of my mind.

Inside my home's entrance hall is another piece of art, this one called *Cluster* by Chicago artist Lincoln Schatz. It's comprised of four adjacent TV monitors with a webcam that starts recording whenever there's motion in the frame. A hard drive holds 25 years of video that plays back on a monitor, superimposing four different feeds—two recent and two from the past. You can simultaneously see something from 25 seconds ago, 25 weeks ago, 25 months ago, and 25 years ago. The background of each video clip is the same, but the content is ever-changing, interweaving people with time, space, and memory in relation to each other. The overall effect is an elegant, timeless montage of family members, friends, and colleagues waving, smiling, and dancing.

Watching *Cluster* is like playful daydreaming. My mind feels feather-light, as if I've stopped everything for a picnic on a lazy afternoon. At the same time, I'm training my brain, rearranging it so it can move nimbly among variables. When I don't have that sense of fluid time and space, my mind can get hung up on a problem I'm facing, and I may not make the best decisions. With expanded awareness, I can shed the nitty-gritty and accurately size up what matters most, what I need to know, and what I should do about the issue at hand.

I'm not suggesting you can daydream your way to huge success. But if you want to see problems and opportunities differently, you've got to push yourself. Thought experiments can help rearrange your brain in specific ways so that your mind can go anywhere it needs to go and feel comfortable wherever it ends up.

Albert Einstein was a consummate daydreamer; he preferred the term *gedankenexperiments*, the original German name for thought experiments. During one such *gedankenexperiment*, while he was picturing riding a beam of light and imagining what time and space would look like, Einstein came up with the relationship between energy and matter that he famously expressed in his equation  $E = mc^2$ .

Intentional daydreaming (or *gedankenexperiment*, mental synthesis, or whatever you want to call it) can change how we see our world, but thought experiments are not limited to genius scientists. Gifted artists, composers, and mathematicians use them for creative work or problem-solving,

sometimes without realizing it. Hypnotherapists evoke vivid imaginings during trances. Yogis do it while practicing their inner exploration, and some religious orders access *gedankenexperiments* through contemplative prayer.

**Meditation has been my main hobby since I was a teenager. It's helped me stay calm and think creatively in challenging circumstances.**

I usually spend about half an hour a day meditating—15 minutes in the morning, 15 minutes at night—and much of that time is spent in *gedankenexperiments*. For me, this creates a feeling of profound calmness, which is when many of my best decisions materialize. Some *gedankenexperiments* fill me with awe at the sheer magnificence of the universe. Or I think about how it felt to see a beautiful work of art, watch a sunrise, connect with a piece of music, or hold my child in my arms. Daydreaming exercises remind me that positive emotions matter, especially in chaotic business environments.

Years ago, I invented a self-reflective mind/brain technique in which the brain actually experiences itself. I call it *feeling the brain*, and I believe it's one of the most impactful things I've ever done to help myself and others.

The technique is based on how the brain communicates with different parts of the body. Your elbow, for example, is a relatively simple body part. Your brain talks to your elbow through electro-chemical signals, but not as much as it talks to your hands, which are extraordinarily complex. There's a ton of back-and-forth “dialogue” between your hands and your brain to make fine motor skills possible.

**When my energy is low, my favorite technique to rejuvenate and unleash creativity is to close my eyes and allow my attention to gently float in my brain.**

If you stare at your hands for a few minutes, the strong brain-hand connection can trigger dissociative, trancelike experiences. My feeling-the-brain technique is similar, but instead of directing my awareness to my hands, I put it on my brain. I close my eyes and gently allow my mind to merge with its physical counterpart, the brain, to “feel” it like a tactile sensation.

The effect is a spontaneous explosion of rich and unusual experiences. Often, the boundaries of my senses get mixed up and I slip into synesthesia. I might see sounds, or hear colors, or smell emotions. If I'm tired or just not in the zone, I can close my eyes and feel my brain and be instantly energized.

Feeling the brain is a powerful technique that can help you rejuvenate and be more creative. I encourage you to try it and see for yourself.

## **Embrace the Problem**

I've had multiple business mentors over the years, but none has been more important than Ludwig Jesselson. Before his death in 1993, Mr. Jesselson (I never heard anyone call him Ludwig) ran Phillip Brothers, or Phibro, then the largest commodity trading company in the world. I got to know him in my twenties, when Phibro became a client of my oil brokerage business. Before long, we were lunching regularly, and as we chatted, he would share bits of business wisdom that have stayed with me ever since.

At one memorable lunch, I arrived burdened with problems that I began to unload on him. Mr. Jesselson listened carefully—he was good at that—and waited until I had run out my string. Then he put down his fork, turned to me, and in his thick German accent said, “Look, Brad, if you want to make money in the business world, you need to get used to problems, because that's what business is. It's actually about *finding* problems, embracing and even enjoying them—because each problem is an opportunity to remove an obstacle and get closer to success.”

**Life can be uncomfortable, but you can accomplish a lot if you can figure out how to reframe the uncomfortable things in ways that allow you to utilize them.**

In that moment, I learned something invaluable: Problems are an asset—not something to avoid but something to run toward. Big ambitions often beget even bigger problems. If your initial reaction to a major setback is overwhelming frustration, that's understandable, but it's also counterproductive. Once you're over that moment, pivot toward success: “Great! This is an opportunity for me to create a lot of value. If I can just figure out how to solve this problem, I'll be much closer to my goal.”

The fact is, you're not going to create a huge amount of value unless you're courageous, and problems are the by-product of risk. As long as you're honest with yourself, recognize mistakes as soon as they surface, and course-correct with no ego, the things about your business that aren't good can become great. Tackle it head-on: Where are the inefficiencies in the process that created this problem? Where can my team reduce operational defects with Lean Six Sigma? Do I have the right people in place in key positions?

**Embrace everything that comes your way, the good and especially the bad. And don't just accept adversity—figure out how to capitalize on it.**

In the four decades since that lunch with Mr. Jesselson, I've dealt with nearly every problem you can imagine, a fair number of which were self-inflicted: challenges with acquisitions, people, tech, branding, you name it. I'm not surprised when things don't go perfectly, because that's the nature of this universe we live in. The big gunky problems—existential threats that are not yet terminal—can be where the best opportunities lie.

A fellow CEO laid this out for me graphically once when we were talking about M&A deals. "Think of M&A as having four quadrants defined by size and risk," he said. "Big, low-risk deals are the ones everyone wants, but they don't exist. Small, low-risk deals do exist, but you can't make much money from them because of their size. Small, hairy deals are the worst quadrant, because the reward is limited and the odds are stacked against you, so why bother? The bingo quadrant is the big, hairy deals. If you can find a big, hairy deal with solvable problems, that's where the real money is."

If you plan to do M&A, you have to rearrange your brain to lean into those big, hairy deals and figure out how to cut off the hair and de-risk. You'll need to be flexible, fearless, and open-minded, and stay attuned to your internal chatter. This is where your rearranged brain is going to kick in and look for solvable problems in big, hairy deals. Figure out whether these are problems you can address, either by removing them or by quantifying them and living with them. If not, move on.

## **Acknowledge You're Not Perfect**

Successful people are self-aware enough to avoid the following three impediments to effective leadership.

*The belief that you're right, no matter what.* “I absolutely know the answer, and I’m not going to change my mind, even if new evidence comes to light.” Rigid thinking like this doesn’t cut it. I say that from my own experience, because business at the level where I like to operate is marked by constant turbulence. I need to be able to zig and zag opportunistically, even if it requires completely rethinking a former premise.

**Being dialectical means looking at something from different perspectives and interpreting it in multiple ways that are all valid.**

*The belief that other people must hold the same opinions you do.* You’ll want to implement strong feedback loops and a work culture where everyone accepts that there’s more than one valid way to look at an issue. This is called dialectical thinking, and successful executives work hard at promoting it, because it’s easier to arrive at the right answer when people feel comfortable respectfully disagreeing with one another. One of my heroes, the physicist Richard Feynman, summed up the value of dialectical thinking when he said, “We are trying to prove ourselves wrong as quickly as possible, because only in that way can we find progress.”<sup>2</sup>

And lastly, *the belief that every inch of a potential course of action must be analyzed before you act.* This holds true whether it’s hiring or firing someone, doing a deal, raising capital, investing capex, or any other major decision. A CEO who waits for perfect terms and ideal conditions before acting creates corporate constipation. I critique myself on all high-value decisions, scanning constantly for prejudices that might be skewing my reasoning—but not to the point of procrastinating just because things are imperfect.

Keep in mind that cosmic history is littered with imperfections and extinction events, things that went terribly wrong over and over again. And yet, here we humans are, with all the flaws that cosmic and terrestrial evolution baked into our cells. We’re products of imbalance, asymmetry, and imperfection, starting 380,000 years after the Big Bang. That’s when scientists believe that the first atoms formed from irregular densities in primordial gas. The stars that were produced by those irregularities

exploded as supernovas, seeding the universe with heavy elements that are the basis for all matter.

And here's another thing to remember when you get frustrated by a disordered day in the C-suite. Entropy, a measure of disorder, increases with time. Your high school physics teacher probably explained that entropy is why metal rusts, ice cubes melt, and milk spoils. For the purpose of this discussion, you can expect that problems, by nature, will get increasingly bigger.

**Sometimes I'm wrong when I think I'm right. So, I'm always ready to change my beliefs based on new information.**

The lesson here is to accept imperfection and learn from it. If you resist embracing an imperfect situation today, you might lose the opportunity to capitalize on it tomorrow. Don't be afraid to cut your losses, adapt, and improve, just as our universe has been doing for the past 13.8 billion years.

## **Practice Radical Acceptance**

Accepting your own imperfections is the gateway to an even more daring mindset: accepting the world as it is, not as you wish it would be. This is another fruit of my adventures in cognitive behavior therapy. About 20 years ago, my wife and I went to some workshops on mindfulness led by Marsha Linehan, whose techniques incorporate a core principle she calls radical acceptance. This boils down to being fully present in the moment and accepting reality. It requires that you let go of the illusion of control by acknowledging the facts as they are, even though you may want them to be different.

Radical acceptance has many practical applications in business. For the oil traders I trained, it was, "Block out how much you won or lost on your trade and focus on the best thing to do right now. If you think the market's going up, buy more. If you think the market's going down, sell—and make sure you can quantify the risk involved in each action. It's that simple."

Radical acceptance quiets the noise created by yesterday's decisions and today's wishful thinking. It allows you to make a logical, forward-looking decision based on what's likely to happen next—that and risk management

are the big, relevant considerations. Otherwise, you're just gambling, and most gamblers lose.

Here's a story about radically accepting a \$500 million loss from when I ran United Rentals. It was the late 1990s, and my ears perked way up when Congress enacted TEA-21, the Transportation Equity Act for the 21st Century. In theory, this legislation was going to allocate about \$600 billion to rebuild the nation's infrastructure, beginning with roads, bridges, and tunnels. That's a lot of money, even for the federal government.

Seeing such profuse funding up for grabs, I started scooping up big road-rental companies—the ones that provide barricades, cones, striping, and the like. Then I waited for the market to come to me, which in an ideal world would have happened in short order. But this was the real world, and only about a third of the allocated government funding was spent, and that was in dribs and drabs over time.

**As I mature, I look back on all the times I thought I had life figured out and realize I got some big things wrong. That's growth.**

My decision turned out to be a huge mistake, and there was no point in compounding it. We ended up selling those road-rental companies at a half-a-billion-dollar loss because it was the best way forward under the circumstances.

## **Leave Judgment at the Door**

The path to radical acceptance begins with non-judgmental concentration, which is part of mindfulness. With non-judgmental concentration, you're fully present in the moment, putting all your attention on one thing to the exclusion of everything else.

You can direct awareness to your body, your mind, your emotions, or how you're feeling. You can be aware of how your heart is beating, how you're breathing in and out, the thoughts you're having and how you're reacting to those thoughts, or the emotions you're experiencing as a result of those thoughts. Or your attention can be on the person you're speaking with, the room, the group, or the business environment. Whatever it is, you're focusing on that one thing alone.

Non-judgmental concentration is step one for me when a thorny issue arises—it's how I put my mind in a good space, because it keeps me in the present and quickly lowers my stress level. I'm not brooding over what happened or worrying about what might happen. I'm not thinking about the past or the future or anything at all except what's in my mental crosshairs.

When using this technique, it's important to refrain from projecting bias onto the subject of your concentration. If you choose to focus your attention on a person, don't rush to judge that person as being good or bad. In many ways, the concepts of good and bad are just tools that our self-centered minds use to sort through sensory data. For example, a controlled fire at a comfortable distance feels warm, so your brain thinks that's good. An uncontrolled fire that's burning your hand hurts, so that's bad. It's the effect the fire has on you that makes your brain think it's good or bad, not the simple fact that it's a fire.

Non-judgmental concentration trains your brain to realize that the people and things in your life don't exist relative to you; they simply exist. If you can take yourself out of the equation, you'll have a much clearer view. Uncluttered by judgmentalism, you can work more efficiently, because you won't be as distracted, and you can think more objectively, too.

## Think Huge

If you want to earn huge, you need to think huge. Your goals should be bigger than what you currently think you can accomplish, because that can actually help you achieve those goals.

Picture what success will look like for you, and be specific. You want to make a lot of money, sure. But exactly how much money do you want to make? By when? How will you feel when you have all that money in hand? What will you spend it on? Invest in? Donate to? Whose lives will you improve?

**If I had tried to do everything I wanted to, I never would have accomplished anything big.  
Narrow your focus to your most important dreams and tune out everything else.**

Then, just for fun, envision what a few billion dollars actually looks like—a ballroom stacked to the ceiling with \$100 bills. What goods and

services can you bring to the world that will make that room yours? Resolve to make it happen.

## **The Why Behind the What**

So far, I've focused on the fact that many wildly successful people have consciously rearranged their brains to think differently. There's more than one way to make this happen. You can try some of the mind/brain techniques I shared, or create your own thought experiments to nudge your brain in new directions.

As for practical application, I'll give you a real-world example of why all this mental preparation matters if you want to make—and keep—a few billion dollars. The protagonist of this story is XPO, my third public company.

In 2018, disaster struck our stock, or so it seemed at first. It came in the form of a “short” report from a so-called capital management firm that specializes in hit jobs. The short-seller noted here has since been investigated by the SEC for this business practice.

Outfits like this use derivatives to lever up large amounts of a target company's stock, knowing that when they put out a smear report, the Wall Street bots will pick it up and some of the financial press will spread the misinformation. This mechanism creates a near certainty that the stock will dive and the short-seller can make a profit.

That happened dramatically in our case. The “short” report was packed with a lot of baloney, but of course the market acted first and analyzed later and our stock price went into free fall, down 26 percent in one day. Of course, the short-seller cashed in.

Companies handle short-seller attacks in different ways. Some have gone to ground and stopped taking calls when short-sellers attack. Others have tried to stoically ride it out, or complain through the media, only to make matters worse. Not us. We did exactly what I've been describing in this chapter. Instead of snarling back at the short-sellers, we concentrated on the situation at hand without judging what had happened to us. We knew that we had to radically accept the circumstances as they stood, before we could arrive at a solution.

The “short” report was all over the financial media the morning of December 18, 2018. Fortuitously, I was already hosting a number of fund

managers at my house that night for dinner, as well as a few people from my team. That included Matt Fassler, our new chief strategy officer at the time. Matt had just joined us the prior week after two decades as a top analyst at Goldman Sachs, and the dinner was to introduce him to some of our institutional investors. Now there was no question what topic would dominate the conversation that evening.

In theory, this should have been an unsettling prospect—new hire, big stock dive, savvy dinner crowd. Our C-suite spent five hours in a conference room that afternoon going over the “short” report page by page, unraveling its arcana, identifying the many places where the data had been twisted. When Matt arrived at my home that evening for dinner, he had his arms around every nuance of the issue. Whatever concerns about XPO’s long-term health that existed at the beginning of dinner were gone by dessert.

The next day at an investor conference in Boston, a preplanned lunch became an impromptu Q&A firing squad about the short-seller attack on our stock. We were peppered with incomings as the sit-down began, but by the time we got back to our Connecticut headquarters that afternoon, the part of the investment community we care about most—the long-term holders—were climbing back on board.

That was the pivotal moment of the entire saga. The short-seller crisis had made our stock extremely cheap, and instead of fixating on that as bad, we focused on achieving a good outcome. From that perspective, the share price was manna from heaven, and we decided to buy back \$2 billion worth of our stock.

Our bankers didn’t see it that way. “Two billion dollars?” they said, aghast. “That’s too high a percentage of your market cap. No one’s ever done something like that. Why don’t you buy a far smaller amount, like \$100 million to \$200 million?”

The bankers had a point from where they were sitting. The high-yield bond market was in the pits. We would have to take out a short-term “bridge” loan to do the buyback at the scale we were envisioning, and we knew that bridge loans had sunk more than one enterprise. But by then, we were thinking bigger than the banks. Just because we were the first company to buy back such a high percentage of our stock in a similar situation didn’t mean it was a bad idea. In fact, it was a once-in-a-lifetime opportunity.

With data in hand and conviction on our side, I called two board meetings to make sure our directors were fully informed of the “short” report’s contents and its many factual distortions. I assured everyone that our communications, investor-relations, and corporate strategy teams were on top of everything. I also relayed our bankers’ verdict that any significant stock buyback plan would be ill-advised and followed this with our recommendation to throw deep and buy big.

It was a challenging fiduciary situation, and the board spent hours discussing the pros and cons of different approaches. By late afternoon, the directors had approved a buyback of \$2 billion of XPO shares.

This story illustrates the high-impact, real-world benefits of rearranging your brain. Everything I just described happened within 48 hours of the “short” report first going public. A couple of years later, those \$2 billion of shares we bought back ended up being worth \$6 billion—a \$4 billion profit. As an added bonus, the high-yield bond market recovered in fairly short order, so we were able to close out the bridge loan and shift the debt burden to the bond market, where it belonged.

## **Stay Humble**

Coming out on top when your company is under attack feels thrilling in the moment. But nothing—I repeat, *nothing*—could be worse for your decision-making skills than that feeling of being invincible. That’s why I’m ending this chapter with one more way to rearrange your brain: Always stay humble.

I’ll give you an example that frames humility in terms of wealth. First, even if you do make a few billion dollars, some of the people you care about most may be unimpressed. I learned this lesson after I reconnected with the jazz musician Bill Dixon, who was the teacher I was closest with when I attended Bennington College. I took Bill’s Black Music course and also played keyboard in a group he mentored.

A decade later, I was thrilled when Bill called and asked if he could stay with me in New York, where I had an apartment and he had a gig. At the time, I was flush with my early success as an oil broker, living the good life at the iconic Olympic Tower across from St. Patrick’s Cathedral. This was my chance to thank Bill for all he had done to inspire me, and where that had led. I thought he’d be impressed.

I was wrong. After we hung out for a while, Bill looked at me and said, “You know, you’re wasting your life. You could have been a good musician. You had talent. You could have made a difference in the music world. What are you chasing this silly money stuff for?”

I could have told Bill the truth—that I went into business initially so I could make enough money to get back to music and meditation. I hadn’t chased money; in a sense money had chased me because, as it turned out, I was pretty good at making it. But that wasn’t what Bill wanted to hear, and I would have felt defensive saying it. Instead, I let his comment stand as my disappointment welled up and I tried not to cry. I’ve revisited that memory many times as a touchstone to keep my life in balance.

Making money is fun and it has its advantages, but it’s not the only thing that’s important in life. In my office, I have an artwork by the German artist Friedrich Kunath to remind me that what’s important or trivial is personal to every individual. It features a quote by Jean Louis Agassiz that says, “I can’t afford to waste my time making money.” To me, that doesn’t mean that you shouldn’t make billions of dollars—but you should only do it if you truly enjoy it, and only if it gives you more satisfaction than using your time some other way.

This parallels the lesson I learned from Bill Dixon, that value is relative. I’ve taken that to heart in other parts of my life—for example, my pursuit of knowledge. Once I learned to step outside myself mentally, I realized that the knowledge in my brain, or in anyone’s brain, is an insignificant rounding error compared to all the knowledge that’s out there.

**Thinking you know it all is a trap, because you don’t—at least I don’t. If you stay humble, you’ll keep advancing.**

And, if you step back and take a *really* long view, you’ll see that we’re all rounding errors in the sheer magnitude of our universe. To put that in perspective, there are about 400 billion stars in the Milky Way galaxy, which is our little cosmic neighborhood. Multiplied by all the galaxies in the observable universe, this equates to an estimated septillion stars—that’s 1,000,000,000,000,000,000,000,000 stars. The truth is, you and I have a lot to be humble about.

At the same time, our connection to the universe is exhilarating. In the 1980s, the astronomer Carl Sagan coined the phrase “we are all star stuff ” to call attention to the fact that all atoms were formed from stardust as the universe cooled after the Big Bang. All of our human stardust heritage, as well as that of every object that has ever existed, shares a common ancestry leading back to the first tiny speck that exploded 13.8 billion years ago. Not just the entire human population, but also every animate creature and inanimate object: the tree outside your window, the car you drove to work, the rain that fell yesterday, the iPhone in your pocket, the stars that burn trillions and trillions of miles away. What an enlivening and gorgeous thought that is to contemplate!

**As a businessperson, I would love to “buy” the universe and merge with it! Instead of focusing on my tiny self, I want to identify with the infinite totality of time and space.**

Importantly, this new understanding can change your entire frame of consciousness. You’ll feel both larger and smaller than you do today. Your brain will become less tethered to thinking by rote, allowing you to tap into a wider perspective and a greater calm, creating more space for your passions.

You don’t need to fully grasp how everything in the universe is connected to the same past, present, and future existence. I certainly don’t have it all figured out. But if you can embrace the expansiveness of that idea, your brain will be more primed for business success.

## CHAPTER 2

# How to Get the Major Trend Right

**ONE OF THE MOST** valuable pieces of advice I received from my mentor, Ludwig Jesselson, is, “You can mess up a lot of things in business and still do well as long as you get the big trend right.” I’ve taken his words to heart, and with each new company I start, I make sure I understand the major trends that could threaten the business or help it soar.

I’m obsessive when learning about an industry, and trendspotting is a big part of that process. I discovered early in my career that tech is always a consideration in one form or another, sometimes dramatically so. As a result, a great deal of my success has come from innovating traditional business practices, whether it’s through automation, robotics, data science, or information sharing.

### **Learn from the Two-Million-Year Technology Trend**

The evolution of technology may sound far removed from making a few billion dollars, but I’ve found it to be integral to every major goal I’ve ever pursued—and now more than ever. Tech is the dominant megatrend in our part of the universe, and to consider its future impact, you have to first visualize its history. Here are some selected highlights from the history of technology timeline to illustrate the accelerating frequency of culture-shifting innovation.

**Be a futurist and figure out the bullish and bearish trends driving your industry. If you get the major trends right, you can make mistakes and still succeed.**

I peg the start of tech development to the first stone tools made from pebbles by our distant human ancestors in Africa. That was over two million years ago. About a million years ago, early humans mastered fire, allowing them to stay warm, cook food, ward off predators, and illuminate their nighttime world. Then, about 500,000 years ago, humans built the first shelters, which improved their comfort and safety. To us, the time chasm between these developments might seem enormous, but when you take the two-million-year view, you'll see that technology has been evolving at a relatively fast pace.

This is even more evident when you look at the past 2,000 years. This period is jam-packed with human inventions, including the abacus, coins, the compass, gunpowder, and the printing press, as well as steam engines, trains, electricity, telephones, automobiles, planes, jets, computers, and nuclear power—and that's only up to 1950, well before the modern information era (see [Appendix B](#) for a more expansive timeline of the history of technology). Some people find the rapid tech changes to be terrifying; others find them exhilarating. One thing we can all agree on is that the rate of change is accelerating.

Today, technology has the potential to destabilize every company and industry, making Mr. Jesselson's advice even more important. I don't feel pressure to chase every new innovation, but it does motivate me to be the first to capitalize on the most impactful trends in my industry.

One of the first things I look for in an industry is scalability. I want to be able to envision how I'll take a business from a few million dollars to tens of billions of dollars. What will be the path to do that, and how fast can we move along that path? Is the industry growing much faster than GDP so that we'll probably generate top-line growth each year just by showing up and can build from there? What's the base price/volume combination we need to be profitable, and how realistic is it to significantly increase our profit margin over time? What could prevent us from doing that?

**If you want to make a lot of money in almost any industry, plan to invest heavily in tech.**

Structurally, is it an industry where companies have advantages of size and economies of scale? Are there ways to grow the business organically or through M&A? What multiples will I likely have to pay for companies I

acquire, and is that number a large enough discount from the multiple I'd expect my company to trade at? This is important because the arbitrage between our cost of capital and what multiple we're able to buy companies at is the biggest value-creation lever in a roll-up. Improving the actual profitability of the business is the second-biggest lever.

Is there a technology threat or opportunity or both? For example, are there ways to automate business processes and drive customer service higher at a lower cost of labor? How could AI impact the industry, both positively and negatively?

Armed with a short list of promising industries that satisfy these fundamental criteria, I'm ready to look below the surface.

## **Take Your Questions to the Experts**

I use a three-part methodology for my research: I educate myself on the industry as thoroughly as possible, compile a list of questions that matter, and then do my best to get in front of the most knowledgeable experts I can find on each topic. It's not a perfectly linear process, because more questions arise as I continue my research, but that's the basic structure.

I start by reading everything I can get my hands on—journals, periodicals, newspapers, trade publications, employee reviews on web-based recruiting sites, you name it. I look at all the websites and social media of the major players and the up-and-comers in the industry. I set Google Alerts for industry CEO names or other keywords, and I watch lots of YouTube interviews with CEOs. I also use paid services like Bloomberg, AlphaSense, and Thomson Reuters.

In addition, I look at analyses from sell-side and buy-side analysts and search the SEC database—[www.sec.gov/edgar](http://www.sec.gov/edgar)—which has large amounts of information on every publicly traded U.S. company, including IPO documents, financial reports, and proxies.

I also scope out the most valuable industry conferences and attend them if I can. Events like the *Wall Street Journal's* The Future of Everything Festival and the Consumer Electronics Show (CES®) in Las Vegas have valuable content, with a lot of it online. Sell-side conferences sponsored by the banks are an opportunity to meet management teams face-to-face and hear the questions investors are asking. Trade associations have a wealth of industry data and typically make their research available online.

The most time-consuming task in my methodology is processing all the digital information that I accumulate; it's a far cry from 44 years ago, when I physically went to the library to start researching industries. But I've got a team of super smart people who are good at distilling tons of source information. As I go through the material, I note my observations in preparation for the next step—my interviews with experts. After absorbing a lot of data and arming myself with questions, I seek out people who live and breathe the industry I'm considering. Some of this can be done with video chats, but this phase is more about getting face-to-face and listening intently.

I love talking to CEOs who have a track record of successfully growing businesses and creating substantial shareholder value. We share a similar language combined with experiences that are unique to our respective industries, which tends to make the meetings mutually beneficial. I also belong to the Business Council and the Economic Club of New York, which are valuable networking resources for me. They give me an entrée to CEOs in almost any industry I'm interested in learning more about.

In addition to CEOs, I seek out investment bankers who are most active in the industry and who know it deeply—bankers who have close relationships with management teams, have advised on lots of acquisitions in the space, and have raised billions of dollars of capital for these clients.

I also talk to venture capital firms, because they spend a lot of time looking at the big trends in different industries. And, I tap buy-side institutions, like Fidelity, Invesco, Orbis, and Cercano, and successful fund managers who have battle scars from investing in the industry. They know the leading players—companies and customers—as well as the risks and growth factors. They've already made and lost money in the industry, so I want to know what lessons they learned from those experiences. Industry vendors are also a good source; they have a sense of the trends that could drive changes in the market environment.

Shareholder activists often have important insights as well. And I reach out to journalists who know the industry because, by nature, they're a skeptical bunch, and I want to hear their perspectives.

Trend-spotting an industry requires objectivity and open-minded analysis. I don't pick an industry just because it's in vogue. My team and I make detailed lists of pros and cons and create word clouds to illuminate macro themes from the information we've gathered. This helps to uncover

an industry's strengths and defects from the standpoint of making money for investors, which is the prime mission of a public company.

After completing these steps, I know a great deal about the industry I'm considering, and I can detach myself from distracting details to lock on to the big questions. What direction do I think the industry will move in over the next five years? Ten years? Inevitably, those answers will be affected by tech, and especially by artificial intelligence.

## **AI Is the Mothership of the Future**

For more than two million years, advancements in technology have been primarily related to our physical well-being. Now, they're increasingly directed at expanding the capabilities of our minds: our memories, reasoning, senses, even our enjoyment of the arts. We're the recipients of these benefits, but in terms of our impact on the universe, humans are waning and computers are waxing—that's the single biggest trend I see. Any business that ignores this trend is likely to get smacked in the face.

Artificial intelligence is emerging as the central determining factor in whether businesses and entire industries will collapse or prosper. In fact, AI is developing so rapidly no one knows what it will be capable of in even six months, including the people programming the models. What's clear is that AI's impact will eventually exceed anything we can imagine. Many industries got caught off guard by the rise of e-commerce, social media, and on-demand everything, such as music, movies, data processing, taxis, and food. AI will be much bigger.

I educate myself on trends in AI just as systematically as I studied other industry trends over the past four decades—I do a lot of research and I listen to industry experts. In my most recent industry, logistics, SoftBank CEO Masayoshi Son has one of the clearest visions I've come across for fully autonomous freight transportation and warehouse operations. I also keep in touch with what the venture capitalists in Menlo Park are thinking, and I pick the brains of the top tech people at XPO, RXO, and GXO, especially Mario Harik, my successor CEO at XPO.

ChatGPT and Bard are a regular part of my process for synthesizing all this information, including trends gleaned from industries that aren't conventionally thought of as tech-savvy. I want to make sure my mind stays wide open to opportunities I can't imagine yet.

When I'm on the hunt for a new venture, there's now an AI dimension to my lens. The questions I compile include the following: How will this industry be disrupted by advances in AI? How soon could that happen? What are the risks and opportunities in that disruption? For example, I looked at doing a roll-up of accounting firms, but there's a chance that accountants will be replaced by generative AI over the next decade. I could build up a big accounting business over the next few years and see it suddenly go into a black hole because people start using AI to close their books.

Another industry I looked at is for-profit education, but the AI trend is a headwind for most of that sector, too. The share price of Chegg—a billion-dollar company that provides textbooks, online help, tutoring, and other educational services—already got hit by the potential for AI disruption. In a May 2023 earnings call, the company's CEO mentioned ChatGPT as a potential impediment to growth. The next day, the stock fell by 47 percent. The company is planning on launching a proprietary platform powered by ChatGPT, but the question remains: Will potential customers pay Chegg or use ChatGPT directly for free and specialize it for their needs?

I've decided against investing in some financial services firms for similar reasons—AI could make them less profitable. I don't think we'll need a human insurance broker in ten years. Also, at some point in the not-too-distant future, I can see AI replacing much, if not most, of what paralegals and even lawyers do. Many jobs in journalism, advertising, and other communications are likely to become obsolete—and, ironically, AI also puts tech jobs at risk, including coding.

At the same time, there's a lot of money to be made by identifying industries that might benefit strongly from AI over the next 20 years; these include parts of the healthcare, retailing, and manufacturing sectors. Other industries are unlikely to see significant impacts one way or another in the near term. Homebuilding, for one, will benefit from AI in terms of design and marketing, but an actual physical home won't go away anytime soon. Even if we start spending a lot of time in the metaverse, as long as we have physical bodies, we're still going to sleep in a real bed, brush our teeth over a real sink, take a real shower, and use a real toilet. At the moment, AI appears to be more of a friend than foe to the homebuilding industry, along with staple sectors of the economy, such as clothing and food.

**The human brain—that three-pound blob of gray jelly—is the most sophisticated thing we know of in the universe. AI hasn't caught up to it. Yet.**

Ultimately, I think that CEOs are going to get replaced by AI as well. Every human function that can be broken down into rules, systematic processes, and logical decision-making based on historical results can be replaced. Technology will get better and better at this as AI evolves. Someday, everything I do as a CEO will be done more effectively by a robot or hologram with more knowledge and ability than I could ever have.

## **Step Outside the Noise**

One of the difficult things about spotting tech trends is not a lack of information—it's that the implications can be so big that people have a hard time getting a mental grasp on them. For one thing, we have an ingrained tendency to discount technological and social change. Most of us are programmed toward believing things will stay the same.

Even Thomas Watson, the former chairman and chief executive of IBM, once said, “I think there is a world market for maybe five computers.” That was in 1943. Obviously, the leadership of IBM changed their minds about the viability of computers, but that's a significant miss for the leader of the most advanced tech company of the time. Ironically, IBM has since named both its research center and its natural language processing for AI after Watson. In 2011, the Watson system competed on *Jeopardy!* and beat champions Brad Rutter and Ken Jennings to win \$1 million.

In another shining example of trend-spotting failure, a pioneer in digital forensics, Clifford Stoll, wrote a now infamous article in *Newsweek* in 1995. It was full of myopic statements, including, “Even if there were a trustworthy way to send money over the internet—which there isn't—the network is missing a most essential ingredient of capitalism: salespeople.”<sup>3</sup> The previous year, Jeff Bezos had started Amazon, which put him on the right side of a big trend.

Spotting big, actionable trends in technology is especially complicated when the impact ripples beyond industries and has existential implications for humanity. Many researchers, computer engineers, and CEOs of tech companies have posited that technology is on a trajectory that could replace

human beings within this century. One of the first people to talk publicly about this was Ray Kurzweil, starting more than 30 years ago.

**I think the odds are better than 50-50 that *Homo sapiens* will go extinct this century, probably by merging with tech to create a new species. Extinction through nuclear or biological weapons seems more like a 15 percent chance.**

Kurzweil is a brilliant futurist, inventor, and computer scientist at Google. He calls the moment when machines and humans could merge “the Singularity.” In 2006, I read his book *The Singularity Is Near*, and it changed my vision of the future. In fact, it’s the most impactful book I’ve read. I seek out everything that’s written by or about him and listen to every YouTube interview and podcast he gives.

I believe that the Singularity might be closer than people think. Humans aren’t speedy at adapting to change. There was a time when humankind was evolving faster than technology—now, technology is evolving more rapidly and innovatively than humans are. Today’s tech is self-generating, and AI may merge with us in the future to create a new species, or give us superpowers—or annihilate us. It feels like *Homo sapiens* might be looking at some big changes in the future.

**Our species is moving along a new evolutionary path toward using technology to augment our senses and outsource our memory and cognitive functions.**

If human extinction sounds unlikely, consider the fact that about 99.9 percent of all species that lived on Earth no longer exist. Are humans so well adapted to the environment that we will become the first eternal species? I don’t think so. We haven’t been able to solve hunger and poverty, or assure basic medical care, education, peace, and freedom for everyone on our planet. The trend is shifting from carbon-based humans to silicon-based technology.

## **Watch These Other Spaces Too**

Each of my companies has been more tech-forward than the previous one. I believe in being an early adopter of technology, but I’m also a realist. I

know that I've absolutely got to get the big trends right, and what's "right" could change in an instant. I want to have a bigger tech budget than my competitors and be spending it more wisely.

One effective way to spot new trends is to ask your customers what their dream tech would look like, assuming anything is feasible and cost isn't a factor. That removes any psychological blocks. I want to know what my customers would go ga-ga over, no matter how fantastical it sounds. What capabilities would it have, what data would they want to push or pull, how would it help them succeed?

This produces an avalanche of ideas, which we evaluate for impact, cost, and returns. The ones that make it to the short list are the projects with the greatest value and highest potential return. We stack rank them and then set a budget that's affordable. It's a disciplined process that also allows for innovation.

We make similar requests of our employees and vendors, because we want them to be satisfied and productive. A lot of these dream technologies have undertones of AI, as you might expect.

It's also good to pay attention to tech trends that have the potential to disrupt economic models but haven't hit their stride yet. Two examples relate specifically to the supply chain industry, where I've spent the past 13 years.

3D printing (also called industrial additive manufacturing) will drive seismic change in supply chains in the long term. It's had a slow start—in the '80s and '90s, there was a joke that 3D printing was endlessly ten years away from being viable. Now, it's being adopted for all kinds of purposes, especially in medicine. Ten years ago, dentists were giving patients a temporary tooth for a couple of weeks while a crown was made from an impression of the tooth. The last time I went to the dentist, he took measurements and told me to hang out for an hour while the office printed my crown.

Hearing aids are 3D printed now, too; so are a lot of prostheses. Sophisticated industrial products, including structurally critical parts for jets, are 3D printed out of metal. As the cost continues to go down, I expect that 3D printing will be a growing part of local autonomous manufacturing. That will change the transportation industry, the global supply chain, and the entire geopolitical balance.

Currently, the global economy is still based on an outdated model of sourcing cheap labor overseas, especially from China, and then paying a high price to get it transported to the consumer. For example, the goods travel on a plane or ship from Shanghai to Los Angeles, and then the dray containers go by rail to Chicago, where they're put on a truck and driven to a warehouse in Kansas City. Eventually, the product is trucked the "last mile" to a consumer's home or to a retail or manufacturing location. It's a complex and expensive process, and there are plenty of opportunities for disruptions. This became painfully obvious to everyone during the COVID-19 pandemic.

3D printing can reduce the complexity, time, and cost of supply chains and de-risk links in the process. For example, certain goods could be manufactured in your basement or at the local Costco. Many low-cost items that are currently imported could be made domestically, with the digital specifications transmitted rather than the goods themselves. In this scenario, logistics will evolve into more of an information industry instead of bricks and mortar. Geopolitically, this nolabor, low-transport production model will weaken China, because the demand for cheap labor will begin to evaporate.

The second trend that could impact supply chains in the long term is electric vehicles, or EVs. A major truck manufacturer asked XPO to test its EV trucks, and it turns out our drivers love them. They're quiet, safe, clean-running, and powerful. But they currently cost about three times the price of diesel trucks. They're not going to be competitive without huge government subsidies. But with the U.S. currently in debt by tens of trillions of dollars, and Europe as a whole not far behind, it's difficult to see where that money would come from.

Regarding EVs overall (consumer and commercial vehicles), I still don't understand whether EVs are good or bad for the environment. Buying an electric vehicle is emotionally satisfying, but there are some significant downsides. As more EVs are put into use, they'll require a lot more electricity, including electricity produced by coal- and natural gas-fired power plants that emit high levels of pollutants. And currently, the old batteries are ending up in landfills, where they don't biodegrade.

From a supply chain standpoint, China has preemptively moved to control the global supply of certain rare earth minerals used in the manufacture of EV batteries. For example, China controls over 60 percent

of global lithium and cobalt refining capacity, ensuring that much of the EV world will depend on Chinese-owned companies for minerals production and processing.<sup>4</sup> If someone could figure out a way to make hydrogen fuel cells more viable for automobiles, that may be an emissions-free alternative to fossil fuels that I could really get behind.

More broadly, I think the West's current path toward addressing climate change problems has a serious flaw. Western nations share an ecosystem with China, India, and Russia, where there's no evidence of a real commitment to reducing fossil fuel use. Play that scenario out, and American and European taxpayers will have spent tens of trillions of dollars for radical emissions reductions, while China, India, and Russia will be polluting more. All that does is transfer wealth to three of the world's biggest polluters, while accomplishing nothing for the planet.

Autonomous vehicle tech, both trucks and cars, has advanced impressively in recent years, but in the short term, the required regulatory environment for mainstream adoption isn't in place yet. In the medium to long term, I believe we'll see more autonomous vehicles, because they're safer and have a lower cost to operate than vehicles with combustion engines.

The biggest trend in logistics, which touches the entire economy, is that the industry will become increasingly automated. Shippers already communicate with carriers electronically, and soon there will be no human intervention. AI-driven software already dominates route-planning, and that tech will only become more nimble over time. 3D printers will fulfill digital orders through on-demand manufacturing. Autonomous vehicles will move the majority of transported goods. And no doubt many other technological changes will make supply chains more efficient.

Here are some examples of how my companies have leveraged trends in different industries over four decades.

## **Amerex and Hamilton Resources**

A little bit of luck put me in the oil industry in 1979, when I started my oil brokerage company, Amerex. What turned a happy coincidence into a highly profitable business was my realization that a big trend was forming around the need to capture and share information more quickly—and, in fact, this would be the trend that transformed the industry in the late 1980s.

We made a lot of money by being the first oil broker to get out ahead of that trend.

At the time, there was no internet, no email, and no centralized databases with easy global access. The main source of information about the price of oil was a newsletter called *Platts Oilgram Price Report* that came in the mail from McGraw Hill. I could also get some of their data faster via telex, which was like a telegraph system connected to a typewriter that printed out the transmission.

We routinely made verbal handshakes with clients in Europe and Asia for \$50 million or \$75 million over the phone, with nothing on paper for days until the telex arrived. And both parties honored the agreements—win, lose, or draw on the trade. Telex was replaced by fax machines in the 1980s, which shows how primitive information sharing was at the time. Crude oil futures contracts weren't even offered on the NYMEX (New York Mercantile Exchange) until 1983.

The lack of timely information was a big problem for oil brokers like Amerex; we made our money by matching buyers and sellers and taking a commission. I could see that there were isolated pockets of valuable oil pricing data trapped all over the globe. And I knew that if we could figure out a better way to share that information, we could unlock a lot of value.

The problem was, there were no off-the-shelf solutions available at the time. At Amerex, we improved data sharing by cobbling together a global IT system. It was our own crude version of the internet built out of appliance-sized computers and large green screens that don't have a fraction of the computing capacity of today's smartphones. But it allowed us to do something revolutionary.

Every time an Amerex employee learned something useful about buyer/seller activity or the price of oil, they entered it into our database. Then, we could share that information much more quickly with our brokers around the globe, whether they were in Houston or London or New York or Tokyo. The process took hours, not days, which was close to instantaneous back then. All of our colleagues at Amerex had the benefit of the same universe of data.

This gave us a big leg up on our competition—brokers at other firms, who were siloed—as well as with our clients, the oil refiners and traders. We were entrepreneurs, but we weren't running the business based on tribal

knowledge, like our peers were. We had created a way to obtain objective insights into global oil supply and demand and pricing trends.

With Amerex humming, I had an opportunity to move to London with a billion-dollar line of credit. In 1984, I started Hamilton Resources, a privately owned worldwide oil trading company, this time with a strategy to create a data advantage in the oil trading business.

My team and I quickly built Hamilton Resources up to \$1 billion in annual revenue by leveraging information sharing in the oil industry—something I'd pioneered over the prior five years after founding Amerex. In addition to the trading contracts, we did pre-financings, countertrade, barter, and refinery processing deals, which turned out to be a lucrative combination. Our clients were primarily the major oil companies and oil-producing countries.

In 1989, a wave of well-capitalized players suddenly entered the market—from Wall Street investment banks like Bear Stearns, Goldman Sachs, and Morgan Stanley to Japanese trading houses like C. Itoh and Marubeni. They were chasing the same tech-related opportunity I had jumped on five years earlier, playing catch-up where we already had an edge.

I had headed Hamilton for five years, and the company had exceeded expectations. It was time to parlay the value I'd created into a new venture.

## **United Waste Systems**

My next start-up was in the U.S. waste management industry. I remember vividly the moment the industry caught my attention in 1989. I was reading Merrill Lynch research reports in bed on a lazy Sunday morning in London, and came across a report written by Bill Genco, the top-ranked analyst for environmental services then. Bill had written that the two largest companies in the waste industry at the time, Waste Management and Browning-Ferris, were each making about half a billion dollars a year in profit, and I thought, *How hard can it be to have trucks pick up trash, deposit it in a safe place, and send out an invoice?* I wanted to know more.

Waste management turned out to be a straightforward business with two big trends at the time. Landfill capacity was becoming precious, because government regulations were pushing small trash dumps out of business. Together with the second trend—integration of hauling and disposal—this created an opportunity for end-to-end consolidation. I liked those dynamics

and started United Waste Systems in 1989. Then I looked for a way to capitalize on both trends and found it in tech-based truck routing.

When I began researching the waste industry, mom-and-pop owners were running trash collection companies by the seat of their pants and making money at it. Few companies were planning their truck routes methodically, much less using technology to do it. It was obvious that these companies could make even more money by maximizing the amount of waste their trucks picked up while keeping costs as low as possible. But they didn't seem to be focused on optimizing routes.

The only routing software available at the time was expensive and not even as good as free map apps are today, never mind the customizable software the industry now uses. But I could see a trend in the making, and we moved quickly to put United Waste on the correct side of that trend.

Initially, we used the off-the-shelf software in combination with pushpins on a physical map. It was cumbersome, but it got the job done. Instead of sending, say, 50 trucks out over five days to pick up X tons of waste, 20 trucks could now perform the same service in three days by making more stops per hour. Our cost kept coming down as our processes improved, and our profit margin grew significantly.

We further improved our efficiency by making routes adaptable to changes in day-to-day situations, like weather or traffic. If an accident slowed down one route, we were able to re-route remotely in an economical way. This gave us a big advantage over more established competitors who were letting the drivers figure out the routes on their own. When I moved on from the waste management industry in 1997, some of those competitors were still using pencil and paper and pushpins to do what we had computerized.

## **United Rentals**

Soon after selling United Waste Systems, I started the process of researching new opportunities, and that's when I met Dan Tully, who was chairman and CEO of Merrill Lynch at the time. I liked Dan a lot; he was outgoing and good-natured, and he lived not far from me in Connecticut. I told him I was looking to roll up another industry, and he kindly set up half-day meetings for me with nine different groups of bankers and analysts at Merrill Lynch.

I was discussing the construction industry with one of the analysts when he asked me what I thought about going into construction equipment rental. I hadn't heard of it, but I kept an open mind. It turned out to be exactly what it sounds like: Companies buy machines like boom lifts and backhoes and rent them out to contractors who need the equipment but don't need to own it.

My team and I moved fast to scrutinize the industry before concluding the big trend was the most exciting we'd come across so far. The addressable market had only 15 percent rental penetration, which didn't make any commercial sense. A lot of the equipment in the remaining 85 percent was sitting idle on worksites getting rusty and dusty. We could capitalize on that disconnect.

In addition, the equipment rental industry was growing organically; had only one national provider, a subsidiary of Hertz; and offered thousands of potential acquisitions, without widespread computerization or standardization. It was a big, juicy opportunity, and only a matter of time before economist Adam Smith's "invisible hand of capitalism" swooped in. United Rentals was born.

Equipment rental is a service business: A rental company's credibility is tied to how reliably it can meet its commitments to customers. I was certain that data science was the answer to market penetration—it would enable us to manage pricing and asset utilization efficiently across the many hundreds of locations we intended to acquire.

We hired expert salespeople who knew everything about construction equipment, created standardized training programs across our network, and started building brand equity with superior service. Now was the time to move decisively on technology.

While the rental industry overall was slow to computerize, the larger regional players were more tech-savvy. By 1997, nearly all of them, including Hertz, were running on software developed by a company called Wynne Systems. This told me that the software was capable of managing hundreds of thousands of pieces of equipment flowing on and off jobsites. I bought Wynne.

Owning Wynne accomplished two things. We had an industry-best platform that we could continue to develop internally for our own use, and the acquisition gave us access to aggregated, anonymized data on macro-trends across the industry. This gave us a high-level view of emerging

market trends, such as equipment gluts or shortages in the making. We could proactively adjust our pricing and asset management, while the rest of the industry was being reactive.

For example, if our data flagged an instance of too much equipment of a certain type in the Southeast, we'd lower the rental rate there and target customers who wanted the machine for several months, rather than just days or weeks. In other words, we were able to manage our rental rates efficiently based on equipment utilization to get the best return.

## **XPO**

By the time I was looking in earnest for a new venture in 2010, the world was rapidly moving into an extreme phase of instant gratification in communications and data access, thanks to smartphones. The trend toward on-demand everything, which I had bet on with equipment rental ten years earlier, was now well established. And the concept of dynamic pricing, which we had deployed so effectively at United Rentals, had by now increased the profitability of a whole raft of other industries, including transportation, entertainment, and hospitality. I knew that whatever line of business I went into next, tech was going to be essential to making a lot of money.

This time I chose the truck brokerage sector, which had a business model that was similar to oil brokerage. I spotted a big trend I was confident would drive more broker penetration of the for-hire road freight transportation market over time. For context, truck brokers don't own tractors and trailers; they match industry carriers to shippers who have a full truckload of freight to move. Importantly, brokers are pretty much the only ones with a connection to the entire freight landscape on both sides of the equation. For the most part, shippers who use an in-house department to source trucks can only see the capacity of the limited number of carriers they deal with, while small carriers don't have the market-facing resources to reach out to a large number of shippers.

The truck broker who uses information most efficiently will get a load to its destination with the fewest empty miles, most fuel efficiency, and lowest cost. In 2011, most truck brokers were still doing the bulk of their business over the phone instead of digitally. I could envision a time when everyone involved in these transactions—truck owners, drivers, dispatchers,

retailers, manufacturers, and others—would demand digital service. That would be the tailwind behind the big trend.

I created XPO in 2011 to capitalize on the truck brokerage opportunity with three powerful levers of scale, data science, and automation, and I prioritized investing heavily in tech out of the gate.

The third person I hired at XPO was Mario Harik, who had a master's degree in machine learning and artificial intelligence from Massachusetts Institute of Technology. Mario's an extremely sharp guy who, coincidentally, had previously worked as chief information officer for a waste management company, although our paths hadn't crossed when I was in the industry. He had driven down from Boston to my house in Greenwich on a Saturday afternoon, and I knew I wanted to hire him within an hour of meeting him.

Mario immediately grasped my vision for fully automating freight brokerage processes—a wild and crazy idea back in 2011. Business computers were used by the industry, of course, but we planned to automate almost everything involved in connecting shippers and carriers, to the point of pure machine-to-machine transactions. What's more, our systems would be generating data that would make XPO more valued by our customers and carriers.

It turned out that we happened to be right. XPO's tech team created a fully automated, digitally enabled transportation network that spans a nationwide, virtual freight marketplace with a single repository of information, facilitating transactions in a private cloud. Huge amounts of data flow into the platform in real time, giving the sales and carrier procurement teams the exact same visibility into loads and trucks moving around the network. This high-profile platform is in use today as RXO Connect® in North America and XPO Connect® in Europe.

Ten years ago, zero percent of XPO's truck brokerage loads were created or covered digitally. Today, 96 percent of loads tendered by RXO—the brokerage business we spun off in 2022—have a digital component, and many of them are touchless transactions through direct digital connections with customer systems.

**Make sure your tech organization is in direct contact with your customers and employees so you can prioritize the innovations with the highest impact.**

We transformed the traditional brokerage business model by capitalizing on the intersection of two big, advantageous trends: the shift toward using truck brokers as middlemen, and the efficiencies of automated services in an industry where that was not yet the norm.

If I was to sum up the genesis of XPO, GXO, and RXO, it would be the vision I shared with Mario in my living room in 2011: Automate everything you can. The importance of that, within the context of this chapter, is that we got the big trend right in our industry a dozen years ago, when it was far less apparent than it is today.

Even though XPO was barely more than a start-up in a space with many long-standing players, we knew that we wanted to make a big bet on the automation trend and become a leading innovator in transportation and logistics. Within four years, we were a global presence in transformative technologies like warehouse robotics, machine-learning-based workforce productivity, and automated shipper-carrier freight brokerage. Today, XPO, GXO, and RXO are all continuing to be propelled by that same big trend we spotted in 2011, which is now even more viable with AI.

## CHAPTER 3

# How to Do Lots of High-Quality M&A without Imploding

**WHEN IT COMES TO** making a few billion dollars, I’ve got a bias toward industries that are ripe for consolidation. Acquisitions are the best way I know of to scale up fast and gain the advantages that come from a large number of locations and greater market share. With scale, I can professionalize the operations by integrating best practices, spread my cost base over a larger revenue base, and attract desirable customers and management talent.

Even though the companies I’ve built had different business models in unrelated industries, each one felt comfortable to me because the opportunity was similar: “obscene profits.” There’s a story behind that, and it starts about 11 years before I ever made an acquisition.

**I like big industries because even a small chunk of a huge, growing industry is still big.**

When my 23-year-old self was first looking to make money in business in 1979, I thought of it as a stepping stone to a life of music and meditation. The oil business wasn’t even a passing thought. One day, I was half watching the *CBS Evening News*, and they ran a report on the Iran hostage crisis and how it was driving up petroleum prices and swelling the coffers of the leading oil refiners.

For the first time ever, an American company, Exxon, had reported quarterly earnings in excess of \$1 billion. The words “obscene profits” flashed on my TV screen, and I remember thinking, “That sounds pretty good! Maybe I ought to check out the oil sector.” Although the first two

companies I started, Amerex and Hamilton, had nothing to do with consolidation, my brain had been rearranged a bit by those two words: obscene profits.

Fast-forward to 1989 and the Bill Genco report mentioned in [Chapter 2](#), on how the two leading companies in the waste management industry were raking in half a billion dollars of profit a year. I saw the familiar phrase “obscene profits” flash in my mind. I flew back to the U.S. and asked about 100 people who were making money in the waste industry what advice they had for me. A common theme that kept popping up was consolidation of landfills and waste collection companies in small, overlooked markets.

**Scalability is one of the first things I study in a business plan.**

I started United Waste Systems with my own money, followed by outside capital from placements with friends and family about a year later. I ran the company privately until 1992, when our IPO launched with the two leading banks in the waste management sector at the time: Paine Webber and Alex Brown. The public capital markets were a whole new world to me, and it allowed me to go full throttle on acquisitions, beyond the initial deals we’d completed.

The timing could not have been better. Environmental regulations were forcing municipal dumps to transform into state-of-the-art landfills, and the new bond requirements alone cost millions of dollars. A lot of small landfill owners were eager to sell out and let us shoulder the capital investments. There was also an opportunity to integrate vertically with trash collection companies strapped by rising disposal fees.

**The easiest way I know to create tremendous shareholder value is to buy businesses at profit multiples lower than the multiple our stock trades at, and then significantly improve those businesses.**

Our M&A game plan from the start was to avoid going head-to-head with the largest waste management companies. Instead, we went into tertiary markets like rural Mississippi and the Upper Peninsula of Michigan, places that the big incumbents overlooked, where we could be a big fish in a small pond. We rolled up landfills, then bought the collection companies

that were hauling waste to those sites. In short order, we had geographic density and economies of scale. Eight years in, we sold United Waste for \$2.5 billion.

I loved making “obscene profits” for the shareholders of United Waste, and again with United Rentals, and again with XPO. It meant that my team and I were doing our jobs in creating the most value for the investors who trusted us with their money.

## **Make Sure Your Rationale Holds True on the Downside**

The mechanics of M&A are fairly simple; anyone can buy a company by signing an agreement and wiring the money. So, why isn’t everyone doing it?

For one thing, there’s a certain amount of risk involved with each acquisition, and that needs to be offset by higher-than-average rewards. It’s a good feeling when we announce a deal and the stock price goes up that day, but that’s not the point. A good M&A deal should drive stockholder appreciation over the next five or ten years. Here’s how my team runs the numbers to look at a potential return, calculated on the most recent available earnings of the acquisition target.

We use ten years of earnings at zero growth as a baseline. From there, we make assumptions about what kind of organic revenue growth rate we can achieve in the business over ten years, and what kind of margin we can realize. We also estimate how much annual and cumulative cash flow the operation will generate or consume over ten years. For us, these projections need to be substantially higher than what the target is generating now, either because of the synergies inherent in being part of our larger company, or because we’re more accomplished operators, or both. There’s no such thing as a sweet deal without a clear path to significant growth.

**When I look at companies to buy, I soak up every piece of information I can find. The more data from a variety of legitimate sources, the better.**

We also stress-test every element of our projections, including the underlying assumptions. How likely are we to hit the base-case projected numbers? What is the upside scenario? The downside scenario?

I'll only do deals where the downside scenario is still good for the company, the base case is excellent, and the upside case is off the charts. And I'm not willing to accept any significant chance that an acquisition won't hit at least its base-case projections. If our analysis shows more risk than that, I'll move on.

So, why do most companies fail at M&A deals, sometimes spectacularly? And why do most board members who see acquisitions as an easy road to value creation end up regretting signing off on these transactions? Experience is a big factor. Until you gain enough experience to mitigate M&A risk yourself, you'll want to weigh the pros and cons of using a management consultant.

As a general rule, I only hire consultants for M&A when the value I expect them to add is at least ten times their fee. I can control this to a large degree by utilizing their resources in high-impact areas, like salesforce effectiveness, procurement, SG&A rationalization, and pricing. Consultants can also add value by analyzing large amounts of data or lending people to help with the workload. Their support lets our acquisition team move more quickly when multiple opportunities are under review.

I've been asked how we avoid getting bogged down in data murk when analyzing a target, particularly when it's a large, complex acquisition. It helps to be clear up front about what the rationale is for buying the business, and then focus on whether that holds up during analysis. In its most fundamental form, the rationale for any acquisition should be, "How will doing this deal contribute to the two main drivers of shareholder value, which are pleasing customers and propelling financial results?" Put another way, "How will doing this deal convince more customers to wire money from their bank account to ours?"

**If customers see immense value in doing business with your company, they'll happily wire money from their bank accounts to yours.**

Some companies struggle to clarify this basic rationale for allocating M&A capital. There are ways to start getting a handle on it before you even run the math—including common-sense conversations with your team. For example, in advance of doing a deal, I like to ask my key salespeople how they think our existing customers will react if they hear we bought

Company X. Will they be happy because it adds value to what we offer? Or will they see little or no benefit to them, and worry that we'll be distracted?

For me, the decision is unequivocal: If an acquisition doesn't create shareholder value by producing a high return on invested capital, if it doesn't help us thrill our customers, or differentiate our offering, or fill a strategic gap, then it will just make us bigger, not better. All of these expected payoffs must be present in the rationale for choosing a particular prospect to begin with. In fact, at XPO, we feel so passionately about driving better results that, for a few years, our tagline was Results Matter.

**Bigger is better in business most of the time, but not always. Understand the pros and cons of size. Some service industries are better off local.**

A final comment on M&A risk: Be sure to cover your flank, whether you're buying or selling. It's the stuff that comes out of left field that can take a deal down. In 2007, I sold United Rentals to the private equity firm Cerberus for what I considered to be an attractive deal: \$7 billion, including the assumption of \$2.6 billion in debt. Highly satisfied, I stepped down as chairman and wandered off to my private investment firm to begin planning my next venture.

Then, the Great Financial Crisis arrived. Private equity firms began welching on deals, and Cerberus led the pack by defaulting on the United Rentals agreement on November 14, 2007. Our stock plunged 31 percent in 24 hours, and the perfect storm raged on for a while, fueled by uncertainty about what our plan would look like going forward. Over the course of the following year, the stock fell to \$5. We collected a \$100 million breakup fee from Cerberus, decided not to seek another buyer, and eventually got things righted. Today the stock trades at well over \$350 a share.

## **Keep Up the Pace, Not the Pressure**

Speed has been one of our sharpest edges in winning competitive deals. We can typically cut the due diligence and negotiation period from two or three months to a matter of weeks. To achieve this, we do a lot of research before we make our initial contact with the target business. As a result, our first or second meeting with a seller often goes something like this: "This is what

we're prepared to pay for your business, on these terms. If this is acceptable, we can be signing a definitive agreement in two weeks." That's going to get their attention.

When I created XPO in 2011, we did "only" 17 acquisitions in the first four years, but we looked at about 2,000 prospects. We passed on abysmal deals, as well as on "okay, but not great" deals, and sometimes that meant waiting when we would have preferred to be signing. The deals I've avoided have contributed more to my success than the deals I've done.

When we buy a business, we expect to own it for a long time, so we search for hidden flaws that may surface down the road and cause harm. I like acquisitions where the primary risk in each case is operational execution. I have faith in my team's ability to fix most flawed operations, because I've recruited the best possible operating talent for my companies.

The most effective way to understand not just the company but also their operating environment is by working as hard as the most diligent junior analyst at an investment fund—do disciplined, meticulous, bottom-up analysis. I want to be confident I understand the target's strengths and weaknesses. We've created a systematic evaluation process that lets us move quickly, with less risk. And while there's no one-speed-fits-all in M&A, faster is almost always better. Here are some of the specific questions my team and I answer as thoroughly as possible before we contact a prospective seller:

What will be the big drivers of profitable growth in this business over the next five to ten years? What do we have to believe in order to be confident we're going to achieve that growth? Are the assumptions underlying these beliefs reasonable or easily derailed? Are there big hockey sticks to the growth of revenue and margin without credible explanations for them? Can we accelerate scale more rapidly and at a much lower cost base by deploying AI, automation, or robotics?

What are the synergies we can expect from the integration? If the operational execution isn't up to par, is this something we have the capability to rectify through training and/or our technology? What are the redundant positions, overhead, and real estate costs? What procurement savings can we realize from the added scale? Is there an opportunity for cross-selling to the rest of our company?

What's the level of morale in the organization? Are the right people in place, with an effective organizational chart? Where might they be

overstaffed or understaffed? Is the salesforce top-notch, or is there an opportunity to train them to be more effective? The same question holds for the human resources and financial planning and analysis staff. Are the compensation plans properly structured to motivate people to contribute to the business plan, or is that another opportunity to improve?

And externally, how do customers regard this business? Is pricing too high or too low to be optimal for the market? Are there any trends in government regulations or political policies that could help or hurt the business?

Questions like these apply to almost every potential acquisition and help to keep the process on track. My team is both thorough and fast during the evaluation phase—telegraphing the seriousness of our intent.

The flip side of moving quickly is the pressure it can place on an acquisition team to get an agreement signed. One way to keep up the pace but avoid the pressure is to talk to multiple acquisition targets simultaneously so that you never feel you must do any specific deal.

## **Control Your Outcomes**

You'll find it's much easier to succeed at M&A if your acquisition process is aligned with your business plan and your high-level strategy for creating value. With United Rentals, for example, I could clearly envision what companies I wanted to buy and why—the list was right there, hundreds of small companies doing the things we intended to do on a grand scale.

I also knew what I would do with them once I bought them. I could see the synergy of managing hundreds of these branches as geographic groups on a single technology platform, consolidating the shared services functions, rationalizing SG&A costs, sharing equipment among branches to improve utilization, implementing a more professional approach to pricing, and, above all, serving customers better and using that loyalty to continue to drive revenue.

In addition, I knew that I'd be able to relate to the people I'd be negotiating with in these deals, because rental business owners on the whole are entrepreneurial, and so am I. The tenor of negotiations has a major influence on controlling the transactional outcomes. With the United Rentals acquisitions, I knew that a compatible mindset across the negotiating table gave me a high chance of success.

Another tenet of my M&A philosophy—and one that I’ve impressed on my teams—is the importance of removing every trace of vanity from the process. I’ve never done an acquisition, even a small one, merely to boost my company’s image or get coverage in the financial press. I can’t think of anything less appealing than expending capital, taking on cost, and disrupting operations for no compelling advantage to my shareholders and customers.

I’ve also never knowingly done a deal that was dilutive to my company’s earnings. There were four or five times where an acquisition didn’t go according to plan and ended up being dilutive. But I’d estimate that 99 percent of the time our deals were accretive and had nice synergies to them.

If you can’t nail down the benefits of acquiring Company X today, then you can’t envision how that dovetails with the big trends going forward, and the deal is too aspirational to be worth doing. “Going forward” is more important than “today” in terms of value creation—you don’t want to buy something right before it falls off a cliff. Consider Time Warner, which famously paid over \$183 billion for AOL in 2000 to get into the dial-up internet business, just as that big trend was beginning to die.

Lastly, before I finalize an acquisition, my team puts together an integration playbook that’s a combination of “math and music”—hundreds of prescribed action points, but with room to be creative in response to the human part of the integration. Well in advance of closing, we’ve visualized every aspect of the process that will harmonize the acquired operation within our company. Every integration is an abstraction until you make it a reality, and there’s a great deal of satisfaction to be found in seeing that outcome come to fruition.

## **Respect the Seller**

A psychologist in my extended family once told me there are two times when an otherwise perfectly sane individual is vulnerable to becoming temporarily insane. One is when their spouse tells them they want a divorce, and the other is when their employer tells them they’re fired. I would add a third category, which is when people are selling their companies. Sellers are usually under a lot of stress and not at their best.

With the first hundred or so M&A deals I did, I wasted a lot of time trying not to seem overly eager as a buyer. I sometimes went so far as to not return a seller's phone call to maintain an aloof posturing. Wrong! By foolishly playing hard to get, I ended up causing anxiety, even mistrust, with some sellers. I learned that the last thing I want to do is anger a seller to the point where it permanently kills the deal. I can picture some of those early sellers saying, "Dammit! I'll sell my business to anyone except Brad."

Once I understood that most private sellers are understandably concerned about their legacies, it became easier to put myself in their shoes: Will we, the buyer, retain their employees and treat them well? How will we treat their customers and vendors, some of whom have become their friends? How will its sale affect the communities they serve?

When it's a public company, the board has a fiduciary duty to maximize the price and legally shouldn't take social issues like this into consideration, but in my experience, they often do. And if the board doesn't, management does. So, one way or another, emotional and psychological elements can represent big stumbling blocks to closing a deal, and they tend to rear up between the time a business owner decides to sell and the signing.

**I wasted a lot of time early in my M&A career because I thought I could pay less by playing hard to get. I learned it's better to let sellers know how excited I am to do a deal and the price and terms that work for me.**

I find that the more I communicate with the seller in a genuine manner, the more I can ease the tension. For example, if I admire what they've done with the business, I'll tell them that. If I'm eager to buy it, and not just on the fence, I'll tell them that, too. It also helps to explain how the negotiation and post-sale processes will work. These statements can't be false flattery—if I can't say something authentic to the seller, I'll stay quiet.

That's not the traditional advice people get from M&A advisors. They'll tell you how important it is to maintain a poker face and not seem overeager, but I find that to be counterproductive. It's a little like dating—if you want someone to marry you, why play it cool? Tell them how much you love them. That's more likely to get a ring on their finger.

**Always be 100 percent honest with sellers. Don't play games.**

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Do everything you can to develop mutually respectful relationships with sellers. My wife has a saying she used a lot when our kids were growing up: Always be patient, pleasant, and polite. I think of her “3 Ps” frequently when I’m dealing with sellers—inevitably they lead to better dialogue, and dialogue leads to trust.

Another thing that works well for my team and me is to figure out in advance what things are must-haves, like price and certain terms—then, during negotiations, we try to say yes to everything else the seller requests, as long as it’s legal. It doesn’t matter if something strikes us as off-market or just plain silly; it only matters what the seller thinks is important. It’s the big priorities we set, not the small stuff, that will determine whether we make it to the finish line.

In the period between the handshake and the signing, we’re careful about what we promise and empathetic about any anxiety the seller is feeling. This is the period when all the cards have been played and the seller is sizing up our integrity. If we renege on a promise, all the work it took to get to that point may be for nothing. That’s why I don’t renegotiate a price once we have a handshake, except in the extremely rare circumstance when the seller has misrepresented something big.

**When I negotiate a deal, I never make the seller play the waiting game. Most people find it rude, and it’s counterproductive.**

We also reach out to the high-caliber A-players in the prospect organization as soon as we’re permitted to do so and express our commitment to retaining them. I like to use Dick Houston for this—Dick was a 25-year investigator and polygraph examiner with the CIA. He’s been a friend of mine for many years, and he’s screened nearly every senior employee I’ve hired since I met him. He’s also been involved in most, maybe all, of the M&A deals I’ve done in the last decade and a half.

At one point, when we were looking at buying a publicly traded freight transportation company, Dick pulled me aside after some of the due diligence meetings with management. He said there were neon-red flags all over their behavior when they talked about their accounting, so we didn’t

do the deal. Later, the company ended up being charged with criminal accounting irregularities. We dodged a bullet there.

## **Don't Expect to Force-Fit a Culture**

A fundamental mistake I made early in my M&A career was not attaching enough priority to understanding the culture of a prospective acquisition. It's hard, if not impossible, to make wholesale changes to a business culture. The goal is to buy companies with cultures compatible with yours so that change can happen naturally, and for the benefit of everyone, as the integration proceeds.

I want to draw an important distinction here—two cultures can be dissimilar and still be compatible. When XPO bought New Breed and Norbert Dentressangle, these companies had different cultures driving their success, but both cultures were compatible with our own. The combination of our organizations created a new and more dynamic culture at XPO.

Cultural incompatibility can suck all the energy out of the integration process and generate push-back from employees for years. If you're a fast-moving company and you buy a sleepy company, you might be able to get them pumped up over time, assuming you can figure out what made them snooze—but why invite that extra effort? Or if your culture is results-oriented with a high level of accountability, and you buy a company that stops answering emails at 4:59 p.m., it's going to be an uneasy fit. Similarly, an operation with a dishonest culture won't turn honest just because you give them a link to your code of business ethics.

This example is from my roll-up of the waste management industry: I bought a garbage collection company from an owner who signed a binding noncompete agreement. Then, when the ink was barely dry, his daughter just happened to open a competing garbage collection company down the street from the business we bought and started calling on what were now our customers. Granted, she didn't personally sign the noncompete, so technically she wasn't bound by its terms—but ethically? I felt she was.

One of the best uses of my time in the due diligence process is to do face-to-face talks with the top 15 or so people in the company we're in the process of buying. I give these interviews an extra-high priority. They take about 90 minutes each, and I get the gist of what's going on inside the company, the positive and the negative. I also get a sense of whether these

are straightforward people I can trust. As a bonus, some of the information shared during these talks can help my team anticipate the improvement initiatives that will be needed for the integration playbook and start executing on them right away.

## **Buckle Up for the Integration**

Mike Tyson gets credit for one of my favorite one-liners: “Everyone has a plan until they get punched in the face.” It’s as true of M&A as it is of boxing—particularly when it comes to integrations. Count on unexpected left hooks and be ready to take them in stride.

United Rentals is a good example of an integration process that proved it could go round after round. In the three months after I founded the company, we acquired six equipment rental businesses to give our concept a physical presence. From there, we began to execute a methodical M&A strategy that integrated about 250 independent rental businesses into our branch network, including our landmark purchase of U.S. Rentals in 1998. U.S. Rentals was the second-biggest equipment rental provider, and the largest acquisition in the industry up to that point.

That’s the part of United Rentals’ history people tend to remember: the roll-up. What’s less apparent is the hard work and the loads of humility it took behind the scenes to buy up businesses at speed and emerge as one cohesive company with a shared culture. My first piece of advice is simple—set your priorities up front and don’t stretch your team too thin, or your service levels could deteriorate in the business you bought, or your legacy business, or both. Competitors will try to poach customers and personnel when changes are underway, and any slipup leaves you vulnerable.

My second piece of advice is even more simple: Celebrate with a high five and then get back to work. There’s a ton of stuff to do.

## **First, Cultural Integration**

Cultural integration is the single most important thing to get right after the deal is signed. It’s the foremost reason why my companies have been able to do so many high-speed acquisitions without blowing up.

We address it like this: First, we leverage the cultural intelligence we gathered during due diligence. This becomes the basis for our ability to

communicate credibly with employees, customers, and other stakeholders. Second, we don't come in with a heavy hand and an arrogant, my-way-or-the-highway attitude, causing the employees to feel disrespected. A lot of acquirers get an "F" for internal communications. That's not our style. With every acquisition we undertake, we're careful to be respectful toward our new team members through our words, our actions, and even how we think. This can't be faked—people can tell if you're giving them baloney. We cultivate a mindset of feeling grateful toward the people who sustained the company we just bought.

**We're extremely respectful to the people we onboard from a company we buy. We're all on the same team.**

And we don't buy companies with the intention of upending their practices wholesale. This doesn't mean we're blindly loyal to everything we inherited with the acquisition. If an employee can't meet the numbers required by our business plan, we have to let them go. The same goes for the inevitable organizational disruptions that are part of M&A. I don't know of any way to unlock huge amounts of value without creating a lot of change, but most of it can be positive and all of it can be fair.

From a cross-fertilization perspective, we look for ways to benefit from the qualities that make a deal attractive in the first place. We happily accept that our own culture is not and never will be perfectly formed, and we open our minds and ears and listen.

## **Another First, Operational Integration**

Operational integration is so close in importance to cultural integration that I hesitate to rank them. But they do need to be discussed separately. Operational integration depends on speed and standardization.

The sooner we can bring an acquired business into our technology ecosystem, the better. We want one enterprise platform, one human resources system, one CRM (customer relationship management) database for salesforce management, one business intelligence database, one internal social media community, one KPI (key performance indicator) dashboard, one training curriculum, and one email system. In addition, every new

employee gets our procedures and policies manual, including our code of business ethics.

We place a priority on closing the acquisition books cleanly and standardizing the financial statements, monthly operating reviews, and budget so everyone is using the same format to present the numbers. We also move everyone to our incentive compensation plans and benefits programs. That way, we can benchmark people and locations, and instill accountability.

Operational integration also applies to the brand. I like to update the branding of an acquisition as soon as possible after signing the deal so that we're presenting a uniform image internally and to the world. For example, there's nothing that looks more amateur than salespeople going to meetings with different business cards and without standardized job titles.

We also set internal and vendor deployment schedules for rebranding the acquired operations with our company's name and logo, including the installation of new signage. Ideally, a visitor to any one of our sites won't be able to tell whether we opened that location from the ground up or we acquired it ten years ago, or one year ago.

Those are the big, chunky objectives at the top of our integration list. From there, we move on to the rest of the operations, including shared services like IT, finance, accounting, sales, marketing, procurement, and HR. And we strive to do it all seamlessly, because we also acquired customers in the deal, and they're watching us daily to see how we perform.

We've never gone wrong by leading into an integration with the big, mission-critical parts of the operations. We don't want to be operating two different businesses—we want clean numbers, fast data, and channels that allow us to share information consistently, to lever the high-caliber management team I've put in place.

## **Overorganize**

A lot of mystique surrounds M&A integrations, but experience has taught me that it's all quantifiable. When we acquire a company, the to-do list can stretch to hundreds or even thousands of tasks needed to make the integration work. My strong preference is to assign these tasks to individuals, not working groups. If we have one person owning each task

and being accountable for achieving it on time, we're more likely to succeed than if the task is owned by a group.

I also establish a regular cadence for monitoring progress throughout the integration, typically daily or weekly, or less frequently for tasks that take time to implement. With the cadence set, there's less confusion about progress against the plan, or who has the wheel on a given task.

Every time we do an integration, we're updating our playbook with new ways to become more efficient in preparation for the next deal. It gives us the benefit of organic continuous improvement, bringing us closer to where we can "wash, rinse, repeat."

Our United Rentals integrations were far easier than the ones for United Waste, and XPO integrations were easier still. This is partly because we're careful not to repeat the mistakes of earlier efforts, and partly because advances in technology have made integrations easier. But mostly it's because we've lived and learned and been there and done that.

## **Set Up Early Feedback Loops**

Often, when we buy a company, we discover that the frontline employees, middle managers, even some senior executives have never been asked, "What would you do to improve the company?" You'd think owners would want to know that!

We do just the opposite through multiple feedback loops: surveys, town halls, one-on-one interviews, group meetings, internal social media—whatever best fits the size of the acquired employee base and the time frame. Asking for input is a way to show respect, and we find it pays dividends on both sides.

If body language was audible, we'd hear the people at these gatherings saying, "Okay, they value me. I'm going to give it a shot. I want to be part of this, because it sounds like there's some real momentum here and this could be a good company to work for." They may still reserve judgment, but we've helped to dispel the insecurity employees naturally feel when their company is acquired.

**A lot of employees who join us through M&A have never been asked, "What do you think the business could be doing better?" Ask them!**

Feedback loops are also powerful tools for cultural integration. They give us an opportunity to communicate in the clearest possible terms that we're a results-focused company. Everyone is accountable; we all succeed or fail together. This sets us up to get buy-in from the new employees.

Typically, we start with a series of questions that go to the heart of their own observations: "What's the business doing well, that we'd be crazy to change? What's the business doing not so well, that we'd be crazy not to change? What's your best idea to improve the business? What's something that could be made more profitable? Or more customer-friendly? Or improve the workplace environment?"

**We never shoot from the hip with big changes when we integrate an acquisition. We listen intently to our new employees about what's working well and what needs improvement.**

We get an avalanche of responses every time we do this at the start of an integration, and we document it and discuss it at length as a senior leadership team. We make sure everybody knows this isn't a one-and-done HR/PR stunt. Feedback loops can unleash an outpouring of ideas about how to improve the company, generated within its beating heart.

Another important benefit of early feedback loops is that they give us a good look at the talent pool injected into our organization by the deal. Sometimes, the talent is the major coup of the acquisition.

**It's important to keep the key talent in an acquisition. Also, be bold about identifying people who aren't moving the company forward and offer them a generous exit package.**

## **Don't Promise What You Can't Deliver**

People get nervous when their employer changes because they don't know what to expect from this company they've suddenly joined. It's essential that we don't say or do anything that prevents us from building strong relationships, because the integration can't succeed without trust.

After we buy a business, its people are watching us closely to size us up. Are we honest? Are we for real? Can they trust us? Do we care about them? Are we competent? Are we winners? Do we know how to run their kind of business? Do we want them to succeed? Do we understand why

each person is valuable to our business plan? What is the new CEO like? Based on first impressions, many of these employees will already be deciding whether they want to hitch their wagon to our star or find a new job. It's critically important that we get the messaging exactly right.

I address this by being straightforward in my communications. At some point in the integration process, I tell new team members, "I'm only going to make one promise to you, and I promise this 100 percent: Despite trying my best, I'm going to mess up some things. So, give me a break, please, and give me some time to get it right. Also, feel free to tell me when I'm messing stuff up, and I'll listen to you. We're all on the same team now. And if we work together constructively on the basis of mutual trust, we can create something magnificent."

Note that I don't promise to take every piece of advice people give me. My promise is simpler and, I think, more meaningful: "I'm going to take what you tell me seriously. I'm going to think hard about it. I'm going to share it with the rest of the team." That shows a genuine commitment without overpromising, and it's something I look forward to delivering.

Some crowdsourced ideas will make it to the finish line and some won't. When I float a question like, "What do you think about our pricing?" to a group of employees, I always get competing answers—raise pricing, lower pricing, pricing is just fine the way it is. Everyone has a perspective, often driven by how change or inertia serves their needs for volume, revenue, margin, and so on. That's another reason why I don't promise to take everyone's advice; it leads to nothing but quicksand.

## **Forget Sleep**

Lastly, before you commit to doing high-level M&A, think about what it will require of you on a personal level to do rapid-fire operational, corporate, and cultural integrations, and get them done as efficiently and humanely as possible.

Between 2014 and 2015, I signed agreements for XPO's three largest acquisitions, and we put more than \$7 billion of M&A capital on the line in the span of 13 months. All three acquisitions were foundational building blocks for XPO services: Norbert Dentressangle in Europe, and New Breed and Con-way in North America. We completed those three deals in rapid succession, and the integration process for each business started the next

day after closing. By late 2015, we were intentionally managing all three integrations in harmony.

Our thought process was that we didn't want to do the integrations sequentially, because that would mean continually doing, and then undoing, things like shared services, IT systems, and branding. Instead, we managed the integrations simultaneously. It was an intense, expansive, multinational process, and we came out of it with one cohesive company and a single organization chart that combined our management and operating structures.

I averaged 14-hour workdays during that period, and for the entirety of the process, my company knew we couldn't take our eyes off customer service, sales, IT, and all the day-to-day initiatives that create shareholder value. For those of us in senior management, the triple tracks of strategic execution, M&A integration, and daily operations were all-consuming, and also exhilarating.

The three acquisitions have delivered stellar results. New Breed, which we regarded as the best-run contract logistics company in the world, became a cornerstone for our successful GXO spin-off. Con-way was a smashing success: We nearly tripled the EBITDA of its less-than-truckload business from 2015 to 2022, and generated about \$4 billion of net cash from the operations over the same period. Norbert became our European platform, and we doubled its profit in three years.

Later, we undertook another big endeavor with the launch of our two spin-offs, GXO and RXO. This was made more challenging by the macro instability caused by COVID-19, which called for constant agility on our part. I'm proud that we accomplished a landmark event in American public-company history: two successive spin-offs—a \$7 billion business and a \$5 billion business—in the span of about 15 months. It required enormous grit from the team, and an astounding brain trust of collective wisdom.

I'm sharing these experiences because they exemplify the intense work ethic we instilled at the heart of XPO's culture in the company's first decade. Josephine Berisha, our chief human resources officer at the time of the two spin-offs, slept just a few hours a night during the most demanding stretches, and told me she still thoroughly enjoyed the ride. This is the kind of culture you need to achieve big things.

The takeaway? If you plan to make a few billion dollars, you'll likely find that sleep is overrated—and that it's actually more fun to be awake.

## **My Lunch with Hertz**

I'll close this chapter with a cautionary tale about not letting ego intrude into M&A. This is from the roll-up heyday of United Rentals.

When I got into the construction equipment rental business, Hertz was the undisputed leader. While most people knew Hertz as a car rental brand, the company had also built up a national equipment rental chain to about \$1 billion of annual revenue over the course of 37 years. United Rentals surpassed \$1 billion in 13 months.

One day, I received an invitation from Hertz's CEO to join him for lunch at the Metropolitan Club in New York. I didn't know what to expect, other than he might want to buy us out. I wasn't looking to sell, but I was willing to listen to anything that could create outsized value for our shareholders.

Instead, I got taken to task for United Rentals pulling ahead of Hertz. And while my company's growth was simply business as usual for me—competition for customer dollars—my lunchmate's next words made it clear that, for him, it was personal: “You made me change one of my taglines! I had the largest car rental company and the largest equipment rental company in the world, and now I've got the largest car rental company and the second-largest equipment rental company. I don't want to be second in anything!”

From there, he tried to get me to slow down: “You're making a mess of it; you'll screw up the whole industry and go bankrupt.” I told him, “Look, you're smart and I respect that you know the industry, but United Rentals isn't going bankrupt. We have a winning plan here. And I don't have a dominant share of the market, no one does—so, go out there and beat me. Win your tagline back.” His response was to leave the lunch steaming, and he went on to find something wrong with every acquisition that might have gotten Hertz back in the race, while we kept building United Rentals.

That lunch was a memorable moment in my career, and I think of it from time to time when United Rentals posts another round of solid financial results—how we laid that foundation a quarter of a century earlier with our high-gear, “messed-up” M&A growth plan. As I write this, the 2023 forecasted EBITDA for Hertz Equipment Rental Corp—now known as Herc Rentals—is \$1.5 billion, and United Rentals' forecasted EBITDA for the same period is \$6.8 billion.

## CHAPTER 4

# How to Build an Outrageously Talented Team

**WHEN I HIRE KEY PEOPLE**, I'm trying to achieve a two-part goal: accomplish big things and have fun doing it. There's nothing contradictory about this when you have the right people in place—and if you can do it at scale, you'll have an organization that can pursue big goals.

CEOs tend to get credit for the accomplishments of the teams they lead, but in reality, the most important thing a CEO does is recruit superlative people who have a combination of impressive traits. Talent is a must of course, but it's equally important to hire quality people who are capable of constructive interactions with others.

In an earlier chapter, I made the point that aiming for perfection can be counterproductive; good is usually good enough. But if you're going to break that rule for one thing in business, break it for people. Make your hiring choices as perfect as they can be because there are few mistakes costlier than hiring the wrong person. I want to step away from specific skill sets here and give you the view from the top.

### **Use Multiple Sources for Assessment**

Hiring the wrong person is expensive on every front: money, time, energy, and the well-being of your employees. Even if you hire the right people 90 percent of the time, one in ten people is too much misalignment—especially at the senior level—and it can be disastrous.

My companies interview management candidates with more-than-typical rigor as a matter of policy. A prospective executive will go through seven or eight interviews, sometimes more, before joining the team. We'll

take all the time we need to find the right person, and we'll leave a position open rather than hire someone we're unsure about. An empty seat is less damaging than a poor fit.

When I was running XPO, I interviewed every one of the people who worked at our Greenwich, Connecticut, headquarters, from the front desk to the C-suite. I wanted to know what it felt like to be in the same office with someone who might be working with me for years to come. I didn't vet these candidates for their job skills; I was interested in whether the candidate was someone who could connect with me and with our team. I still do these one-on-one interviews with key hires in my role as executive chairman. When I'm sitting across from a candidate, I'm actively monitoring my thoughts and feelings: Do I feel relaxed and strong in this person's presence? Am I inspired by them?

On a more procedural level, we ask each candidate to complete a form with 45 questions before being interviewed. The answers give us a lot of basic information up front so that we can devote more of the interview to getting to know the person behind the resume. For example, three of the 45 questions are as follows (for the full list, see [Appendix C](#)):

- What quality do you admire most in people?
- What do your subordinates think are your weaknesses?
- What have been one or two of the happiest moments of your professional life?

There's a certain subjectivity involved in getting to know a candidate, and it's important for everyone involved to guard against personal biases. I rely on trusted colleagues to interview the candidate and share their honest assessment of the person's qualifications and cultural compatibility. When we meet to discuss whether to go ahead with the hire, I expect my team to respectfully disagree with me and with one another if they hold different views. By working collaboratively, we maintain a strong filter for who's allowed into the organization.

## **Intelligence, Hunger, Integrity, and Collegiality**

My successor CEOs currently running XPO, GXO, and RXO are Mario Harik, Malcolm Wilson, and Drew Wilkerson, respectively—and all three are choice examples of a broader truth about hiring. The way to get the best people on your team is by discarding any pre-imagined picture in your head of what the ideal candidate looks or sounds like.

Mario, Malcolm, and Drew are totally different from one another in a lot of obvious ways, including how they came to work with me. After I hired Mario as XPO's chief information officer, he went on to also serve as chief customer officer, and then as head of our North American LTL business. In 2022, he succeeded me as XPO's chief executive.

Malcolm came to XPO through our acquisition of Norbert Dentressangle in Europe and ran XPO's European operations for six years until we spun off GXO. Malcolm has decades of logistics experience, so he was an ideal choice to serve as GXO's chief executive. We hired Drew from a competitor in truck brokerage, C.H. Robinson, shortly after I founded XPO in 2011. Drew helped us build our truck brokerage business from scratch and became RXO's chief executive upon the spin-off.

**To create billions of dollars of value, you need a team of people who are smart, hardworking, honest, and kindhearted.**

Mario grew up in Beirut and conveys his technological brilliance with swiftness and charm, and a distinct Lebanese accent. Malcolm is patient and measured, an Englishman who loves “football.” Drew is a Southerner with a Carolina drawl who gets straight to the point and has a passion for an entirely different kind of football.

While there's little about these three leaders that seems to connect them on the surface, they're nearly identical in possessing the four qualities I seek in every hire: *intelligence*, *hunger*, *integrity*, and *collegiality*. If a candidate is deficient in any one of these four, that's a risk I don't take. If I find someone who scores high in all four qualities, and has the skills for the role, I snap them up.

## ***Intelligence***

Screening for superior intelligence eliminates 90 percent of all candidates, so it's the first thing I look at. Intelligence is a must-have for me, especially as I operate in industries that are multidimensional and evolving. There's just no substitute for smarts.

I've related how my mentor, Ludwig Jesselson, schooled me on the importance of looking at problems as opportunities to remove an obstacle and get closer to success. Intelligent people are well adapted to do this. They're more apt to see problems as puzzles to be solved quickly or uncut diamonds to be mined. I want people on my team who enjoy problem-solving, and who can use their solutions to grow the business and wow our customers.

About 25 years ago, people were starting to talk about a new concept called emotional quotient, or EQ. A flood of books and articles asserted that empathy, communication, and related "soft" skills were the most important traits in successful business leaders.

Spencer Stuart, a leading headhunting firm, conducted a study in the '90s to find out which CEO traits actually contribute most strongly to organizational outcomes: EQ or IQ. They looked at companies at every performance level, and the results were unambiguous—the CEO trait most closely correlated with organizational success is a high IQ.

I was one of the CEOs Spencer Stuart interviewed for their research and I awaited their findings with interest. The study's conclusions made a big impression on my hiring practices. It convinced me to double down on hiring the brightest, most talented people I could find so that we can make the best business decisions as a team. I love how electric energy happens naturally when I get a group of brainy people together to hash something out. The smartest thing I do as a CEO is to make sure that most of the people I hire are smarter than I am.

When I interview people, I ask some objective questions related to intelligence—for instance, their grade point average in college, and their IQ if they know it. These are useful indicators of brainpower, but they're not the entire picture. And there's an inherent risk in assessing intelligence objectively: the risk of confusing pedigree with ability.

True, lots of smart people get good SAT scores, go to top-ranked schools, and land jobs at big-brand companies. These criteria are well worth weighing, but SAT scores can be boosted with expensive tutors, college

admissions can be gamed, and getting hired by big companies can be a function of who you know or who your parents know.

Over the course of my career, I've met lots of brilliant people who didn't go to Ivy League schools for reasons that have nothing to do with intelligence. Drew Wilkerson makes no secret of having attended a college ranked below the top 100 in the country, and his mastery of RXO's business is extraordinary by any standard. Drew's quick on his feet and focused on the right priorities. He can see the big picture and is relentless in solving problems. If I'd only looked for Ivy League graduates, I would have missed out on him—and RXO would have a less capable CEO.

Some jobs are more about excellence in a technical or operational area than they are about total intelligence. These positions require someone who's intelligent at what we need them to do, rather than a genius in general. I'm using the term *genius* here to make a point, but I would be turned off by a candidate who referred to themselves that way, regardless of their IQ. Truly smart people are humble, not arrogant. Whether someone has raw intelligence, a more academic thought process, or a focused intelligence in a functional area, they should be open to learning from others.

**I hire people who have a burning desire to win, and who play fairly.**

It can be a tricky personality to find. On one hand, I want go-getters with big egos on my team—self-confident winners who are out to conquer the market and make a bundle. At the same time, they need to genuinely respect others. Even a hint of arrogance can be a red flag. To guard against it, I ask myself two questions when assessing a candidate in my one-on-one interviews. First, “Can this person think dialectically?” That is, are they capable of thinking from multiple perspectives, and reconciling streams of information that seem to flow in different directions? And second, “Are they capable of changing their opinion?” Rigid thinkers, at any level of intelligence, are less valuable to the team because they're mired in their own points of view.

***Hunger***

The second quality I seek in every candidate is hunger. Hungry people have tenacity and want to work hard. They get motivated by big projects and work nights and weekends, whatever it takes to succeed. They're resilient and don't give up when problems emerge. Hunger is a vital trait, and I expect it from everyone I hire.

Also, I only hire people who are motivated to make a lot of money. CEOs can give their employees experience and advice, but you can't pay the mortgage with advice. Compensation is the most effective tool I have to motivate employees. If a candidate says to me, "I'm not motivated by money," I suspect either they're not being candid or they lack the hunger that's necessary to succeed in what is, after all, a profit-driven enterprise.

**Hire ambitious people who want to accomplish big things and make a lot of money.**

My companies have always looked to hire people who actively enjoy an intense, results-oriented workplace culture, and aren't merely resigned to working hard. They want to work for us because we're giving them the chance to run hard at ambitious goals and reap significant rewards.

At my first company, Amerex, I hired a small team of scrappy people who were driven by a strong competitive streak—in part because, like me, they were close to broke. Since then, my companies have been larger but no less hungry, and always with an entrepreneurial spirit and a scrappy competitive streak.

**It's better to be slightly understaffed, but not badly understaffed. A team that's appropriately lean has a more concentrated focus and gets more done.**

One way I try to "hire for hunger" is by assessing whether a potential employee has what it takes to thrive in a lean workplace. I find that slightly understaffed teams are more focused and spend less time doing redundant busywork. Those who have the right kind of hunger do well in this environment.

Sometimes, though, people change. They start out hungry and then something in their life causes them to slow down. I've had people display an eagerness for the hunt and then simply lose it, or maybe they didn't have

the stamina for it in the first place. It could be a relationship issue or an about-face in personal philosophy, or the fact that they've made a lot of money and lost their edge.

When you've built a team around a deep, internal urge to succeed, burnout is a risk and vigilance is needed to keep it at bay. For example, slightly understaffed teams are more productive than overstaffed teams, but teams that slip into being substantially understaffed cause employees to mentally check out. And people who work too hard for too long can hit a wall. Every so often I have to tell my heaviest hitters to chill out—turn off your phone, rest, recharge, and come back swinging. We miss them when they're chilling, but that's far preferable to a situation where you have to goad people to put in a bare-minimum effort.

## ***Integrity***

The success of any company depends on its people fulfilling their obligations. Everyone must do what they say they'll do. It's management's job to provide oversight by setting the strategic direction and removing any roadblocks, but the whole machine works better when the culture is defined by teamwork, and that takes trust.

Apart from the obvious benefits of integrity, hiring trustworthy people makes it easier for others around them to focus on their jobs. It only takes one integrity-impaired person to disrupt a workplace, so it's far more efficient to filter that person out in the hiring process. Otherwise, the other employees will be wasting time looking over their shoulders to protect themselves, the company, or its customers from their unscrupulous colleague.

I've learned three important lessons about integrity over the course of my career. First, if someone's willing to lie about small things, they're usually willing to lie about big things. It's a lot of work to communicate with someone you don't trust to speak truthfully, where you have to constantly wonder whether they're lying, and why. And more critically, trustworthy employees are leadership's eyes and ears in business operations. Dishonest employees blind management to the reality of what's going on.

The second thing I've learned is that, sooner or later, liars get caught. That's why I believe honest people are more successful in the long term

than dishonest people. I'm chasing success on a massive scale, so I can't afford to have liars on the team. They pose an existential threat to the entire company, and the team can sense that, even if they don't know anything specific. Honest employees make it easier for everyone to relax.

And third, honest people don't have to tell you how honest they are. Instead, they show integrity through their actions. Most reputations for integrity come from the cumulative effect of someone doing what they say they'll do, and being straightforward in how they speak. These are the kinds of cues we look for as someone moves through the hiring process.

## ***Collegiality***

As you may have gathered by now, my team and I spend a lot of time together, so it's a big deal that we like one another. Work becomes more productive when it's with people who bring up the vibe.

**I don't think cutthroat people help an organization in the long run. Collegial teammates are usually more successful than nasty ones.**

Collegiality is partly good business, because I believe it's essential to achieving big goals, and it's partly selfish. I went to get a life insurance policy the other day, and the agent told me that, from an actuarial perspective, I probably have 20 years of life left—7,300 days. I assume the last 1,000 or 2,000 days might not be my healthiest, so I probably have only about 5,000 good days left. I don't want to spend even one hour with people who are unkind.

**An organization is like a party. You only want to invite people who bring the vibe up.**

The connection between colleagues who work together is intimate, both literally and metaphorically. It's psychological, emotional, even physical. Science has discovered many ways that people in close contact influence each other's physiological processes. I want to make sure that the people around me are healthy influences in every sense of the word.

Everyone who gets a job at XPO's headquarters in Greenwich is vetted on the basis of objective competency and the four qualities I've just

described: intelligence, hunger, integrity, and collegiality. The office is a creative nerve center, and a fun place to be—although not the kind of fun that inexperienced leaders use to distract their employees from the realities of hard work. There are no pool tables or bean bags or beer kegs. There's a feeling of quiet intensity as people go about their work, and there's also an emotional warmth. People admire and trust one another and enjoy spending time together. For the 12 years I was CEO, the Greenwich workplace typically scored between 9.0 and 9.5 on a ten-point scale of self-reported job satisfaction on XPO's anonymous employee surveys.

**Fill your leadership team with good-natured people. No one wants to work with a jerk, even a very talented jerk.**

Occasionally, an employee comes across as collegial in the hiring process and turns out to be difficult to work with. It's hard to screen for this 100 percent during interviews, when people are focused on making their best impression. Then they join the team, and their authentic nature comes to light. It's unfortunate, because one jerk on a team can put a stick in the spokes for everyone. Jerks don't last long at my companies—they usually show their colors quickly because they're not prepared to work harmoniously with others.

When hiring is done right, the effect on individual employees is powerful—everywhere they turn, there's a teammate who makes them feel better about who they are and what they're doing. Everyone is happier, more energized, and more productive.

## **A, B, and C Players**

When a company fails to pay attention to performance and attitude, good employees and mediocre employees may coexist for months or years without management taking action. This is a lose-lose situation that can stifle the good employee and hurt the organization, because a mediocre teammate can drag down team spirit. To make sure that doesn't happen, my companies use three different techniques to evaluate talent and elevate the caliber of the organization.

The first technique is a simple thought experiment I use to evaluate an employee. I imagine that person coming into my office and quitting without warning: “Hey, Brad. Don’t try to talk me out of this. I’ve already got another job in another city. We bought a house. So, I’m not here to negotiate a counteroffer. I’m here to talk about a transition plan and leave in a responsible way so everyone’s happy.”

Just by imagining this scenario, I can immediately tell from my own inner response whether the person is an A, B, or C player. If my first thought is, “I was going to fire this person sooner or later anyway, so no big deal and now we won’t have to pay severance,” that’s a C player. If my reaction is, “I don’t like this, but I can live with it. The transition period might be a little bumpy, but we’ll run a search and find someone else, maybe even someone better,” we’re talking about a B player.

**If you hire a B player, they’ll probably hire C players. Then you’ll have C players led by B players. Yikes.**

But if my reaction is an internal dialogue of panic along the lines of, “We’re so screwed! How did we get into this situation? There’s no way we’re going to find somebody as fantastic as this person!”—and I’m so freaked out I can’t even hear what else they’re saying—that’s an A player. In this case, the thought experiment serves as a wake-up call, and I’ll have HR check that person’s comp package and promotion timeline to make sure we’re doing everything we can to retain them before they ever think about leaving. Losing an A player is a cardinal sin.

The second technique is the way we use this same coding system to distinguish between employees in our companywide organization as A, B, or C players. My goal is to have every position in the company filled by an A player. Inevitably, we’ll have some Bs, but we don’t want any Cs at all. We’re a C-free zone.

Our HR team uses an objective coding system to categorize every manager-level employee and above as an A, B, or C. The management coding uses a comprehensive process that considers both performance and potential. In a results-oriented culture like XPO’s, if someone in management is hitting their numbers, they’re likely an A player or a B player, depending on how impressive their targets are.

The third technique is a form of performance appraisal I like to do with my direct reports. It's more of a relationship appraisal. We meet one-on-one and ask each other to rate the quality of our professional relationship on a scale of one to ten. Then, if it's not a ten, there's a follow-up question: "What would make our professional relationship a ten?" These two simple steps are likely to surface ways to easily improve the relationship.

## **Fire C Players, but Be Nice**

An employee who consistently has performance issues is probably a C player, and their manager has a choice to make. Unless there's an external factor over which the employee clearly has little control, the best advice I can offer is to graciously, immediately exit that person from the company. Otherwise, today's bad results will likely be repeated over and over again in the future.

Obviously, nobody—employee or boss—wants to be in this position. When I ran United Rentals, I had a chief operating officer named Wayland Hicks who was 13 years my senior. Wayland had been COO with Xerox in its heyday, and I learned a great deal from him. One piece of wisdom he shared, that I've kept with me, is how to decide when to fire someone and how to handle that unpleasant task.

Wayland's advice was to act decisively but compassionately once it becomes evident that an employee isn't a match for the company. This is a difficult moment for the employee being terminated. Show them kindness, regardless of the circumstances leading to their dismissal. Let them go with their head held high and don't be cheap on severance. Don't create a situation where, a decade from now, you still avoid them in the supermarket.

I believe that the decision to fire someone must not be made lightly, but it also shouldn't be reserved solely for the worst acts of misconduct. Management has a responsibility to identify employees who may not be causing any overt trouble, but who are weakening the enterprise with quiet, chronic underperformance. If they don't make enough headway after a 60-day improvement plan, it's time to let them go. That can be a hard lesson for the employee to learn, but it's an experience they can leverage when they move on.

The reality is that people change jobs every day, and while being terminated may sting in the short term, the traits that got that employee hired in the first place will lead them to a situation that's hopefully a better fit.

## **“Overpay” Your Employees**

The three companies I currently chair have a total of about 174,000 employees. Not a single one of them shows up to work because they want to make money for Brad Jacobs. They come because they want to make money for themselves and their families—to buy a house or put their kids through college, or fulfill an even bigger dream. I love that. The freedom to pursue dreams is a big part of what's made the United States the most prosperous nation in the world for more than two centuries. It isn't just an American desire, though—I do business in dozens of countries, and money animates people everywhere.

That's why I've “overpaid” almost every direct report I've ever had to ensure I had top-tier people in place. When I pay someone a big bonus or see the value of their equity keep rising, I have the satisfaction of knowing it's a twofer, because I've been careful to align that person's incentive structure with the company's goals. The only way to earn windfall money in my companies is to make outsized contributions to value creation.

**Most people aren't making money for themselves—they're making money for the people they love.**

Many of my people have made tens of millions of dollars—in one case, over a hundred million dollars—and I was delighted to pay them. The business received a large return on capital from those investments: tens of billions of dollars of value created for our shareholders. And I have the pleasure of seeing individuals I like make a lot of money for themselves and their families. It's hard to express how satisfying it is to have a hand in enabling that.

If you aim to make a few billion dollars, put together an amazingly talented management team and be prepared to pay them well.

For example, a typical contract logistics warehouse can generate tens of millions of dollars in annual revenue, and the most important role in that operation is that of the warehouse manager. There might be 100 other people staffing the facility, and dozens of people higher than the warehouse manager on the company's organizational chart. While everyone's work certainly matters, it's the quality of that one manager that has the strongest influence on how the warehouse will perform. It makes no financial sense to skimp on salary and incentives to save \$100,000 a year, when hiring a second-best candidate may cost you millions of dollars in lost profit.

Getting the compensation right means paying attention to every aspect of it—not just base pay, but also incentives. When I was leading United Rentals, the jewel in our acquisition crown was the purchase of U.S. Rentals from a wildly successful entrepreneur named Dick Colburn. He was a multibillionaire and musician who had been married ten times to nine wives. Despite his quirks, I regarded Dick as a brilliant businessperson, so I asked him the same things that many college students now ask me: “How did you make all that money? What are the actual steps to get to billions of dollars?” Dick felt strongly that success in business is mainly about compensating your people—namely, designing a profit-sharing formula that marries their personal interests with those of the company.

I agree with Dick on this. One of the reasons XPO attracts world-class people is because we recruit from top-performing, high-paying enterprises like Alphabet, Amazon, and Goldman Sachs. This is a strategic decision I made as CEO—to pay like the big corporations and break out of the “penny wise and pound foolish” mentality that has kept the transportation industry at the lower end of the compensation scale. This has allowed XPO to compete at the highest level for talent.

**Don't be cheap with what you pay for talent. Tie compensation to performance.**

My advice to prospective CEOs is to participate in the intentional design of incentive plans, and not delegate them as strictly an HR or talent management task. It's also important to customize the plans for different roles within the organization, keeping the domino effect in mind.

For instance, a salesperson naturally pays more attention to revenue growth than to operational metrics, where they have no control. Operations

people, on the other hand, are all about margin and profit. If a salesperson's commission depends only on revenue, it gives them free rein to bring in new customers that may or may not fit well into the company's operational capabilities. That can impair efficiency and negatively impact customer service, margins, and overall profit. It also creates an unhealthy tension between sales and operations.

Generally, a sales commission should depend partly on top-line results and partly on profit. This motivates the sales team to partner with the operations team in determining which customers are the best fit for the company. Now, everyone is working together to win together.

All five companies I founded were successful in establishing incentive plans that gave our employees a clear sense of the benchmarks and a fair chance of meeting them through a concerted effort. If you get either of these components wrong, your people aren't going to be motivated by the monetary opportunity, effectively defeating the whole purpose of incentives.

I'm usually not in favor of putting a cap on incentive compensation. I want my people to feel encouraged to run as far and fast as they can. Caps can have the opposite effect—in many cases, a salesperson who hits their commission cap six or eight months into the year is only motivated to wait for the incentive to turn while they collect their base pay. But if they know their incentive comp is open-ended in correlation with their performance, they'll find ways to keep signing profitable business.

This ethos can be applied throughout the workforce, including hourly employees. At XPO, we try to keep base salaries within general industry parameters, but offer above-market levels of incentive compensation. RXO, which is nearing its first anniversary as a spin-off, has adopted a similar structure: RXO pays reasonable base salaries to its brokerage sales and carrier teams, and offers big incentive packages. I recently visited their headquarters in North Carolina, and the RXO teams work extremely hard. A strong work ethic, combined with the ability to earn a lot of money, is a powerful personal tailwind.

In publicly traded companies, equity has an important part to play in total compensation. My companies offer above-market equity incentives because we want true believers—people who are aligned with our vision and share our drive to create shareholder value. Equity comes with a built-in incentive to stick around and help the company perform at its best.

Equity incentives are most effective when they reflect an employee's value, which can change with vesting over time. I continually work with XPO's human resources team to evaluate the vested and unvested stock holdings of the company's top 200 employees. We review these values four or five times a year, and if someone's holdings are insufficient relative to the value they're adding to the company, we'll give them a spot equity bonus. If a top performer's stake is almost completely vested—meaning they've stayed with the company long enough for their equity compensation to become fully theirs—we typically give them more equity over an extended period of time to encourage retention.

I also like to extend equity far deeper into the organizational chart than is typical in the business world. Many companies don't start offering meaningful amounts of equity until employees have advanced to higher levels of leadership, but we want as many of our people as possible to feel that they're part of something exciting.

And that's the bottom line of a compensation structure that aligns the interests of the people in your organization with the interests of your company and its shareholders. Employees are happier and have more reason to work hard. Managers are more motivated to devise creative solutions to challenges. The company is better positioned to make gains in operational excellence, market share, and profitability. All because you've committed resources to generate ongoing returns through compensation, one of the smartest investments you can make.

## CHAPTER 5

# How to Run Electric Meetings

**THERE ARE SO MANY** boring meetings. So many rehearsed speeches and passive listeners, so little spontaneity. Even though the room is full of experienced, capable professionals with intelligent opinions, the chairs might as well be filled with human-shaped cardboard cutouts.

Companies that run meetings like this suffer from what I call “big company-itis,” and it’s something of an epidemic in the business world. The meeting culture is stifled by bureaucracy, which prioritizes predictability over effective communication.

Good meetings, by contrast, are productively unpredictable, sometimes wildly so. When smart people get together and are comfortable speaking their minds, the value quotient of the meeting goes way up. There’s dialogue instead of corporate pageantry, and the conversations take surprising turns as the group tackles the agenda. Everyone walks away knowing they contributed to the process, and with a clear understanding of what needs to be done next.

**There are three ingredients for electric meetings: the right people, a crowdsourced agenda, and an atmosphere where everyone feels safe to respectfully disagree.**

Every time I lead a meeting, I want it to be an electrifying experience with high impact. Even modest, one-off meetings are consequential to a company. Over the years, I’ve come to identify three ingredients that are essential to achieving powerhouse meetings: the right people in attendance, a crowdsourced agenda, and an atmosphere where everyone can respectfully disagree.

Now, I'd like to share a personal experience from an early age that crystalized my view of meetings as the mainstay of collaboration.

## **Bennington College**

My academic path was, at first, unremarkable—the same as any other middle-class American kid going to public school in the late 1960s. I was in tenth grade when my parents were contacted by Northfield Mount Hermon (NMH), a private boarding school with Evangelical Christian origins located in northwestern Massachusetts. NMH offered me a scholarship, and I accepted.

A year later, Bennington College contacted me with an offer of a scholarship plus early admission, and again, I accepted. Without completing high school, I became a college freshman. Bennington was a private, 600-student liberal arts college in rural Vermont, and I remember my time there as one of the happiest, most growth-filled periods of my life.

Each course at Bennington had nine students on average, so it wasn't an option to sit and observe. The sessions were 90 minutes of fast-paced, challenging discussions. There wasn't even time to raise a hand to be called on—if we wanted to survive, we had to engage.

Our instructors were practitioner-teachers, meaning they didn't teach full-time—they had their own careers going and taught on the side. They knew the names of all their students, and we addressed them on a first-name basis, almost like peers. My music and math professors, in particular, had a big influence on my life; they taught me about creativity and improvisation. I loved the whole experience.

However, to make my parents happy, I left Bennington after 18 months to finish my education at Brown University in keeping with the family tradition. The Jacobs family is deeply, deeply from Rhode Island. My father went to Brown, my brother went to Brown, and I was going to Brown, whether I liked it or not.

Don't misunderstand me; Brown is an outstanding Ivy League university and I'm proud to be an alumnus—but I couldn't find my footing. Instead, I was wandering from one grand lecture hall to another, sitting passively alongside bright students I didn't know and listening to lectures from impressive professors who didn't know me. Back then, the classes were enormous, sometimes 150 students or more. A Bennington-style

discussion was impossible at that scale and it didn't suit my learning style at all. Brown had a lot to offer, but I couldn't connect with it, and eventually I dropped out. I guess I was allergic to graduating.

It's somewhat ironic, then, that Brown taught me a lesson that has been a tremendous influence on my life—learning style matters. My learning style aligns with the dynamic experience I had at Bennington, and is at odds with the lectures I sat through at Brown. When I began my business career by founding Amerex, I brought that lesson from Brown with me.

I've put a lot of work into understanding what makes different learning styles resonate, and I believe lively discussion is the best way to encourage people to learn in a business setting. In every meeting I've led, I've tried to re-create that sensation of 17-year-old me in a Bennington classroom surrounded by peers, with everyone eager to jump into the conversation.

## **Keep It Small, but Large Enough**

Early in my career, I would fly in 45 or 50 attendees from around the world for a three-day huddle in the boardroom. While those meetings were productive, I realized over time that there were too many participants to be optimal. With a relatively small but still sizable group in the neighborhood of 15 to 20 attendees, there's less posturing and discussions are more sincere.

When it comes to deciding who should be at a meeting, one thing I do differently than most CEOs is invite a mix of people to the party. I want my senior leadership team to know what's going on across the company, not just within their own jurisdictions. This gives them added context they can keep in mind, beyond their scope of responsibility. Instead of making decisions in a silo, they're more likely to consider the impact on the broader organization.

In addition, the productivity of the whole team is enriched when executives have visibility into what's going on across the company. This goes to the shared mindset of a collaborative team: Be prepared to help solve a problem if you can, no matter where it sits in the business. At any given moment, the top few dozen or so people in my company know everything that's going on, good and bad.

I try to include the core C-suite group in our most important meetings, along with a handful of subject matter experts or rising stars—people who

can add value and benefit from the exposure. I've found an inclusionary approach to be effective in defining challenges and brainstorming solutions.

## **MOR for Your Money**

In my companies, monthly and quarterly operating reviews—MORs and QORs—are the most important meetings on the agenda. MORs happen every 30 days or so; we discuss the results of the prior month and define the opportunities of the coming month. In addition, we hold a QOR every third month to discuss the prior quarter as a whole before publicly reporting our earnings. This meeting cadence is the backbone of how I run my businesses, and the main catalyst behind the value my teams have created.

The concept of the MOR is that each unit of the company, such as a core service operation or a corporate function, gets their turn in the spotlight with a separate MOR that involves unit and corporate leadership, as well as other invitees. Unit leaders work with the financial planning and analysis team to produce the MOR slides, timed to be distributed to the group in advance of the meeting. The deck communicates the most relevant information—typically, concise financial and operational KPIs, customer and employee satisfaction scores, financial comparisons to the prior month/quarter and to the same period the prior year, and projections of future performance, with assumptions.

I've seen a mountain of slide presentations from various sources in my career, and my teams produce some of the best slides in terms of communication. Nine times out of ten, that means less content per page—I can immediately understand the what, when, and why of each takeaway. This aligns with a key tenet of our communication style: Resist the urge to flood communications with nonessential information.

With the slide deck in hand, everyone who will attend the MOR is expected to read the presentation from cover to cover before the meeting and absorb it at their own pace and learning style. In 30 minutes of advance reading, most people are able to review what would take a couple of hours if it was being presented live to a bored audience.

**Resist the urge to flood communications with nonessential information.**

As each attendee finishes reading the deck, they send me their top one or two most important takeaways and their top one or two questions. This is a form of crowdsourcing the agenda—one of the three pivotal ingredients of electric meetings. No one phones this part in; they're expected to submit questions that are incisive and cut straight to the results they've just seen. Some of the questions that have come my way are as follows: Why is revenue with a top customer trending down, and what can we do to course-correct it? Why didn't the IT team launch the tool they said would go live last week? How can we improve the forecasting process for seasonal demand?

**To kick-start a meeting discussion, distribute the information to the group in advance so they can think about it. You also won't chew up valuable meeting time flipping slides.**

MOR attendees tend to use their questions to zero in on problems, because solving problems is how a company creates shareholder value. But it could also be a question about leveraging success, such as: How did a strategic account manager turn around a customer relationship that was in the dumps, and can we replicate that in the future?

Once all the questions and takeaways have been submitted, I have my team create a digital survey that lists them in random order. The lists are then sent to the meeting attendees, who rank each item on a scale from one to ten: one being "This isn't worth discussing" and ten being "Discussing this should be the highest priority."

It's a methodical process that guarantees everyone who walks into that meeting has had to have read the deck, thought through the takeaways, formulated their questions, and let us know how they rank the submissions from the group. We're ready to jump immediately into a productive conversation.

## **Avoid the Spin**

We start the MOR by reading the takeaways that scored seven or higher on the survey. Then we dive into the questions, starting with the highest-ranked questions and moving through them as far as we can before time runs out. An assigned moderator ushers the group from question to question and

manages the tempo in real time, deciding whether to pause on a certain topic for follow-up questions or move on. The tempo is largely governed by how productive each discussion is.

The quality of the moderating is critical to the success of the meeting. With MORs and QORs, it frequently makes sense to have the unit leader act as moderator, but I also like to assign unexpected choices. Sometimes, for example, I've assigned someone from outside the unit to be a "surprise moderator," tapping people who have a neutral point of view and don't feel compelled to put a positive spin on things. I've also asked meeting attendees to step up and be moderators, choosing someone senior enough to be invited, but not so experienced that they're an obvious choice to lead the meeting. I want that person to benefit from hands-on experience shepherding a group of executives with strong personalities.

There's a method to my emphasis on spontaneity. I'll do everything I can to avoid a situation where an attendee comes to an MOR with a script they've crafted, determined to present a curated narrative. Everyone at the meeting needs to know the real deal on the unit's performance, and senior management needs an unobstructed view to meet our fiduciary obligation and create as much shareholder value as we responsibly can. Also, because people can sense when a narrative doesn't ring true, I don't want the meeting to be soured by suspicion that something's not being said; put it all on the table, good and bad. I especially want to hear the bad stuff, because, many times, things that are going wrong can be turned into moneymaking opportunities.

The operating review practice is also an important part of our succession planning strategy, and it reflects our preference to promote executive talent in-house whenever possible. These meetings build bench strength for succession by exposing executives to all parts of the company, and they give leadership a way to spot the rising stars in the organization and observe them in action. When opportunities for promotion open up, a track record of consistently adding value in operating reviews can tip the scales in an individual's favor.

**I like to end meetings on an uplifting note. For example, I'll go around the room and ask each person, "Whose star went up in your eyes during the meeting, and why?"**

I'm impressed when someone shows they can run an amazing MOR early in their career, because not only have they gained that valuable experience, but it also tells me they can lead a team of intelligent, financially savvy executives who put a premium on their time.

## **Explore Conflicting Opinions**

High-powered people who know what they're talking about tend to have strong opinions, and in a group setting, that can mean conflicting opinions. Rather than shy away from that, I believe conflicting opinions are the purpose of the meeting in the first place. I get nervous when I'm in a meeting where everyone is in unanimous agreement that things are copacetic. There are almost always alternative ways to look at the same set of facts, and if those differences aren't emerging in a plainspoken discussion during the operating review, something may be wrong.

When two individuals explore their differences together in constructive dialogue, it elevates the debate beyond speaking style to the gist—what is the value, what is the risk, what is the domino effect?—and the answers can lead to lots of money being made.

**It's an exhilarating experience to finish a productive meeting where every person in the room was fully attentive to each speaker.**

That's why it's important to push every attendee in a meeting to speak up. Listening is important, but someone who only listens is taking without giving, and doing a disservice to the group. In my operating reviews, the moderator will go around the room multiple times during the meeting and pose the same question to every participant. Technically, video meetings are well designed for Q&A because participants can type their answers into the group chat.

By the end of the MOR, everyone in attendance should have a clear understanding of how their unit has performed relative to plan, what the opportunities for improvement are, and what the tactical steps are that can help the team achieve its targets. It warms my heart to hear things like, "We'll put our heads together tomorrow and get to the bottom of it" as the meeting wraps. It tells me that real connections were made.

**At the end of your next meeting, have each participant stand in turn, look directly at another person, and address them by name, saying, “I’m proud to be on the same team as you because ...”**

There’s a footnote to every rule, and in the case of questions from attendees, it’s that some questions are the remit of a few subject matter experts, making them too narrow for the full group. These are dealt with offline to focus attendees on questions that need their collective wisdom—especially the big, hairy problems that we’re eager to hash out and turn around.

I run board meetings the same way I run corporate meetings: with an emphasis on collaboration and open communication. Our board members have a standing invitation to all operating reviews and can ask whatever questions they want. When they sit in on an MOR, they see a meeting that follows the same structure used with the board. It’s a formulaic approach designed to make the meetings anything but formulaic once the dialogue starts.

My philosophy is to take every opportunity to engage with the independent members of the boards I chair, all of whom have impressive credentials in their areas of expertise. Not surprisingly, our directors respond with their own high level of engagement. For example, they log far more hours and provide far more service than most corporate board members do. Several of our directors have expressed their relief, and even their astonishment, that our interactions are so free of the constraints many of them experience on other public company boards.

These activities build trust between the board and our executive team. Some corporations have rubber-stamp boards that don’t know much about what’s going on within the organization—they show up four times a year for choreographed meetings and then disappear. I view this as a missed opportunity. Why not make the most of having access to experienced, intelligent professionals?

The final parallel between board meetings and operating review meetings is the importance of undistorted information, and the trust that engenders in the meeting participants. Directors don’t want to spend time trying to figure out what a company’s real story is or second-guessing what they’re hearing from management. My companies’ boards have been

sophisticated enough to understand that the business world can be a crazy place, and they trust me to bring them any information they should know about.

## **Leverage Crowdsourcing in External Meetings**

When I'm in front of an audience of any size, I want to establish an easygoing, conversational tone as quickly as possible. A wise saying in the world of public speaking is that people won't remember everything you say, but they'll remember how you made them feel. I want my audience to feel respected, and the most effective way I know to communicate respect in an external meeting is to let the audience set the agenda.

This twist on crowdsourcing makes an audience sit up and take notice. They suddenly realize that I'm not going to deliver a neutered monologue written by someone else and vetted by a committee of lawyers. I could get a robot to stand in for me if I wanted to preprogram my comments.

My take is that I'd rather be rough around the edges than polished. When I'm invited to speak at a fireside chat, for example—the kind that banks broadcast from industry conferences—I take a minute or two to introduce myself and a few high-level themes, and then go directly into spontaneous Q&A. My actions are communicating to the audience, “You’ve honored me with your time, so I want to honor you by talking about what interests you.” This same approach is effective for town hall-type meetings and even global teleconferences, where thousands or tens of thousands of participants are linked in.

**Board meetings shouldn't be choreographed. If all you're going to do is read a script, just send it as an email.**

Unfortunately, the experience is the opposite when I attend most meetings hosted by professional associations. It's obvious that the moderator has had a pre-meeting with each speaker on the panel and told them the questions, and the speakers have scripted the answers. This is particularly true with government officials, whose teams often insist on approving the questions in advance. I'm sure they find it safe, but I find it boring.

Instead, I'm the "ask me anything and I'll answer" guy. Unscripted Q&A makes me up my game because I have thousands of eyes on me. I have to be quick on my feet and firmly in control of my emotional reactions. But it's more than the adrenaline that's the rush; it's the connection. When someone is interested in what I have to say, I want to do everything possible to make them part of the conversation.

## **Set Few Rules, but Cast Them in Stone**

The tenor and the structure of a well-run meeting are inseparable. The goal is an environment in which everyone can speak freely, but considerately. Side conversations, snarky comments, multitasking on phones—these are distractions that disrupt the vibe and cause participants to disengage. These four simple guidelines foster respectful communication in the meeting environment:

- Turn off all devices.
- Only one person talks at a time. No side conversations.
- Give the speaker your full attention and keep an open, receptive mind.
- Disagree, but disagree respectfully.

**Give the person you're with your entire attention while listening to them non-judgmentally. This is the greatest gift you can give anybody.**

At XPO, I worked with a fantastic chief customer officer with an ebullient personality. He loved people and people loved him. His charisma is part of why I put him in charge of our most important customer relationships. However, when it came to internal meetings, he couldn't stop himself from engaging in side conversations.

It was disruptive and unproductive, and eventually it forced my hand. I banned him from all operating reviews for a full year. That's 12 rounds of meetings where he was in the awkward position of having to send representatives to sit in and brief him after the fact. Once he'd completed his exile, he became a model meeting attendee. It was a tough hammer to bring down on a member of the C-suite, but he accepted it with his

characteristic charm and the rest of the team got the message: Follow the rules!

**Simple guidelines for powerful meetings: Turn off all devices. Only one person talks at a time. Give the speaker your full attention with an open mind. Disagree, but disagree respectfully.**

## **Validate, Don't Denigrate**

Sometimes, when I sit down to a meeting, I'll think about how that particular constellation of people and circumstances has never existed previously and never will again. It's a unique moment in time with endless possibilities, and I'll take a beat to appreciate that.

With a constellation of people involved, most verbal responses can fall into one of two categories. You're either agreeing with what's been said, or at least demonstrating you understand the point of view. Or, on the flip side, you're disagreeing with what's been said by offering a different opinion, or simply stating your opposition.

As a leader, how do you keep the energy in the room flowing when you begin to sense unease? For that matter, what do you do when someone says something demonstrably wrong, or even downright stupid? Smart people sometimes say dumb things, but embarrassing a colleague or playing a game of "gotcha" is a no-go, especially in front of others.

**In every meeting, take a moment to appreciate how that precise constellation of people and circumstances has never existed before and will never exist again. Don't waste the priceless time you have together.**

For a group discussion to be productive, the option to be wrong must be fair game, and so should the option to disagree. There needs to be friendly back-and-forth to get the dialectical process rolling. Disagreement makes many people uncomfortable, and criticism, even well-meaning criticism, can be incorrectly interpreted as a personal attack. The tenor of the meeting should discourage snark and encourage respectful critique.

A solution that's worked well for me is to pair correction with validation. It can be as simple as saying, "I see your point, but I think the

projections might be off.” Or, “I agree with you directionally, but I want to make sure we’re working with the right assumptions.” People appreciate receiving validation, and it should be expressed first, before the correction. It lowers the temperature and makes the other person less defensive.

I do the same thing on the occasions when I have to overrule the group’s consensus. I might say, “I get what everyone is saying.” Then I’ll list the main points underlying the group consensus, which shows I’ve listened, followed by, “But I’m coming out in a different place than the group.” I’ll explain what that place is and why I differ, and ask them to support me as I make the executive decision. I don’t need to do this frequently, because most of the time, I find that the group lands in the right place.

And finally, I’m not apologetic about pulling rank. I’m using my position to lead the group to the best decision. As CEO, I have the widest view and the most access to information from the largest number of sources. I may know things of strategic import that the group doesn’t know, or have relevant experience from an earlier part of my career. Also—and this is important—I’m pulling rank only after I’ve listened carefully to everyone and considered their opinions. My seniority gives me not just the right but also the responsibility to exercise leadership in arriving at a different conclusion.

I’m so confident of the meeting techniques outlined in this chapter that I’m in the process of creating an external meeting series, to be attended mainly by invited CEOs and other senior executives from Fortune 200 companies. We’ll set each meeting agenda just as I described—by crowdsourcing the topics. These accomplished people will answer the top-ranked questions off the cuff based on their own experiences. I’m willing to bet the spontaneity of that approach and the caliber of the group will make for unforgettably electric meetings.

## CHAPTER 6

# How to Kill the Competition Instead of Killing Each Other

**I’VE SHARED HOW** I go about hiring, motivating, and compensating the most uplifting people I can find. Now, I want to talk about the importance of creating a unified team culture so that every employee can participate in our success.

Before I split up XPO, we had well over 100,000 employees working together under the banner #WeAreXPO. There’s no question that our people were the reason why our stock notched a position as the seventh best performer in the Fortune 500 over the last decade. Four years after I founded the company, we were named the fastest-growing company on the Fortune 500.

The team was proud of those recognitions. But the accolade that made me smile the widest came from *Forbes* in 2017—XPO was named one of America’s Best Large Employers, a recognition that we received again in 2023. I can’t think of anything more gratifying than creating an environment where people can’t wait to spend the day with their team.

**People want to be part of something big and exciting—and they want to know how they fit into it. Tell them!**

This is the workplace vibe I’ve sought to replicate across all the companies I’ve founded. It prioritizes collaboration—in my opinion, the most effective lever for furthering any company’s strategy and vision. Self-motivation is a valuable trait in an employee, but it should help the team succeed, as well as the individual. CEOs can’t physically be in front of their

employees every day, urging them to perform at their best together. The proxy for this is corporate culture.

To fully understand just how powerful collaboration is as a catalyst for achievement, take a look at your nearest anthill.

## **Of Superorganisms and Saxophones**

There's a mind-blowing book called *The Superorganism* that has influenced my thinking on what makes a winning culture. Its authors, Bert Hölldobler and Edward O. Wilson, describe how social insects function in highly developed team structures called superorganisms.<sup>5</sup> A colony of ants, for example, operates as a single, coherent superorganism that's far more powerful than the sum of its members. Please keep that in mind as I summarize some of the characteristics of these superorganisms, because the parallels with corporate cultures are stunning.

A typical ant colony, depending on the species, can have anywhere from about 20,000 to 100,000 members. Within that superorganism, these tiny creatures are capable of extraordinary feats. Ants are highly vigilant against threats to their colony, and they'll respond to those threats even if doing so puts them in danger. When an underground tunnel collapses, for example, ants will perform search-and-rescue operations, sometimes risking death to save others. They even attend to injured comrades and help them recover.

Ants also demonstrate the signature trait of a superorganism: active communication with one another. They are energetic communicators—in fact, they're among the most interactive creatures on our planet. They have the ability to convey their messages in multiple ways, like pheromone secretions, movement, touch, and even sound.

It's understandable why the qualities of communication and collaboration so often define superorganisms; they allow for a division of labor that's sophisticated enough to elevate each member to a higher level of performance. As incredible as all this sounds at the insect level, it's a hallmark of every well-run human operation—and it's also happening all around us with organisms even smaller than ants. Let's take a quick spin through bacteria.

Bacteria are the most minuscule and abundant living organisms on our planet. They communicate by producing chemical-signaling molecules known as autoinducers that can be detected and understood by nearby

bacteria—and they’re bilingual to boot! Bacteria speak two “languages”—one to communicate within their species and a different, universal language that can be understood by all other bacteria.

What on earth do bacteria have to chat about? For one thing, these molecular signals alert other bacteria that fellow bacteria are nearby. It’s the basis for a process called quorum sensing that helps bacteria make coordinated decisions. For example, if bacteria detect that an adequate number of their species are present, they may be more likely to attack an organ in your body. Or if they detect they don’t have the numbers they need, they’ll hold back.

Before you become concerned about microscopic thugs lying in wait, consider how effectively our human species has evolved in our coexistence with bacteria. Until relatively recently in the 195,000-year history of *Homo sapiens*, our health and even our survival depended to a large extent on the conversations of organisms too small for our eyes to see. This is a major reason why life spans used to be so much shorter, and child mortality rates so much higher.

But then we started solving the problem of bacterial infections using our prefrontal cortex. That’s the part of the human brain where reasoning and creative thinking reside. With the help of some scientific geniuses and our advanced ability to communicate, humans developed antibiotics and other medical technologies that largely negate the power of bacteria to harm our health.

The cognitive abilities of our species, notably communication, give us an extraordinary ability to collaborate, innovate, imagine, and improvise. When I played piano at Bennington College for Bill Dixon, I was amazed by his genius for pivoting off any sound played by another musician. To me, he embodied the spirit of improvisation. To Bill, it was about bringing out the best in each musician by opening up a space for experimentation—encouraging them to try out bold ideas without fear of being put down.

All of this got me thinking about how corporate culture translates into success. We can learn from ants, but we’re not ants. The idea of a company unified like an ant superorganism is a cool concept—but, at the same time, people are unique, and a culture that unifies a group must also make space for individualism. I’m not sure that ants care about being their authentic selves, but humans do.

Striking a balance between superorganism unity and human individuality can be tricky, but I know that it can be done. It's what I seek to achieve with all my companies. If you're going to pursue making a few billion dollars, you'll want to strike that balance, too—and you may want to start with what ants and jazz groups can teach us about collaboration and communication.

## **Over-Communicate with the Full Team**

I'm a big advocate of communication in all its forms. It makes it possible for me to convey my vision to employees in ways that can inspire them, like a rallying cry. I may send a communication to express gratitude, or share news, or request input. The message may be dense with data, or a simple, friendly touching base—but it's never meaningless, because it's a human-to-human connection. And in a large organization, that matters.

I've never been an ivory tower type of CEO. The internet was just emerging midway through my time at United Waste Systems, so I wasn't able to communicate with our employees as frequently as I would have liked. By the time I founded United Rentals, we had the benefits of sophisticated technology, and my team and I put many more hours into communications, even in our most hectic acquisition periods. Those experiences led to the strong communication framework we established at XPO.

I don't believe there's such a thing as over-communicating. Every employee survey I've ever seen has indicated that employees want to hear more from management about what's going on within the company. "Communication" perennially ranks high in XPO's survey results—sometimes even outpolling compensation.

In my CEO roles, I engage as actively as I can through whatever channels I think will work best at the time: emails, social media, site visits, town halls, phone calls, and video chats. For example, at XPO, I would regularly have onscreen meetings with groups of frontline employees, like our LTL truck drivers. Another thing I try to do is keep a consistent cadence to the internal communications, to reinforce a spirit of openness. I believe most people care deeply about whether people are up front with them. A CEO who communicates once every week or two weeks and then goes silent is inviting speculation that the company is in some kind of a jam.

**A work environment is at its most productive when communication flows honestly and frequently. It's impossible to over-communicate with the team.**

Every company faces challenges from time to time, and when that occurs, employees want leadership to be clear about what happened. I respect that, and if there's a plan to resolve the issue, I'll share it if I can. Some employees may decide they don't like the plan, but they can see you're not trying to hide things from them, and you have a better chance of getting their buy-in.

## **Give the Board Access**

The board of directors is another key audience for internal communications. When I was in the CEO role at XPO, I'd remind my team that we work for the board, because the directors are fiduciaries for the shareholders, who own the business.

The boards of each of my companies performed their duties well, and continue to do so under my successor CEOs, in part because information is shared so freely with them. The steady stream of emails our directors would receive from my office was just the beginning. We made sure the board had access to the company's internal social media community, my *Brad's Club* newsletter, and the most important operating and financial reports. We also shared meaningful data with the board on virtually every aspect of the company's performance.

**Being "all in" is energizing; it's also highly contagious.**

My communication strategy for board members is similar to the one I use for employees: connect as often as reasonably possible, with as much openness as possible. I view the board as my boss, so I speak to directors the way I require my employees speak to me—with 100 percent unvarnished honesty.

Another thing that sets my boards apart is that I give directors full access to the organization. A lot of companies don't want their board members talking to executives, but I've taken the opposite approach. If a

director wants to speak to someone, they pick up the phone and call them. There have been many times when this has proved mutually beneficial for our directors and managers.

Attaining a forthright bond with the company's directors may sound simple, but it requires a strong commitment to open communication that starts at the top and is supported by everyone who comes in contact with the board.

## **Become a Much Better Listener**

So far, I've focused on communications that get pushed out to a company's internal audiences: the employees, executive team, and board of directors. The other dimension to communication is listening—and it's altogether more challenging than outbound messaging.

In 2010, I saw Serbian performance artist Marina Abramović at the Museum of Modern Art in New York. Her exhibition was called *The Artist Is Present*. Abramović sat on a chair in the middle of a roped-off area surrounded by a crowd of people. Visitors came in one by one and sat opposite Abramović in an empty chair. She looked directly into the eyes of the other person without saying anything, but was completely present with that person. It was an intense experience for everyone involved, and some people even cried—including the artist herself.

Most people, regardless of temperament or circumstances, appreciate receiving focused, positive attention from others. I try to honor this whenever I can. If I'm checking my phone during a conversation, I'm wasting the time of the person I'm speaking with, and my own time as well. But if I can be fully present and listening to that person, even for a minute or two, I can make a real connection.

The ability to truly hear another person is a kind of superpower. I've taken many training courses on active listening and related skills, because I'm a big believer in its importance. Deep listening, for example, is when your complete attention is directed at another person. It involves non-judgmental concentration, a form of mindfulness. If this sounds like overcomplicating an everyday action, consider how we've all become accustomed to getting just a tiny fraction of another person's attention. When we do get their complete attention, it's a rarity, and we feel a profound connection with that person from deep within ourselves.

From a practical standpoint in business, when I give someone my complete attention, it's because I believe they have something time-sensitive or especially meaningful to tell me. The demands on my time can make it difficult to use face-to-face interactions for frequent communications, but that doesn't mean I'm hard to reach. Each time I've served as CEO, for example, I've made sure employees knew that I wanted to hear from them. I shared my phone number and my email, and I invited them to tell me whatever they thought I should know.

Opening up a listening channel at the top of the company can be a powerful way to signal that leadership values the free flow of ideas and information. But a word of caution—if you fail to give the inbound messages your attention, your credibility will take a bigger hit than if you hadn't established the channel at all.

Several years ago, at XPO, an employee emailed me that the roof had been leaking at one of our facilities for two months. Apparently, the requisition process for the repair had been tied up by our own bureaucracy. If we didn't respond promptly, the employees would have understandably assumed we didn't care. Well, we did care, and we acted, expediting the fix and validating the fact that there wasn't a black hole at the end of the feedback loop.

## **Be Sincere about Improving the Business**

A company that listens to its employees creates a more connective culture, one in which information can flow unobstructed across the organization. This is a prerequisite to realizing synergies within the operations, particularly those that come with acquisitions, such as cross-fertilization of best practices and cross-selling.

GXO is a good example of this. The contract logistics business has about 1,000 warehouses across 27 countries. Some of these facilities are among the best in the industry globally, in terms of productivity, efficiency, safety, and customer satisfaction. I want to listen to what the employees at those locations have to say—deeply listen to them—so that I can figure out what they're doing that's superior to the network overall. Then I want to apply those lessons to improving the rest of the organization. I could spend hundreds of thousands of consulting dollars to get to the same place, or I can devote my time and attention to figuring it out myself. Experience has

taught me that employees usually have the answers and will share them with you—if they believe you’ll listen and be respectful.

I’ve mentioned the concept of respectful disagreement throughout this book, and this is another instance where it should be part of the communication process. People need to feel safe communicating tentative ideas that may be a little underbaked but contain important insights. This doesn’t mean everyone present has to blindly take each suggestion as gospel. People should feel free to not only share their ideas but also respectfully dissent when they disagree.

Dissent in a group setting should preferably be backed up by evidence and sound reasoning. That’s part of the scientific method, and it helps to preserve one of the most important assets your company has: the collaborative environment that allows your team to capitalize on collective expertise. One way I condition managers to embrace open communication is to go around the room at the end of a meeting and ask each attendee to call out two statements made by others—one they agreed with, and one they disagreed with—and the reasons why they agree or disagree. By making disagreement a routine part of an open group exercise, it depersonalizes it in a constructive manner.

That’s a specific example in a closed-meeting setting. To instill the same culture of candid communications companywide requires that processes for listening and feedback be embedded across the organization. I expect companywide feedback loops to garner a mix of input, not all of it positive, and that’s good—the last thing I want are communications that paint some kind of optimistic mirage, where the sun always shines and people tacitly agree to overlook problems. The cultures I’ve sought to create are capable of facing hard realities, assessing them honestly, and then triumphing over them.

One of our most important feedback loops at XPO runs between leadership and the employee base at large. In the past, we used the Bain Net Promoter Score (NPS) system to learn what employees are thinking. Then, we realized we were getting some bizarre results. In NPS focus groups, some employees responded negatively to the question, “How likely are you to recommend this company to someone as a place to work?” But simultaneously, they were reporting they were highly satisfied with their job at XPO. This struck us as odd.

After some digging, it turned out the first NPS question created confusion with some people. We heard explanations like, “We’re not hiring anybody right now, so I’m not going to recommend a friend try to work here.” And, “I work in accounts payable. I don’t have any friends who do warehouse work, which is where we’re hiring.” Enough employees misunderstood the question that it distorted the results.

NPS scores do provide useful insights—we still use them in some parts of the business—but for this specific purpose, we rolled out our own all-employee survey that asks straightforward questions. We just want to know if our employees are happy in their jobs, and how we can fix the situation for those who aren’t happy. Those are the first two questions.

The final two are, “What’s your single best idea to improve our company?” and “What’s the stupidest thing we’re doing as a company?” This survey goes out every 90 days as an electronic transmission to every employee who has a corporate email address, as well as to frontline workers through an app.

The senior management team at XPO reads every response, usually tens of thousands of responses, within ten days. This is something I put in place while I was CEO. We also process the responses using word cloud analysis to detect macro trends about how sentiment is changing in the company overall, or how certain ideas are clustering in different parts of the company.

What’s more, XPO sends summaries of the survey findings to every employee in the company, favorable and unfavorable results alike. Nothing is held back. Most companies wouldn’t dream of making internal survey results available to the full workforce, at least not without a lot of pruning beforehand. But our attitude is that criticism from employees isn’t dirty laundry—it’s gold. When someone goes to the trouble of pointing out an imperfection, they’re providing a valuable insight into something that can be improved.

Whether you decide that route is right for you or not, you’ll want to make that decision within the context of the culture you create. Many CEOs prefer not to be that open about their organization’s shortcomings. And it’s true that there are some risks. We’ve had several cases where employee feedback has found its way outside the company, creating misunderstandings among people who didn’t know the full story about something they read. My perspective is that if you’re confident in your

leadership team and sincere about wanting to improve, the merits of this approach are far more compelling than the hazards.

I know I can't win over all employees, even on the company's best day. A 100 percent satisfaction score across a large organization isn't an attainable goal. There are always people who are unhappy in their jobs, some for good reason. Some managers make the mistake of dismissing feedback from these employees, writing them off as disgruntled. I say there's value in hearing what disgruntled people have to say. Their discontent may be rooted in a real problem within your company—if so, that problem will eventually “disgruntle” other employees if it's not addressed.

Employees who routinely report low satisfaction scores can be valuable auditors, because it's in their DNA to be hypercritical. They're constantly, maybe even obsessively, cataloging anything the company does that they feel is suboptimal. Their motivations may not always be particularly lofty, but there's still value in hearing their unvarnished criticism about where things are falling short and how they can improve.

I want to circle back to the story I shared on the NPS discrepancies earlier. A management team that goes through the motions with feedback loops but doesn't pay close attention wouldn't have caught the conflict in the responses. My final takeaway is this: When leadership listens to an issue and follows up to resolve it, employees know they have a voice.

## **Widen the Circle**

So, you've successfully established a culture of communicating and listening, where everyone's well informed, and now what? Inevitably, you're going to have to broaden the circle to include external audiences as well: customers, investors, industry trade media, and the public at large.

Starting with customers: XPO has established feedback loops with each enterprise customer and uses them proactively to stay on top of customer expectations. These are national companies with complex freight needs, and they appreciate the simplicity of connecting with XPO.

**In order to make lots of money for our shareholders, we have to make our customers giddy with the quality of the service we provide.**

In addition to the usual input, customer feedback loops can be used in creative ways. When I was CEO of United Rentals, we used the loops to collaborate with the customers and gather details about their equipment usage. We had the data on their rental history in our system, and we would work with them to audit the units of equipment they owned. When we found inefficiencies in their equipment utilization, we'd complete the feedback loop by communicating our perspective on the situation.

In some cases, we would actually advise them to buy a machine rather than keep renting from us, because they needed it nine or ten months a year. In other cases, we could save them money by advising that they sell certain underutilized assets to get the depreciation off the books and rent from us for the few months a year they needed those machines.

We were basically conducting free audits for our customers, using rich feedback loops to deepen relationships that could lead to more business later on. Eventually, United Rentals developed its Total Control<sup>®</sup> system to automate this analysis, but at the time, as far as I know, we were the only rental provider of any scale using feedback loops to consult with customers on their equipment inventories.

**A customer relationship is like any other relationship—for it to succeed, you have to be clear about how much you value it, and continually work on improving it.**

Another high-priority audience for external communications is the company's investor community. This entails a lot of scheduled interactions around quarterly earnings reports and other announcements. It also involves the proper handling of crisis situations, when proactive communications, attentive listening, and the cultivation of trust are all critical.

Quarterly earnings periods can be intense for any publicly traded company. Wall Street is watching for any signals that that might cause the stock to move in one direction or another. It's not good to "miss" the analysts' expectations for key financial metrics, but it happens now and then. Fortunately, that's been a relatively rare occurrence in the more than 120 quarters my publicly traded companies have reported results. I'm pleased that we outperformed by meeting or exceeding consensus expectations in the preponderance of those quarters. But I remember the few misses well. It's not a pleasant experience.

One memorable earnings scare took place in the opening months of 2019. The previous year, XPO's largest customer at the time tried to buy us out. The price was right—an eye-popping premium over our public valuation—but the proposed terms of the agreement were completely in the buyer's favor. It almost amounted to a risk-free option for them, rather than an evenhanded purchase with the interests of both parties equally protected. For example, it included a provision that would force us to assume extremely high costs if the deal got nixed on antitrust grounds (which, as our lawyers pointed out, was always a possibility).

In the end, we told the buyer's representatives that we were flattered, but no deal. That didn't sit well with them. The company retaliated by pulling two-thirds of their business with us, equating to about \$600 million of annual revenue. This happened just a few days before we were due to report earnings. It was bad news for us and for our investors.

Obviously, this was an urgent situation, but we got through it by practicing radical acceptance. Bad news is a reality; hiding it is just a waste of time. It's far better to acknowledge the facts as they are.

**In some businesses, there's a perceived conflict between quality and speed. A world-class organization figures out how to achieve both.**

We were up front with our employees immediately after it happened, telling them, "Obviously, you've heard the story. We've lost a chunk of business, and we need to backfill that." Then we got everyone to work on precisely that objective.

We also made sure that our customer base knew they were our top priority and the situation wouldn't cause any service disruptions. And we were up front with our investors and the media: "Yes, we just lost a lot of revenue, which is regrettable. But we'll redeploy our assets and replace this business over time."

Because we had established trust with our various internal and external audiences, we were able to manage our way through the crisis with minimal fallout. Within about a year of the customer yanking its business, we had replaced most of the lost revenue, and our stock price tripled in a little over 26 months, from its low point in 2019. At the time we were going through

it, it felt like an all-consuming crisis. Today, we don't even get asked about it.

I'd like to mention a final external audience: our competition. Some CEOs focus obsessively on competitors, while others claim to not pay attention to them. In my opinion, neither of these extremes is the way to win. While we're far more inclined to focus on the day-to-day activities of our customers, we don't ignore our rivals. A strong culture of communication, including monthly operating reviews, will ensure that any important competitive information flows from the field organization and sales back to senior management, where it can be considered from a strategic perspective.

This chapter has covered a lot of ground but with the anchor of a common theme: The best way I know to build a team culture is to prioritize collaboration and open communication. That framework will let other aspects of culture-building shine under the guidance of specialist departments like training, safety, and HR. The other thing I keep an eye on is getting the balance right between superorganism-type unity and individuality. It's tricky, but it can be done. XPO grew to be one of the largest transportation and logistics companies in the world by unifying everyone around a common purpose, and yet the company felt as though it was staffed by upbeat entrepreneurs. It still does.

If you're going to pursue making a few billion dollars, you'll want to give some thought to your own best path to creating a collaborative culture with open communication. And you may want to start with what ants and jazz musicians have to say about that.

# Conclusion

**I WANT TO RETURN** to the first point I offered at the start of this book: I've made my fair share of blunders in business, and yet my teams and I have accomplished big goals. We've done this by anticipating the important trends, building all-star organizations, doing accretive M&A, growing those businesses, and rearranging our brains to think differently. The techniques I outlined require discipline and motivation, but they're not difficult to adopt.

I love being a CEO. For me, the motivation is less about the accumulation of wealth and more about the satisfaction of materializing a big concept. There's a joy in creating value, and an even greater joy in knowing that so many people beyond our organization are benefitting from our accomplishments.

I never forget that my teams and I are fiduciaries for other people's money. The best way to perform our duty is to fill an unmet need in the economy with a strong business model and a responsible organization. We create a healthy workplace environment for our people and pay them well. We pamper our customers and operate lawfully to reduce their risk. And we approach challenges with a practical optimism that opens our minds to solutions. I'll use my public companies as examples.

With United Waste Systems, we pursued profit in a fragmented industry that was being disrupted by mandatory changes in the operating environment. We did this by putting our own money on the line, taking the company public, raising capital, and betting on the regulatory trends in waste management. The free market enabled our company to reward its shareholders by making America a cleaner place and giving hundreds of small business owners a lucrative exit option.

With United Rentals, our pursuit of profit created efficiencies where they didn't exist before. We improved logistics on construction and industrial jobsites. Workers became safer using our modern, well-maintained equipment. Contractors were thrilled to hand off the demands of capital investment and ownership costs to us while retaining access to top-of-the-line equipment. The owned and rented machines were being utilized more efficiently, and less manufacturing energy and raw materials were being spent on producing machines that sat idle, all of which reduced environmental impact. United Rentals shareholders have profited enormously from this strategy.

With XPO and its spin-offs, the benefits are even more overt. As one example, we've invested hundreds of millions of dollars in proprietary technology that results in trucks being utilized more efficiently—both the trucks we own at XPO and the RXO-brokered trucks. Here again, this represents an ongoing benefit to the environment.

More broadly, our investments in XPO since its beginning have improved how manufacturers, retailers, and e-commerce companies manage goods through their supply chains. This is good for everyone, especially the consumer. XPO and RXO support some of the largest companies in the world by trucking their goods, and GXO provides the warehouse logistics—these are bedrock services of the economy that are essential to quality of life.

The great majority of the tens of billions of dollars of value my teams and I have created has flowed outside my companies—not only to direct investors, but also to school-teachers, nurses, police, firefighters, federal employees, labor union members, and others who put their money into 401k plans and pension funds.

I received an email a few years ago from an owner of a hedge fund that had been one of our top five investors at XPO. His firm had liquidated its XPO position to the tune of a hefty \$500 million profit. He pointed out that the bulk of that extraordinary return went to ordinary people who participate in the pension plans and endowment programs invested in his fund. Reading his letter, I was extremely proud that our company could be counted on to create that value. This is only possible because we operate in free markets where creating prosperity is a virtue. It's my great good fortune to live at the heart of this economic system.

## **The All-Important Entrepreneurial Spirit**

I want to share a personal experience I had with a small business owner whose work ethic and customer focus echo the value system I instill in my own companies. Steve handles the HVAC system at my home in Connecticut. Recently, the air-conditioning had stopped working in the middle of a heat wave, and I couldn't call Steve fast enough. Even though it was Sunday, he didn't hesitate.

"Absolutely," he said, "I'll be right there."

We got to talking as he tinkered with the AC. Steve had originally worked for the large HVAC company that installed the system, but that company was sold to a private equity firm. The new owner promptly cut costs and resold the business, and Steve decided to set out on his own.

"How's the old company doing?" I asked him.

"Terrible," he said. "There's no pride in their service. They're giving the industry a bad name around here."

It struck me that Steve is the exact opposite of the people he was talking about. He's a hardworking, take-pride-in-your-work entrepreneur who puts his customers first. He cares a great deal about doing his job the way it should be done. He told me his self-esteem goes up and down with his customer satisfaction scores.

Naturally, he also measures his worth by how much money he's making to support his family. There's a fair amount of criticism being voiced about profit-seeking these days. Some people are embarrassed to talk about the importance of money, but Steve is totally comfortable with it. And in his pursuit of happy customers and a good living for his family, he's built a successful business—customers flock to him.

He's not perfect, of course. In the history of our working relationship, he's misdiagnosed a problem, ordered the wrong part, normal human-error stuff that we all do. He owns up to the occasional lapse and sets things right in a hurry. He doesn't pad the estimates he gives his customers. I imagine he feels good about himself—content with the guy who looks back at him from the mirror.

To me, Steve is the face of the entrepreneurial spirit. Through sheer work ethic and strength of character—and probably a fair amount of luck—he's maximizing his value and growing his market share. I admire that, and I wrote this book with people like him in mind: people who want to work

their tails off, outsmart the competition, put their customers on a pedestal, and make a lot of money for their families. These goals require creativity and an enthusiasm for change—qualities at the heart of entrepreneurship. You can foster this spirit in any size organization, whether you're the owner of a family business or the CEO of a multibillion-dollar company looking to create its next billion dollars.

## **Lifelong Enrichment Program**

The summer after eighth grade, I attended the Rhode Island Governor's School for the Gifted in Art and Music, a summer enrichment program for kids who'd been nominated by their schools. My school guidance counselor thought I should go, so I agreed, but I wasn't sure what to expect.

On the first night, I was captivated by a speech given by one of the leaders at the all-hands welcome meeting. He congratulated everyone for being selected and gave a couple of shout-outs to specific campers. Then he explained why we were there. I remember goose bumps rising on my arms as he spoke.

"This program is a special opportunity, but it's up to you to take advantage of it. You have a choice. You can waste the next couple months and not accomplish much, just party and do fun stuff," he said. "Or you can go all in and accomplish much, much more, whether you're a musician or a painter, a dancer, a poet, a writer, a filmmaker, or a photographer. This is an opportunity to go deep on a project and do the best work you've ever done—but you have to decide if you want it."

He concluded by saying that if we gave ourselves fully to the program, we would have a game-changing summer. I realized, with a sense of exhilaration, that I was part of something that could be important if I took his advice seriously. And it turned out nearly all the students did take him seriously.

That camp was a formative experience for me in many ways. I learned how to get in touch with my creativity and take risks with it. I developed the confidence to utilize improvisation and find the thrill in change. I learned how to manage time, and how to find motivation and care about the quality of my work, and be inspired by the people around me. And I learned what it meant to go "all in"—that magical connection between intensity of

focus and the end result. If I put my whole heart and soul into a project, I had it in me to create really cool stuff.

I was just a kid, and I certainly wasn't one of the most talented kids in the program. But I came away from that summer knowing that we have it in our own hands to either make life meaningful or just pass time until we die. We're not at the mercy of others in terms of experiencing how enriching life can be. That's up to us, and it depends on how much we're willing to work at it. Ever since then, I've tried as much as possible to minimize frivolity in my life and maximize the stuff that makes a difference.

In many ways, I still feel like a kid on the first day of that summer enrichment program. I can do anything I want with my time, but I have the opportunity to run as hard as I can at whatever's important to me—and I do. My top priorities are my family, my understanding and experience of life, and my work. I dedicate most of my time to these three pursuits. Given my work, this creates large, positive impacts that are good for society, like job creation and charitable partnerships. But, if I'm honest with myself, I rank my family and life experience half a notch higher in importance.

I'm inspired daily by people who are charging toward their passion, in some cases despite enormous challenges. And I have faith they'll persevere, because I believe that people who push for extraordinary outcomes are inherently winners, embodying the traits I've described in this book. I hope you're inspired to run hard at making a few billion dollars or achieving some other big dream, and I wish you the exhilaration of seeing it through to success.

## APPENDIX A

# Thought Experiments

**IF YOU WANT TO** make a few billion dollars, you'll need to think differently—and expansively. The following are nine thought experiments designed to open your mind to thinking in novel ways. I recommend you find a quiet moment to put yourself in a relaxed frame of mind (I take some slow, deep breaths), and see what your brain does with these suggestions:

- Picture yourself at the Big Bang 13.8 billion years ago. You're expanding in every direction at the speed of light, turning into quarks, protons, electrons, and other elementary particles. Then, you cool down and form hydrogen and helium atoms floating in nearly empty space. Feel the force of gravity clumping you together to form stars.
- Picture a star exploding at the end of its life five billion years ago, spewing gaseous clouds and particulate matter into the vastness of the universe. Then, gravity forces some of that stardust together and it forms our Sun and Solar System. Visualize everything and everyone on Earth as made up of elements that originated from the same stars that blew up billions of years ago.
- Imagine every grain of sand on Earth representing a star, and then imagine that many stars multiplied by ten. That's how many stars there are in the universe—about one septillion. Picture the trillions of miles between each star and the 100 billion trillion planets orbiting those stars.
- Expand your awareness in a series of steps, from your body to the room you're in to the building you're in to your country to your continent, Earth, our Solar System, the Milky Way galaxy, the Virgo

Cluster of galaxies, the Virgo Supercluster of galaxies, and beyond to the entire universe (94 light-years, or 540 sextillion miles, in diameter). Then, expand your awareness even further, to a multiverse filled with an infinite number of universes. Allow your mind to merge with that ever-expanding multiverse and everything in it.

- Think about getting pulled into a black hole and somehow maintaining individual consciousness, even though there's infinite density at the center of the hole and the atoms of your body are demolished. What's it like to have zero mass and be in a place where time and space are obliterated?
- Contemplate the fact that none of your body's 30 trillion cells (apart from your brain cells) will be the same seven years from now. Visualize your stomach cells being replaced every week, and your skin cells every month. Imagine your liver cells completely changing every six weeks. Picture the red blood cells that carry oxygen to every part of your body being replaced every four months.
- Instead of picturing yourself as you are now, try to visualize yourself as your grandmother or grandfather. Then try to picture yourself as your grandparent's grandparent. Keep going back a couple of generations at a time for 195,000 years—when all available evidence indicates that human beings first came into existence.
- Think about how you're related to your siblings because you share the same parents, and to your cousins because you share the same grandparents. Then visualize going back about 10,000 generations to find the first human—the common ancestor shared by all eight billion people alive today, including your colleagues, customers, competitors, and shareholders.
- Consider that about 50 percent of the DNA of a banana is identical to human DNA. That's because one of your “very great-grandparents” and one of the banana's “very great-grandparents” was, at some point in the distant past, the same organism. Imagine that, you're related to a piece of fruit!

## APPENDIX B

# History of Technology Timeline

**TO UNDERSTAND THE MOST** important trends in business, start by looking at the most important trend of all: the evolution of technology over the last two million years. Two things stand out. First, the frequency of technological development is accelerating. Second, humans are in the process of merging with the technologies we create. Exciting times!

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|--------------------------------------|----------------------------------------------------------------------|
| <b>More than 2 million years ago</b> | Early humans in Africa make the first stone tools from split pebbles |
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| <b>1 million years ago</b> | Humans begin to use fire as a tool |
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| <b>500,000 years ago</b> | Humans build the first shelters |
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| <b>350,000 years ago</b> | Humans begin to hunt with spears |
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| <b>100,000 years ago</b> | Humans begin to trade using beads made of shells |
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| <b>60,000 years ago</b> | Humans begin to use spears for hunting, protection, aggression |
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|----------------|---------------------------------------------|
| <b>1000 BC</b> | Early accountants in Asia create the abacus |
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|---------------|-------------------------------------|
| <b>635 BC</b> | The Chinese produce the first coins |
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|---------------|------------------------------------------------|
| <b>600 BC</b> | The Romans build the first public sewer system |
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| <b>200 BC</b> | The Chinese invent the compass |
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## **AD**

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| <b>725</b> | Buddhist monk Yi Xing creates the first mechanical clock |
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|------------|----------------------------------------|
| <b>900</b> | The Chinese first use gunpowder in war |
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| <b>1182</b> | The Chinese invent the magnetic compass |
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|-------------|--------------------------------|
| <b>1284</b> | The Italians invent eyeglasses |
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|             |                                  |
|-------------|----------------------------------|
| <b>1328</b> | The Europeans invent the sawmill |
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| <b>1440</b> | Johannes Gutenberg invents the printing press |
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| <b>1530</b> | Europeans invent the spinning wheel |
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| <b>1609</b> | Galileo Galilei invents the telescope |
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**1662** Blaise Pascal invents the public bus

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**1698** Thomas Savery invents the basic steam engine

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**1769** A French military tractor becomes the first self-propelled road vehicle

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**1793** Eli Whitney invents the cotton gin

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**1795** Nicholas-Jacques Conté invents the modern pencil

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**1838** A British steamship makes the first transatlantic crossing

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**1839** Charles Goodyear develops a way to make rubber strong, durable, and elastic

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**1850** Isaac Singer introduces the sewing machine

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**1857** William Kelly invents the blast furnace

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**1865** Giovanni Caselli introduces the first commercial facsimile system

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**1869** John Wesley Hyatt invents synthetic plastic

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**1874** Remington Company introduces the mechanical typewriter

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**1876** Alexander Graham Bell invents the telephone

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**1877** Thomas Edison invents the phonograph

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**1880** Thomas Edison invents the incandescent light bulb

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**1882** America opens the first hydroelectric power plant

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**1883** England constructs the first electric railway

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**1885** Gottlieb Daimler builds the first four-wheeled automobile using an internal combustion gas engine

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**1886** Josephine Cochran invents the first practical dishwasher

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**1892** Rudolf Diesel invents the diesel engine

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**1894** Nikola Tesla invents radio signal coils

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**1896** Gottlieb Daimler builds the first truck

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**1901** Henry Booth invents the vacuum cleaner  
Thomas Edison invents the alkaline storage battery

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**1902** Marie and Pierre Curie discover the existence of the elements radium and polonium

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**1903** Willis Carrier introduces the first electric air conditioner

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**1908** Henry Ford uses the assembly line to introduce the Model T  
Thomas Edison develops a moving picture with sound

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**1910** A plane transports commercial freight for the first time

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**1913** England manufactures the first stainless steel

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**1914** Electric traffic lights are invented in the United States

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**1920** James Smathers invents the electric typewriter

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**1921** Karel Čapek invents the robot  
Western Union introduces the telegram

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**1923** Clarence Birdseye invents frozen food

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**1927** Erik Rotheim invents the aerosol can  
Philo Farnsworth invents the all-electric television

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**1933** Eric Fawcett and Reginald Gibson invent polyethylene

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**1935** Robert Watson-Watt pioneers the development of radar

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**1936** A rail provider transports a truck trailer for the first time

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**1937** Frank Whittle invents the jet engine

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**1938** Philip Wiles invents the stainless-steel artificial hip

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**1939** Sikorsky builds the first viable helicopter

The United States builds the first mass-produced remote-controlled aircraft, or drone

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**1940** England uses the first operational computer in WWII

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**1943** America begins operating the first nuclear reactor

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**1945** Raytheon Corporation introduces the microwave oven

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**1946** The first general-purpose, programmable computer (ENIAC) is developed for the U.S. Army

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**1947** William Shockley, John Bardeen, and Walter Brattain invent the transistor

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**1949** De Havilland Aircraft builds the first commercial jet airliner

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**1951** Charles Ginsburg develops the videotape recorder

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**1952** America develops the first hydrogen bomb

Swedish scientists Åke Senning and Rune Elmqvist implant the first cardiac pacemaker

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**1953** NBC begins broadcasting television programs in color

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**1955** IBM introduces the first transistor calculator

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**1956** The “Ideal X,” the world’s first commercial container ship, sails between ports in New Jersey and Texas, USA  
IBM develops the FORTRAN computer programming language

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**1957** Russia launches Sputnik 1, the first artificial satellite

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**1959** Jack Kilby and Robert Noyce invent the silicon chip  
Xerox introduces the first commercial copier

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**1962** NASA launches the first privately built satellite  
Nick Holonyak Jr. invents the first visible light LED

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**1963** Digital Equipment Corporation introduces the minicomputer  
Philips introduces the compact audio cassette

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**1965** The first robotic exoskeleton for assisted walking is created  
Polish American chemist Stephanie Kwolek invents Kevlar

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**1966** Marie Van Brittan Brown invents the first video home security system

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**1968** Ivan Sutherland implements the first virtual reality system

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**1969** The internet is created through the ARPANET network

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**1971** Intel introduces the first microprocessor  
Texas Instruments introduces the first pocket calculator

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**1972** Landstat 1 creates the first comprehensive mapping of Earth

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**1973** Xerox develops the first personal computer

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**1977** The VHS video recorder is developed

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**1978** The first human is born through in vitro fertilization (IVF)

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**1979** Nippon launches the first 1G wireless network in Tokyo

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**1980** Gerd Binnig and Heinrich Rohrer invent the scanning tunneling microscope (STM) at IBM Zurich, paving the way for the rapid expansion of nanotechnology

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**1981** The mobile phone is invented

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**1982** The compact disc player is developed

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**1983** Apple introduces the Graphical User Interface (GUI)  
Bill Gates introduces Microsoft Windows  
GPS technology is made available for civilian use  
Charles Hull invents stereolithography and creates the first ever 3D-printed component

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**1984** Carnegie Mellon University develops the first truly autonomous vehicles

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**1991** Ann Tsukamoto and her colleagues become the first scientists to identify and isolate stem cells

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**1992** Apple introduces the first PDA  
Vodafone test engineer Neil Papworth sends the first SMS text message, “Merry Christmas”

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**1994** Jeff Bezos founds the first purely online retail company  
Dan Kohn completes the world’s first secure credit card transaction for a physical good over the internet

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**1995** Gary Kremen launches [Match.com](https://www.match.com/), the first online dating service

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**1996** Email communication is widely adopted by the public  
Scientists at the Roslin Institute in Scotland clone “Dolly” the sheep, the first cloned mammal to be created from an adult cell

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**1997** AOL makes instant messaging available  
Videophones are first used in business settings  
IBM supercomputer Deep Blue defeats chess champion Garry Kasparov

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**1998** Google is incorporated “to organize the world’s information and make it universally accessible and useful”<sup>6</sup>  
MP3 files begin to be transmitted on the internet

Microvision introduces the virtual retina display  
IBM introduces the first speech recognition software  
The first high-definition television is sold

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**1999** The first wearable continuous glucose monitoring system is approved by the FDA  
The first human organ, a bladder, is artificially engineered using 3D printing  
TiVo introduces time-shifting broadcast recording

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**2000** The “ILOVEYOU” virus infects 50 million computers, causing the Pentagon and the CIA to temporarily shut down their email systems

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**2001** Apple launches the iPod  
The first artificial heart, made of titanium and plastic, is implanted in a human  
Capsule endoscopy technology is introduced using a tiny wireless camera the size of a vitamin pill

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**2002** The birth control patch is first released in the United States

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**2003** The U.S. government establishes the first official task force dedicated to cybersecurity, called the National Cyber Security Division  
Skype launches videoconferencing applications

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**2004** Mark Zuckerberg and fellow Harvard students launch Facebook

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**2005** YouTube launches its video-sharing website

Scientists complete the first comprehensive comparison of the genetic blueprints of humans and chimpanzees

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**2006** Amazon Web Services is launched, later followed by similar cloud computing platforms by Google and Microsoft

The microblogging era begins with the launch of Twitter

Nintendo introduces the first motion sensor-controlled recreational technology

The first commercial, nonmilitary drone is permitted by the U.S. Federal Aviation Administration

Food is 3D-printed for the first time, as confectionary products are created by Cornell University students

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**2007** Apple introduces the iPhone, the first touchscreen smartphone

Amazon introduces Kindle

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**2008** Blockchain is introduced to serve as the public distributed ledger for bitcoin currency transactions

---

**2009** Emmanuelle Charpentier and Jennifer Doudna invent CRISPR, an advanced genome editing tool, making it easier to edit DNA

Google launches Waymo, its self-driving automobile project

---

**2010** Apple introduces the iPad

The first ever Uber trip is completed in San Francisco

Palmer Luckey, founder of Oculus VR, completes his first virtual reality headset prototype

---

**2011** Apple introduces Siri, a virtual assistant for iOS

---

**2012** The Higgs boson particle is discovered by researchers at the Swiss-based Large Hadron Collider

Australian surgeons successfully implant the world's first bionic eye

---

**2013** The Apple App Store exceeds a million apps

The FDA approves the first retinal implant for use in the United States

---

**2014** A robotic lander built by the European Space Agency makes the first soft landing of a spacecraft on a comet

---

**2015** NASA's New Horizons spacecraft becomes the first to reach dwarf planet Pluto

PayPal's mobile payment app Venmo reports 40 million annual users, a customer base larger than most major banks

---

**2016** The FDA approves the first artificial pancreas for diabetes treatment

The computer AlphaGo, developed by Google DeepMind, defeats world champion Lee Sedol at the ancient strategy game Go

---

**2017** SpaceX records the world's first successful flight of a reused Falcon 9 rocket

Ericsson introduces the first platform offering end-to-end support for the 5G wireless network

Apple launches facial recognition capabilities on the iPhone X

---

**2018** Instagram reaches 1 billion monthly users

---

**2019** Astronomers from the Event Horizon Telescope (EHT) Collaboration release the first photo of a black hole

IBM unveils the first integrated quantum computing system for commercial use

Israeli researchers print the first 3D-printed heart using human tissue and vessels

---

**2020** Videoconferencing tool Zoom is downloaded a record 2.13 million times in a single day

---

**2022** OpenAI releases an early demo of its generative AI language processing tool, called ChatGPT

The first full-color images from the James Webb Space Telescope are released in a televised broadcast

A robot performs laparoscopic surgery on a pig without human assistance

---

**2023** Google releases its own generative AI natural language processing tool, called Bard

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## APPENDIX C

# Pre-interview Questions for Job Candidates

**HERE ARE 45 CORE QUESTIONS** we've developed to help assess job applicants. They give us insights into a candidate's self-awareness and behavioral traits prior to the interview so we can get to know the real person when we sit down with them. There's also a suggestion for ending the interview.

### Strengths

1. List some adjectives or phrases that sum you up, that get to your essence.
2. When you look at your professional self in the mirror, what do you see?
3. What motivates you? What are you trying to accomplish at this point in your career?
4. What do you consider to be your biggest career accomplishment(s) so far?
5. What are your biggest professional strengths?
6. What's been the high point of your career so far?
7. What parts of your jobs have you liked the most?
8. What's your favorite professional activity?
9. Name five reasons for your professional success.

10. What do your subordinates think are your strengths?
11. Who was your favorite boss and why?
12. What positive things might your bosses and colleagues say about you?
13. What's the most significant praise you've received in a performance appraisal in the last five years?
14. What are some of your biggest professional weaknesses or areas for improvement?

### **Areas for Improvement**

15. What's been the low point of your career so far?
16. What have been some of the biggest mistakes you've made, and what did you learn from them?
17. What's the most significant criticism you've received in a performance appraisal in the last five years?
18. Who was your least favorite boss and why?
19. What negative things might your bosses and colleagues say about you?
20. What do your subordinates think are your weaknesses?
21. What have been the biggest frustrations or failures in your career?
22. If you could change one thing about yourself, what would it be?
23. Describe your character.

### **Miscellaneous**

24. What quality do you admire most in people?
25. What parts of your jobs have you enjoyed the least?
26. What was the toughest decision you've ever had to make in business? How did you handle it? What did you learn from it?
27. What was your favorite job and why?
28. What was your least favorite job and why?
29. What defect should a professional never allow themselves to have?
30. How do you manage your personal/professional balance?
31. Who in the business world do you admire and why?

32. Explain the reason for your separation from each one of your jobs.
33. In an ideal world, describe your perfect job.
34. Name three of your biases.
35. What are your working habits (a typical day and week)? How many hours do you usually work? How much do you travel for work?
36. What do you think it takes to be successful in the job you're applying for?
37. On a scale of 1–10, how well do you think your skill set matches what's required to succeed in this job?
38. What would it take to make your answer to the previous question a 10?
39. On a scale of 1–10, subject to acceptable compensation, how much do you want this job?
40. What would it take to make your answer to the previous question a 10?
41. What are the top three reasons why you're interested in this position?
42. Would you accept this job if it were offered to you?
43. What more do you need to know in order to decide if this role is right for you?
44. What questions or comments do you have for us?
45. Why should we hire you?

**In the interview:** We end on a positive note with the question, “What have been one or two of the happiest moments of your professional life so far?”

## **APPENDIX D**

# **Guidelines and Exercises for Electric Meetings**

**THERE ARE THREE INGREDIENTS** that go into making group meetings electric: the right people, a crowdsourced agenda, and an atmosphere where everyone feels safe to respectfully disagree. The following pages contain guidelines I use to keep everyone focused, as well as some morale-boosting exercises to end on an uplifting note.

### **Meeting Guidelines**

Don't hesitate to pause the meeting to enforce these rules if necessary:

- Turn off all devices.
- Only one person talks at a time. No side conversations.
- Give the speaker your full attention and keep an open, receptive mind.
- Disagree, but disagree respectfully.

### **Morale-Boosting Exercises to End Meetings**

Rotate one or more of these exercises into each meeting, asking all attendees to participate:

- Share the coping techniques you use to handle stress.
- Share something about yourself that this group doesn't know.

- Share your top two takeaways from the meeting.
- Share something that someone else said that you thought was a good takeaway.
- Name someone within the company but outside the room who you think is an MVP (most valuable player) and say why.
- After the meeting, email each MVP to let them know what they've been recognized for and thank them for their contributions to the company.
- Name someone in the room whose star went up in your eyes during the meeting and say why.
- Look directly at someone in the room and say, "[Name], I respect you because ..."
- Look directly at someone in the room and say, "[Name], thank you for ..."
- Look directly at someone in the room and say, "[Name], you're really great at ..."
- Look directly at someone in the room and say, "[Name], I'm proud to be on the same team as you because ..."
- Share what you're most proud of accomplishing at the company so far.
- What's been your high-five moment, your happiest moment at the company so far?
- Share what you think will be your happiest moment at the company over the next year.
- Tell the group, "I'm a great leader because ..."
- Tell the group, "I'm awesome at my job because ..."
- Tell the group, "I will fabulously succeed because ..."

- Resolve to do something to improve the company, and tell the group what it is.

### **A Positivity Exercise to Close Important Meetings**

Conclude the meeting with a mindfulness technique that fosters goodwill among the group:

- Silently stand in a circle for about two minutes—or as long as you need. Look at each person, one at a time, and sincerely think about what you respect about them. Silently wish each person success and happiness in their career at the company.

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# About the Author

**BRAD JACOBS** is a career CEO and serial entrepreneur with a unique track record as a Wall Street moneymaker. To date, he has founded and led seven billion-dollar or multibillion-dollar companies, creating tens of billions of dollars of value for shareholders.

Over the course of his career, Jacobs has raised \$30 billion of debt and equity capital, including three IPOs, and led approximately 500 M&A transactions across multiple industries.

In the supply chain industry, he grew XPO into a top ten global logistics provider, and then executed a strategic plan for a \$7 billion spin-off of GXO Logistics and a \$5 billion spin-off of RXO, creating two new public companies in about 15 months. XPO was the seventh best-performing stock of the last decade in the Fortune 500 and became a “32-bagger”—initial investors in XPO made more than 32 times their money.

Prior to XPO, Jacobs founded United Rentals and United Waste Systems. He built United Rentals into the largest construction equipment rental company in the world in 13 months. United Rentals was the sixth best-performing Fortune 500 stock of the last decade and became more than a “100-bagger”—the share price at inception was \$3.50, and its stock now trades at more than 100 times that price. United Waste’s stock outperformed the S&P 500 by 5.6 times from the time Jacobs took the company public to its sale for \$2.5 billion.

Jacobs is managing partner of Jacobs Private Equity, LLC, and serves as chairman of the board of XPO (NYSE: XPO), GXO Logistics (NYSE: GXO), and RXO (NYSE: RXO).



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