



GREAT IDEAS ARE HARD TO COME BY.

Putting them to work is even harder. Meet the founders who turned concepts into companies and changed the face of business.

WHEN JEFF BEZOS came up with the idea for what would become Amazon.com, he went on a stroll in Central Park with his boss at the time to share his epiphany. ¶ Bezos, in 1992, was a senior vice president for the New York hedge fund D.E. Shaw. He described his dream to create a company that would sell books on the Internet. His boss listened intently before offering a bit of advice: “That sounds like a really good idea, but it would be an even better idea for someone who didn’t already have a good job.” ¶ Big ideas of the ground-shifting variety are rare—and hard to pull off. But that’s the difference between the dreamer and the doer. It took Bezos

★ ★ ✈️
 "Praise in public
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 good job."
 ★ ★
 - FRED SMITH

"IN TERMS OF IQ,
 YOU HAVE TO BE
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 - BILL GATES

☕
 "You wouldn't think a
 steaming pitcher
 could be sexy."
 - HOWARD SCHULTZ

all of 48 hours to decide to quit his job and get started. Some 18 years later, he's still at the helm of Amazon.com, which has redefined the way people buy almost everything, employs 56,200 people, and is valued at more than \$80 billion.

Having spent years studying Bezos and others like him as an author, senior writer, and editor at both *Business Week* and *Fast Company*, I can tell you that Bezos is one of those rare birds who have made a meaningful mark on our economy and our world. He would certainly be on anyone's list of the 12 greatest entrepreneurs of my generation. Who else should make that cut? After spending the better part of the past year pondering that question for a new book, *World Changers: 25 Entrepreneurs Who Changed Business as We Knew It* (Portfolio Penguin), I was asked by *Fortune* who deserves to be on that list—and what we can learn from each of them.

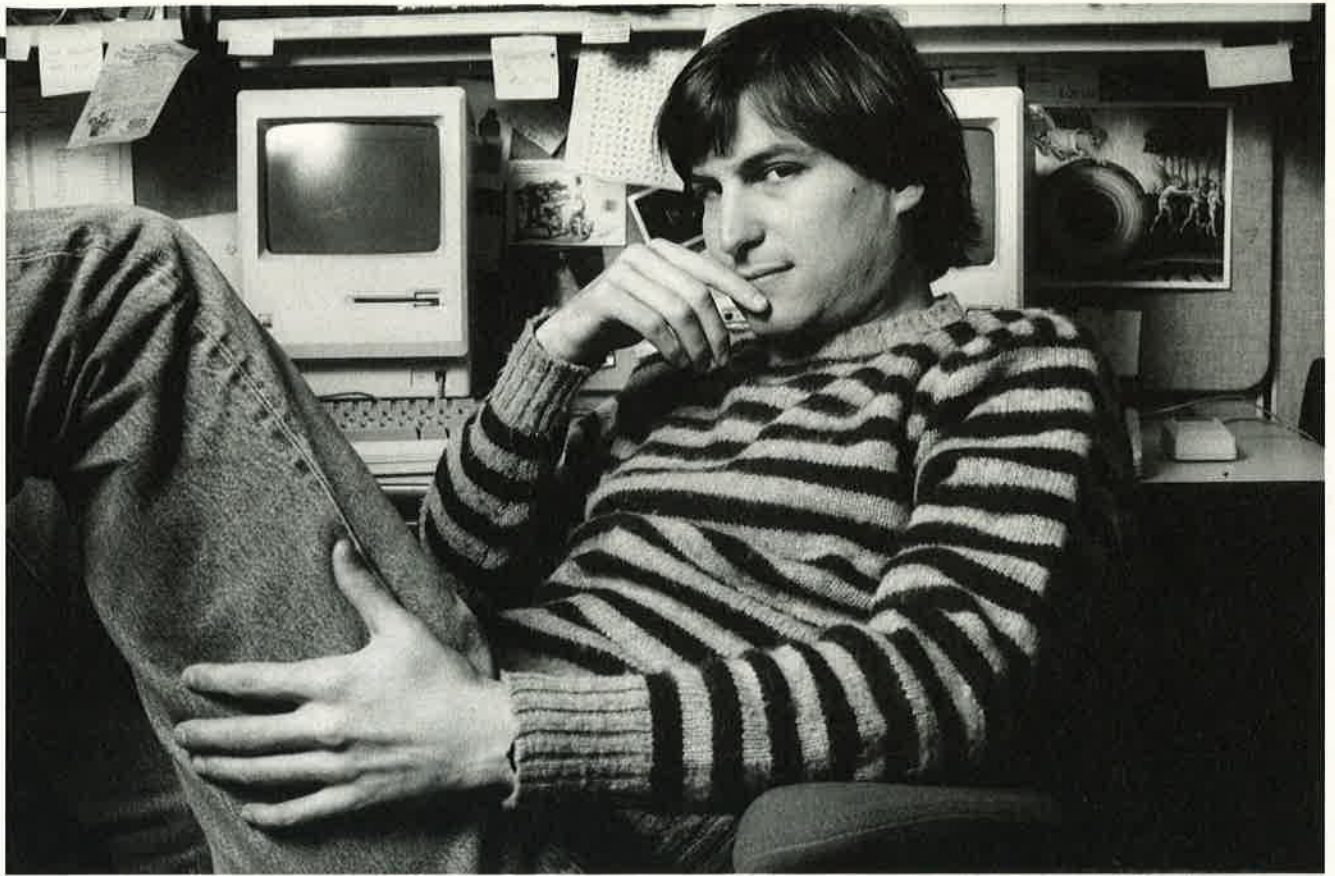
Many are obvious—from the late Steve Jobs, who helped make Apple the hottest and most valuable company on the planet, to Mark Zuckerberg, who will take Facebook public in what is anticipated to be the biggest IPO of all time (at a value of more than \$80 billion). But there will be a few surprises too, such as N.R. Narayana Murthy, the visionary founder of Infosys who has built one of the largest companies in India, helping to transform that economy and put it on the world stage.

Another surprise: Not a single woman makes the list of

the top 12—at a time when women have gathered more influence and power in business than ever before. Oprah Winfrey has leveraged her celebrity into a formidable media empire, and the late Body Shop founder Anita Roddick proved that you could market products by being socially and environmentally responsible. They clearly warrant honorable mention but have not, in my view, transformed the face of business or society in as profound a way as those singled out here.

Admittedly this list of the world's greatest entrepreneurs is subjective. I based it largely on social and economic impact; the world-changing vision of a founder who has inspired employees and other entrepreneurs alike; a record of innovation; and the actual performance of their companies over time. These founders created and then nurtured healthy, sustainable organizations that now have a combined market value of more than \$1.7 trillion. They directly employ more than 3 million people, ranging from a high of 2.1 million at Wal-Mart to just over 3,000 at Facebook.

Yet those numbers only touch the surface. Each of their companies sits at the nucleus of a thriving ecosystem that has cultivated and nurtured dozens if not hundreds of other enterprises. Small companies have thrived as suppliers, for example, to Whole Foods, which, among other things, buys produce from more than 2,000 local farms. So the power of each of these organizations extends far beyond its own walls. Here are my choices:



STEVE JOBS

COMPANY:
Apple

SALES:
\$108.2 billion

MARKET VALUE:
\$546 billion

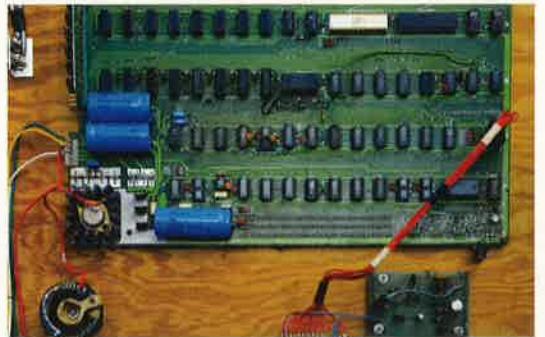
EMPLOYEES:
63,300

ADVICE:
Say no to focus groups and market research.

1 **THOUGH HE COULD BE ABUSIVE** and mean-spirited to people who threw themselves into their work on his behalf, Steve Jobs has been our generation's quintessential entrepreneur. Visionary. Inspiring. Brilliant. Mercurial.

Perhaps the most astonishing fact about Jobs was his view that market research and focus groups only limited your ability to innovate. Asked how much research was done to guide Apple when he introduced the iPad, Jobs famously quipped, "None. It isn't the consumers' job to know what they want. It's hard for [consumers] to tell you what they want when they've never seen anything remotely like it."

Instead, it was Jobs' own intuition, his radar-like feel for emerging technologies and how they could be brought together to create, in his words, "insanely great" products, that

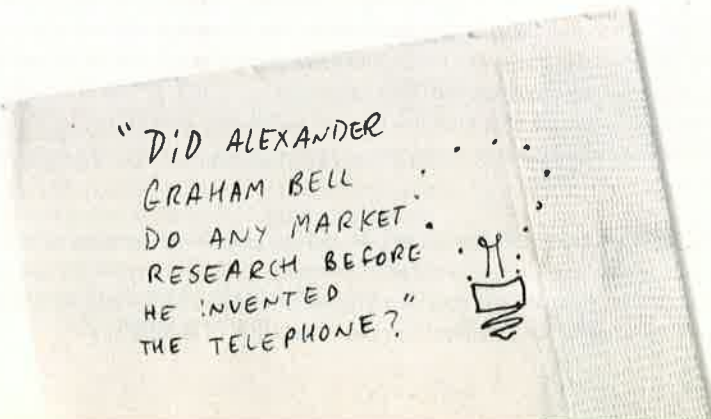


JOBS: At the Apple offices in 1984; the original Apple I from 1976

ultimately made the difference. For Jobs, who died last year at 56, intuition was no mere gut call. It was, as he put it in his often-quoted commencement speech at Stanford, about "connecting the dots," glimpsing the relationships among wildly disparate life experiences and changes in technology.

It's a safe bet to assume that none of Apple's blockbuster products, from the Macintosh to the iPod and iTunes, from the iPhone to the iPad, would have come about if Jobs had relied heavily on consumer research.

Fittingly enough, on the day Jobs launched the Macintosh, a reporter from *Popular Science* asked him what type of studies Apple had conducted to ensure there was a market for the computer. In a nearly offended tone, Jobs retorted, "Did Alexander Graham Bell do any market research before he invented the telephone?"





BILL GATES

COMPANY: Microsoft	SALES: \$69.9 billion	MARKET VALUE: \$273.5 billion	EMPLOYEES: 90,000	ADVICE: Find very smart people and create small teams.
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2 BILL GATES IS ONE OF THE very few extraordinary entrepreneurs who have had the opportunity to change the world twice in one lifetime: First, as the world's most influential geek, he helped usher in the personal computer revolution. Now he is tackling the stubbornly difficult challenges of global health and public education as the world's most generous philanthropist.

If there is a similarity between how he led Microsoft and how he is leading the Bill & Melinda Gates Foundation as its co-chair, it's a focus on hiring very smart people and putting them to work in small teams to solve big issues. "There is no way of getting around that," he has said. "In terms of IQ, you've got to be very elitist in picking the people who deserve to write software."

Once asked what his best business decision was, Gates replied without hesitation that it came down to picking people. "Deciding to go into business with Paul Allen is probably at the top of the list, and subsequently hiring a friend, Steve Ballmer [Gates' successor as CEO at Microsoft]. It's important to have someone who you totally trust, who is totally committed, who shares your vision, yet who has a little bit different set of skills and who also acts as something of a check on you."

Says the 56-year-old Gates about Ballmer: "Some of the ideas you run by him, you know he's going to say, 'Hey, wait a minute. Have you thought about this or that?' The benefit of speaking off somebody who's got that kind of brilliance is that it not only makes business more fun, but it really leads to a lot of success."

GATES: DALE WITNER & ROBB BOKICH

3

FRED SMITH

COMPANY: FedEx

SALES: \$39.3 billion

MARKET VALUE: \$30 billion

EMPLOYEES: 255,573

ADVICE: Rely on "first-level" managers.

DESPITE THE STORY that Fred Smith came up with the idea for Federal Express in a term paper for a Yale University class, it was this entrepreneur's experience during the Vietnam War that really allowed Smith to glimpse the future.

From 1967 through 1969 he

served two tours of duty, first as a rifle platoon leader in the U.S. Marines and later as an air controller.

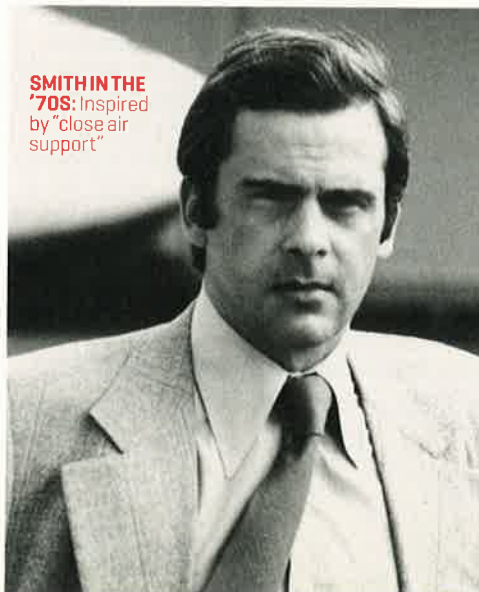
It was a profoundly formative experience. For one thing, Smith got to see up close the awe-inspiring logistical efforts of the military, effectively mobilizing more than half-a-million troops and millions of tons of supplies. The discipline, training, and leadership experience would stick with the Marine captain. "When people ask me what principles have guided me since I started FedEx Corp. years ago," he says, "my answer often startles them: It's the leadership tenets that I learned in the U.S. Marine Corps during my service in Vietnam."

In the Marine Corps it was not heretical to have ground and air groups together.

"When you come ashore in landing boats, you don't have any artillery, so the Marine Corps is the branch of the service that actually invented close air support, dropping ordnance close to you. So I made Federal Express an integrated air-ground system. It had its own pickup and delivery operations on the ground that were integral to the hub-and-spoke air operation."

Smith's leadership handbook draws heavily upon his Marines experience. "We tell our executives that the key to their success is to rely on their first-level managers [the company's counterparts to noncommissioned officers], to set an example themselves, and to praise in public when someone has done a good job. All those are standard operating procedure in the Marines."

Ultimately Smith, 67, gave many small businesses the customer reach that had long been the province of far larger companies. It was a game-changing innovation for FedEx, but also for the broader entrepreneurial economy.



SMITH IN THE '70S: Inspired by "close air support"



BOOKS "R" US:
Bezos in Seattle in 1998; Amazon's first office building



JEFF BEZOS

COMPANY:
Amazon

MARKET VALUE:
\$84.0 billion

SALES:
\$48.1 billion

EMPLOYEES:
56,200

ADVICE:
Take regular mini-retreats.

4 **AFTER IGNORING HIS BOSS' ADVICE** and quitting his job in New York, Jeff Bezos drove across the country to Seattle, drawn by the city's large population of software developers. Once he launched Amazon in 1994, it took the e-commerce company more than six years to report its first quarterly profit.

He was in no hurry then and he is in no hurry now to boost profits at the expense of building "an important and lasting company." Bezos has long resisted entreaties from an often frustrated Wall Street to manage his company for profit instead of revenue growth and customer service.

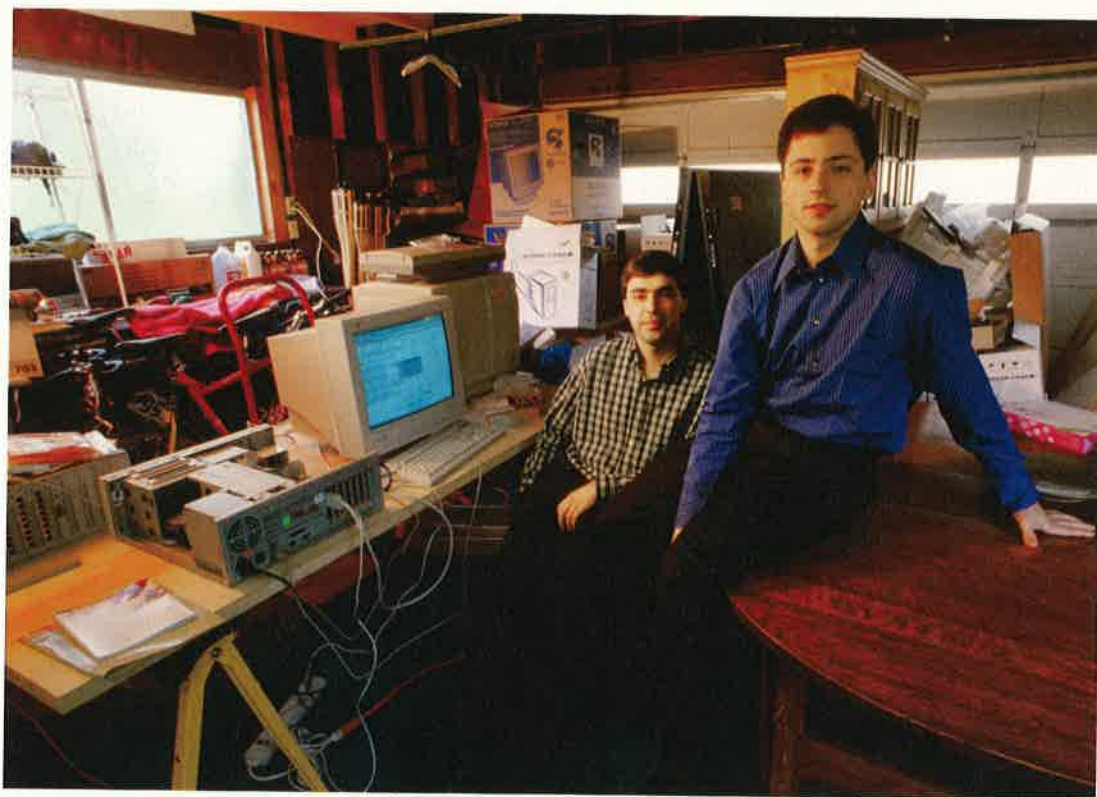
Leading a closely watched, high-growth company can be frenetic. One of the biggest problems: finding the time to be pro-active rather than reactive. But Bezos, at the end of each quarter, solves this by just going away. His solo retreats have been put to good effect, resulting in several new ideas and products,

including Amazon's fulfillment center for third-party sellers. As he has explained, "I just lock myself up. There are no distractions from the office. No phones ringing. It's just because with a little bit of isolation I find I start to get more creative. I do spend a lot of time web surfing during those two or three days and just looking at what hobbyists and hackers are doing. What are the sorts of things that are on the cutting edge?"

Bezos, 48, will then write up two- or three-page memos, sometimes to himself, other times to his executive team. "What I find is, by the time that process is done, I'm never really sure if I invented something or not, because it starts here and ends up there. That's what you want if you have a bunch of smart people. Somebody says, 'Well, that will never work because you forgot x, y, and z.' And then you step back and recognize that's true and then it morphs and builds."

BEZOS: REX NYSTEDT—TIME LIFE PICTURES/GETTY IMAGES

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WHERE IT ALL BEGAN: Page and Brin in 1999 in their Menlo Park, Calif., garage office space; Google exec Susan Wojcicki's former home where the founders originally set up shop

LARRY PAGE & SERGEY BRIN

COMPANY:
Google

SALES:
\$37.9 billion

MARKET VALUE:
\$203.2 billion

EMPLOYEES:
32,500

ADVICE:
Spare no expense on innovation.

JUST LIKE PAUL MCCARTNEY, who says he literally dreamed the melody to "Yesterday," one of the most covered songs in the history of recorded music, Larry Page recalls the night in 1996 when he was 23 years old and had vividly dreamed about downloading the entire web onto computers. "I grabbed a pen and started writing,"

says Google co-founder and CEO Page. "I spent the middle of that night scribbling out the details and convincing myself it would work."

It certainly did. For the first time ever, in the final three months of 2011, Google exceeded \$10 billion in quarterly revenue. Every day people around the world now use Google for an astounding 2.5 billion searches. But in all the gee-whiz statistics one could cite about the ubiquity of the company on the web, one statistic

is even more telling: Page, 39, and co-founder Sergey Brin, 38, have spent \$11.8 billion on research and development in the past three years.

That money fuels an innovation machine second to none, one that has moved Google well beyond its dominating lead in the search engine business. Staying innovative while scaling into a behemoth organization is often the most difficult passage for any growth company. For Page, who became CEO last year, and Brin, it comes down to what they call the 70-20-10 rule.

"About 70% try to work on the core efforts of the company," explains Brin, "about 20% goes to adjacent areas and expansion, and for the 10%, anything goes. As we have expanded our breadth of offerings, it's actually harder and harder to find the 10% out there. But I think that's important—to let people be really creative and think outside the box."

PAGE AND BRIN: WILLIAM MERCER; KLEED; GARAGE: PAUL SAKUMA/AP



SCHULTZ IN 1993: He returned to Starbucks, and so did a back-to-basics philosophy.

HOWARD SCHULTZ

COMPANY: Starbucks

SALES: \$11.7 billion

MARKET VALUE: \$40 billion

EMPLOYEES: 149,000

ADVICE: Always challenge the old ways.

6

IN THE DARKEST days of the Great Recession, many analysts and media pundits had written off Starbucks as an overreaching victim of changing

consumer habits. Howard Schultz, who regained his job as CEO in early 2008 after an eight-year hiatus, would have none of it.

When he returned, Starbucks' profits and revenues were tanking. The stock price had fallen so severely that at one point he feared the company could be taken over. Starbucks had become a brand that had been stretched beyond its demography. But Schultz did what few builders of companies are known to do—but what all of the greatest entrepreneurs always do: He brought financial discipline, bottom-line efficiency, and a back-to-basics focus to the company.

Growth and success had covered up a lot of mistakes and led to a tremendous amount of waste. The world's

dominant purveyor of chai lattes, for example, had been losing tens of millions of dollars a year by pouring excess steamed milk down the drain. By simply putting a serrated internal ring inside a pitcher to guide how much milk a barista should use for a latte, Starbucks saved millions. "You wouldn't think a steaming pitcher could be sexy," says Schultz. "But it became very sexy at Starbucks."

As with Steve Jobs at Apple, the second coming of Howard Schultz saved Starbucks from being just another also-ran. And in turning around an iconic brand, Schultz, now 58, demonstrated that he could do what most founders are said not to do: challenge the old way of doing things.



HACKER-IN-CHIEF: Zuckerberg in 2006 in Palo Alto

MARK ZUCKERBERG

COMPANY: Facebook

SALES: \$3.71 billion

MARKET VALUE: \$75 billion-\$100 billion (estimate)

EMPLOYEES: 3,200

ADVICE: Embrace paranoia.

7

BY THE TIME Mark Zuckerberg celebrates his 28th birthday this May, Facebook will in all

likelihood have gone public and become the biggest IPO of all time. The long-anticipated event will create hundreds of millionaires, result in a valuation of an Internet company that will approach

\$100 billion, and make the geek who dropped out of Harvard University his generation's Bill Gates.

Yet it has been only eight years since the social-networking site was launched from Zuckerberg's dorm room at Harvard. It would be easy to chalk a good bit of his success to luck and timing. But that would be a serious mistake. What's helped make Facebook the world's dominant social network is an obsessive entrepreneurial genius who has taken a page from another of Silicon Valley's legendary denizens, Intel's Andy Grove, who famously stated—and lived by—the dictum that only the paranoid survive.

Zuckerberg is the Valley's most paranoid entrepreneur these days, taking nothing for granted. It's why he has pushed out a constant flow of innovative changes to Facebook's platform, making it easier for developers to create applications for the community and ensuring that each new iteration keeps it ahead of the competition. It's the single most important explanation for why Facebook has yet to face any formidable rival in its space, including last year's challenge from heavyweight Google.



JOHN MACKEY

COMPANY:
Whole Foods

SALES:
\$10.1 billion

MARKET
VALUE:
\$15.5 billion

EMPLOYEES:
56,200

ADVICE:
Purpose inspires
people.

8

IN 1978, JOHN MACKEY and his then-girlfriend Renee Lawson opened their first vegetarian food store in an old Victorian home in Austin. They had modest ambitions: to make a living, have fun, and help a few people live healthier by eating better. A bearded, shaggy-haired college dropout, Mackey had just turned 25 and thought

profit was little more than a "necessary evil."

Fast forward: Whole Foods Market now has more than 300 supermarkets and over 56,000 employees (or "team members"). The success of the upscale food retailer has changed the way many of the industry's mainstream competitors operate. "If you told me 20 years ago that Wal-Mart would be one of the leading sellers of organic foods in the



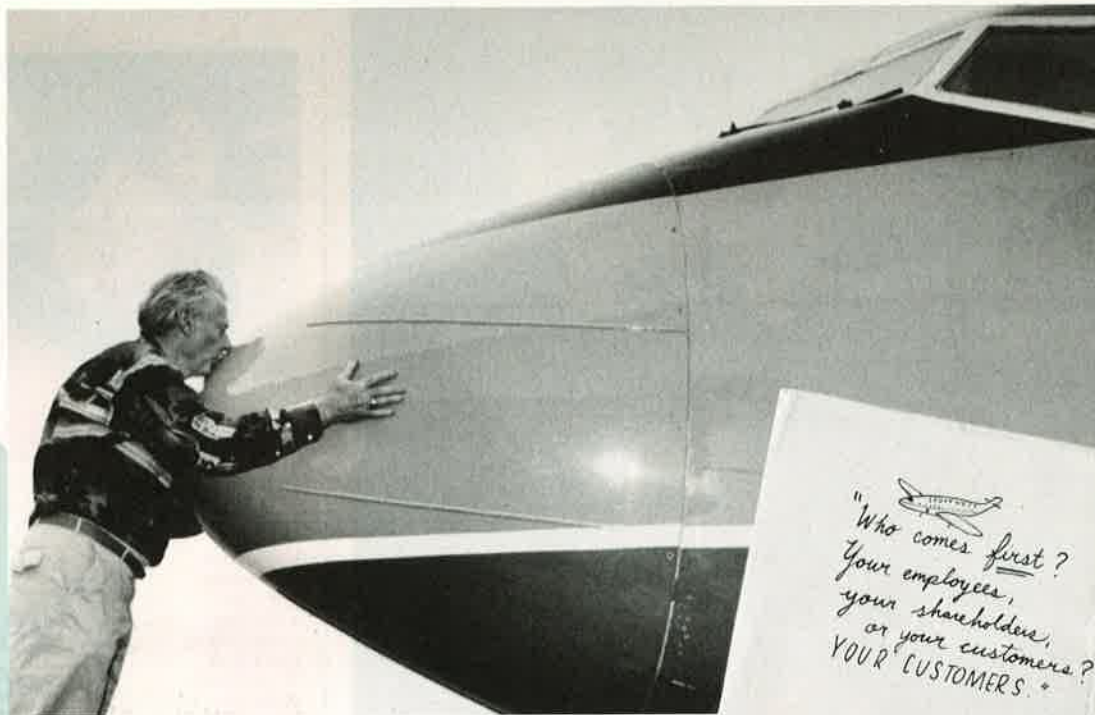
MACKEY'S WORLD: Clockwise from above, the founder (right) at a Houston store in 1984; the original Whole Foods in Austin, circa 1981; on his Austin ranch in 2005



world, I would have thought that was ridiculous," the 58-year-old Mackey says.

How does he do it? Among the six fundamental precepts that are at the core of Whole Foods are a commitment to sell the highest-quality natural and organic products available, satisfy and delight the customers, and promote environmental stewardship. Many companies have mission statements with lofty principles that are little more than wall hangings.

FLY HERB: Clockwise from top, Kelleher with friend at Love Field in Dallas in 1994; Southwest flight attendants circa 1971; posing for a *Fortune* photographer in 2001



*"Who comes first?
Your employees,
your shareholders,
or your customers?
YOUR CUSTOMERS."*



99

HERB KELLEHER

COMPANY:
Southwest Airlines

SALES:
\$15.6 billion

MARKET VALUE:
\$6.4 billion

EMPLOYEES:
45,392

ADVICE:
Make your customers No. 1.

WHEN HERB KELLEHER took an aptitude test at Wesleyan University, where he majored in English, he was told that there were three things he was best suited for: working as a journalist, an editor, or a lawyer. Kelleher chose law, and it was a good thing. It would take five long years of often tortuous litigation by competitors to get Southwest Airlines out of court and into the air in June 1971.

In an industry plagued by vast amounts of red ink, Southwest marked its 39th consecutive year of profitability in 2011, a feat unmatched in U.S. aviation history. What's more, Kelleher, 81, proved that you could still charge low fares and be nicely profitable. Southwest is not only the largest U.S. domestic

airline but also responsible, as one economist noted, for 90% of the low-fare airline business that exists in America.

How did Kelleher do it? He kept costs extraordinarily low and customer service high—and he did both by creating a culture that respected the people he carefully hired. Like Sam Walton, he understood that front-line personnel can either make you or break you. And Kelleher got his people to sign on to the program through profit-sharing plans and stock options that made employees

feel and act like owners. It separated Southwest from the pack.

"Years ago," he once told an interviewer, "the business schools used to pose it as a conundrum. They would say, 'Well, who comes first? Your employees, your shareholders, or your customers?' But it's not a conundrum. Your customers come first. And if you treat your employees right, guess what? Your customers come back, and that makes your shareholders happy. Start with employees and the rest follows from that."

THE OUTSOURCER: Murthy at the Infosys campus in Bangalore in 2002



NARAYANA MURTHY

COMPANY: Infosys	SALES: \$6.0 billion	MARKET VALUE: \$32 billion	EMPLOYEES: 145,088	ADVICE: Sacrifice today, cash in tomorrow.
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IN 1974, NARAYANA MURTHY was a 28-year-old politically left-leaning engineer on his way home to India from France. During his journey on a train, he struck up a conversation with one of the passengers "about the travails of living in an Iron Curtain country." He says: "We were interrupted

by some policemen who, I later gathered, were summoned by a young man who thought we were criticizing the Communist government of Bulgaria."

Murthy was dragged out of the train and left in a small room without food or water for 72 hours, then thrown back on another departing train and released in Istanbul. His treatment purged Murthy of any affinity he had for the left and would ultimately help make him one of India's and the world's most successful capitalists. If he was to be a reformer, he realized, it would have to be through a system that was rejected by the Communists.

He proved that India could compete with the world by taking on the software development work that had long been the province of the West. As one of six co-founders of Infosys and the CEO for 21 years, Murthy helped spark the outsourcing revolution that has brought billions of dollars in wealth into the Indian economy and transformed his country into the world's back office.

His important lesson: An organization starting from scratch must coalesce around a team of people with an enduring value system. "It is all about sacrifice today, fulfillment tomorrow," explains Murthy, 65, who is now chairman emeritus. "It is all about sacrifice, hard work, lots of frustration, being away from your family, in the hope that someday you will get adequate returns from that."

SAM WALTON

COMPANY:
Wal-Mart Stores

SALES: \$446.9 billion

MARKET VALUE:
\$36.5 billion

EMPLOYEES:
2.0 million

ADVICE: Give the people what they want.

IN 1984, a 66-year-old Sam Walton put on a grass skirt and did the hula dance on Wall Street. His wacky performance was in the service of a lost bet over Wal-Mart's profit margins with his chief lieutenant, David Glass.

"Most folks probably thought we just had a wacky chairman who was pulling a pretty primitive publicity stunt," Walton would later write in his biog-



raphy (*Sam Walton: Made in America*, co-authored by Time Inc. editor-in-chief John Huey). "What they didn't realize is that this sort of stuff goes on all the time at Wal-Mart."

Well, that stuff, a whole lot of hard work, and, believe it or not, innovation. The reason Walton, who died at 74 in 1992, 30 years after opening his first Wal-Mart store, was the most successful retailer in American history is that he also was way ahead of his competitors in bringing efficiencies and discipline to the world of retailing.

The cornerstone of his company's success ultimately lay in selling goods at the lowest possible price, something he was able to do by

pushing aside the middlemen and directly haggling with manufacturers to bring costs down. The idea to "buy it low, stack it high, and sell it cheap" became a sustainable business model largely because Walton, at the behest of David Glass, his eventual successor, heavily invested in software that could track consumer behavior in real time from the bar codes read at Wal-Mart's checkout counters.

He shared the real-time data with suppliers to create partnerships that allowed Wal-Mart to exert significant pressure on manufacturers to improve their productivity and become ever more efficient. As Wal-Mart's influence grew, so did its power to nearly dictate the price, volume, delivery, packaging, and quality of many of its suppliers' products. The upshot: Walton flipped the supplier-retailer relationship upside down.

KING OF ALL DISCOUNTERS: Walton's first store, now a museum; dancing the hula on Wall Street in 1984



STORE: GILLES MINGASSON—GETTY IMAGES; WALTON: JOHN MCGRAW—TIME LIFE PICTURES/GETTY IMAGES; MURTHY: DEEPAK G. PAWAR—THE INDIA TODAY GROUP/GETTY IMAGES

LIFTING LIVES THROUGH LOANS: Yunus in Bangladesh in 1998



MUHAMMAD YUNUS

COMPANY:
Grameen Bank

ADVICE:
Small gifts can equal big impacts.

Chittagong University, all he saw was crushing hunger and poverty. His desire to do something to help the local citizens led to a simple but powerful gesture: Yunus loaned \$27 to destitute basket weavers in a village next to his university's campus.

He could not believe the excitement the small amount of money caused. For people living on pennies a day, just a few dollars could transform their lives—and in many cases it did. The gift was used to support and expand these very small businesses, and that helped many overcome their poverty. Much to Yunus' surprise, the basket weavers actually paid off the loans—and on time too. He then moved from one village to the next, finding all sorts of entrepre-

neurial projects to fund.

It wasn't until 1983 that Yunus founded Grameen Bank, the institution that helped pioneer and spread the concept of microcredit. By the time Yunus won the Nobel Peace Prize in 2006, the Grameen Bank had outstanding loans to nearly 7 million poor people in 73,000 villages in Bangladesh. More important, Yunus, 71, helped create a global movement toward microlending. The Grameen model moved on to more than 100 countries worldwide and helped millions.

While the bank could not eradicate poverty, it lifted many lives. No less critical, Yunus' idea inspired countless numbers of young people to devote themselves to social causes all over the world. **■**

HONORABLE MENTIONS



LIZ CLAIBORNE
Liz Claiborne Inc.

In 1986, Liz Claiborne Inc. became the first *Fortune* 500 company founded by a woman. Though she made her mark by designing tasteful and affordable clothes for women professionals, it was a little-known innovation by Claiborne that forever changed the way department stores sold clothing. She was the first designer to insist that her collection be placed together so that customers could mix and match pieces to create entire outfits. She died in 2007 at age 78.



MICHAEL DELL
Dell

After building a disruptive business model to sell personal computers in the '80s and '90s and then seeing that model lose steam, Michael Dell, now 47, came back as the CEO in 2007. He's helped rejuvenate the business, leading its transformation to a broad-based infotech company.



ANITA RODDICK
Body Shop

Long before being green was fashionable, Anita Roddick proved you could achieve differentiation in a crowded market by creating a socially and environmentally responsible business. By the time she died of a brain hemorrhage in 2007 at age 64, Roddick had become one of Britain's most celebrated entrepreneurs, with an empire of more than 2,000 Body Shop stores in some 50 countries.



TED TURNER
Turner Broadcasting

He parlayed his father's billboard company into the world's most influential cable news network, CNN. The first dedicated 24-hour cable news channel, CNN revolutionized the coverage of news around the world and made Turner, 73, a billionaire many times over.



OPRAH WINFREY
Harpo Productions

The queen of daytime television left one of the highest-rated programs in history last year to significantly expand her portfolio with the launch of a cable network, OWN. Winfrey, 58, leveraged her celebrity to create a business empire spanning one of the most successful magazines in the world, movies, and television. —J.B.

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IN THE EARLY 1970S

Muhammad Yunus was teaching economic theory to students in a university classroom in Bangladesh. But outside the campus of