

**Marcus, Bernie & Blank, Arthur (with Andelman, Bob) - Built from Scratch**

*Homer TLC, 1999, [Surrounding Knowledge] Grade ★★★★★*

I was recently recommended this book by a devoted football fan. One of the authors, Arthur Blank, is currently the owner of the Atlanta Falcons. His aim is to create one of the strongest franchises in the NFL - a challenge well in line with building a company from scratch.

I am grateful for the tip. It has been a true pleasure to read this book. I nodded frequently in agreement. There is much to like: the "regular guys", the camaraderie, the bravery, the bold decisions and the outcome. But in the end, it's all about character and values. For a believer in values it is fascinating to see that doing the right thing can be so rewarding, on such a grand scale. Reading the book, one almost experiences it oneself. The only other corporate biography that has given me the same insider feeling is Bertil Torekull's book on IKEA.

I think business managers, analysts and most others can learn a lot from this book by the two co-founders of Home Depot. It is written as a memoir without pointers, almost as a novel. The reader must draw his or her own conclusions. The set-up helps. The 16 chapters have titles like "*The Financier*", "*The Merchant, act 1*", "*Growth*" and "*How we manage*". We have heard the wordings before - it is usual common corporate language. The unusual thing is the courage to implement them into action so vividly.

Running a large retail operation is complexity in a nutshell. Without their mutual value system, the founders would not have been able to make their decisions so fast, nor communicated them so efficiently. One is reminded of how important management-by-walking-around is. Without turning the pyramid upside down and truly delegating to the personnel meeting the customers, they would not have succeeded at all. The genuine respect for stakeholders, whether they are customers, employees, suppliers or the community in general is impressive.

The following are some parts of the story that truly amaze me: To start with, it is not easy to run a partnership of two for such a long period, over 20 years, without running into some serious relationship problems. The authors certainly have done something close to unique here. I can only speculate that their quite early success and their focus on creating something extra-ordinary helped them in this aspect.

Secondly, the founders would probably not have succeeded without the help of financier Ken Langone. Everyone involved in investment banking should have Langone as a role model for how to do business. The parts in the book concerning Langone are among the best. The book's highlight is the episode when the founders turned down the offer from Ross Perot of sponsoring the creation of Home Depot. Perot was at that time Langone's most important client and he still supported the decision. The reason why Marcus decided not to cooperate with Perot is thought provoking. I am stunned by the bravery.

Finally, the founders claim they succeeded partly because they did not do detailed NPV calculations all the time. Instead, they wanted to do "the right things". No Wall Street analyst would start a new business with far below industry average margins and hope for a higher market share. These entrepreneurs truly understood their customers, just like IKEA's Mr. Kamprad does. They "knew" being fair to the customers would be rewarded by an expanding market share. Professor Clay Christensen has written extensively on the subject of how informed NPV calculations nevertheless can mislead good business decisions. The Home Depot story is evidence of that.

I am convinced The Falcons will be a strong long-term contender for the play-offs in the NFL. It is hard to beat teams with long-term focus, common values and strong characters.

Michael Persson, April 1, 2014