

How a Plane Crash Changed My Life

Ted Leonsis
Serial Entrepreneur

In 1983 Ted Leonsis survived a crash landing of a plane he was on. This fateful event proved to be a pivotal point in his life. One of the byproducts of that near-death experiences is Leonsis' list of 101 things to do before he died—a "bucket list" before the movie of that title came out.

Leonsis has managed to accomplish more than two-thirds of the things on his list including owning a sports franchise (the Washington Capitals), changing someone's life via a charity, sailing the Caribbean, and being on the cover of a magazine. As impressive as these accomplishments are, they do not reveal the person underneath these accomplishments or what has driven this serial entrepreneur.

In previous interviews appearing in NEJE, we have explored how a person's faith tradition impacts how they run and manage their businesses. In this interview Leonsis reveals how his life was shaped by both his early childhood and the transformational experience of a crash landing. This interview examines not only what drove Leonsis to success, but also why he feels failure is important. Along, the way he offers his perspective on corporate social responsibility and why it is so critical for individuals and companies to give back to society. And finally, Leonsis shares what he has learned about the secret to happiness.

NEJE: What motivated you to get into the Internet industry?

Leonsis: There was this wonderful New Yorker cartoon in 1993 of a computer and a dog. The dog was hitting the keyboard and it says "On the Internet no one knows you are a dog." You know on the Internet nobody knows if are fat, if you are black, if you are a Jewish, if you are gay. [We thought] it's this enabling tool we're creating. There is my mission right there.

NEJE: "To build a global medium that is central to people's life like telephone or television even more valuable"? [Editor's Note: This is the mission statement in the foyer of AOL's headquarters in Ashburn, Virginia.]

Leonsis: That is a much higher calling for a company mission than "we want to be a billion dollar company" that's in

whatever telecom space. That's finding the higher calling. Now a part of that training came to me as a result of my college experience.

I went to Georgetown University, which has a deep Catholic Jesuit underpinning. The Jesuits belief was that their job was to output students who were capable of connecting a lot of dots. Intellectually they called it "interdisciplinary studies." During my senior year you had to do a senior thesis, but then there were two days of oral comprehensives. The conversation would start: "A Martian has landed and it's 1949 and he's got 48 hours to figure out what's happening on your earth. And he is going to feed that information back. He is most interested in politics, economics, history, art, and culture. What's going on and how does it all fit together? Discuss."

So if you just studied art or you just studied politics or just studied business you could not synthesize what was happening. This was right after the war, right before the 1950s. There was the GI Bill and America feels all of a sudden that it is the most righteous powerful country in the world. It just defeated its enemies. There is a Cold War starting and a general is now running for president. What does it all mean? Interdisciplinary studies connected the dots. That's what they preached. What is your role in that? What do you want your role to be? Then, as you start that journey, always try to find the higher calling in that.

NEJE: Tell us a little bit about where you grew up. Some of the influences that were part of you as you grew up.

Leonsis: It's ironic because I don't have any people that at a young age I can say influenced me. My father was a Greek immigrant, my mother was a high school graduate. They were first generation [immigrants]. My dad was a waiter and my mother was a secretary. And they did not have a very broad frame of reference. They did not travel, they were not educated, and their aspirations were not really high.

I grew up in Brooklyn, New York and the majority of people were immigrants. It was a lower middle class neighborhood. The aspirations, the role models were so-and-so's father is a truck driver, so-and-so's father owns a pizzeria, so-and-so's father is a policeman. There were no high inspirational goals.

The only doctors I had ever met were the doctors I went to. I had never met a lawyer, so I did not have a frame of reference growing up of what was possible.

What I did have though was the negative. When I was 14 years old, I saw my friend, my neighbor who I walked to school every day, shot and killed while trying to rob the pharmacy because he had developed a drug problem. And, I had a lot of friends who went the other way. I knew I did not want to do that, but I did not know what I wanted to do. So what I knew was what I call “don’t touch the hot stove, because bad things happen.” But I did not know where my path would take me.

NEJE: Considering this background, it appears you started your entrepreneurial activity at a young age.

Leonsis: I started my first business when I was in college. A couple of things that I did in high school had the smell of success around them and the feeling of success. I have to say that negative of growing up in Brooklyn and seeing all the bad things that could happen only reinforced that I did not like the way that felt.

When you would do some good things and you get positively reinforced I really liked that. It became a little bit self-fulfilling. I helped a guy run for office and he won. That’s how I ended up coming to Georgetown [University]. He ended up saying to me: “If you work this hard and this efficient in your business, you will be a millionaire by the time you are 25.” I’ll never forget him saying that.

In college I started a business. I sold red, white, and blue snow cones. My junior year I ended up being academically very successful. My senior year I ended up being first in my class and I won a prize. That was the first thing that I had ever done that I was the best at something. I was competing with people when I first entered Georgetown. I told myself “I could not compete.” All of their mothers and fathers went to college, they had cars, and they were people of wealth. My mom and dad had never gone to college. I visited two college campuses in New York. First time I ever saw Georgetown [University’s] campus, was the time that I came to move in. The first time I ever saw the SAT exam was the day that I took it. It is so different now when I look at my experience. My son gets to go look at 10 [universities], takes the PSAT, takes 2 SATs, and takes advance placement courses. It is very just different [than when I was growing up]. I did not really have a role model or aspiration when I was growing up.

NEJE: So you went to Georgetown University, launched a couple of businesses and then from there?

Leonsis: My first job out of college was with a computer company called Wang Laboratories, which was a very hot, growing company. It was headquartered in my parents’ hometown of Lowell, Massachusetts. We had moved out of

Brooklyn to Lowell my junior year of high school because my neighborhood got too tough. My parents lived in Lowell and Wang Laboratories was headquartered in Lowell. Because I had a lot of student loans and student debt, I moved in with my mother and father and got a job with this computer company. I was able to get that job, because in Georgetown I had written a paper that used a computer to prove a theorem. I did some work around Ernest Hemingway writings using this computer. It was novel at the time. It was 1976. There was one computer on a whole campus.

NEJE: The size of the whole room probably?

Leonsis: Yes. I started at Wang Laboratories right before mini-computers and you could tell that personal computers would be on the horizon. I moved up very aggressively in that hierarchy until I was director of marketing for their word processing programs. Wang was a leader in word processing. Then I had a vision to start my own company. When I was 24 year old, I started a company called “LIST” which stood for “Leonsis’ Index for Software Technology.” The first product kind of looked like TV Guide. The front of the book was about new software, the people who make software, and interviews with software developers. The back of the book featured reviews and descriptions of the software and what hardware it worked on. That business exploded and became very profitable. It was acquired a couple of years later for \$60 million by a big company called International Computers and Tabulators. At a very young age I had started a company and had great economic success.

NEJE: You were 25 years old. After you sold that business what led you to launch other businesses?

Leonsis: The seminal event was: I grew the company, I sold it, and I made a lot of money. I was traveling a lot. I built a house and bought cars because I grew up in an environment where, although we had a lot of spirit and good familial relationships, I did not have a lot materially. A friend of mine said I was like an innercity black kid who signs a big pro college contract. I bought my mother and father a house in Florida. I bought them cars. I bought a big house, cars—and then I got on a plane that crashed. That was very life changing for me, because I honestly realized: (1) I did not want to die and (2) deaths are very natural, everyone who is born naturally dies. I wanted to die with a smile on my face and this was as far away from having a smile on my face as possible.

NEJE: How old were you at the time?

Leonsis: I was 26 years old. As you are praying and thinking, none of the things that you had were the things that you were going to miss. It was not like “Oh, if I only bought that third car.” So you just go through this and think “I just have so much more to do and when you do die there will be an obituary

now, it will be he was a young guy, he was smart and made a lot of money.” Is that what I want my obituary to be? That’s why I prayed hard. With the rest of my life I’ll do good work, I’ll try to have a higher calling. Obviously, we made it through. I have tried—I am not as good as I could be or want to be. But, I am moving through my list and in the business that I created, the charities that I helped start, and the mentoring I tried to do. It is all kind of payback for having a second chance. Also, so that when I do finally pass away, whether it is tomorrow or 45 years from now—my father is 95 years old, and I am working on 50—if I die today, the body of work in the last 25 years is substantial. I’ve given more than I’ve taken.

NEJE: *Is this perspective from a particular religious or theological framework?*

Leonsis: Yes. I would say it’s more about having a life-altering experience. I know I am blessed. I know the last 25 years were payback for the first 25 years. I don’t want it to sound like there is God and he is keeping a general ledger. I am not without sin, but I do think I get more joy out of creating businesses or helping charities or mentoring than I do making an investment and being able to say I just made a couple of million bucks with it.

NEJE: *Aside from you changing personally and your outlook on life, was there any impact on the way you run your businesses, particularly your interactions with employees or organizational structure?*

Leonsis: Yes, very much so. I think you have to lead by example. AOL had its ups and downs. There have been some controversial times in [AOL’s] leadership and regime changes. There have been lots of investigations. The reason I am still here is because I always took the right path. When I ask our company to do something they believe in me, because they know I lead by example. I do the work; I’ve done the right thing the right way. I do think there is a positive outcome from acting with belief and integrity.

Secondly, I think that I’ve been authentic and true to myself. When we owned a small company or big company, when I was poor or rich or really rich or less rich, I’ve been the same person. There is a consistency and people know how to talk to me. They trust me and they don’t think that I am changed and I am not connected to them or what they are doing, their jobs or their liking. Because of that it made me a better manager. Because of that the flow of communication has remained pretty good. People include me and confide in me, tell me things that other people maybe don’t want to hear. That’s maintained my effectiveness as a leader.

NEJE: *If I were to ask employees how they view you, what do you think the most common adjective would be to describe you?*

Leonsis: They would say “heart and soul of the company, the person with the founding vision, who kept the flame going. Uncle Ted.”

NEJE: *What are the challenges that come up when you are trying to be “heart and soul” and are trying to do the right thing? Is there tension that exists between doing what your heart, your spirit, and your soul would want to do and the financial realities of the company?*

Leonsis: We had an executive [at AOL] once who made a decision to lay off about 1,000 people, 300 of them were in my shop. It was on a Friday. He took off that Friday and went on his boat. I was here, I went into two meetings, and I did many of the layoffs myself. I always felt that when you lay someone off, you failed because you hired them, because you were a bad planner. You did not hire someone with a notion that you will fire them. There was something wrong with your plan, you did not grow as fast, or your financial model was not correct. That was painful, but people also appreciated it that I did not run off from my responsibility. It is the most painful thing to do in the business. It is very hard for people to understand because you are laying them off, but you are making billions and billions of profits.

Those are responsibilities that come with running a public company and you have to weigh the benefits that come from running the business to every part of the value chain. There are investors, who expect a certain return, there are suppliers who expect a level of business and payment, there are employees, there are customers and you are constantly weighing what is in the best interest of every one of those constituents. I had to sell businesses, had to lay off people. It does not make you less human. It bothers me when people can do it and not understand the humanity wrapped around it. I don’t like those kinds of executives.

NEJE: *Is there framework, something, and anything that you used that helped you in dealing with those challenges in different competing stakeholders if you will?*

Leonsis: I believe you must be a growth company and a growth business—that growth is everything. Nothing bad happens when you are growing. Business is pretty simple when you can grow your top line faster than you can grow your G&A [general and administrative] expenses. Everyone is going to be happy. You get in trouble when you are growing your expenses assuming that your top line is going to grow. You are assuming you are going to grow 30 percent, and then you grow 20 percent, which is good growth, but not if you exceed it at 30 percent with your expenses.

I try to keep business simple. Simple business models communicate what the goals are and the results. The employ-

ees are smart. They know that if you are not meeting your goals, there will have to be a change. The goal is if you have a successful company many of the people that you have ended up laying off you bring back, you know that in your heart of hearts you will end up with a good job. Mostly, because you are in a good industry and they got great training and having AOL in their resume is helpful. So while you feel terrible you know it is going to be ok for them.

NEJE: *Some final questions. How do you look at the issue of corporate social responsibility?*

Leonsis: I strongly stress our corporate social responsibility. I believe one of the deliverables that companies have to give back to their employee base and to the community that they serve. It becomes difficult for many companies because dollars that you are giving come off of your bottom line. We are fortunate we have scale in size. We can be dollar givers, but we also can give people's time. We have volunteer days or we allow people to take time off to go in and help a charity, or we can provide the services of the online part of it to the charity. We are very active. I think that the times that we have been most active is the time when our morale was much better.

NEJE: *Why even do these things? Why do the things that distract the time from the bottom line?*

Leonsis: Because it is good business. It makes you feel good and there is responsibility to it, but the companies that have the most satisfied employees and the best employee retention are the ones that have the most active giving programs. So there is a correlation that if you have employees who are satisfied, they work longer hours, they will tell their friends about your company and will recruit them to business. It helps your business. It is the right thing to do, but also a right thing to do for your business.

NEJE: *How do you transfer or do you even try to transfer your perspective of running the business to your organization so that it is spread out throughout the organization?*

Leonsis: I think there are three things.

1. Having a very clear mission, and really being consistent with that. Google says: "Do no evil." Pretty simple.
2. Having an operating and financial plan consistent with your mission and vision.
3. Executing on it and rewarding when people execute it the right way. Then you've got lots of opportunities to communicate big and small.

I have founded companies that are transparent and open, listen to their employees, and have that feedback mechanism. With some companies, the more they are successful the more hierarchal they become. Someone on the top says here's

what we got to do. Someone in the middle takes the orders and the general working population executes it, without it being connected to the mission.

NEJE: *Am I correct in understanding that you have commissioned an interesting study that finds the secret of happiness?*

Leonsis: I have been involved for a number of years in a bunch of studies. Because I think we all are into the happiness of self-actualization. As people we want utility. Google is a great example. They give you the best search results the fastest. So you use them more and more and they become a utility like electricity or running water. They tell you how fast it was to get the search and they are meeting a bunch of needs. There are other companies and needs. Take Starbucks, for example. On Saturdays or Sundays I drive to the bookstore and buy some magazines and newspapers. Then I go into Starbucks and buy two coffees to bring home for me and my wife. There is something I like about it. They are filling that need and they know it. They want you to go in and smell the coffee being roasted, hear the barista making the foam, look around at other people that you know and like who are there. They packaged up that experience really well. They turned a cup of coffee into utility. I wake up and I need my coffee has been turned into "I am going to drive and stay in line and pay \$4 for something that I love." I love the experience. I am very interested in what makes people happy.

My conclusion is—after a lot of reading of every article and every book, and seeing and participating in these studies—it really comes down to four simple things. First, active participation in multiple communities of interest. I have sports lives, school lives, charity lives and I mix them together. Second, you show gratitude and give back. It's very important. So I do volunteer and I mentor. I am involved. There is not a day, not a single day, that there is not some kind of charity work that I budget some time and energy to. Third, personal expression. We all want to be heard, be seen or have our opinion matter. There is a reason that there are 70 million blogs and I blog every day. The more I blog the happier I am. Last, is that you see a bigger picture and higher calling in your pursuits. I tell our players that. I am not trying to make [the NHL] playoffs; I am not even trying to win a Stanley Cup. I want you [the players] to be immortal, bring our city closer together. I want your name on that cup [Stanley Cup] for all eternity. That's what we all have to strive for. Win the first championship in Washington, bring our city together and have immortality. I don't want to just make the playoffs. So finding this higher calling in everything I have found rallies the troops, gives you so much more satisfaction when you get there. Our name was America Online. We got America Online we are now looking for our next act.

NEJE: Is there anything I should have asked you about, anything that is important to share that our readers might be interested in knowing?

Leonsis: When you interview people who are successful they talk about what works. But, failure is really important. Failure and lack of fear, when you have failure, I'll never forget an episode. I had an employee and we were very close, we grew up together. He was one of our first employees. He ran a piece of business for us. I went to a meeting. We got fired from this piece of business, threatened with a law suit. It was a stunning reversal.

This guy was devastated because we did not expect this was going to happen. He offered his resignation. I am shocked, don't know what to say. I am responsible and I am thinking "should I offer my resignation too?" We were outside talking, it was a beautiful day and he asks, "Did you hear what I said?" "Yeah, I heard what you said. Look is the sky falling?"

You just witnessed what is the worst that could happen. The worst that could happen happened. It is not that bad. We will get through it, we'll find another account, and we'll cut back some expenses. You are good man. You should not resign. I am not going to fire you."

Until you find that experience in seeing what is the worst that can happen and seeing that you can bounce back, you will not realize you can overcome failure. Everyone wants to be successful, no one wants to fail. But I do think that to be successful you do have to fail. I do look at sports where everybody looks at a guy who hits 300 [in baseball], which means he is making an out 70 percent of the time. He could win the batting title not fearing failure and learning from failure—a very undersold commodity and a lot of it comes from experience.

—Miles Davis