



Now you can pick up packages at more than 1,800 FedEx Office locations.

FedEx. Solutions That Matter.™

[Learn more >](#)



A Service of CNN, Fortune & Money

FORTUNE

Money

U.S. Log In CNN

Search

- Home
- Video
- Business News
- Markets
- Term Sheet
- Economy
- Tech
- Personal Finance
- Small Business
- Leadership



He Began Blockbuster. So What? David Cook created a household name, but he refuses to become one.

By Joshua Hyatt
July 1, 2003



(FORTUNE Small Business) – Everybody thinks that H. Wayne Huizenga founded Blockbuster Entertainment. Except perhaps Huizenga himself, who said in this magazine's pages last May, "By the time I got involved, Blockbuster had already worked out some of the kinks." The one who worked out those kinks—the fellow who launched what would become the world's largest video chain—was none other than David Cook. Never heard of him? Nobody has. We're all hyperaware of what Huizenga did with his Blockbuster-boosted windfall (quick—name a professional sports team in Florida he hasn't owned), but Cook's spot in entrepreneurial history seems much harder to locate. On the surface he would seem to have been to Blockbuster what Pete Best was to the Beatles. Like the pre-Ringo drummer, Cook's disappearance seems to have paved the way for everyone else around him to flourish. Cook estimates that he sacrificed about \$300 million by not holding onto his stock for a few more years. But, the 51-year-old notes, he's "done reasonably well" in all his different endeavors. To which you want to respond, Yeah, right, as surely as Pete Best charted hit upon hit after leaving the Fab Four.

But Cook has truly made a fortune by being ahead of his time. Yes, he'd be richer if he'd been more patient. He left Blockbuster to run Amtech, which developed the technology underlying the electronic toll-collection devices people put in their cars. After that, Cook set about trying to persuade record companies to let him digitize their catalogs so that consumers could download songs. That was in 1998, roughly five years too early. His most recent startup, a provider of e-mail security services called ZixCorp, has attracted such brand-name investors as Huizenga, Bill Gates, and some retired rich guy named Jack Welch. Most astoundingly, Cook has done all that without becoming a brand name himself. He could be pumping out self-serving books (à la Donald Trump) or posturing for public office (Trump again) or fronting his own reality TV series (must I repeat myself?). But that's not him. "I'm sort of a recluse," says Cook, who lives in Dallas with his wife and two cats.

Sort of? At ZixCorp, they say he's retired. The computerized voice on his cellphone announces that you've reached someone's mailbox but doesn't identify whose. Cook won't answer his home phone unless he knows who's calling. On the golf course all he'll say is that he's done some retailing and computer programming. "About as much as I like to give up is 'I'm from Dallas. Now hit your shot,'" offers Cook.

John Ryan, who took over as chairman and CEO of ZixCorp in 2001, says that Cook "gets his joy from solving intriguingly tough problems." Cook does turn chatty—or multisyllabic anyway—in listing his reasons for not talking himself up. The 1985 founding of Blockbuster is "an old story now," he points out. He also refers to having blabbed to a Huizenga biographer. "I looked to see if I was quoted accurately, and of course it was a blend, as only reporters can do," Cook reports. He sounds as if he's singling out writers for disdain—but he's not overly attached to the human species. "I like dealing with computers better than dealing with people," Cook confesses. (He likes big, scary cats too; one of his pet charities is an orphanage for lions, jaguars, tigers, and other furry felines.) And anyway, if you had founded Blockbuster, would you tell anyone? Nobody wants you shrieking and pointing every time the car passes one of those tom-ticket logos. "Most people would just think I was making it up," he says. He's not. He knows what—and how—it happened.

The critical innovation behind Blockbuster's business model resides in its technology. What you can see, when you're there re-renting the entire Olsen Twins oeuvre, is the easy part. Cook started the superstore as a way to apply what he knew about building giant databases. He had already done so for the petroleum industry, having started a company, David P. Cook & Associates, in 1978 and taken it public five years later. But by the mid-1980s the oil industry had sunk underground, and Cook went prospecting. After studying a video store franchise for an acquaintance, "I determined there might be a bigger industry there," he says. His projection: Some day his one Blockbuster might grow into 1,500 units. "The first night we were so mobbed we had to lock the doors to prevent more people from coming in," recalls Cook, whose inventory system used bar codes to track the movements of 10,000 films per store. Having built a \$6 million distribution center so that stores "could pop up instantly," as he puts it—with inventory tailored to neighborhood demographics—he found Huizenga, who agreed to put up about \$18 million in return for voting control. Cook's disagreements with one of Huizenga's lieutenants led him to leave, taking some \$20 million with him. "I'm clearly not the best manager in the world for a large corporation," says Cook, who openly admits he didn't see it that way then. "I haven't found anybody who doesn't think Blockbuster did a whole lot better under Wayne—including me."

While running Blockbuster, Cook invested \$2.2 million in Amtech, which had a technology using radio

Top Stories

- Misery deepens in Spain, Greece
- Austerity debate rages in Europe
- U.K. dodges triple-dip recession
- U.S. jobless claims fall in an improving job market
- Stocks: Investors looking for earnings bounce



No matter what you ship, your business is our business.



[Click for more info.](#)

OD-EXPEDITED

More from FSB

- [Help wanted for HR firm](#)
- [A CEO and rodeo queen](#)
- [King of the mountain bike](#)
- [Current Issue](#)

frequencies to identify moving objects. The most obvious application was for railroad cars; Cook hit upon another when he found himself fuming at a tollbooth. But he couldn't sell his product to agencies that oversee toll roads. Finally he installed it for free in Dallas—providing a convincing showcase for a system he had never fully patented. "We got copied," he says. He quickly patented his next technology—a system for making custom CDs off the Net—but couldn't get any of the major record companies to grant him exclusivity. He left ZixCorp, a successor company to Amtech, last year. "I'm pretty good at coming up with ideas and getting them off the ground," he says. "But you learn your limitations." Those limitations haven't hurt him, though. "I won't be missing any meals," he says. He also probably won't be missing from the business world for long. "If the right thing pops up, I'll do it," he says. "I just haven't decided." And when he does, there's no chance he'll tell me.

More Small Business

CNNMoney

About CNNMoney

- [Contact Us](#)
- [Advertise with Us](#)
- [User Preferences](#)
- [Career Opportunities](#)
- [Business Leader Council](#)
- [Closed Captioning](#)

Content

- [Fortune Magazine](#)
- [Money Magazine](#)
- [Business News](#)
- [Markets](#)
- [Term Sheet](#)
- [Economy](#)
- [Tech](#)
- [Personal Finance](#)
- [Small Business](#)
- [Video](#)

Magazines

- [Subscribe to Fortune](#)
- [Subscribe to Money](#)
- [Give the Gift of Fortune](#)
- [Give the Gift of Money](#)
- [Reprints](#)
- [Special Sections](#)
- [Magazine Customer Service](#)
- [Conferences](#)

Site Tools

- [Site Map](#)
- [Watchlist](#)
- [Search Jobs](#)
- [Real Estate Search](#)
- [Mortgage and Savings Center](#)
- [Calculators](#)
- [Corrections](#)
- [Market Data Alerts](#)
- [News Alerts](#)

Stay Connected

- [MyAccount](#)
- [Mobile Site & Apps](#)
- [Facebook](#)
- [Twitter](#)
- [LinkedIn](#)
- [YouTube](#)
- [RSS Feeds](#)
- [Newsletters](#)
- [Tumblr](#)
- [Google+](#)

Market indexes are shown in real time, except for the DJIA, which is delayed by two minutes. All times are ET. **Disclaimer** LIBOR Warning: Neither BBA Enterprises Limited, nor the BBA LIBOR Contributor Banks, nor Reuters, can be held liable for any irregularity or inaccuracy of BBA LIBOR. **Disclaimer** Morningstar: © 2013 Morningstar, Inc. All Rights Reserved. **Disclaimer** The Dow Jones IndexesSM are proprietary to and distributed by Dow Jones & Company, Inc. and have been licensed for use. All content of the Dow Jones IndexesSM © 2013 is proprietary to Dow Jones & Company, Inc. Chicago Mercantile Association. The market data is the property of Chicago Mercantile Exchange Inc. and its licensors. All rights reserved. FactSet Research Systems Inc. 2013. All rights reserved. Most stock quote data provided by BATS.

© 2013 Cable News Network. A Time Warner Company. All Rights Reserved. [Terms](#) under which this service is provided to you. [Privacy Policy](#). [Ad choices](#)