

THE
**DUNLAP
RULES**

MOTIVATIONAL LIFE LESSONS FROM AN AWARD-WINNING COLLEGE
FOOTBALL COACH AND THE INEXHAUSTIBLE WOMAN WHO INSPIRED HIM



FRED "TIGER" DUNLAP

"Coach Dunlap was an inspiration in the spirit of Vince Lombardi."

—MARK MURPHY, President and CEO, NFL Green Bay Packers

SPEECH BY FRED “TIGER” DUNLAP

From “The Dunlap Rules”

Hard Decisions and Straight Talk

XLHEALTH WAS SPENDING MONEY AT an inordinate level. The previous CEO had authorized hiring scores of people to perform functions that had questionable returns on investment (ROI). These people were working on nebulous, esoteric activities, and to an industry veteran like me, this seemed superfluous and excessive. The company couldn't afford to keep many of these people. Sadly, there were talented people working in these functions. They weren't bad employees—the trouble was that their skills were in areas which weren't critical to the company's recovery.

“There are times as a leader when you have to make decisions that are unpopular. But if you are convinced they are right, you need to be true to your instincts in spite of any potential fallout.”

My father's advice was very relevant in March 2008.

During that month, I worked confidentially with management to restructure XLHealth. Three weeks later, we laid off nearly a third of the company employees. More than 150 people had their positions eliminated. The move was disruptive and risky, but we needed to do it. If we didn't, the company wouldn't have survived. In order to preserve the most talented and most vital employees, we had to part with those keeping the company from being at its best.

In many ways, this decision was analogous to Dad's decision in 1981 when he, in effect, “fired” two Colgate senior quarterbacks and put Steve Calabria into the starting quarterback position. Dad made that hard decision because he realized that *not doing it* would hurt all of the other seniors on the team. I was doing something similar at XLHealth, because not doing it would put our most vital people's jobs in peril.

The news shocked the employees, including those who weren't

dismissed. Over the previous three months, they had gotten to know me and trust me. But I imagined their comfort with me now might be shaken as they watched the guy they trusted remove 30 percent of the workforce, many of whom were their friends. I figured they had never seen a company make such a drastic move and they might wonder if this was the beginning of more drastic steps. I needed to get out in front of this to communicate the reasons for the layoffs in order to stabilize the remaining employees.

I organized a meeting for later that week to include all employees. It would be a town-hall-style meeting, offsite for an entire day. There would be some presentations featuring a few improvements we were making, but the main presentation was mine and I reserved more than two hours for my slot.

I opened the meeting without much fanfare. The looks on 350 faces were a mix of fear, anger, distrust and sadness. It was what I expected.

I addressed the group. “Thank you all for coming today. I want to talk to you about the recent layoffs. I know it was sudden and I want to explain to you why it was done. I want you to know what I know. Without that level of transparency, I couldn’t possibly expect you to agree with or understand why it was done.”

I proceeded to share with them the truth about how XLHealth was doing. I shared the company financials. As I did, the looks of shock on their faces remains vivid to me today. They weren’t aware that the company was losing money, much less that the company was in deep trouble.

“Now that you know what I know,” I continued, “I am going to ask you a couple of questions. Did each of you get a raise last year?” All heads nodded. “Did you get a raise this year?” Again they nodded. “And did you get bonuses each of the last two years?” After some hesitation, all heads nodded a third time.

I started walking up and down the aisle to get closer to the people sitting in the back of the room. “Now we are going to play a game,” I said. “I want you to imagine yourself as CEO of XLHealth. If you were CEO and you were aware that the company was losing this much money, would you have given *you* a raise or a bonus? Would you think that it was in the best interest of the company to dole out pay increases that might further threaten the company’s existence?” Many people shook their heads. “No, you wouldn’t. You wouldn’t do it because you have a responsibility to take careful steps at all times to protect the company’s well-being.”

I surveyed the room. “Well, that’s what I am doing, which is why the layoff earlier this week was necessary. I am taking care of the company’s well-being. Inherent in that statement is that I am taking necessary steps to protect the best, most talented people in the company. And those people sit before me today.”

I went on to explain the business. I talked about what we needed to do to recover and stabilize the company. Occasionally, people asked questions. Some were good questions, but some were not very sophisticated. Amazing to me, most of the line-level employees didn’t really understand what we did or why we did it. I needed every employee to understand the strategy. Without that, I couldn’t expect them to engage.

I told those gathered that the company was in a tenuous state. I needed them to know the extent of our troubles. “You need to know how big the problem is,” I said, “or you won’t know what remedy is needed. And you won’t know the level of urgency that must be applied.” I looked around the room. “I want you to imagine that this company is your home. That it’s your house. If I were to tell you that I smell smoke in the kitchen, you would be concerned and would go investigate it.

But if I told you that the back half of the house is in flames, raging out of control, you would naturally move with much greater intensity.

“Well, I will tell you honestly that our situation at XLHealth is the latter.” Wide eyes stared at me. “And to arrest the fire, we will need an intense effort from everyone in the room bringing water to the fire as fast as possible.” The metaphor was serving its purpose.

I was asked why this information wasn’t shared with them before. And I was asked why they were given bonuses and pay increases if the company was in shambles.

“I can’t answer that,” I explained, “and the CEO who authorized it is no longer here. But I know one thing. In order for us to put out the fire, and save our house, we need an air of frankness and honesty across all of our family. Otherwise, how can I expect you to appreciate the extreme requests that I will be making? How could you appreciate how fast you need to bring water unless you are aware of the true size of the blaze?”

I let that thought resonate for a moment. Then I changed the subject. “I am not a CEO. And I don’t work for the investors.” I blurted that out suddenly and then scanned the room. There was a look of confusion on the faces before me. “Sure, my title is CEO,” I continued, “but that’s not who I am. I am just a guy trying to help a good bunch of people try to be successful. As for the investors, they are my bosses and they can fire me. But they aren’t who I work for.

“I work for the best people in XLHealth. Not all of them—only the best.” I scanned the room again. “The best people are the people who are conscientious and working hard on things that are vital to making this place great. They are the people who are willing to go to great lengths to make good things happen.”

I followed this with a question. “Have you ever worked with

someone who was lazy or incompetent?” Heads nodded. “I call that guy *Old Joe*. Didn’t that make you angry at times? Didn’t it make you wonder why your boss hadn’t spotted Old Joe and made him more accountable? And didn’t you imagine how much better your group could perform if you weren’t weighed down by that lack of performance?” Many heads nodded.

“Imagine that we are in the business of racing. We have great technicians, we have the finest cars, the strongest engines and the most skilled drivers. Then imagine on the morning of the big race, as we push our car into position for the start, the official comes up to us and tells us to open our trunk. And then three men pile a dozen cinder blocks into the trunk of our racecar. Will that make the car go faster? Will that increase our chances of winning? No, it won’t. It will reduce our chances for success. It will impede our chances for an optimal performance.

“In business, unnecessary costs or non-performing people or activities are the *cinder blocks in our trunk*. And that is why I took the difficult steps with the layoff this month—to get the cinder blocks out of our trunk, so our team can drive faster, so we can perform at a more optimal level.”

The somber looks were now gone. Instead faces were quizzical as they perhaps had never heard business portrayed this way. But I wasn’t finished. “I work for the *best people* at XLHealth—no one else. I am driven to do everything possible to remove barriers and fix potholes in our road, so our racecar drivers can navigate optimally and have the best chance to succeed.” Signs of acceptance were apparent as heads began nodding.

“To that end,” I said, “I am going to try every method to repair our company. But I am just one guy. I can’t do it alone. I need help.” I looked around the room. “I can’t guarantee we will succeed. But what

I will guarantee is that we will do everything we can. And I will also guarantee that I will be honest and open with you every step of the way, keeping you informed on how the company is progressing.”

There was a mix of nods and blank stares. “Now I need a guarantee from you,” I asked. “I need to know whether you will commit yourself with intensity to help bring water to the fire. I fully recognize that many of your friends were terminated this week, and that this new guy, me, might have looked a lot less foreboding last week than I do now. But last week was a myth. Last week you thought you worked for a successful company: that was a lie.

“What I bring to you today is the truth because I think you deserve to know the truth. What I need from you is *also* the truth. I need to know if you will engage with me in a difficult pursuit, a job of stabilizing this company so we can be assured of a future of prosperity.

“Before you answer, I want you to play one more game with me. I want you to close your eyes.” They looked at me quizzically, but gradually everyone closed their eyes. “I want you to think quietly about something personal, something special you just love to do, more than anything else. It may be a sport or it may be spending time with friends or family. It may be something you do with your church or an outside organization. The thing you should be thinking about is the thing that, when you are doing it, you are doing it all out, where you extend and exert yourself willingly. It’s the thing that brings you inspiration and joy. It’s the thing you look forward to the most—the thing you can’t wait to do and the thing that brings you sorrow when it’s over.”

A minute went by, maybe a bit more, before I went on. “Think about that thing, and don’t tell anyone around you what that is. Do you have that thing in your mind?”

Three hundred people sat quietly around me with their eyes closed.

Their heads were nodding. “Okay, you can open your eyes now.”

With their attention on me, I resumed. “Now that you have that in your mind, I want you to think about how much time you really get to spend doing that thing you love. It’s relatively small, right? It’s only a small fraction of your waking hours or your waking month, right?” All heads nodded.

“Well, why is that?” I asked. “Why is it that this thing you love to do—this thing you throw all of your energy into—is limited to only a small amount of time?” I let that soak in. “It’s because the majority of your living, waking hours are spent at work! That’s right, it’s because you need to work, because you need to pay bills and you have responsibilities, right?” Heads nodded and they began to smile.

“Let’s face it, you spend 80 percent of your waking hours on this planet either working or worrying about work. I know I do.” Smiles and laughter seeped through the faces that had seemed worried and perplexed only a few moments earlier. “So if you are going to spend that much of your waking lifetime working or worrying about work, shouldn’t it be in a place where you get that special thrill? Shouldn’t it be in a place where you can extend yourself emotionally, with a group of people for whom you have great regard? Why wouldn’t you want to make that massive portion of your waking lives extraordinary, too? Why would you limit the euphoria you feel when you are doing that special thing to those few hours you can do it? Why wouldn’t you want *all of your waking hours* to have that potential for happiness and satisfaction?

“That’s what I do. With every work assignment and with every personal pursuit. I learned that from my parents. They taught me to *filter out* the things that don’t matter and to focus my time intensely on the things that do. And when I made those choices, they taught me

to commit myself to them fully and with passion. They taught me to throw every ounce of energy I had toward making that chosen pursuit spectacular.”

Redirecting, I continued. “A wise man once told me that “Life ain’t no dress rehearsal,” and that each day is either maximized or squandered. Each day is an opportunity to do something spectacular. I think he had it right.”

I had their full attention. “That’s what I am committed to do here—throw myself forcefully and emotionally toward fixing our house. It’s our house and it matters to me. *XLHealth has made it through my filter.*”

Looking directly at several employees, I said, “And I would ask you whether you are capable of making that commitment, too.” Then I shifted my gaze to another group of employees. “If you aren’t able to commit yourself to XLHealth with the same intensity that you apply to your private special thing, then I would urge you to leave the company immediately and go find a different job where you are happier and can willingly commit yourself.” They stared at me. “After all, life ain’t no dress rehearsal. We get older each day, and we should treat preciousely those days and spend them in a place that can bring lasting satisfaction.” I peered into yet another group of faces, challenging them. “So if this place isn’t for you, you should move quickly to find a better place.”

“For those of you who want to engage with me, we will build a culture here based on openness and trust. It will be a culture that is active, energetic, aggressive and urgent—*because minutes matter.* In business, like in sports, you are either the hunter or the hunted, and we will not be the latter. We will make games out of things that were formerly considered to be drudgery and we will find ways to make things easier and more efficient. We will test your endurance and you

will learn and grow in the process. We will applaud each success and we will pick each other up after any failures. And amid the effort we will collectively make, we will have FUN.”

Then I summarized. “I can’t predict the future, but what I can guarantee is that you will have an experience here which will be unlike any other work environment you have experienced. It will be memorable.”

I gave them a thoughtful smile. “These are the things that I promise and the things that you can count on.”

As I walked to my apartment that evening, I realized some people in the audience may have been scared by my speech and the impending cultural change, but we didn’t have the luxury of time. We needed a radical shift and a quick one.

ABOUT THE AUTHOR

THE SON OF MARILYN AND FRED DUNLAP, Fred “Tiger” Dunlap played football for his father and graduated from Colgate University before entering the business world. Believing others may learn valuable lessons from his two special parents, he was inspired to write this book.

Mr. Dunlap is the father of three children and married to his beloved wife, Andrea. While his CEO days are over, he continues to pursue private equity ventures as an investor. He also dedicates significant time mentoring young people by, among other things, sharing with them *The Dunlap Rules*. This is his first book, a gift to parents who are totally responsible for the good fortune he has enjoyed.