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Graziadio School of Business and Management

Dean's Executive Leadership Series - 2011-2012

Transcript of Presentation with Richard Goudis, Chief Operating Officer, Herbalife

About DELS: The Dean's Executive Leadership Series at the [Graziadio School of Business and Management](#) features in-depth audio or video interviews with today's top business practitioners and thought leaders. [Listen or subscribe](#) to the podcasts to hear their views and insight on the current challenges and opportunities facing the business community.

Start

Faye McClure: My name is Faye McClure, and I am a proud graduate of Seaver College and a member of the board of visitors for the Graziadio School Business. I am also a Vice President of Strategic Marketing for Farmer's Insurance and am very proud to announce that Farmer's, once again, is serving as a presenting sponsor for the Dean's Executive Leadership Series. Thank you. This is an honor that we have had since inception for the last six years. But, you know, the Farmer's relationship with Pepperdine goes back way beyond the DELS. It started with our founder, John C. Tyler, many, many years ago when he was one of the major benefactors for Pepperdine University. Now the Dean's Executive Leadership Series has had amazing speakers throughout the years, people like Brian Moynihan of Bank of America, David Murdock from Dole Foods, Disney's Anne Sweeney, and then finally J.D. Power III. And this year's proves to be very exciting and certainly just as informative. We very much look forward to hearing you. Tonight is my pleasure to introduce a trailblazer and a true leader in my eyes, someone who is a dear friend, the Dean of the Graziadio School of Business, Dr. Linda Livingstone.

Linda Livingstone: Well, good evening. It is so good to have you here for our first event of the year for the Dean's Executive Leadership Series. Faye, thank you for the introduction. Once again, thank you and Farmer's for sponsoring our series this year. It is a fabulous partnership, as you said, that goes back many, many years at Pepperdine. We have John Tyler Drive on the Malibu campus that sort of represents that partnership. But we have a fabulous series planned this year. We have sort of a little bit of a quasi sports theme going as you can see with the beginning of our video. So we have got several folks that are into health and wellness and sports. We are going to have a fabulous year and hear some really amazing speakers. Before I introduce our speaker tonight I do want to update you on some of the things going on in the school. It has been a while since we have been together. Our last event was in May. A lot has

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happened in that period of time. What I really wanted to share with you tonight just briefly was some of the things that we have been doing in the last couple of months as well as some of the things that are coming up that really show how we are partnering with the business community to enhance the educational experience for our students and alumni, and really also to add value back to the business community. Just last week our information systems faculty and our Center for Applied Research hosted a conference titled Information Systems to Innovation Systems. We had about 80 people there, academics as well as business leaders, really talking about how we integrate and help one another to become more effective in that space, fabulous event on the Malibu campus that was extremely successful. You can also go online to our website. We have started a new publication. It is an online publication called Entrepreneur-zine Launch. It features many of our students and alumni who are doing entrepreneurial kinds of activities. It is a really fascinating way to see what some of our people are doing and to learn more about some of the entrepreneurial tips and insights that they have based on their experience. It is very appropriate given the growth we have seen in our entrepreneurship emphasis in our various programs. We have also launched a Master of Science in Entrepreneurship program that really kicks off, officially, in January. So that is a wonderful opportunity. If you know folks that might be interest in really having a very specialized niche emphasis in the entrepreneurship area. Then just last week at our board of visitors meeting, we hosted a project we call 15 X. It is where we really think about how we help commercialized technologies in a lot of creative and innovative ways. Again, we had about 80 people there brainstorming ideas around a very interesting technology, business people, people on our board. It was just a fabulous opportunity and lots of energy and excitement in the room. So, we have got a lot of exciting things going on in that entrepreneurship space that we look forward to building out even more in the months and years that are ahead. Coming up, on November 4th, we are hosting our annual Magill Business Symposium. It always has a social emphasis and ethics emphasis, and this year, we are bringin our new SEER certificate, the Social Environmental and Ethical Responsibility program together with our entrepreneurship program. We are looking at how some entrepreneurs have done interesting things in the socially responsible space. We are going to have the CEO of Patagonia there, Casey Sheahan. Kathleen Rogers, who is the president of the Global Earth Day Network, will be there as well as several other entrepreneurs. I know many of our students will be there. We certainly invite you to join us on November 4th at the Drescher graduate campus in Malibu. And then, our Private Capital Markets Project that we are very proud of, that really looks at what is happening in the private capital market spaces, particularly from a financial perspective, the most recent survey will be coming out within the next couple of weeks somewhere around the first of November. This year, we actually partnered with Dunn and Bradstreet Credibility Corporation. So we sent the survey this year to 2.6 million business owners. We have gotten over 17 thousand responses from across the country. So, it is going to be a very, very robust and rich survey even beyond what we have done in the past. If that is a space that you are particularly interested in, watch for that. It will be some really interesting and insightful data that we think will be very important in regard to what is going on with private capital markets. Lots going on. We are excited to tell you about it. Pay attention to our website so that you can keep on top of the most current things coming out of the

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school. We also encourage you, especially with some of the new programs we rolled out and the exceptional opportunities we have in our MBA programs, if you know folks that think would be a good fit at Pepperdine, let us know, whether it is for the Graziadio School or any other schools at Pepperdine. We find that the prospective students who are recommended to us by alumni and students are actually some of our best students and really great fits with the university. So we certainly encourage you to do that. And then, finally, how many students do we have in the room? Current students. They actually had a couple days off in the full time program, and they are still here. I am really proud of them. All of them are looking for jobs and they are looking for internships. So look for them. Help them. One of the things we talk a lot about is Waves hiring Waves. So if you have internship opportunities, if you have job opportunities, look to your fellow alums and fellow students for that. That is hugely important to us. But the reason we are here tonight is to hear our speaker, Richard Goudis. We are so excited to have Richard with us. I actually did the podcast interview with him before. It was very interesting and insightful. I know we are going to learn a lot from him tonight that will be very interesting to you. Richard is the chief operating officer at Herbalife. He joined the firm in 2004 as the chief financial officer. He will tell you a lot more about Herbalife, but it is a global nutrition, weight loss, and skin care company. They have been growing very rapidly in recent years and doing some really interesting things worldwide. Richard, I learned when we met earlier, actually was a wrestler in college. I went to Oklahoma State University as an undergrad. Oklahoma State actually has one of the best wrestling programs in the country. It has for many, many years. I do not even know how many national championship banners in the gym. But one thing I know from my days as a basketball player at Oklahoma State is that the wrestlers were like crazy people at our university. They were the most insane athletes on the entire campus. They worked harder than anybody. They were more intense than anybody else. So I have no doubt that part of your success and part of what drives you must have come from those years as a wrestler at U Mass. So, we will look forward to hearing about what is going on at Herbalife and some of the interesting things that you are doing. But join me in welcoming Richard Goudis.

Richard Goudis: Thank you. So, about nine months, a year ago, I was approached by a friend and she asked would I want to speak here. And my first reaction is why me? Who would want to hear my story? We have this dynamic CEO that would blow this room and all the people upstairs away. Why me? It was something I had said to her sort of inadvertently that caught her ear. Kay Rosen and I were chatting one day. And I had just come back from China and she goes, "Oh, well how long you were you there?" I said, "Not even 24 hours." And she wanted to understand that story. It was a personal story of going to help a situation and says, "Oh boy, we need to hear about that story." So, kind of break this presentation into a few segments. I will make it very personal. We will end with the Herbalife story, the turnaround, and a lot of the success. But in case you fade out, the Herbalife story. We went public in December of '04 at seven dollars. Today, we are about fifty-five dollars, so about 8X and only Google is really close to us. So, if you want, you have got to stay until the end and listen and we will tell you, actually, how to do that. Okay? But

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I started with a presentation. I am a PowerPoint guy, so I started with a presentation. I put my notes together and then I kind of got in my brain. I am like, "Okay, well I saw the venue. I really can't do that." So I sat upstairs and I put some notes together figuring I would just do some cue cards and then in come a bunch of colleagues from Herbalife. I said, "Oh, I can't use any of this now. They know all this stuff, right? They know these stories, and I can't use these stories. So, I'm just going to wing, okay." So in keeping with the sports theme, and this is one of the great ones. So people often ask me, "Well, Rich, how'd you get to this level. How'd you get that? Or how'd you do this?" And I used to always say, "I consider myself really lucky." Today, I have grown in my faith a little more, now I say I am very blessed. But I used to say, "I'm lucky. I'm very lucky." And then, my CEO now, Michael Johnson, big Michigan fan, one time he said something. I said, "Oh I'm just really lucky, Michael." He goes, "No, no, no. Luck is at the intersection." Do you remember this quote? Do you remember when this happened? So back, I think it was 1994 Desmond Howard was playing for Michigan. I think it was against Michigan State. Late in the game and Michigan is down driving home stadium. Last play of the game, sort of that Hail Mary pass. Desmond Howard catches the ball with one foot in bounds. Touch down. Crowd goes crazy. Reporter comes up to Bo and says, "Bo, that was such a lucky play." He said, "Lucky play?" So, he gets Desmond, soon to be the Heisman trophy winner. He says, "Desmond, come over here." He said, "Tell this woman what play we just ran." "Oh, Coach, that was 49Z red 13." "Now tell this lady how often we run that play." "Oh well, Coach, we run that play every single day in practice." "Now Desmond, tell this woman when we run that play in practice." "Coach, that's the last play we run in practice every single day." And Bo turned to her and said, "Luck, I don't think so. Luck is at the intersection of hard work and opportunity." And preparation. I am not a Michigan fan. I am a Gator. My wife is a Gator. So, thank you for welcoming me here. Thank you for the faculty and the staff, especially the staff that did such a great job getting all the bags ready and everything. Thank you to my wife and my Herbalife colleagues that I know will heckle me as I go through this. We will start with Bo. There are a few other quotes that we will go through, but I thought we would first talk about what are we going to talk about. They always say tell them what you are going to talk about. Talk about it and then remind them at the end, so I am going to be very basic with that regard, but turnarounds. When you hear the word turnaround usually investors perk up. Hey, opportunity. I am going to get in before that turnaround. But the first turnaround starts with the foundation and the first turnaround was with me. So I am going to give you that background and then I am going to go through some different turnarounds that occurred in my life. Whether it was a department that I was working in, a division, a company. To give you different experiences and especially for the students in here, I hope you take some notes, just a few of these are tidbits that you will write down and say, "That's pretty cool, I'm going to try that." For the faculty or professionals, hopefully one or two of these things jingles something in your mind to say, "That was pretty cool." Then I will feel like I was giving back and I will feel like this night was meaningful to you and meaningful to myself and with that we will go through this. But start with my foundation. I grew up on Long Island. I was a wrestler. Yes, I wrestled. I ran track. I played football. I was a jock. Not a stereotypical jock, but I do not think there are any high school folks here from my school, but a jock. I was fortunate to get a wrestling scholarship as Linda suggested. So yes, I was one of

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those intense guys. Maybe not wacky crazy, but had to cut weight and all that kind of stuff. But my foundation was sports, team sports. Family, I had a wonderful family. Five of us in the family, I am the youngest. The only boy so you can imagine what goes with that, right? The prince, the king, all that kind of stuff, but also the only boy, right? So the girls would always gang up on the youngest and the boy. But a family of faith. My mom raised me Catholic. I was an alter boy and that was really my core values when I grew up. Great family. We were a very traditional family. My dad was home almost every night for dinner. This was back in the '70s and '60s when that could possibly happen, but I was very fortunate. Grew up in almost like a Mayberry RFD kind of environment. We never locked our front door. We were out on bicycles or out all day. My mom never knew where we were at or what we were doing. She just knew like a dog I would be home at dinner at six o'clock because I would not miss that. But family values and those today I carry with me. Now, we are going to go around this little circle up here and there is a lot of things that I am going to add to it. But in my foundation, what gives me my energy is my family, my faith, and my values. As I make decisions and some of my colleagues at Herbalife will probably nod and say, "I know it when he makes decisions." It always goes back to this. We, at Herbalife, have some core values. Generally, they are basically family values, the things that you would want to do with your family. So, that is my foundation. My dad was in the aerospace business. That got me intrigued in the aerospace business. On Long Island, back in the late '60s, he was the chief engineer on the lunar module. So I grew up in that space stuff and taught me to dream. That was really also very important as I was growing up. My high school yearbook, if you were to find it, not on Google like this meeting was. That was my quote in my high school yearbook. Casey Kasem, if you are old enough to remember, he did the American top 40 every week. He had this thing at the end of every show on every weekend was, "Until we speak again, keep your feet on the ground and keep reaching for the stars." And to me, even as a 17 year old, writing that down to put it in my yearbook, I felt like that was me, right? I set goals with it, mostly sports goals when I was younger. I worked very hard to achieve them, but I tried to be humble while I was doing it. So that is why I say, "Linda, why am I here?" But we will go on. So as I progress, and on the right hand side you are going to see sort of chronologically what is going on at the time. I am going to kind of tell you what was going on in my life at the time and how this circle starts to fill with experiences and more values are going to populate. So again if some of these are relevant, then I have done some of my job. A major at University of Massachusetts, a wrestler at a hockey school so we had the worst locker room. But "Just do it" was the phrase at the time from Nike. I graduated. I went to college thinking, "Boy, maybe if I'm really good I can maybe make the 1984 Olympic team. You know, a dreamer right?" I used to go in my door and say if I did 10 pull-ups every time I go through my doorway, I can be the best. I had little goals like that, little challenges. So halfway through college I realized, "You know what? I'm not that elite level." And then I started to focus on school with that same passion, focus on getting back to my faith, and getting back to church. So it was that combination. At the same time a mentor came into my life, my dad's friend. He said, "You know, if you're going to be an accounting major, most of the accountants that I know really have a difficult time communicating. So, why don't you do yourself a favor and minor in English," which I did. And today that was one of the best advice that somebody, outside of my immediate family

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gave to me, and outside of the sporting world. And that carries me through today. So that was the turnaround that started to happen in me was I realized that when someone came on campus for an interview, if I wanted to get that interview I had to have the best grades. I had to have the best experience. I had to be at that business evening the night before to meet that recruiter. If I did not get on the schedule to fight my way on because I knew they always have one slot for someone who impresses them. I knew that my effort had to equal my expectations. I play that to my kids all the time. My son is a freshman at University of Miami now and I always tell him that. He is a kicker on their team and I just keep saying to him, "Is your effort equaling your expectations?" And if they are aligned, then that is one of the biggest pieces in life. Then you can be happy. But if they are not aligned, that is when you see different behaviors both in family and in business. So, align those expectations but focus and effort to me were a really a big thing at this time. And for me I felt like coming out of U Mass, the world was my oyster. So as we move on, I came out of school. I tried Wall Street, did not like it as much as I thought. It seemed like the dream place. I grew up on Long Island. I always admired the folks getting on the train going to Wall Street. I came out into a program for trading foreign currencies. I did not like the integrity of what was going on. I did not like some of the behaviors. Called a recruiter who interviewed me and recruited me at college, a person from United Technologies and said, "Yeah, Rich we have an opportunity in the financial management training program at Pratt and Whitney, one of the biggest divisions, but it's in West Palm Beach, Florida. It's in the government engine business." I said, "I'll take it." So, I found my way down to West Palm Beach, Florida in the government engine business in a two-year rotational program going through accounting. Now, this was 1985, 84-85, so think about what an accounting department looked like in a government engine business. Something called a ten key, which probably nobody knows other than people that have my color hair. It is this big machine that sits on the side of your desk and you are doing this all day <makes typing noise> and out comes this little paper with totals. More often times than not, there was something wrong and you spend a lot of time trying to figure out which column, which one we made a mistake. Then one day about midway through, and this was a group of about 25 accountants, heads down cranking all day long like this. I am a trainee learning from somebody. There is this white device that just happened to be on an empty desk right in the middle of the department. Big white box, big tube on the top. The first IBM PC. There is like a disease. Nobody went near it. So one day I just went over and I figured, "What is this?" I was curious. This was when you had these big drives about this big, floppy drives. You actually had to stick the software in, Lotus 123, which was sort of like the Model T compared to today's Camaro maybe, with excel. So Lotus 123, you slip the software disc in. You did the things you wanted to do, and then when you wanted to save your work. You had to pull it out and put another software disc in there, big, and then save your work. But, the turnaround that occurred. Here I am as a trainee and I am just realizing as I am doing all these spreadsheets, and I am looking around at a lot of people maybe 10, 15, 20 years older than me and I am like, there has got to be a better way. And this computer just fell there; no instructions, nobody and I just found a way to do it. Then what I started to do was, my work was getting done faster. So I started helping some of the folks around me. Not the trainees that were in the program, but some of the people that were doing this day in, day out for years. So I

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started to impress people. I started to teach people. My feeling was, sort of back to my values, I wanted to leave my job, my department, better than what I found it. That sort of ingrained me in my training program. Nobody told me to do that. Somehow it just came to me in my values, my faith, my prayers, whatever it was, and then that was my new expectation for myself. Every time I went into a job, my competition was me, not the other trainees in the program. If I can leave this job better than I found it, then I was being successful. I determined what that success was. Again, effort equals expectations. So again, maybe lucky at the time 1985, technology, and I was the right age just like young people are today with the right technology. But that is how I started my success and that was the initial turnaround in this department. Today if you go there, it is all automated. But it started there and that gave me confidence to do more of it. Also at that time, I am sorry, I was sent for my MBA. Pratt and Whitney, if you achieved certain levels in the training program, they sent you for a company sponsored MBA and just like many of you. What a welcome experience the executive MBA was compared to academic undergrad. It was more experience, more case study, more teams, more real life to me. But the frustration was I would come back to work and I would still be cranking excel spreadsheets, nobody to supervise, nobody to manage. But then I started to realize, the way you can lead is you can lead by example. So what I started to do at this time was, I got drafted into the financial planning and analysis group by a soon to be future mentor. Did not know it at the time. This was sort of where a lot of the, I will say, people who scored higher in the training program were recruited into that department, in that day, fast tracking. I brought those same technology skills, but not only those technology skills of Lotus, but also then into the precursor to PowerPoint, but then beyond that what I found was nobody from finance really went out to the operations. We were testing rocket engines, pretty cool stuff, and endurance testing military engines, pretty cool stuff to me growing up in the aerospace business. I started going out there and meeting people. People were like, "Where are you from? Finance? And you want to know what I'm doing?" I started to realize that the way to turn this department around was the perception of the department. They were never viewed as a partner. They were viewed as the auditors, the check-checkers, and all that stereotype of somebody in finance. To me, my turnaround in this assignment was the perception of the department. I did not realize the perception of me was changing at the time. That was when people did not tell you that you were talented or they did not tell you that you were being mentored. It was back in the 80's. That is not what that generation did, but it was happening. It was happening because I was setting expectations to say I was going to learn as much as I can. I am going to leave this assignment better than I found it. That was sort of the rhythm of my business. But we turned the FPNA department around. We became business partners. We started being drafted into meetings with senior executives then we got assigned to all the different engine programs. Some of the colleagues at Herbalife are like, "That's why I am assigned to sales and marketing." Edmond, wherever you are. Yes, that is where it started was I realized that business leader wants their financial and business partner. And it cannot just be a financial partner it has to be the business partner. So you have got to get out there at 11 o'clock at night and watch a rocket engine test. You have to go out there and see when they break an engine down and pull the parts out and it is dirty and grimy and everything. But if you have passion and you love it, it comes through. Then the

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perception changes and then things just get kind of magical at that point in time. So the quote at the time was really back my wife. We got married in 1987 and this was now a new balance for me. I had do think about someone other than me and that was another turnaround from within, but also affected me on the job because I took that and saying now I have to help other people more around me. It was more about teaming and partnering to find success than just my success. So I had to work, I felt, to get other people to embrace my kind of concept of effort equals expectations. In 1989, I was recruited from Florida up to Connecticut to actually run the financial training program, sort of my grooming in HR if you will. So off to college campuses, meeting students, reviewing resumes. I will tell you the way I started reading resumes was from the bottom. I looked at the bottom. What are your interests? What activities are you in? What clubs? What sports? Is this person a team player? I am recruiting for a highly competitive training program where teaming is important. Do I want someone who loves to read, play the piano, run marathons? Or do I want someone who is on the volleyball team, someone who is the manager of the basketball team, someone who played on the club soccer team? Yes, you know where my head was going because when you get 300 resumes and you go on campus and you interview 22 kids in an eight hour span, there is got to be a sorting mechanism. The easy one is just grades. Who had above a 3.5? The 300 resumes went down to 150. From 150, what's the next sort? Let's read from the bottom up. Who's a team player? Who had good experiences? And then I was always impressed with the person who came, and Monica came with me to several universities, the kid that came up after the presentation of the financial training program and said, "Mr. Goudis, I read about this. I really want to get on the interview schedule tomorrow." And sometimes I would say, "Faye, thanks for coming up. We are full. But if you have five minutes right now, let's go." That was assertiveness that I was impressed with. Several of those people got interviews back at our campus and some of those people got onto our training program. So, the message to the MBA students here, the job market is extremely difficult. Do not take no for an answer. If you do not get an interview, go find one. Be assertive. That leaves a lasting impression on people. Surround yourself with talent. What I realized at this point was, this training program was a great bench of the young talent coming up in the business. It was an opportunity to build teams, to build future teams. I had the great insight into who the young talent was. But, the turnaround view was turning the whole entire program. Having even been on the program, I knew if I ever had the opportunity to be there coordinating, what would I have done differently. I would have listened better. I would have worked with management better to make rotations better, the assignments more enriching and challenging. I would change the performance review process to make it more constant feedback, every three months instead of this is how you did at the end of the six months. We had forced ranking. This was a brutal program, but we made a lot of changes. Most importantly, we changed the perception of the program at the university. So I go to the school, and Laura, I would call up someone in the placement office and said, "Hey, I'm down to 22 people. Here's my list. Did I miss anybody good?" And then you get that relationship. Someone says, "You missed Claire Burton. You've got to see Claire." So, I would say, "Okay. We will make sure Claire comes to the evening presentation and come and make sure comes up and says hello afterwards." And that is relationship. That is changing the perception of what we were doing. So that

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turnaround here was within the division, but this is a six billion dollar engine division with 44 highly talented trainees on the program. It changed their perception and expectation of each other. I read a lot of books as I matured, really after my MBA program. It enlightened me to say the way I can learn is not only from the people I am working for, but I am going to read about great leaders, and great leaders, whether they were sports people, military people, politicians. So, a lot of those things that motivate me today are things that I read. Norman Schwartzkopf, this was a big statement for him and Colin Powell had the same thing. One of Colin Powell's great comments was when I think maybe it was his first General level, and he was head of all of armed forces in Europe. He found that his troops were being fatigued. They were not getting the same workouts. So, he followed some of the troops home. Because there was not enough base housing, some of the troops lived off base. Because of the cost of living in Germany, some of them could not afford the housing that they were in with their family, so they were taking second jobs at night. Then they are coming in the morning to go workout and they are fatigued. So, his message to me was you have got to take care of your troops. If you do not take care of your troops, how are they going to take care of you? So he built new barracks, new housing on base, moved all of these people on base. And it changed what was going on. We did the same thing here. We said, "You've got to take care of your people because when they feel you're taking care of them, then they're going to start to think and take care of you." That is powerful. When you have 44 people now, thinking about this training program and thinking about when I am making decisions how to change it. They are giving me their feedback with the executives that felt now a bigger buy into the program. College campuses that were saying the GE program, "Yeah, it's been around a long time, but I'll tell you, you want to go in a program, go in this financial management training program at Pratt Whitney." Everything started to change. So, that was 1989 in Connecticut. 1991 teamwork makes the dream work. That is sort of our phrase here at Herbalife as well. But teamwork beats the individual. In 1991, I was asked to go to our overhaul and repair business. It was the warranty business at the time. So you can understand the mentality: cost center. The talent was not the best because it was a cost center. They had an unsatisfactory audit from UTC. The accounting supervisor at the time was fired and they sent Rich in to fix it. I am thinking what did I do wrong? I thought I did a good job with this training program. Why am I getting this assignment? What I did not realize then and what I started to realize in this time was, it was because they expected me to turn it around. I started to have the perception and people knew that if Rich went somewhere, he would not accept what was there. He would strive to make it even better, even if it was great. That was my energy. So, yes kind of crazy wrestler mentality. Your only competition is you. But it really is true. So at this time, what did I do? Well, it first was a talent game. For years and years and years, people who did not want to work that hard or did not want to be in the politics of the big organization all found themselves down to Connecticut in the overhaul repair business. That was the perception that it was a tired team of 25 accountant people. It was the training program, all those relationships I had, I started recruiting some of that young talent and feeding it in, and then it was aligning expectations. There was one guy, who was like the number two guy in the department. I used to walk around the department at five o'clock at night just to chitchat because everybody is busy during the day and that is some of the social time, which is very

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important to get to know people. Let people know that you are thinking of them. And this guy, again, back in 1991, he would leave his light on. He would sneak out the door thinking nobody knew or at least nobody like Rich knew. So I got wise to it. I would look out in the parking lot and his car was not there. I am thinking, "Oh my god, what a game." But this is an adult doing this and you are like, "Okay, well, what have we done wrong to make him do that? And what can I do to correct that?" So the first thing was honesty, back to my values. Be honest with people and lay out your expectations. Either they buy into those expectations and great things happen when that happens or he was going to find another train to go take a ride on. He did turnaround and we became very good friends. When he turned it around, then he started talking to people back up in Hartford saying things are different here. This is a really cool place now. Then all of a sudden people wanted to start coming down. It was sort of a snowball effect. But bringing that talent in was what turned that department around. At the same time, strategically that division was going from a cost center to a profit center. So there were people like me in engineering and quality and we started becoming colleagues. We started moving up together because we were turning this division around. In 1991, my daughter was born. This was as big as getting married was. This was just as big a step because then I realized I had to treat my employees in my first real supervisor job like I was treating my family, like my daughter. How could I expect so much out of people and not give so much to them? What I realized was I have to give it first. You have to give it to get it. My wife always gives me this saying, "God doesn't give it to you unless he knows he's going to get it through you." That was this period of reckoning in growth in me as a person and as a leader to treat my team as family. Today at Herbalife we have, I do not know, 12 to 15 employees that I have worked with at other companies on the other coast that came and followed me to Herbalife. Yes, part of it was me and part of it was Herbalife, but they are here today, seven years later or what have you, because it us all working, that chemistry. That is what you build as you build your professional career. You keep building on that success. But this was very powerful. That time in my life, being first line supervisor, and having a daughter, and realizing that there is even somebody besides your wife that is more special in the world. How do you balance that? But how do you make your employees feel that special? And it does come back to you, time and time and time again. Many times you do not even know it. So, what happened after that? 1996, I wound up leaving Pratt and Whitney up in Connecticut and went back to Florida. Did I tell you I have a very loving and supportive wife? I knew when I was going to get married that I wanted to marry a nurse. I figured, the planner here, nurses can move around. They can work anywhere. My wife is a nurse. It was these calculated things in my brain. It is sort of scary sometimes, but it worked. We were a partnership. Going back to south Florida allowed Monica to stop working. I became a director level, stock options, all these things that were sort of the fruits of moving up, if you will with a company called Sunbeam, small appliance maker. Linda said, "What was common between jet engines and blenders?" I said they spun. That was the only analogy. But no, manufacturing, I love manufacturing. I was good at cost accounting. I was a shop rat. I loved getting my hands dirty, looking at investments, but the turnaround here was the entire company. So I got into this company in 1995. An ex-GE executive was running the business. I was Director of Financial Planning for the corporation. Very early on, I said, "Boy, I think I made a mistake.

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Boy, I don't think this company is that well-run, a lot of fiefdom, a lot of in-fighting. People don't want to tell the boss the real answer." And here I am expecting to roll up numbers, roll analyses, and then be honest, right? So, I am honest as the day is long and I am giving them the dirt. One day we were in a meeting and I am beating on some people because they are just not being truthful. I got the analysis and they are saying, "Well, that's not right," and I have the analysis, right? You know, in that day, I used to tell people, "People lie, numbers don't," and I was dead serious on that. So I was that wrestler back then. I remember going into the restroom and the CEO walks up next to me. It is always uncomfortable when another guy walks up to you in the restroom, right? And he goes, "Hey, Rich!" He is looking at me and I am like, "Don't look down!" But I remember this experience because he goes, "Hey, you think I was too tough in there?" And I said, "Too tough?" I said, "Those guys wouldn't have made it out of the room if I was in your role." I swear to God, and I figured, you know what? If I am going out of here, I am going out of here saying the right things, right? Well, sure enough, a month later, he was gone, right? I remember this night vividly. We were up for a board meeting in New York City. It was the night that that TWA plane crashed. I got back to my room, and on the TV were all these white speckles. I thought I had fuzz on my TV. It was the wreckage out in the Long Island Sound or the ocean off of Long Island. The next day, Al Dunlap, "Chainsaw" Al Dunlap fell into my life. For those of you who may not know Al, he is a big turnaround guy. The movie "Wall Street II" is out. The first "Wall Street I," right, Sir James Goldsmith was a big turnaround guy. Al was his henchman. Al was the guy that got in there and did all the doing to make the value happen. Al had turned around Scott Paper. He dropped into Sunbeam. I like to tell people, I was 6'4" and had black hair at the time, and it was an extremely demanding time. We learned a lot. But the core of the turnaround of this company was what I had done and I had presented to the old management team, and they did not listen. I mean, this is simple stuff, right? Because I got out in the field and I listened to people and I was embraced because I had numbers and facts and analysis. So think of two businesses. We had an outdoor business and an indoor, a home business, right? Home, appliances, scales, etc., right? So what do we do down in Mississippi? We press out sheet metal and we make scales. Seasonal business, and then we sort of almost close the facility, right? So it is stamping, painting, all this light assembly. In Neosho, Missouri, about 500 miles away, what do we do? We bang out gas grills. We pound them out, we paint them, we assemble them, and we ship them. So I am not a rocket scientist, right? I always go into a room saying, "I am not the smartest person in this room, so I better listen." I just started looking at manufacturing facilities and saying, "Well, what if we close this facility and moved all that production to this facility? We could run this facility all year round, keep our talent, blah, blah, blah, blah, blah." Then all these other divisions, all these other manufacturing facilities started to have the same seasonality because they were two dramatically different businesses. Then we looked at the different facilities. This is how crazy it was. We had a corporate office in Fort Lauderdale. We had a head of International in downtown Chicago and Schaumburg, Illinois, an hour outside of Chicago, maybe. We had the head of our Household Division then in Neosho, Missouri. We had the head of our Outdoor Division. Look at all that overhead, all that real estate, no sharing. Everyone had their own finance teams, all duplication. I am thinking, "Well, this is easy." Shoo, shoo, shoo, shoo, shoo, right? So I created this plan, presented it to

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my CFO. He said, "This is really good. You should go sit with the CEO and talk to him about it." And I did, and he did not embrace it. So Dunlap walks into my life, and I do not know who the guy is. Never heard of him. I never did really pay attention, and I am on the way back from this board meeting in New York City, and the controller is next to me. He goes, "Man, this is going to get really good." But he is all energized because he is reading all this stuff on Dunlap. He goes, "Things are going to be different." Well, sure enough, they were. The next day was the opening day of the Olympics in Atlanta. Most of the executives found their way to go there because vendors took them or what have you. Dunlap decides to visit the office, and he passes CFO's office and who is the first office after the CFO? Rich. And Rich is there. Al comes in and he goes, "I'm Al Dunlap. Glad to meet you. And what's your name?" I am like, "Rich Goudis." He goes, "Where is everybody around here? I am like, "Well, Al, it's the Olympics." "Oh, fuck the Olympics," you know, and he is, "Walk me around here." So I started walking him around and said, "Oh, this is so and so." We get around and then we go down to the next floor, and we had a bunch of IRS auditors in. Opened the door and Al disses the IRS auditors, "IRS, I hate you guys. You guys take my money!" I mean this guy was tough, right? He was tough. But what happened was as I am walking around, I am telling him things. He is asking me questions. I am giving him honesty, right? I am pent up, right? I told management what to do. They did not listen to me and so I am telling Al these things. On Monday, he calls a staff meeting of all the senior executives. We had a huge round table in this boardroom. You can go back and look at pictures of Al in this boardroom. Nineteen executives showed up. On Tuesday, only two of those executives were left in the company. It was brutal. I mean, a couple of folks that work with me now, we were in there keeping track of who was going to go national, who was going to be first, right? We were young pups. Because we knew there was infighting, there was politics. He asked people. Al said, "Everybody come in. Bring your business strategy." And, boy, just one by one, they shot them down and then they brought them right to HR and out. It was brutal. Al was brutal. He lived up to his name as "Chainsaw Al." But for me, it was an opportunity to see my work fold into and affect a company. They did all the things that are laid out in this little analysis that, you know, who am I to do this? But they embraced it and we enacted a lot of that. Well, Al, at the time, I like to say, he was a turnaround guy, but he was really a growth guy, but the reality was, he was only a turnaround guy, right? Well, when the value of the stock got so high and nobody wanted to buy it, then he turned to a sale process. I am sorry, no one wanted to buy the company and then he started to go into acquisition mode. So there was a period of time where I was out of the house for like three weeks with one week worth of clothing and we acquired Coleman, Mr. Coffee, and First Alert, and all at one time. But I knew at the time that this guy's values were not my values. It was the first time I could fly first-class and I would get to the airport early just to ask to be downgraded because I could not stand being near this person. That is tough. It is tough when you have a family, you have a mortgage, right, and it is grinding your stomach, like, "These values are not mine. This style is not mine." That was where, in my life, I saw through the politics. Money is not happiness. Money is not happiness. Happiness to me is doing the right thing that I knew was the right thing. It was walking out of there. It was validated two years later when the SEC wanted to come and talk to Rich about what happened, and the only executive that was cleared out of the

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senior executives was Rich. They said, "Because he did the right thing." I never sold a share of stock. I had lost millions of dollars on paper, but it was on paper, right? It was never real because what was happening was not really real. Al was one of those first dominoes to fall before the Enrons and all these other things. Go read about it. But it was validation to me. 38 years old at the time. I knew what was right and it was proven what was right. But in 1998, I found my way to a great company, a company called Rexall Sundown. It was a NASDAQ-100-listed company. It afforded me the opportunity to make that move that I was looking for. Planned and calculated, I left when I had something. But the comment here is reputation, right? A lifetime, a lifetime to develop it, and you can lose it in a moment by doing the wrong thing. In a moment. I had this conversation with my daughter one time when we caught her in a lie. It was almost big-girl-time lie, right? And I said, "You know, Sam, if you were one of my employees, I'd fire you. Not for what you did, but because you lied to me about what you did. I don't tolerate it because my relationships are founded in honesty and in truth. And if you work for me, you know, it's bad news. I hate it, but I want to hear about it really fast. Faster than good news." That is one of the styles that I picked up through some of this business. So I found my way into Rexall as Head of Finance and Head of Investor Relations, did such a great job that we were acquired and merged with a company called Royal Numico. Royal Numico, at the time, had acquired GNC, had another multi-level marketing company in Utah. They asked me to merge all the back-end and become Chief Operating Officer for that group. It was my financial acumen. It was my passion for the business, nutrition. I love it, back from my wrestling days. But what made it successful was building the team and being a cheerleader. You know, so, what were the steps, right? We brought this division together. I looked at the best town. Who was best between Rexall and GNC running transportation? Okay, it was Faye. Who was the best at HR, Linda or Monica? Linda got the job. Did not matter if you were GNC-badged or Rexall-badged. We drafted the best person and we started to create the success of joining those two companies. It was sold a couple of years later and I found my way to Herbalife, recruited as a CFO to take the company public. Now, there is, like I said, probably 12 to 15 folks at Herbalife today that worked with me at Rexall, some even back to Sunbeam. A couple of them are here today, so you can talk to them and validate some of these stories. But what we did at Herbalife, and I will kind of go through a few slides here, but it was very simple. This is a business that had a CEO pass away at an untimely age, had five CEOs between the founder and our current CEO. You can imagine the state of the business when that new CEO came in. I thought this was very relevant from Steve Jobs. This was his 2005, part of his 2005 address to the Stanford graduating class. This is what I would say to the students that are in this room. When you get your diploma next year, write your goals on the back. What are your 5-year goals and your 10-year goals? And just mount it. Do not look at them. But have goals. Then 5 years, take that diploma off the wall and read it and see if you are on track, or you need course direction or direction, all right? But being happy, that should be your biggest goal, whatever that means. It is your assessment of what that is, right? So, Herbalife, founded as a weight-loss company, way before its time, way before this thing called global obesity. Today, the intersection of health and wealth. So what do we do to turn this company around? Remember, 7-dollar stock in December of '04, 55 dollars today. Growing in some of the most difficult economic times, but we built a great team. A

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lot of the folks came from Disney. A lot of the folks came from Rexall. Michael Johnson, our CEO, would call it the D-Rex team. When we went out on investor-relations meetings, D-Rex team. I was building a great team. I will give you an example of the culmination of some of this. So Franklin Burdie, who is in the room. I had known Frank since '98. I went to Herbalife and we were doing our road show taking the company public, and one of our investors said, "Who's going to run investor relations?" And our CEO turned to me for the answer, and I knew he did not want to hire somebody, and I turned to the investor and said, "Well, what do you think we should do?" And they said, "Well, we think you should get your own IR person." And I said, "Okay." So I went home. I flew back to Florida for Christmas. I met Frank a couple days before Christmas. Two weeks later, he was in his office in Century City, Herbalife badge. The power of friendship, the power of trust, the power of opportunity. And Venita, who is here as well, followed very shortly after that, the person who will travel all over the world to make sure our accounting systems are right. But you build from a team, and you draft them, just like you see coaches do in football. You look back and you go back 20 years ago and you say, "Hey, look at all those coaches that are now big-time coaches." They were on the Notre Dame squad or they were on the Oklahoma squad, and they all worked together, right? Then look at where they are today. Then they draft and they pull their talent with them. So build your team. We call it at Herbalife "build your down-line." Our distributors in the room thank you for being here. Build your down-line. That is your strength. Not your up-line. Although it can be motivating and everything, but your down-line is your strength. That is your foundation. The second was, "restore confidence." Restore confidence in our distributors. They saw their leader, their passionate leader pass away. Restore confidence in the employees. Restoring confidence with investors, our private-equity investors first and foremost, but then Wall Street. There are a lot of people. We went on a road show and they yelled at us for going private in 2000. Like, "Whoa, I wasn't even here. I was at Rexall." But some people at Fidelity came in a meeting just to yell at us and then leave because they were just pent up. They were so upset that the company went private years ago. But restoring confidence. Do not underestimate the power of confidence. That creates momentum. In our business, we talk about direct selling being a momentum business. With momentum, everything starts to work, whether it is employee morale, distributor morale. Establish a vision of values. You know, loosely, we say, "They're family values at Herbalife." You would look at our values and say, "Mm-hmm, mm-hmm. Those are all things my mother told me to do." And have fun. We have fun in our values. But we all carry our badges. They have mission and vision values. You go in our office, mission and vision values. Our performance-review process, our recruiting criteria all tie back to our mission and vision values. People who we promote, people who we think are high potential; they are living our mission and vision values. They know it and other people know it and that is why they move up, amongst other criteria. Develop business strategies and the metrics to measure it. You have to paint the vision with a big brush. Our CEO dreams huge, huge, and that is one of the biggest reasons we are successful. Our founder was like that, and then, through five CEOs, we did not have that. Then he came in and painted this big brush. Today with the global obesity epidemic, with people looking for part-time income around the world, full-time income, people moving up the socio-economic ladder in many, many markets around the world, we feel like we are in this Camelot phase. And

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look at our financials. Look at our financials. Volume, which is currency, X currency, X price, just pure volume, unit volume. Look at that chart. Net sales, look at the trajectory. EPS, basically the bottom line, and then stock price, and then with the little squiggly line is the market. I wanted to end on this because this is validation, and validation that we as Herbalife are doing the right thing that the turnaround did work at Herbalife. But as I started out, the Herbalife started within. Here are my Top 10. So we are ending on a sports theme, if I can. I did not know how to put the sound in there. I should have asked somebody way younger than me how to put the sports theme in there. But number one, and Linda said it, out work everybody. That is what I did when I was a wrestler. My philosophy in wrestling is, "I am not losing a regulation. There is no way I'm losing a regulation." People were stronger than me. People were faster than me, okay, always. I was never the strongest on the mat. Most of the time, the fastest, but my feeling was, "My endurance will kick anybody, and if I'm going to lose, I'm losing in overtime." That is what I took into work. I out worked everybody. People would say, "Rich is the first car in, at night, one of the last cars to leave." All right? But things do not come to me as quickly. I know it. So I have to work, and out work everybody. But when you go up in the organization, do not think for a minute that other people do not see that. That starts to set a temperament in the business and a rhythm in the business, and that is powerful. Second is, "Be self-confident," and it is probably, what is more important. The next one is "And don't work for someone who is not self-confident." Because if somebody that you are working for is not self-confident, you know what? They are not going to bring you to an important meeting even though you did all the work. Remember that, young people because you are going to get to do some great work. You want to work for someone who is so self-confident in themselves that they are going to say, "Hey, Frank," or "Venita, come to the meeting. I want you to present this." My boss knows what I can do, right? The people at Herbalife, when we are in a big meeting, I let my people speak. We are going to have a board meeting next week. My senior vice presidents are going to speak. The board knows who I am. It is more important for me, for the board, to have confidence that Rich has a strong down-line and that they know what they are capable of doing, all right? So those two really go together. I am telling you, if you are working for an insecure person, find another path very quickly because you will work at a very precious time in your life and you are not going to get a lot out of it. Pick the right partner in life. You know, huge success, huge success in that. I am blessed to have that. But whatever that is, to whatever that is, pick that right partner because once you are a partner, that is the foundation of your life and your family. If you have a wife or a spouse that does not want to move and that prevents you from having an opportunity, boy, how are you going to feel about that, right? And that happened. We came back from our honeymoon. One of my mentors, he got a promotion to Hartford. He called me and said, "Hey, Rich, why don't you come up," basically trying to steal me, "up to Connecticut?" And I am like, "Wow! What a cool... Mergers and acquisitions for all United Technologies. This is pretty cool" I said, "Monica, let's go." She goes, "No, we just got back from our honeymoon, and I'm not going." But she promised me, she goes, "But when you get the next call, we'll go no matter what," and two years later, another mentor called me and off to Connecticut we went and Monica kept her promise and that was extremely important. We would not have done it and I would not be here today without that. So that is absolutely critical, absolutely

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critical. Treat your employees like your family. I hit that, and if there is anything that you leave here with because this is a multiplier. If you have a large staff, if people know you care about them, they are going to care about you. If they know what is important to you, they are going to watch out for you. They are not going to let you step on landmines. In my company, in 78 markets with 5,000 employees, 2.5 million distributors, I cannot tell you until next week what that number really is, when we have our earnings release, but you have to have the trust that people are watching your back because you cannot watch everything, right? You can keep a pulse on some things, but I expect people to walk into my office and say, "Hey, heard this, saw that, this that." We are all connected with email, so it flies a lot faster, but treat your employees, and it is going to come back tenfold. If you do not believe it, just try it, sample it, and see what happens. But that means you have got to make that investment. When I go on the road, I meet with employees in the market, let them know how special they are and that we care, even if it is just a lunch, okay? Know what career you want. Now, you are going to get a lot of opportunities, right? You may say, "Oh, it's a tough market." It is a tough market, but if you are talented and you are charismatic and you really fight for that interview and you get that job offer, but keep looking up. Make sure that you are doing what you want to do. I love nutrition. A few years ago, before I took the Herbalife position and I had a non-compete, I got a call from a company that makes cigars, and cigars were in Vogue in the early 2000s, to go up and be their CFO. And Monica and I, I think we were vacationing in Disney, and I just, I said to Monica, "I can't do that. I can't work for a company that I don't believe in." All right? So know what career you want. Know what company you want. Work in an industry that you really enjoy. Sort of go together. Have integrity. As I said earlier, it takes a lifetime to build it, and you can lose it in a moment. I sent something FedEx. It was personal and I did not write a check back to the company and somebody saw it. That somebody tells 10 people. "These are the executives. Tsk, tsk, tsk, tsk, tsk." And down it goes. We had a very tight line of integrity in our company, maybe some people would argue too tight, but when you got 5,000 people in 78 markets, you have FCPA. When I was a CFO, you had the Sarbanes-Oxley, and it was jail time. You wanted to make sure that thing was really puckered up. We would have controller meetings. The room was this big. I would tell the controllers, the first thing is, first off, the only person in this company that can fire you is me, and you are hearing that from me. Your general manager who may have hired you in Country X or Country Y, they might want to fire you, but they cannot unless they get my approval. But I do not need anybody's approval if you are doing the wrong thing. That was confidence to them and integrity. They knew my integrity. When we got back, channels that, "Hey, this has happened," or, "That's happening," all of a sudden Internal Audit would show up at somebody's office someday just looking for, "Oh, we're just here on a routine investigation or a routine audit," and then they would find things. All of a sudden somebody is gone out of the company, and it is all sort of done quietly to protect the person, but that built confidence that the integrity of this management team was the highest. That is our foundation at Herbalife, our integrity. Seek a work-life balance. Without it, you will melt. It will not be as enjoyable. The flowers will not smell as great. Part of the journey is sharing your talents with other people. Like I said, there are way better speakers than me to be doing this, but to me, it felt like this was given back. If people are taking some notes, like I have seen, and one or two of those things work, God

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bless you and I am really glad. But find that balance in life. You are going to be a better person. You are going to have more energy. You are going to have a skip in your step. And you are going to feel good. Then, last one, and it was funny, Linda said this to me in the interview earlier, "You know, be happy." I guarantee you, they will find somebody else to do what they want you to do. Attitude reflects leadership. You saw it as one of the quotes. One of my favorite quotes, "Attitude reflects leadership." So if you are not getting it, look in the mirror. That is the first place to look when things are not working. That turnaround then has to come from that person looking back at you in the mirror. Even if it means you have to change as part of that turnaround, hear that message. Do not be afraid of it. Pursue it, run after it. In my wrestling days, right, do not lose it. It is a message. It is a message of God. It is a message from whoever. But the turnarounds always come from within. I guarantee it. Because if you do not feel it, you will not participate in it. If you do not have it, you will not lead it. That is what is exciting about business. If it was doing the same thing every day, would you really want to go do it every day? But if you could dial up the notch every day, make things more exciting every day, well that is the environment I want to work in. I hope the people that you speak to at Herbalife say that is the environment we have at Herbalife. Not just because of Rich, but because I am blessed to have peers that buy into that. We have a Camelot at Herbalife. I hope you see it in the numbers, and you see it from one of the executives tonight. So thank you very much. I appreciate the time, and I will leave with my favorite quote of my life, which is, "Dream," right? But keep your feet on the ground, but keep reaching for those stars. Keep it all in perspective. Thank you.

Linda Livingstone: So, Frank, you have worked with Rich at like three companies and have known him for many, many, many years. So he said we could find you later and ask you what you thought about what he said. We are going to let you share with us what your experience has been, just a little bit about working with Rich.

Frank: So I jotted down a few comments as Rich was speaking because he was triggering a lot of memories for me. But when I heard Rich was speaking tonight, I had to run down here just in case anybody thought that what was on PowerPoint was just words on PowerPoint and to let you know that it is authentic and it is true. I met Rich, as he said, in 1998. I was 26 years old and I remember walking into his huge office, big double doors. I was very intimidated. My knees were rattling. He stopped and he made me feel really comfortable and made it very clear that he wanted to hear what I had to say. I knew from that moment on that this was going to be a great relationship. While I might not have been the guy to sit down at the new technology box or computer, we had just launched new software at that company, and everybody was used to writing general ledger reports and all these different types of things. He said, "No, we're going to sit Frank down. He's going to learn this new way of doing things." At that time, it was a multiple-dimensional database, which was a new concept back then. Since then, I have had the opportunity to work with Rich for several years. I have watched him become the Vice President of

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Finance, the CFO, the COO, and it has just been incredible how many lives that you have touched through your leadership. What is remarkable about Rich is he always challenges you to do things that even you do not think you can accomplish. He never tells you what you want to hear, but he tells you what you really need to hear, and that is really been something that I have held close to me. He inspires people to do things, and does not realize it, which is pretty amazing. I have watched him raise two children with Monica, his great help and support. I have watched him turn around departments, turn around companies, and share in that great benefit with everybody who helped him do it. So I am not only a better corporate professional for having known Rich, but I am a better person. So Rich, thanks for your leadership, and I am sure I speak on behalf of many of my colleagues here at Herbalife that it has been a real pleasure to have you in our lives. So, thank you.

Richard Goudis: Thanks, Frank.

Linda Livingstone: Let us take just a couple of questions from the audience before we wrap up. We have some door prizes to draw and raffle for, but do we have a couple of questions from the audience for Rich before we close? How are you?

M1: I just wanted to get a little bit more insight into the experience you have coming into turnaround situations. One of the things that I think as emerging leaders a lot of the students are going to need to learn more about is coming into organizations that may already have a culture or a history of not necessarily performing the way they are supposed to and that goes back to your attitude or the attitude is probably negative. If you could talk a little bit about the strategies that you used and maybe some things you learned about what you might use going forward to really come into a place where the existing culture is negative and maybe so strong and you really need to change that attitude in order to really implement the things that you see need to be changed in order to make that turnaround happen. Thank you.

Richard Goudis: Okay. Well, we could talk all night about that one, but, my first response is, if you sense that in the interview when you are on campus, I would really say, unless you are in situations I have been in where you have got to pay a mortgage and you have got to do something, I would say look at something else if you can sense that going in. But the reality is, if you are really talented, any situation you go into, you are going to find a way to make it better. So the advice I would give you is start small, start in the areas that you can have influence, and win by hitting singles, okay? If we can use a baseball analogy, if that is okay. Win by hitting singles. I think that what you are going to find is that you are going to get a lot more cheers from the fans, which are your bosses. You are going to get a lot more support from the dugout, which are your teammates. You are going to put a lot more Ws up on the board, which is

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the ultimate game as far as the business winning. I think that once you get a tag as a new employee going in that you are doing those kind of things, you are going to find someone who is going to want to mentor you. Someone is going to steal you and pull you into their department. I can just tell you, there are a lot of smart professionals out here, and we are always looking to surround ourselves with talent. I am blessed to have the talent around me, and a lot of it has been very strategic. I am pulling them along, and I get criticized for it. "Oh, another F.O.R., 'Friend of Rich,' found their way," but I think what people look back on and say, "Oh, boy, they're talented." So I hope that you are one of those people that is up here speaking in 10 years or so and you are sharing with young people your story and your journey and how you matured, but hopefully it is from hitting a lot of singles.

Linda Livingstone: Well, I think you built so many relationships over the years that actually influenced your career so much that having those friendships and building those relationships is significant to your career beyond just the quality of work that you did.

Richard Goudis: Absolutely, and I think Frank said it, and a lot of times you do not even know you are doing it, which then I think your intent is right. If it is really genuine, people see through it. You know when someone is up speaking in front of you, where their motive is. But you know, when it is right. It just seems like it is no effort, like skiing downhill.

Linda Livingstone: Mike, put Andrew's name down. We are going to have him back to speak at DELS in about 10 years, okay? Great. Another question, and then we will wrap after that. Another. I am having a hard time seeing. There is so much light here. Yes.

W1: Hi. You spoke about how you like to give to your employees. Also, you mentioned the times when you had to tell them that they may leave the company if they did not do the right thing. So I was wondering how much you use positive motivation and how much you feel like you still need to use negative motivation like fear of being laid off.

Linda Livingstone: The carrot versus the stick kind of approach here.

Richard Goudis: Well, if I was honest with you and if you asked some of the employees, you would probably say that Rich probably puts a lot of fear into people because if you come into my office, like what I said earlier, numbers do not lie, people do, right? So that is kind of the old accounting mentality. But people should not be afraid if they are going to come in and speak honestly and with a spirit of winning as

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a company. But if people are coming in because they are trying to better their own agenda, yes they are going to meet a very rigorous Rich because I can see through that stuff pretty quickly. Frank can see through it even more quickly than me. But I think that if I spend 99 percent of my time on the positive reinforcement and cheerleading, I hope that is how I am remembered, but I think that also as a gatekeeper, for our integrity and for our values, I have HR responsibility, that is probably 1 percent of the time. It is making sure you do the right thing. If that means course correction for some employees along the way, hopefully that they learn from it, embrace it, and step up and want to be a part of it. There is a gift for you, there are a couple gifts. Monica and I do a daily reading, devotional reading, every morning, so I did not want to go too faith-based on you, but here is a book that I would hope you leave by your desk, especially if there are professionals in the room and you take a read on this because I think it has a real awareness. When you leave school, a lot of that academic sort of dries up, a lot of that enlightenment dries up, especially if you are reading the "Journal" every morning like I am. But it is a one-pager every day. Leave it on your desk. Leave it next to your toilet, wherever you find peace and rest.

Linda Livingstone: As long as that is not in class.

Richard Goudis: It is a paperback, so if you run out of paper, probably the toilet is probably a good place. But I hope you find some continued inspiration and enlightenment from reading this. I have. In the past year, I gave it to people who I feel that they will welcome the enlightenment, and I think that it comes back. Time and time again, people send me an email, "Hey, did you read today's?" I'm like, "Yeah." "This is what I thought. What do you think?" So hopefully you enjoy that and you enjoy some of our new sports product and our distributors are here to talk to you about those and sell them to you so our numbers can even be better next quarter. But, again, enjoy the gifts.

Linda Livingstone: Thank you so much. After having you here this evening and getting to know you and hearing your story, I can understand why Kaye suggested that you come speak because I think your values very much resonate with what we try to teach our students in our program and certainly the turnaround at Herbalife has been a fascinating story as well. So thank you so much, Rich. We really appreciate it.

Richard Goudis: My pleasure. Thank you.

Linda Livingstone: Our next Dean's Executive Leadership Series event will be on January 11th. We will have Jerry Wilson with us. We are going from really, really healthy Herbalife to Coca-Cola, so join us for that. He is the Senior Vice President and Chief Customer and Commercial Officer. That will actually be

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right back here. Then following that on February 16th, we will be in Malibu with Blake Irving, who is the Executive Vice President, Chief Product Officer at Yahoo! and an alum of Pepperdine and the Business School. So thank you all so much for being here. It has been a pleasure to start the year off with you, Rich, and all of you in the room. We hope to see you again in January.

End of pepperdine-dels-presentation_richardgoudis.mp3

