





FRASER BULLOCK

A GOLD MEDAL TURNAROUND

You pull up to seven Gs in a bobsled—seven times earth’s gravitational pull. It’s tough sledding. Fraser Bullock knows that from his experience on the bobsled track at Utah’s Olympic Park. He had just signed on as CFO and COO of the Salt Lake Olympic Committee and wanted to understand what it was like to be an Olympic athlete. “I looked in the sled and there were chains, apparently to keep people from climbing out halfway down,” he laughs. Bullock quickly discovered why someone might want to climb out. “It was like a monster roller coaster ride times ten,” he continues. “And when you get to the bottom, you realize that the difference between gold and silver is one one-hundredth of a second. The expertise of these athletes is mind boggling.”

Bullock is no slouch himself. Besides the occasional bobsled ride and freestyle aerial—yes, he also wanted to better understand the highest-flying Olympians—he runs the operational side of the Salt Lake Olympic Committee (SLOC). According to his boss, SLOC President and CEO Mitt Romney, “he is one of the best CFO/COO’s in the country, if not the best.” And Romney needed the best because when he took over on 11 February 1999, SLOC was tottering at the top of a very challenging bobsled run of its own, one littered with tawdry headlines of tarnished Olympic rings, unhappy sponsors, and financial mis-

management. “I always joke that I was already living in Utah, and Mitt wanted to save the relocation expenses,” Bullock adds.

Actually, saving those expenses was a harbinger of things to come. In short order, Romney and Bullock discovered that what you don’t know can hurt you. It was no secret that the media’s new favorite target was SLOC, that the Justice Department was looking for skeletons in SLOC’s closet, and that radio talk show hosts were shouting SLOC’s name from the rooftops. Moreover, SLOC had no operations plan, they weren’t using appropriate financial systems, and they had no Paralympic organization—SLOC is the first organizing committee to do both games. Morale was nonexistent. “The organization was virtually paralyzed; it didn’t know which way to turn,” Bullock explains.

What wasn’t readily apparent at the time of the scandal was that there was a severe financial crisis. Adding up all the numbers, Bullock and Romney discovered that SLOC was headed for a projected \$400 million budget shortfall. And the previous twelve months gave little reason for confidence that they could fix the problem: SLOC had raised only \$13 million the year before the scandal hit the headlines. “It doesn’t take a math degree to figure out that with about three years to go, the Salt Lake Olympics were in trouble; and at that rate, we weren’t going to be able to raise the funds to close the budget deficit,” Bullock explains.

BY GREGORY TAGGART



*Top: Deer Valley Resort will host slalom, freestyle aerials, and freestyle moguls events.
Bottom: The Peaks Ice Arena will host ice hockey events. © 2001 SLOC photos by David Quinney.*

A math degree he didn't have. An MBA from BYU he did have. That plus time doing turnarounds at Bain Capital with Romney—also a BYU graduate and a member of the Marriott School National Advisory Council. His education and time at Bain combined with his experience doing rollups for his own company, Alpine Consolidated, prepared Bullock for the daunting task of putting SLOC's financial house in order.

Calling on that experience, Bullock and Romney turned to six fundamental keys to any business turnaround. First, they needed to set a clear tone, a tone that included high ethical standards coupled with relentless dedication to professionalism and teamwork. "SLOC is not a buddy-buddy club," Bullock declares. "It's a professional organization."

To show that things had changed and to restore the public's confidence in SLOC, they opened SLOC's books and meetings to the media. Everything was on

the table. "At our board meetings we'd have gaggles of reporters and cameras all over the place." With media looking over their shoulders, Bullock looked for ways to cut costs, and Romney assumed the role of salesman, running from sponsor to government to newspaper and back to sponsor, telling and retelling the Olympic story. It worked. After six months of open meetings and measurable performance, the public's skepticism turned to optimism. "People don't get the impression that, 'Gee, are they hiding anything?'" Bullock explains. "They understand we are completely open."

Second, they had to ride the bobsled. They had to learn the business. According to Bullock, that means rolling up your sleeves and diving into the detail until you understand where every dollar is. "You need to know the detail, inside and out, to be able to make judgments both now and later." Little surprise, the detail was of Olympic proportions. For

instance, where most businesses have six or seven major functions—sales, marketing, media relations, HR, operations, and finance—Bullock learned that it took forty-two different functions to get bobsleds, skiers, and skaters across the finish line. And the magnitude of those functions is, well, he likes to use the words "mind boggling."

For example, twelve thousand members of the media will be in town for a month. Seven hundred heads of state and twenty-five hundred athletes, representing eighty-one countries, will be there for the media to cover. To help them all, more than seventy thousand volunteers have signed up. Transportation alone will require thousands of buses and more than four thousand cars and trucks. SLOC has even imported light rail cars from Texas to increase the capacity of Salt Lake's new light rail system. "What's really amazing is that Fraser has a detailed, intimate familiarity with all facets of the Olympics," explains Salt Lake City Mayor Rocky Anderson. "He can discuss any issue and have a detailed knowledge, including transportation, security, and programming."

One of the more important functions Bullock had to understand was venues—they cost almost \$270 million to build. And one of the subfunctions of venues is building temporary facilities at the base of the downhill in Snow Basin, next to the ice rink in Kaysville, in the center of the cross-country complex at Soldier Hollow, and in and around the twelve other competition and noncompetition venues.

The result is a small, temporary city at each venue that will house broadcast compounds, operations compounds, security compounds, as well as cater to the two thousand spectators who show up each day to watch curling on the ice sheet in Ogden or the fifty-two thousand who attend the opening and closing ceremonies at Rice Eccles Stadium in Salt Lake. To build those minicities, Bullock and his people must keep track of seven hundred 12' x 56' trailers and an equal number of 50' x 60' and 50' x 120' tents. Of course, those tents and trailers will need power, heat, computers, fax machines, restrooms, and the list goes on

and on, even as the start date for the Olympics grows nearer. “The scale of this operation is massive,” Bullock emphasizes.

To manage the operation, Bullock followed the third and fourth keys to a successful turnaround: Build a superb team and communicate a clear vision of that team’s objectives, making sure to hold each person accountable on a weekly basis. Yet, even team building came with a set of problems peculiar to the Olympics.

“All of my staff, everyone, guess what?” Bullock asks. “We fire them in February or soon after. Try to get people to interrupt their careers to come work for you on those terms.” But hiring was only half the problem. Some people already on staff when Bullock arrived didn’t fit. He had to let them go to make room for the new talent he was bringing in. “One of the lessons I’ve learned is when you need to make a change, make a change. Treat people humanely. Work with them so they can get a new job, but where you need to make a change, do it— and quickly.”

The last two keys, as Bullock saw them, were to have fun and kill lots of snakes. “It’s something an old friend told me,” he explains. “When you’re in a room full of snakes, kill the closest one. And so we said, ‘okay, what is the closest snake?’” Not only did the budget turn out to be the unlucky snake, it was the biggest to boot—an anaconda in a river of red ink.

Consider the following: Bullock and his team control a budget of approximately \$1.3 billion—\$300 million for technology alone. But that’s only part of the picture. They also manage the \$400 million federal budget for transportation and what they call their “match” budget for accommodations. “We will arrange 20,000 hotel rooms during the games, none of them for spectators,” he says. “And all the rooms will go through our accounting system, so when you add it all up, our budget is really close to \$2 billion dollars.” True to his philosophy, he rolled up his sleeves and reviewed every dollar of that budget, looking for fat. “We went through every line item, every department, every dollar, and we instituted a simple discipline: ‘Must haves’ versus

‘nice to haves.’ And generally speaking, we eliminated all of the nice to haves.”

The penny pinchers out there will be glad to hear that because of this discipline, SLOC’s fifty-three member board has gone from fancy catered meals to Domino’s Pizza and sack lunches. “And everybody has to chip in for the pizza,” Bullock says. The next thing to go was SLOC’s web site, a \$13 million budget item under the old SLOC. The new SLOC decided that though it would be “nice to have” a web site, they were not going to have one unless a sponsor donated it. And someone did. “Any business turnaround requires management to come in and understand the business and identify key leverage points in terms of cost reduction,” he declares. “You look at the big cost categories and work on them one by one.”

What Bullock calls “the look of the games” was another one of those categories that took a hit, going from \$22 million dollars down to just \$9 million— apparently, looks are only “nice to have.” Things like banners and posters moved from the budget ledger to the projects-looking-for-a-donor ledger. In many cases, those projects have found donors. “I’m not sure there hasn’t been a door that hasn’t been knocked on by SLOC, locally and nationally,” Bullock reports. “And we’ve been able to bring back some ‘nice to haves.’ For example, we’ll have building-

sized banners of athlete images in downtown Salt Lake and at some of our venues. They will be absolutely spectacular.”

Where SLOC didn’t cut, and in some cases invested more, was in what they call “field of play”: slalom runs, luge tracks, ice ovals, and ski jumps. After all, the games are for the athletes. Romney and Bullock want to make sure the athletes have the best field of play in the world. Case in point: They poured the concrete for the speed skating oval in Provo two times. “We inspected it. Our contractor inspected it. And we said, ‘you know what? It’s good, and it’s good enough, but it’s not good enough for us.’” It is now. In the recent World’s Single Distance Championships for speed skating, they had five world records out of ten races. “The fastest ice in the world is in Utah,” Bullock smiles.

Getting his arms around this politically charged and logistically mind-boggling business has been no easy task. “For the first thirty days, you just know you don’t know anything,” Bullock moans. “After about sixty days, you start to get some confidence that you know something about the Olympics and the various constituent groups. But what’s interesting is it all comes down to basic business principles, the same ones I learned in BYU’s MBA program.” In the end, Bullock’s team eliminated \$200 million

INFORMATION TECHNOLOGY BY THE NUMBERS

23,000	FIBERMILES OF OPTICAL FIBER CABLE
20,000	TASKS IN THE SLOC IT PROJECT PLAN
14,000	DESKTOP PHONES
10,000	MOBILE PHONES
7,000	TWO-WAY RADIOS
4,500	PCS AND LAPTOP COMPUTERS
4,000	TELEVISIONS
2,900	GAMES-TIME TECHNOLOGY STAFF
1,850	FAX MACHINES AND COPIERS
1,150	PRINTERS
550	COMPUTER SERVERS
50	MAJOR APPLICATION SYSTEMS
20	MILLION PAGES OF PRINTED REPORTS
10	MILLION UNIQUE WEB SITE VISITORS
2	GAMES DATA CENTERS
1	SALT LAKE 2002 INFORMATION TECHNOLOGY TEAM

out of SLOC's core budget by cutting the excess and asking companies and individuals to pony up for the enhancements. "Fraser has worked incredibly hard and is passionate about his work," Mayor Anderson reports. "The results show that."

Of course, cutting costs is only half the game. Bullock would have to cut all costs unless Romney could raise the money to close the rest of the deficit and get the Games to break even. "On top of the \$400 million, we were also seeking more than \$183 million in support from the federal government," Bullock says. "And they were saying, 'do we want to support a tarnished Olympics?'" Romney was stepping out onto a very long and bumpy road.

To marshal support among existing sponsors and sign on new ones, Romney used a three-point sale: 1. We have restored integrity to the organizing committee; 2. The Games are really about the athletes anyway, and that's where the focus should be—not on the mistakes of a few people; and 3. The Olympic brand is unique and its ideals an important bond between nations and peoples. The message worked with local companies such as O.C. Tanner—the company that designed and produced the Olympic medals—and Questar Gas, as well as the federal government, which has become incredibly supportive, according to Bullock. "The easiest part of selling is going back to somebody who's already bought and had a great experience and asking them to sign up

again," Romney reports. "When I came on board, all that had been done."

Done, and the Olympics were still projecting a huge deficit. And so it was on to what Romney calls the missionary sale, knocking on doors, cold calling, trying to convince companies that they ought to become Olympic sponsors for the first time. To do that took as much ingenuity as it took effort. You see, in the Olympics, there is only one sponsor for each category. So, for example, Visa is the credit card sponsor. Kodak got the nod for film, and Delta won the race to be the airline that brings the Olympic torch from Greece to the United States. But after you've chosen York as the "official mint" and Hallmark as the "official card" of the Olympics, you've pretty much run out of categories. That didn't stop SLOC. They created some new ones, lots of them. "Everything, everything imaginable, we have invented," Bullock smiles. "We even have General Mills as the "official cake mix" sponsor of the Olympics." Suddenly, the headlines had changed from "Coke Puts Olympics on Notice" to "Coke Spends \$40 Million to Promote Olympic Torch Relay."

Coke isn't the only one spending money on the Olympics. People around the world have been scooping up tickets, even bidding for them on auctions that SLOC conducts on Ebay. In fact, two front row seats to a figure skating event at the Delta Center went for \$11,000—each. The more important fact is that more than 60 percent of the tickets go for less than \$50,

though SLOC found the nerve to ask \$885 for a seat at the opening and closing ceremonies. "We said, 'we need to do this, so we're going to soak the rich,'" Bullock laughs. "We've got to raise the money, and we don't apologize for it because we stand on our own."

And they've stood tall. As of the end of October, SLOC had raised \$859 million dollars, \$395 million more than Atlanta, the previous high. Because SLOC gives 40 percent of what it raises to the United States Olympic Committee and because some of the donations were in kind and therefore not budget relieving, the net impact of the fund raising was to reduce the budget deficit by about \$200 million dollars. Add that to the \$200 million Bullock and his team were able to cut, and the snake was dead. "So at this point, we believe we're in a break-even situation, which is exactly where we want to be," reports Bullock, who recently relinquished one of his SLOC titles, CFO.

The bobsled Bullock and Romney have been riding for the last three years is about to cross the finish line. It's been a white-knuckle ride, from scandal and budget deficit to break even and public acclaim. To 11 September. "It changed our perspective and some of our priorities," Bullock says. "The world needs these Games more than ever." It's sentiments like these, and not chains, that have kept him in his seat, looking for ways to keep the Salt Lake Winter Olympics on course and out of trouble. "Salt Lake City owes a huge debt of gratitude to both Fraser and Mitt Romney," Mayor Anderson emphasizes.

When Romney came a calling, it was Bullock's father's admonition to serve that made him say yes. And it's the *Washington Post* test that has guided his decisions from then on. "Anything I do or say could be on the front of the *Washington Post* tomorrow," he reminds himself. "So I remember to be open, honest, and direct." And to stay on the bobsled to the finish line.

ABOUT THE AUTHOR

Gregory Taggart is a contributor to *Bloomberg Personal Finance* magazine when he's not teaching honors writing at BYU. He received his BS in business management from BYU in 1978 and his JD from University of Wyoming in 1980.

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