Thank you to Chairman Meyer, to President McCarthy, and to your Dean O’Neill. This is quite an honor to be able to address such a wonderful looking broad audience and especially the graduates who have earned their way to this place. I look through some of my research to find what degrees were given here today and there are more than I can list from accounting to tax, MBA’s, undergraduate and business, so many specializations. And I will tell you that it’s quite an honor to address an audience that I know worked extremely hard, made sacrifices in your life, had to do this without an easy plan. In many ways earned your way through this university to get to today. And with that I want to congratulate you for every bit of effort and the honor of reaching this point with dignity. Congratulations.

I listen to the news like, well, I don’t know about you but older people listen to the news. You may be more in to hip hop or music or what you have. Justin Timberlake and Beyoncé. But I’m one of those older addicted people and I listen and I watch the politics of the world and I kind of like, I say to myself when I got here, I said, I don’t know. What would it be like to graduate in 2013 into a world that looks pretty chaotic? Business has had a great recession. They tell me we’re getting out of it. Things do sound and feel better. But it’s quite annoying. It’s quite scary. And if I were you, whether you have a job or you don’t, I’d certainly be concerned. We have a government that seems to be failing us. They don’t know how to get together, discuss anything, come to some kind of a conclusion that would support the best interests of our country. I look around the world and see countries like obviously Greece and countries in Europe and the economies failing and jobs are being outplaced and you start to paint a picture that says, gee, is this a time to start a career? Is this a time to extend your careers? And it’s a little bit scary.

And then I said to myself, well, gee, what was it like for me back in 1979 and ’80 when I started Reebok? Now, first of all, I didn’t have any money. My wife and I were married at that time. I was 36 years old. We were married for I guess 16 years. I met my wife when I was 12 years old. We both went to Boston University. She, for one year, received a secretarial degree. She couldn’t afford to go into college any longer. And I wasn’t about to let the world have her to possibly be attracted to. So I left college in an impulsive moment and went off and got married when I was age 20. The good news of that story is that on May 31st, we’ll be married 49 years. We have three children and nine grandchildren and we’re heading and hopefully they’ll be sitting here in this audience one day and I’ll be a participant in the back watching them graduate here or another university.

I can tell you that when I started Reebok and I look at the comparisons and I look today and I say, well, unemployment somewhere coming down they tell us. But it’s roughly in the 8 to 12
percent. And people who are unemployed are pretty troublesome. It’s not just unemployed. There’s a whole sector of our country that’s really in dire need and can’t get jobs because they’re over age limits. They’re interrupted in their lives terribly by what’s happened in the past five, six years. I look at the good news is mortgage rates are as low as 2.63 percent and all that sounds at least good. If you can afford to buy the house and put the deposit down, which usually is today much higher than when I was younger. And we’re in tough times.

Then I look back at Reebok and I say, what were things, I looked at research. What were they then? When I began, we were in the depression of 1979 that lasted through 1985. Interest rates hit an all time high. Prime was 21.5 percent at a time in 1982 when Paul Volcker, then the chair of the Federal Reserve, decided that he wanted to stop the inflation that was rampant at the time. Mortgages in 1982 -- and I was one of those people that foolishly bought a first house. The highest it reached was 21.5 percent for a mortgage for a 30-year mortgage. Bank failures reached 42 percent in 1982. So one could argue, there’s no great time, and yet, this is the best of times. You’re facing a future that may start off chaotic. It may not have all the things you’d like to see in the picture that you’re attempting to look into the vision of what you’d like to see. But the truth is these are great times. Opportunities always come to those that look for them. And I believe that your future is as golden as mine was back in 1979. Regardless of where you started with money or with means. You have an education. You have your health. You have a future. You have a country that prospers. You have a world that needs you. And invention and greatness will follow you if you just do two or three things right.

What I focused on when I started was I grew up with a father that had all kinds of issues but the one thing he passed on to me was that my word was my bond. And that integrity would carry my farther than any other knowledge I could have. So when I started Reebok, I started a company with integrity. And I don’t mean just honesty. I mean actually focused on a purpose, dedicated to my mission, and relentless in the pursuit of doing it the right way. Not giving into the temptations that lied ahead that we all encounter. And I want to tell you keeping your integrity is a very, very hard thing to do.

My first issue was that I had ordered shoes from England where the company started. They couldn’t make them so I moved to a factory in England called Barter Shoe and after working with them, they made the first 500 pair of Reeboks, which I fortunately had sold and got great publicity in a magazine called Runner’s World. So our beginning had started although our cash flow was so minimal that I needed these shoes urgently. They came to the United States. We opened the box. We looked at them. They just weren’t right. There were not I think technically wrong with them. There was nothing physically wrong with them in the sense that they wouldn’t work. But I knew. I looked at them and I knew that there was something when they made them from the transition from one factory to another that they just weren’t the shoes that I wanted to represent Reebok on our first try.

So without enough money to make it to the next chapter, I decided I would tell the factory I couldn’t keep the shoes. Make some more. We’ll have to fix them. And I put the shoes inside this small little warehouse in the center and I didn’t want anybody to take them. So I went out and got at a stationary store. Little black dots that I put on all the boxes. Don’t ship the black dots. As it turned out, and I didn’t know it at the time, I did know that I had integrity, that I
wouldn’t allow this to be the place that I start with but already cheating even though it wasn’t going to hurt anybody even though the shoes would be fine but they weren’t what I had recorded. They weren’t the right thing. And what happened is the years went by. Those black shoe dots during all the arguments and focus on the factory relationships, they became the honor of our company. They became the basis of what our built a culture at Reebok. They said to everybody and the story became folklore and it carried on for years and after years after years. So, of course, the shoes had been removed from the floor and we’ve gotten bigger, introduced other products. But everybody that came to the company, everybody assimilating from other companies, that was the story that everybody told. They told the story of the black dots. They told the story that we do not do anything at Reebok that doesn’t keep to its integrity. And when you have a culture that’s built on integrity, and that’s the core of what you do, I promise you, it is the most powerful medicine. It’s the most powerful excitement you’ll ever live with in your life. It will be challenged constantly.

In my case, I was hours away from going bankrupt at the earliest stage. I had to suffer through those first five months waiting for new shoes to come in of which half the orders were cancelled. It didn’t matter. It was the basis of which I got through that horrible experience and I went on to build a company based on it. And as we introduced new and other products, I was relentless in pursuing products that made a difference and products that stood to the standards that I claim that Reebok stood for. And as people came to me to take 25 cents or 30 cents out of the product to make it cheaper, when you multiply 25 cents times 3 or 4 million pair of something and in our case, we reached 125 million pair, it’s a lot of money. But I always knew that I would produce the product that I claimed, that I sold, that I wanted, and what would be good for our customer.

There’s another thing that happens is opportunity. You’ll have many opportunities. The issue is not having them. The issue is seeing them. The issue is acting upon them when you actually do. And I was a little lucky. We wanted to go into the sports business back in 2000. Actually in the late 90s. So I took on, we were looking to get into basketball. My first athlete was Shaquille O’Neal and although he was a great image with great notoriety, no young kid wanted to be Shaquille O’Neal. Nobody thought they could aspire to do that. But then came a call from David Faulk. David Faulk was the agent who was for Michael Jordan and he went, he was a Nike person, of course. And, of course, you know Michael Jordan was the biggest story ever for Nike and helped to catapult them to great success. David called him and he said, look. He was an attorney out of Washington. He said, I’d like to come down and visit. So he came to visit and at that time, Allen Iverson was coming out of Georgetown and he was the hottest property in the country. Everybody wanted him. So I knew I was going to go into a bidding war. I knew it was going to be an incredible fight and I knew at the end in my heart truthfully we weren’t a basketball company yet. I knew that we would probably lose him to Nike. And David came into my office and Allen was with him. And he walked in and he said to me, Paul, he said, we don’t know each other very well. But I understand that you’d like to entertain the idea of having Allen Iverson be a Reebok representative. I said, David, of course, I would. You know that. He says, well, here’s your chance. He says, I’m going to put a contract in front of you that’s eminently fair. And if you want, you can sign that contract and Allen will sign it today and we won’t go to any other company. And he told me the amount, which actually was $5 million a year for five years with options, which sounds unreasonable but at that time it was correct. And I said, not in Allen’s presence, but I walked out of the room, and I said, David, I said, first of all, does Allen
know what you’re doing here? And he says, he does. I said, well, secondly, why are you doing this? Why aren’t you up at Nike? And he says, well, at the end of the Jordan contract, Nike did things to me that breached the integrity that we had together. And I’ve decided that I was not going to give him Allen Iverson.

Now I don’t know how much integrity David had but I can tell you that and I did ask Iverson if he understood it and he said, yes. But the fact that they did not have integrity at that time for that moment allowed me to have one of the great athletes of our generation. I loved Allen. He was quite a man. He looks like he has all kinds of issues but the truth is he kept his word to me every single time. He played with integrity. No other athlete has ever played a sport with the intensity and the caring and the will to win that Allen Iverson did. So he’s one of my favorites. I know his life hasn’t turned out so great but the fact is that he made great tremendous success for us. We sold over the ensuing years about 15 million pair of Iverson’s. The answer, the IQ. It was incredible movement in our company and catapulted us to the next level.

One of the things I was most proud of at Reebok, we formed a culture, beside integrity, we formed a culture of listening. When I had meetings, we wanted to make sure that the meetings strategically and visionarily were not all about the highest ranking members of the company. So I brought in people from different parts of the company. I bring in a secretary. I’d bring in somebody from the warehouse. I’d bring in people from obviously creative design, development, executives for sure. But we would have a meeting of 30 or 40 people and we were stuck one time on what to do. We said we need something fresh. We always needed something exciting. And I said what could be exciting and in the meeting came a person who was certainly middle of, at best middle of the pack person who would never be at an executive meeting, and they said, you know, all the athletes love the rock stars and in that case it was the hip hop stars were the most to them. And all of the hip hop stars go to the basketball games and the football games and they love to hang out with the athletes but the shoes are athlete shoes, not music shoes. He says, why don’t you make shoes for musicians? Put a name on them. And I said, well, who would we get? And another person yelled out, well, the best you’d get is Jay-Z at that time. And I’ll be honest with you. I didn’t have any idea who Jay-Z was. So I said, OK. Jay-Z. Who else do we get? And they said well you got to get Fifty. I said Fifty? Who’s Fifty? So they said, well, that’s 50 Cent. He’s a rapper. I said, OK. Well, that’s good. How are we going to get him? So they said, well, you can’t get him. That’s who you asked us who we’d want but you can’t have him. They’re impossible. They’re too iconic. They’re too strong. I said really? Well, the next day I had a meeting with, we were interviewing ad agencies and they were with three agencies that came. One was a Smith Real. A quick. They didn’t have what I wanted. The other two were sitting there. One was a high powered agency from New York and the other one was from New York. It was a cultural agency. One that, bringing people but they were more about culture. And I wanted to get into culture so I listened to them and during the meeting I said, look, here’s our plan. We’re going to bring out a new pair of shoes, a new line of shoes for hip hop stars and for musicians. I said, so we want to use Jay-Z and 50 Cent. What do you think of that? And one of the guys in the room in the meeting, the three of them said, well, OK, that’s OK. You want to talk to Jay-Z now? I said, yeah. And he dials his cell phone number. I got on with Jay-Z. As crazy as that sounds and I still don’t even know what he looks like. I ended up going to New
York and made my pitch why we’re going to put his name on a shoe. Shawn Combs. Shawn Carter, rather. And I said, and onward we went.

We built up a great relationship and believe or not, before a shoe was a big as a star as today, Jay-Z and I had dinner here in Boston with Beyoncé and we talked about the shoes and she participated and next thing I know, we were making music shoes. And we made them, and then I called 50. I just called his agent directly. I figured, what the heck? It’s open game. And I found out, here’s a guy that’s shot nine times, grew up in a different culture that I was used to, who actually was a very, very intelligent, standup guy, went to prep school, went to college, and he had an act, and it was a fabulous one, and we ended up. Those were our two focus stars that eventually went on to be a lot of different stars and musicians and we became another big hit. Building a business is not about one thing. It’s about adding and adding and adding and coming up with the next great idea.

And then the last great story that happened to me was truly built on integrity and truly built on the impossible. And years ago, we used to, all of us, Reebok, Adidas, Nike, and Puma and a bunch of companies, all had the rights to make NFL gear, which is really the shirt and the hats and New Era made the hat, the shirts, the replicas, the t-shirts, things like that. It was a big business. Well, the NFL’s business was sliding. So one day I got a call and I got out of the business years before because all you did was lose money. They were very greedy. They didn’t allow you to make much money. It was incredibly competitive. So I got out of the business and years later I got a call from a man named Mark Holdsman. Mark Holdsman came, worked at Reebok when he was 22 years old out of college, and I taught him directly. He worked with me and I taught him and years later he became, went on to the NFL and was head of apparel. And he called me and he said, Paul, and he says, I really want you to, we’re going to have a meeting with the top three people, Nike, Adidas, and Reebok. And I want you to take this meeting. We’re going to bring in the owners. We’re going to bring in the commissioner and we’re looking to change our business model. We’re not doing well. And I said, well, I’ll tell you what to do. I don’t really want to get back involved with the NFL. So skip me. He says, hoh, hoh, wait a minute. You skip me, you can’t. You’ve got to take the meeting. I said, why do I have to take the meeting? He says, well, they expect me to get the meeting and if I don’t get the meeting, I’ll lose my job. I said, OK, I’ll tell you what to do. I’ll take the meeting for you, Mark. But when you get here, I’m going to tell you and I want you to understand up front. I’m not very happy with the way we’ve been treated and I’m going to tell the truth. He says, do whatever you want. Just take the meeting.

So the NFL of about six owners, the commissioner at the time, and the now commissioner, Roger Goodell, who was his assistant, came to our offices, and I sat him down. They had the typical coffee, donuts, muffins, whatever. And I said the commissioner, I said, look it, before we start the meeting, I must tell you the truth. I have to, I have a sense of feeling that I have to say this but if you’re all the people that you have messed up over the years. You’ve treated your vendors terribly. You’ve treated your licensees, there were 53 licensees, disrespectfully, and very honestly, I did this meeting for Mark. I don’t really want your business. So he stopped and paused. He’d never been talked to before like that. And he said to me, well, tell me, do you know what to do to fix our business? I said, well, I did the research on that, too. And I absolutely do. And he says, well, tell me. I said, well, no. Let’s have a meeting in New York. You put
together there a 14 person board, which was all the owners. 14 of the owners, 32. And I went down and I made a presentation. And the presentation was as truthful, filled with integrity. I told them where it was it right, what was wrong, why they didn’t need 53 licensees, why they needed to bring it down to one control point, and to one person who could act on their behalf on a brand. And they were enticed by all the things we showed and the excitement of new products and they were very, very excited. And they said, let us think about it. I said, great. Think about it. And they came back to me about two weeks later and they walked in and they said, they were a group of three. And they said to me, look, we’ve decided we have the American League and the National League. We’re going to give your choice first. You can have half the league. We’re going to get rid of all the licensees and bring everything down to two licenses and you can represent either national or American. Pick your choice. Exclusively the only place the only place they can buy it will be through you. And I said, commissioner, you did not listen to me. I told you, you need one person. To split this thing up would have the same results as 53. It may be a little cleaner. You would, in fact, engage in competition that if it wouldn’t be for you, it would be for them. They would be fighting with each other. And he said to me, well, it’s too late. I’m signing tomorrow morning with Nike. I said, OK. I said, but David, I know you well. And I said, and I know you don’t like to be controlled. You’re a despot of your own. You’re your own tyrant in a way. I said so if you sign with them, you know that you’re going to give up something you love most of all which is that authoritative position. And he thought for a minute and he says, he wrote a number down and he says, call me tonight. We’ll talk. I called him that night. He says, have your lawyers come in tomorrow morning. Fly in. And he says, we’ll change the name. I’m going to give you the deal 100 percent. He says, and by the way, I called David Batman, who heads the National Hockey League, and they’re about to change the relationship with their people. He’s going to give you the National Hockey League 100 percent.

That business, by the way, grew from 250 million dollars to 700 million dollars. We made 20 odd percent profit and we were the second largest income revenue for the National Football League to television. So that worked. I called immediately when I got the contract. It took me months to negotiate the final deal. I called David Stern at the NBA. I said, David, I’d like to come in and see you. He said I’ve heard all about the football thing. I said, no, I wanted, you don’t need to see me. I said, I want to see you, David, please. And I went in and I made a presentation to him and telling him what I thought was better for him. And he says, well, it’s too late. I’m signing tomorrow morning with Nike. I said, OK. I said, but David, I know you well. And I said, and I know you don’t like to be controlled. You’re a despot of your own. You’re your own tyrant in a way. I said so if you sign with them, you know that you’re going to give up something you love most of all which is that authoritative position. And he thought for a minute and he says, he wrote a number down and he says, call me tonight. We’ll talk. I called him that night. He says, have your lawyers come in tomorrow morning. Fly in. And he says, we’ll change the name. I’m going to give you the deal 100 percent. He says, and by the way, I called David Batman, who heads the National Hockey League, and they’re about to change the relationship with their people. He’s going to give you the National Hockey League 100 percent.

Now, moral. There’s a moral here. It’s not about how big a business that made us into. It’s not about the growth of profits and sales. It’s about the fact that I was willing to stick to the truth. I was willing to do what I said I’d do. The integrity behind what I said. Was it scary to say I won’t take half? You bet your life it was. It was a major business. It was powerful. Every retailer would have to come to us. But in the end, I chose to tell them the truth and to stick to what I promised. At the end, they made a decision that worked incredibly well for them and we became a massive sports brand on every NHL, NFL, NBA uniform and likes. So it was a great thing that
was earth shattering. It changed our whole world and eventually it was the linchpin that really built us into a superstar.

The last I’d like to just tell you about our human rights program. Back in 1987, we were doing well as a company but we felt we were missing something. Yes, we were selling. In fact, we reached a point when Forbes magazine announced that we were the fastest growing consumer product company in the history of America at that time to reach a billion dollars. And we weren’t building cash and we weren’t building computers. We were selling $18 boxes with shoes in them and they were relatively the same size. So it’s incredible to reach that goal but that goal felt we were empty. We didn’t feel that we had done enough.

We decided that we would start a program and we joined up with Amnesty International to start a human rights program. And I went to the board and we were public then and I invested the largest amount that they’d ever seen in one project. And I worked with Amnesty and we made a tour and I asked the people that joined us on the tour without pay for three months were Peter Gabriel, Sting, Bruce Springsteen, Tracy Chapman, and another one but I can’t pronounce the name from Africa. And we joined up with other stars but they stayed on that tour for three months. Federal Express gave us the planes. I gave some of my, I gave my top person in marketing. And they traveled for the three months and we went to cities all over the world and we went to cities, not America.

We did do two concerts in America but we did them in Africa and we did them in Eastern Europe and in Europe and the concerts lasted anywhere from five hours to 12 hours. And we brought people in and we charged them no more than a dollar. And what we wanted to do was carry out the message of human rights. Now for the Reebok, we had no signs, no acknowledgement, nothing on the program but we knew in our hearts that we were making a difference in people’s lives. And from that came the Reebok Human Rights Award for people under 30 who had not violent efforts to make the world a better place, to expose the inhumanity to man in human rights and we had many, many recipients every year, four of them usually.

Tiananmen Square. We had the captain of Tiananmen Square and the two lieutenants, two of which live here in the United States today. We had a young man called Iqbal Masih. There’s a story that’s told around the world to this day and Iqbal was a little boy. He came. He spoke like here. We had to get boxes and the audience was around 6,000 people. It was at Northeastern at a gym facility and we, he stood on boxes. Every part of his body was miniaturized. And it was miniaturized because he had never seen the sun. So he was sold into child labor when he was five years old. His parents were poor and they came up with some excuse for why that had to happen. And they used little kids to make rugs because the little kids had the small little fingers and they could do the smallest littlest knots that made the most expensive rugs. They were kept in chicken coops except for the time they had to do their quota. They came out every day and the yarn companies and whatever you need to make rugs would come and they would provide the kids, girls and boys, and they would have a quota each day. At the end of each day if they didn’t meet their quota, they would be hung by their feet for a period of hours. They would be denied their food for the day, which was minimal to begin with. And Iqbal once told me the story, of course through an interpreter, that one day he and he couldn’t make their quota, the companies
that bring in the yarn and everything got stuck in traffic or something and they couldn’t get there and they were still hung by their feet and they were still deprived of their food.

And Iqbal ran away at age 10. He found a way out and he formed a group and the group was for the freedom of young kids in slave labor. And he came here to speak. He spoke, as I said, at Northeastern University to a crowd, which he had an interpreter but it didn’t make any difference. When he spoke, he spoke with a passion. This little miniaturized kid spoke with a passion and the passion was such that you didn’t need to hear what the interpreter said. You knew in your heart what he meant and what he was saying. And it was all about freeing kids from labor. And Iqbal unfortunately when he was 12 on his way to his grandmother’s house who he had barely known, was assassinated by the company. And he became the symbol for human rights throughout the world. If you go around the world, if you look at custom offices around, American custom offices, you’ll see his picture and his story behind the wall.

And if I look back at Reebok and I certainly look at all the things, wealth, success, the honor to speak to you today, the truth is that what I’m most proud of is the fact that we help change the world for human rights. And one day you’ll all have a chance to do whether it’s that big a position or something small. That will give you a sense a satisfaction that no paycheck and no honoree will ever replace.

So with that, I hope you carry forward your careers with the greatest of success and that you mix every day a little bit of giving something back, doing something positive for the world. God knows we all need it. It’s a big world. And make sure you contribute to it. Thank you for having me. I appreciate it.