



Forget Endorsements: Sports and Entertainment Stars These Days Want Equity

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A generation ago, the only financial goal for a superstar African-American athlete at the peak of his career -- beyond a large contract -- was to nab a lucrative endorsement deal with a big sneaker company like Nike or a national brand such as McDonald's. The idea was to earn several million extra dollars before his skills began to wane.

Those short-term goals remain, but today, many in the National Basketball Association or the National Football League want something more substantial -- like a long-term piece of the action.

"In my marketplace, everybody wants to be on television, everybody wants endorsements. To me, that's superficial because it's temporary," said Bill Duffy, president of BDA Sports Management, the firm that represents NBA superstars like Chinese center Yao Ming of the Houston Rockets and Carmelo Anthony of the Denver Nuggets. He cited pro football's dancing wide receiver Icky Woods and bulked-up William "The Refrigerator" Perry as examples of stars that cashed in with a quick payday in the 1980s, and then disappeared from the scene.

"I push for equity and business opportunities, because you're dealing with a finite period of time," Duffy told a seminar on sports and entertainment management at the 34th Annual Whitney Young, Jr., Memorial Conference, sponsored by Wharton's African American MBA Association. "You want to leverage your relationships into something more meaningful than just getting an endorsement."

Duffy, whose leading sports management firm is based in Silicon Valley, spends almost as much time networking his roster of superstars with high-tech billionaires as he does negotiating their contracts. He described a recent odyssey to China with Yao and eight other clients, including two-time NBA Most Valuable Player Steve Nash, for a charity game. The marquee event not only raised \$3 million for orphanages, but also led to a relationship with the Bill and Melinda Gates Foundation.

Running throughout the seminar session -- titled "Sports and Entertainment: Starring Beyond the Spotlight" -- was a common thread that the successful athletes and entertainers of the 21st century will be the ones who view themselves not just as great players but as global brands, involved in both business deals and humanitarian activities that extend well beyond the playing field. The panel discussion also highlighted the role of a new breed of black entrepreneurs -- such as Duffy -- who work with these athletes to make this new vision happen.

Bringing Value to the Table

Another is Charles "Tank" Harris -- a former Temple football standout who looks every bit like his nickname. After a brief career as a stockbroker in southern New Jersey with several star athletes as clients, Harris realized there was a niche for a firm like his Sports & Entertainment Financial Group. Such firms could offer sports millionaires a much broader spectrum of impartial financial advice to help take advantage of opportunities like real estate development, franchising or broader partnerships with their newfound wealth. He said his clients in pro football and basketball are realizing they have worth and importance beyond the playing field.

"The athletes that I deal with in sports and entertainment recognize the value they bring to the table," Harris said. "We are business managers. We take our clients with the mindset of, 'What are you going to do when your career is winding down and you become something else?'"

The panel -- moderated by Darryl Carver, who advises several pro athletes for Merrill Lynch -- was a



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highlight of the annual Whitney Young conference, which honors the late African-American activist and seeks to promote African-American business growth. The theme of this year's conference was "Connecting and Developing Dynamic Leadership."

Each of the three panelists has managed to carve a unique niche for himself or herself as a black entrepreneur, including the entertainment-industry representative on the panel, Shonette Harrison. Harrison is vice president of Casino Marketing, Harrah's Chester Casino & Racetrack, and works with high-rolling clients in her job at the slots parlor that recently opened in a Philadelphia suburb.

Harrison said she has thrived with Harrah's -- the world's largest gaming company -- by making a conscious decision to stay away from traditional career tracks for African-American executives, including "analytical" jobs -- they are the first to suffer layoffs, she suggests -- and the human resources department. "No disrespect to anyone attending, but I didn't want to be the HR person in the room. I am a hell of an HR person, but that's not it. The opportunities that I have been afforded are because I run a hell of a business...."

Yet the two sports entrepreneurs in the room -- Harris and Duffy -- noted that succeeding in their unique world is different from getting ahead in a predominantly white-run corporation like Harrah's. For Duffy, a college hoops standout who was drafted by the Denver Nuggets but did not play in the NBA, and for Harris, the former college football player, their ability to relate to other players is key.

"I think I'm bilingual, and I don't speak any foreign languages," said Harris, referring to his ability to relate well with young athletes but also to negotiate complicated business deals. "I could go to the Richard Allen Projects" -- a problem-plagued housing project in Philadelphia -- "right now and hang out all night Or I could sit with an MBA from Wharton." Indeed, the crowd laughed repeatedly at Harris's street wisdom, as when he joked about his pinstriped business suit, noting that "when I show up in anything close to this, my clients think they're being audited."

Record Labels and Clothing Lines

According to Duffy, it was hip-hop music artists like Jay-Z and Sean Combs, currently known as P. Diddy, who blazed the trail for today's young black athletes and entertainers with an entrepreneurial zeal that runs well beyond merely recording CDs -- from owning a record label and developing other artists to the hugely successful Sean John clothing line created by Combs, in addition to his two restaurants and movie production company. Today, Combs is said to be worth more than \$350 million, while Jay-Z, a co-owner of the New Jersey Nets basketball team, is worth nearly \$550 million.

"Did you see the movie with Ray Charles [*Ray*] where he wanted to own the master tape? That was a number of years ago for him and it led to his financial independence," Duffy said. "These athletes have really got to have equity." The top agent later expanded upon his idea that athletes should seek greater, lasting wealth: "The owners of these (basketball) clubs are worth billions of dollars and we don't aspire to that. We're content if we have two homes and 10 cars or whatever. We're trying to crack that, to get a partnership with this owner, because he's doing more than just owning a basketball team."

In the case of Duffy and his all-star roster of clients, many of them see philanthropy, in particular, as a way to not only give something back to their home neighborhoods or nations, but also to build up their personal brand name and to network with some of the millionaires and billionaires from outside of sports who are involved in similar charitable efforts.

Hoops star Anthony, who is just 23, has already spent some of his millions earned by playing pro basketball in Denver to open the Carmelo Anthony Youth Development Center in his poverty-torn neighborhood back in Baltimore, and has also reportedly donated \$1.5 million to the Living Classrooms Foundation, a non-profit organization involved with education, job training and other social programs in the same neighborhood. The Canadian-born Nash is well known for his humanitarian efforts, largely through the Steve Nash Foundation that he established in 2001.

Harris said his philosophy in raising and developing the profile of black athletes was best captured in a book called *\$40 Million Slaves* by William C. Rhoden, a sportswriter for the *New York Times*. Rhoden argues that superstar African-American athletes have failed to take advantage of their opportunities to become self-made entrepreneurs, and that integration actually damaged -- in the short-term, anyway -- the

possibilities for black coaches, trainers and even agents.

Participants on the Wharton panel also discussed the role played by the top black athlete of the 1990s -- basketball's Michael Jordan -- who won record endorsement deals but largely played by the old rules. Duffy said the multimillionaire Jordan could have become worth as much as \$5 billion if he had started to build his own "Brand Jordan" earlier in his legendary NBA career. "It's much easier said than done when you don't have that money and power," countered Harris on the question of Jordan's decisions. "To have this much and to say, 'Well, now I'm good, so I'm going to alienate the people who got me there in the first place.' It's a difficult proposition."

But today, Duffy marvels at the success of a former athlete who has achieved something that would have been unimaginable a generation ago: Former San Francisco 49ers All-pro safety Ronnie Lott -- who, with some well-known ex-teammates including Joe Montana, founded a sizable hedge fund called HRJ Capital.

For Duffy, one of the most exciting things that happened to him and his clients recently didn't take place on a basketball court. Instead, it was when he had a chance to introduce NBA stars Yao, Bonzi Wells of the Houston Rockets and Baron Davis of the Golden State Warriors to a top executive at the software firm Oracle. Said Duffy: "He called me today and I'm fired up. I circled back to my guys and said, 'This guy is worth \$6 billion and he wants to have a relationship with you.'"

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