

**Glickman's eye****«DIGITAL DOES NOT REPLACE SALES PEOPLE ON THE GROUND!»**

*A sports and jazz lover, Marshall Glickman has been playin' ball in sports business for almost 35 years. Originally from Portland, Oregon, he began his career in jazz program syndication for radio in Los Angeles, then in door-to-door selling of the then embryonic cable television business. Hired by the Portland Trailblazers in 1983, he took a detour to NBA headquarter in New York in 1986, to manage "media sales" for NBA Properties and manage the NBA's television business. At age 34, Glickman returned to Portland to become the youngest president of an NBA franchise history. Recognized for his skills in the development of venues as well as for the commercial structuring of sport business, Glickman, who became a consultant via his company G2 Strategic, has been working with Euroleague Basketball since 2002. He also worked with Jean-Claude Blanc and Frédéric Longuépée in the FFT, first on Roland Garros, then mainly on the rebuilding of the Bercy tournament, which*



*Marshall is a big jazz fan who began his career in jazz radio syndication. Here with Portland's "Godfather of Jazz," Mel Brown*

*was then threatened to disappear because of low attendances. Following Glickman's strategy, sales doubled in only three years. In 2013, G2 Strategic was retained to lead a mission for the LFP (French soccer pro league) to push for the raise of disrupting changes within ticketing practices and game-day income. After two years, he launched a Consortium of 10 football, rugby and basketball clubs in France. In 2015, LaLiga (Spanish soccer pro league) hired G2 Strategic for a similar mission, which is ongoing following their recent extension. During this time, Glickman has been able to discover the modes of operation of the professional clubs in France, Spain and elsewhere in Europe. And measure, sometimes, their deficiencies. He is, in any case, an observer and a privileged analyst who takes a look, in the following pages, on France and European practices and compares it, with a touch of astonishment, with what he may have known in the United States. Exciting analysis ...*

## HIS CAREER AT THE BLAZERS AND THE BUSINESS ORGANIZATION OF AN NBA FRANCHISE IN THE EIGHTIES AND NINETIES ...

«I started with the Blazers in 1983. I first spent 3 years there, then I went to New York to work for the NBA before returning to the Blazers. In 1983, strictly on the business part, the Blazers had about fifteen employees. By 1988, when I came back to Portland, we were thirty. Then my role in the Blazers changed quite quickly and I was named in charge of all the business aspects. We then went up to 50 people in 1991, then suddenly the number of commercial services rose to 125 in 1992. Of course, this exponen-

**« It is still believed by some shareholders in France that building a large stadium will magically generate stronger demand. But once the honeymoon period has gone by, after most people interested in what you're doing have come to take a look at this new venue, the reality is that an excessive and uncontrolled rise in the supply will ultimately result in a decrease in demand. »**

tial growth was due to the fact that we made the decision to build the Rose Garden (a new 21,000-seat indoor, multi-purpose arena). So, of course, some of the people were assigned to follow the construction, but the vast majority of recruits were outside sales people (selling tickets, premium seating and sponsorships). Because we had, even before launching the venue construction work, to achieve a certain level of sales of suites, clubs seats and sponsorships in order draw on lender

funding to start construction. In fact, we had to secure revenue from contractually-obligated income (contracts with companies for suites, club seats and sponsorships for a minimum term of three years) that equaled 1.5 times our annual debt service payments before we were allowed to lay the foundation stone. Then we had to increase this ratio to 2.5 times debt service before the arena opened two years later. We were able to sell



all 70 suites (at a price between \$80,000-\$130,000), over 2500 club seats, and about \$13 million in sponsorships, for terms that ranged between three and 10 years, before the Rose Garden opened! To obtain such results, we hired close to 75 people, including about 50 working in outside sales (new business) and inside sales (retention). When we opened the Rose Garden, now called the Moda Center, we were about 150. Today, 22 years later, the Blazers are about 260 to run the business.»

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## AN INCREDIBLE SERIES OF 814 MATCHES AND CLOSE TO 20 YEARS SOLD OUT FOR THE BLAZERS ...

«In fact, the series of sold-out games lasted a year after the opening of the Rose Garden. The old arena had 12,888 seats, while the Garden was 21,300, if I remember it right. During the construction phase, I almost lost my job at some point because I openly opposed our owner, Paul Allen (co-creator of Microsoft with Bill Gates), around the size of the future venue. My recommendation was to go up to about 18,000, but the Blazers were riding on an incredible level on the court at the time. And Paul, who was a great businessman, but an inexperienced owner, wanted to build bigger. In fact, he made the same mistake that many French club presidents are making here in France, thinking that the bigger we build, the more tickets would be sold! The reality is that it broke a fragile balance between supply and demand that we had spent years creating. You know, as soon as supply exceeds demand, you find yourself in a very difficult situation. It is still believed by some shareholders in France that building a large stadium will magically generate stronger demand. But once the honeymoon period has gone by, after most people interested in what you're doing have come to take a look at this new venue, the reality is that an excessive and uncontrolled rise in the supply simply generates an automatic drop in demand. And this was true even if the team was really doing good on the court. We were an elite NBA team at the time, playing for the

championship twice in three years. Then, after I left, the club tried to win at all costs, which resulted in a new cast of players that came to be known as the "Jail Blazers," which only worse-



At a recent celebration of the 40th anniversary of the Trail Blazers 1977 NBA Championship, with his son Laz and Hall of Famer Bill Walton.

ned the situation. Since then, the Blazers have done work to reduce the capacity of the Moda Center by about 2,000 seats, transforming, at the very top of the room, a lot of seats into a terrace where people can stay, drink beer while keeping an eye to the game. »

## THE IMPORTANCE - OR NOT - OF THE SIZE OF THE MARKET ...

«The relationship between demand and the size of the market is a factor, of course, but it's generally greatly overvalued here in France. It seems to me that in the NBA, today, Oklahoma City generates the 3rd highest revenue in the league. Yet OKC

« The other big change is related services such as food & beverage. In the past, the idea was to bring great service only to premium customers. Now, the mindset and the demands of all customers has changed. The world has changed too. To get a Millennial out of his home, where the whole world comes to him via his smartphone, the Web, Netflix etc., you have to provide absolutely top services to all patrons in your venues. »

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is anything but a big market (580,000 inhabitants, 1.2 million with the suburbs). It's the same for New Orleans, Sacramento or Charlotte, for example, all of which are smaller cities than Portland. The truth is that this correlation between the size of the stadium and the market is not an absolute truth. Even on a small market, by working properly and paying close attention to the balance between supply and demand, you can achieve very good business. Look at La Rochelle in France...it's anything but a big city and they always play sold out. Because they work properly and do things step by step.»

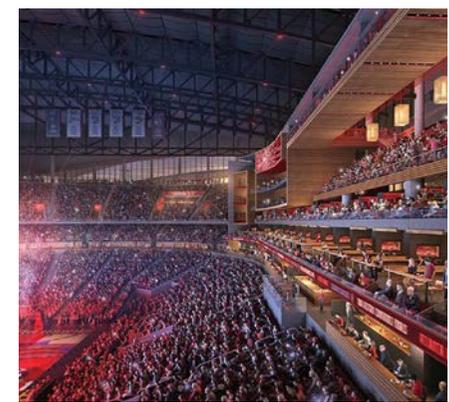
**THE MAIN RECENT EVOLUTIONS IN VENUE DESIGN**

«In fact, there are big changes about every 5 years. The latest revolution is essentially technological. But by technology, I'm not just talking about implementing Wi-Fi for each ticket-buyer in the stadium, which is what people think about immediately. Of course it's important, but I also want to talk about everything related to signage, for example. In the USA, in recent venues, nothing is permanent at this level, everything is done in LED or via high definition

screens, which allows you to communicate and make things happen instantly. But I also talk about the flexibility of spaces, which can be transformed into different configurations very quickly and easily.

The other big change is related services such as food & beverage. In the past, the idea was to bring great service to premium customers. Now the mindset and the demands of all customers has changed. The world has changed too. To get a Millennial out of his home, where the whole world comes to him via his smartphone, the Web, Netflix etc., you have to provide absolutely top services in your venues. Of course, the people who pay the most still receive superior services and benefits, but the general public must have access to bars and restaurants that they like and that are trendy. In fact, the main concern of all franchises is that even if the match is absolutely invigorating, everyone's fan-experience is a top-level one. This is the only way to make them come. In addition, to return to business topics, the idea is to provide access to all these services, but unlike what you

**« Frankly, the main difference in the States is that most franchise owners understand that in the end, only one team is the winner! So, how could you imagine building a business solely around sports results? »**



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call in France “VIPs,” these services are often paid and therefore bring a significant additional income to franchises. The effort placed in everything in and around the venue to boost the customer experience has become a top priority for European clubs, and the leagues need to refine their regulations to give the clubs more flexibility.»

### SUPPLY / DEMAND BALANCE, THE EXAMPLE OF L.A.F.C.'S BANC OF AMERICA STADIUM

«The most interesting thing I've seen lately is probably the Los Angeles F.C. stadium. This stadium will not open until next season. First, you can notice that in a city as large as L.A., this stadium will have only 22,000 seats. Some people wondered why build so small in a metropolis that counted nearly 20 million inhabitants? This is exactly the illustration of what I said before: they want to send a message and ensure that the supply



**L.A.F.C stadium and its stands: in Los Angeles, the MLS club is building a state-of-the-art soccer-specific stadium, but with only 22.000 seats. Glickman likes this example, as he believes that creating scarcity is a key to economic success.**

/ demand balance remains totally to their advantage. They are sold out years before the stadium opens, and I expect it will remain that way, regardless of sports results, for the next century! The club simply understood that to exist economically, scarcity is a key strategy --getting a ticket will be challenging, which also opens up opportunities via the secondary market (which I know is controversial in France, but if managed correctly, can work very well as a service that the customers will appreciate). In my view, that's the best way to build a business -- attract people at your stadium, offering a wide range of ticket products and prices. Every time I talk about ticket prices, many clubs initially think we advocate to raise prices across all sectors. But, this is not the case. We are talking about segmentation; what I call "price scaling." At the upper end of the price spectrum, prices are relatively inelastic, where there is much greater sensitivity at the lower end of the spectrum. So, when I talk about increasing prices, it does not mean raising the price of all tickets. The idea is to create value for the best seats, having the best services etc., while maintaining affordable prices for certain categories of sits so that a large volume of people afford to buy tickets, regardless of their economic means. One of our most important "rules" is 70/30, whereby approximately 70% of the ticket revenue should come from only 30% of the seating capacity.»

## “WINNING MATCHES” IS NOT A MARKETING STRATEGY...

«To welcome people the best possible way, to create a very wide range of products and services that can meet the needs and desires of as many types of customers as possible, to have products with high added value available for people who can pay for it, AND other, more affordable, and ensure that there is a shortage of tickets in all categories to generate demand. All this are just the fundamentals of a healthy business. But when I mention this to some of my clients in Europe, I sometimes want to hit my head against the wall! Simply because here there is this belief that winning games is the answer to each and every challenge. They think that because they'll be winning, huge crowds will rush to their stands. This is denied by the facts, year after year, everywhere across the continent, but people continue to be persuaded. Frankly, the main difference in the States. is that most franchise owners understand that in the end, there is only one winner! All other clubs are losers! So, how could you imagine building a business solely around sports results? It's just an economic heresy! Of course, I do not want to say that we must not do everything to get the best possible results on the field or court, but you just have to totally disconnect that from your business actions. In reality, from a strictly business point of view, getting very good results sometimes causes more

« **L“The coaches will be sometimes wrong, the players will make mistakes, the president’s sometimes make bad decisions. Uncertainty is the essence of sport – drama and stories come from not knowing the outcome. But to build a business based on sports results? In my view, that’s a risk I would not want to take. »**



**Marshall is a hard-core Oregon Ducks fan. Pictured here with his son Laz and friends who support their arch rival Oregon State Beavers. (In the States, rivals can be friends, and can sit together in the same stand!)**

problems then it solves! For example, my favorite team is the Boston Red Sox baseball. I love them, but every year or so, I find them terribly disappointing. This is true for the Lakers or the Bulls in basketball, and so many other franchises that have been dominant. You can never stay on top for eternity, it's just impossible! And fans will always want more. More wins, more trophies...that's normal, it's human nature. You will never be able to satisfy them fully with winning and only winning.»

### ... BUT BRING PEOPLE INTO THE STADIUMS FOR MANY OTHER GOOD REASONS IS!

«So the responsibility of club leaders is that regardless of their team's sporting results, it does not prevent them from being healthy and economically prosperous. And for that, it is absolutely necessary to make sure to fill your stadium with people who come also for reasons other than to watch their team win games. They can come to do business, enjoy a show with their family, socialize with friends or business colleagues, etc. That's what must be their primary motivation to come, not the result of the game. After, if the team is winning, it's "frosting on the cake!" But, contrary to what some people think here in France, winning cannot be the engine of your business. Otherwise, you can quickly sink when you make a mistake in your recruitment, you get one of your major players hurt or any other incident of the same order. And you know what? The coaches will be sometimes wrong, the players will make mistakes, the president's sometimes make bad decisions. That, yes, is the essence of sport, that uncertainty, those things that you can never really control and that make the sport exciting. But to

build a business on it, you have to be crazy!

The business planning process should drive a club's business decisions, accompanied by a budget that reflects the outcome of the actions described in those plans. Unfortunately, too often budgets are imposed based on random objectives rather than strategic actions. We think it is essential that the club shareholders hire qualified business people that understand finance, marketing, branding, etc...people who know how to sell, and give them the authority to drive the business. Winning games is fantastic, but we need the business to be sustainable, regardless of the sports results.

**« I believe that when club presidents understand - and admit - that there is a huge market (especially Millennials) that is less obsessed about winning, and are more concerned about the quality of the experience, they will find that they are able to seduce and attract people for reasons other than promises of winning games. »**

Increasing revenues is what will ensure the sporting part of your club to have more money to spend on players. And ultimately, to boost the results and make the fans dream. But taking things the other way, take financial risks by buying players hoping that it attracts the crowds and - finally - fill your stadium, I can not even understand how we can

imagine that's a viable solution to a club's revenue challenges. Besides, the truth, anyway, is that there are not enough hardcore fans (what I call "natural demand") to fill the stands. And it's true everywhere in the world. I believe that when club presidents understand - and admit - that there is a huge market (especially Millennials) that is less obsessed about winning, and are more concerned about the quality of the experience, they will find that they seduce and attract people for reasons other than sports promises. This will require a shift of mentality, but the sports business in France will become much healthier when that happens.

*You know, one can live very well without having seen an OM - PSG. Just like without seeing the last film of Clint Eastwood, the last expo or an unforgettable concert. We miss it and nothing changes into our lives. The idea is to create envy. To give a thousand reasons to make people believe that they can not live without your product and without feeling frustrated. That's what Apple or Starbuck do very well. Who really needs an iPhone of the next generation when they have already one working perfectly in their pocket? Or a coffee that makes you fat for €5 while the nice terrace right next to you sells a much better and healthier one €1.5? Surprisingly, that's what most club presidents here have understood and are doing in their original business. In the activity that made them rich. So, I just have a hard time understanding that once in charge of sports clubs, they forget the fundamentals of business, those that made their success elsewhere, to focus only on sports, what the press can say or to fulfill some selfish desires of their players... »*

### **MAJOR LEAGUES ARE SPENDING FORTUNES ON MARKET-SURVEYS TO UNDERSTAND THE NEW GENERATIONS DESIRES...**

*«In the USA, the owner puts someone in charge of sports and another one is taking care of the business. He hires the best possible person in each activity. And then, the people in charge of business have a fundamental principle: not to worry about sports results. Just because it's the only thing he can't control! Their job is that everyone in the stadium gets the best experience possible. This is the one and only concern they must have. For that, of course, you must propose different things for each types of your customers.*

*In the US, we do things for hard-core fans, but also for kids, for businessmen, for women, for families, for Millennials. We develop ticket "products" based on the desires of different populations.*



**« “The NBA has been amazingly responsive what Millennials GenZ want. This is why the NBA's economy continues to grow year-over-year. »**



**After a two-years experience with French LFP, and continuing work with 8 French clubs (football, rugby, basketball), G2 has been working with Spanish Liga since 2016.**

*In recent years, NBA has spent millions of dollars on market research, about their current customers of course, but even more to understand the desires of these new generations. And the main conclusion they draw from all these studies is that if the NBA does not transform itself by responding very precisely to what the Millennials and the following generations want, if it does not adapt very precisely to their desires, it is likely to put itself very quickly in great economic jeopardy.*

The NFL, the most successful league ever, has been on a slippery slope in the last few years. Because the owners of the NFL franchises have become old, that they have been sitting on a huge and comfortable financial mattress for years and years. That has made them a bit arrogant and above all too sure of themselves. As a result, in my view, many NFL teams took too long to wake up to the radical shifts in consumer behavior that are inevitable. They were too slow to adapt to new ways of acting and consuming the entertainment of the upcoming generations. As a result of this and many other factors, although the NFL is still a powerhouse, TV rating have declined significantly, and even stadium attendance has decreased in some markets. The NFL is still No. 1 and is making huge profits, but there are alarming signs. And since the NFL is a huge business that generates billions of dollars, even a 2% drop makes a huge economic impact.

But the strength of sport business here, in the USA, is its ability to react and adapt to rapid changes in the landscape. In recent months, the NFL has started a considerable number of committees, launched studies in every direction, to try to understand as quickly as possible what is happening and what they must do to adapt. An NFL game is 3 hours minimum with, objectively, very long periods when nothing spectacular happens. The Millennials are unable to stay three hours in front of a show, whatever it is, while waiting wisely that something interesting happens. It does not look like their life! They want to move, eat well, drink, go down on



**A selfie in Camp Nou (F.C. Barcelona) with Luca Scafati, who heads up Euroleague Basketball's new Business Operations and Club Services divisions, which was recently launched in collaboration with G2.**

the pitch, they want to be connected with their friends, meet people, if possible to do some business on this occasion. Many Millennials are starting and running their own businesses and have discovered sports is an ideal way to build their network and sustain relationships with new clients. And the most important thing for them is not that the Cowboys beat the Packers, but that they had fun and met people. And for Millennials, if there is, during their evening, annoying aspects, such as too much walking from the car parks, too much time to wait at the gate for security search, or too long lines or to buy a beer or eat,

you know what? They will not come anymore! They will prefer a thousand times staying at home in front of a good series on Netflix or go to their favorite pub to meet their friends.

Having the entire world come to them instantly via their smart phone has changed their behavior. They do not want to fight for things, no way! At home, they are warm, with the people they love, a fridge full and, if they fell asleep or have a phone call, they press on a button and restart the game 15 minutes later. All that did not exist before. And it changes everything! Frankly, today, if the game is the top priority for a fan, thanks to the incredible improvement of game production and image quality, the second screen experience, etc., staying at home is a very tempting option. So, if you hope to continue to bring these new generations to the stadiums, you must make sure that the experience they'll get by coming to your stadium is irreplaceable (and memorable). »

## AFTER HIS EXPERIENCES IN EUROPE AND FRANCE, HOW DOES MARSHALL LOOK AT THE WAY FRENCH SPORTS ARE RUN?

*«I do not want to be too critical. First because I have no lesson to give to anyone. Then selfishly, because these club presidents are potential customers and all are not yet ready to hear speeches involving a drastic change in mentalities. But in France, in particular, the system has been somewhat distorted. First, because the state and the public-communities have been deeply involved in the past. Pro-sport was ultimately very «political» because it was funded in part by politics. These funds, as everyone knows, have declined considerably and will even evaporate in the near future.*

*Then, in football for example, TV rights have taken over and provided a kind of annuity to clubs. The result is that your leaders have had a tendency, sometimes, to self-satisfaction. But especially to focus on what shines, so on the sporting aspects - to please the politicians and the press - more than on business, since they always have the feeling that they'll recover by selling a couple of players to a Premier League Club. Especially since there was the belief that one could not make money in the sport-business.*

*You have to take into account that today, the fans who have been coming to the stadium for thirty years are getting older.*

**« I have been surprised by the lack of investment in human resources by most French clubs put toward the development of their business structure, especially when you look at the widening economic gap with the Premier League, LaLiga, Bundesliga and, lately, even Major League Soccer in the States.» »**



*A videoconference with executive of some of the nine French pro clubs participating in the G2 Consortium since 2016, along with G2's French senior associate, Antony Thiodet.*

*And that most stadiums and halls were and still are of poor quality. Although it is true that things are changing. So, taking all these realities into account, what surprised me the most, in France, is the resistance to change from many of the shareholders and presidents. You know, when I have the opportunity to talk face-to-face with presidents, their first concern, when they become aware of changes in their club, is how the media will react to these changes. And what they mean by media is only L'Equipe or the sports pages of their regional newspaper. The beat-writers. What concerns them is also how the Ultras will react to the changes. And even if, by essence, they know that these groups of supporters will by any means, never be happy. In fact, what it means, is that they are a little obsessed by 2 to 5% of people in their community, while they should pay more attention to the 95% who may not be "hardcore" football fans but are the customers*

*they'll have to seduce if they really want to build a sustainable business.*

*Most of them know that shifting more resources and energy to building a proper business structure is the right thing to do, but they are sometimes still reluctant to move forward. I am very surprised by the lack of human resources, the little investment that is put toward the development of their business structure, especially when you look at the widening economic gap with the EPL, LaLiga, Bundesliga and even Major League Soccer in the States. Frankly, I certainly do not want to be critical of the people in place, but the truth is that most of them only do what has been done by the club for 30 years without really questioning the system. The truth is that most lack training, and sometimes are not enough opened to what's happening elsewhere in the world. But over that, they lack time to step back on their activity and ask themselves the right questions. Sometimes, even the most motivated clubs fall into the day-to-day routine and thus maintain a declining system. »*

### **... AND SOME EXAMPLES OF DYSFUNCTION**

*«Even among some of G2's customers, who are often among the most enlightened and aware of the changes that are*

*necessary, Antony (Thiodet) and I are sometimes shocked that, in panic, a president will over-rule his business team and come back in three minutes on a decision that has been thought out, understood, etc. For example, many of our clients understand that with a stadium of 25,000 seats and an average 10,000 tickets-sold, the supply and demand*



**In 2003, with Jordi Bertomeu, Euroleague Basketball C.E.O., and other Euroleague executives, during a General Assembly of European's best basketball competition. Euroleague has been a G2 client since 2002.**

*equation is out of balance. We have often recommend that in such a case, the club should take steps to actually reduce the stadium's capacity, then work to get one, two, and then the maximum number of sold-out games after a few seasons. Quite simply because you have to leave people at the door to arouse desire. It is a fundamental law of business. And, suddenly, you learn that the president has decided to re-open*

the closed stands for the match against PSG, all to not miss a few thousand euros of income on this game. But why do you want people to buy season-tickets if they know that, no matter what, they will always find good places for the main game they're interested in?

**« For ages, most European clubs have used invitations (free tickets) and deep discounts to fill their stands. But this approach invariably devalues your product. Now, most clubs agree with me, but they often still do it! »**



**Mark Cuban is an atypical owner in U.S. sports, as most major league owners don't like to be in the front pages of newspapers.**

As another example, the clubs have used, for ages, invitations (free tickets) and very deep discounts to fill their stands. But this approach invariably devalues your product. Now, most clubs agree with me, but they still do it! As a consultant, it frustrates me that I am not able to convince the clubs to adhere to these two basic principles: **NO INVITATIONS** and **LIMITED DISCOUNTS!**

And then comes a match, in the winter, when the demand is very low. So, on an order of the President or the Executive Director, everyone must mobilize to "Save Private Ryan". I mean not to play a game in front of a low attendance. So, we make -50% or more on all seats **THREE** days before the game and then, as a last resort, we send out 5,000 invitations so the Mayor or the beat-writer doesn't feel there is nobody at that game!

So, on the one hand, we sacrifice a medium and long-term strategy to save the income of a single game, which usually does not work anyway, and we send everyone the message that the club will be panicking and spread free or discounted

tickets in the last days before a game, so that it is better to wait rather than buy tickets in advance. And above all, do not buy a season-ticket because the single-game tickets are discounted often. Finally, we give the impression internally that the urgency prevails over the long-term strategy.

Last example, we have a hard time convincing clubs, yet really under-staffed commercially, to hire sales representatives. Even a single outside-salesman. Even though all over the world, we know that the relationship between the size of sales-forces and the turnover generated is simple mathematics. Well recruited, trained, managed and incentivized, a sales person will bring you back  $X$  the first year - and it is almost impossible that at a minimum, he does not pay the costs related to his recruitment and his wages -, then  $X + 30\%$  the second year, etc. By doing things right, one could even project the exact ratio of the number of salesmen to hire to ensure that the stadium or venue gets full. And apart from PSG, we are very rarely heard on this topic. For me, it's shocking! Where I come from, when the business is difficult, your first action is to hire more sales people, not to cut on this line of budget. I admit that the club's reluctance to hire salespeople is frustrating. Because people are lying to themselves. They do not want to see reality. We know very well that in most professional clubs in France - there are, of course, some exceptions, fortunately - the financial situation is not healthy. It may be balanced, but it is at the cost of transferring of your best players abroad, which is not viable in the long term, or with the contribution of "mécènes" (sponsor), as it is often the case in rugby, or even counting on TV rights which, in the

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long run, are all but guaranteed, or finally by asking for an extended budget from the public-bodies or hoping for buying by a miracle foreign investor. Maybe I live on another planet, but I can't imagine this is a sustainable economic model. »

### FROM THE NEED FOR “TMBO” ...

« In Euroleague, it took me 13 years, not less, to convince management to launch a real service for the clubs. A service created on the model of TMBO (which means Team Marketing and Business Operations), the organization that advises and assists NBA clubs on the different ways to boost their business. TMBO helps clubs constantly. It also serves as a melting-pot in which the clubs will then draw trained top-level managers and to boost their business development. And then, in the US, the organization of clubs, in terms of business, is also clearer. The owner hires a CBO, in charge of all business aspects. Then he empowers him. The CBO is accountable for the business results, of course, but in the meantime they are not subject to the media or political pressure that your club president's have to face. He has his hands free to set up a business strategy that is not denied, once every three days, because of a negative story in L'Equipe or elsewhere, or by a bad result on the pitch. This defies any economic logic. It takes patience to get results! »

### WHO IS THE STAR? WHO IS THE BOSS?

«On this subject, your second question is the most important. The star should be the General Manager or the coach. The person who is in charge of the sports part. In addition to his knowledge of the sport, it is necessary that this person is as involved as possible in the development of the club, that it is a good communicator, with charisma. His ability to perform well in the storytelling and staging of the sporting part is almost as important as his technical knowledge. Of course, I assume here that all the people like the coach and his staff have the qualities to lead the team on the sporting level. In any case, in modern sport, with very few exceptions, coaches don't remain in the same club for long. Greg Popovitch at the Spurs or Alex Ferguson at MU have become exceptions. Finally, of course, the stars are the players. But the boss MUST be the owner! Except that it is very rare that owners get directly involved in the management of the franchise. Generally, they hire a president, a CBO or a Chief Executive Officer. And this person has should be given the rope to manage and develop the business. The vast majority of employees work for this person. So you clearly have a boss-of-sports and another for the business.

And ideally, this is what happens in

*Spurs owner, Peter Holt, here handing the NBA Champs' trophy to Tony Parker, is very different as he always prefers to remain in the shadow.*



**« “The Chief Business Officer is accountable for the business results, of course, but in the meantime they are not subject to the media or political pressure that your club president's have to face. They must have their hands free to set up a business strategy that is not denied, once every three days, because of a negative story in L'Equipe or elsewhere, or by a bad result on the pitch. This defies economic logic. It takes patience and persistence to get the business results all clubs can achieve!” »**

most organizations, these two people work in harmony. But of course, because humans are humans, sometimes these people do not communicate well or come into conflict. And there, in these cases only, it goes back to the owner. For the most part, the owners are humble people who have made a fortune elsewhere and who know their strengths and weaknesses. So they put a lot of money into hiring the right people to run the business and let them make the decisions. At the end of the day, if decisions are bad, they hire someone else.

What I have often seen here in Europe is very different, because the shareholders too often let the ultras or media dictate their decisions, which too often results in impetuous decisions that take the clubs off-course from a logical long-term business strategy. »

### **CHERRY-PICKING IS DROWNING...**

«In fact, what we call cherry-picking does not work. When your stadium is not full, there is a whole strategy to implement, with many parameters and actions to be carried out at the same time or at least step by step. Some of these actions are not necessarily popular, especially they are not accompanied by a carefully-considered communications and messaging strategy. And if you make an irrational decision or favor the short-term, in the middle of the implementation of this strategy, the risk is high to ruin all its positive effects in the medium and long term. And then, the clubs would say: «Glickman, your method does not work!» Except that it is not by putting in place

**« When clubs make an irrational decision (such as filling their stands with free or really cheap tickets), or favor the short-term, the risk is high to undermine the positive effects in the medium and long-term. And then, the clubs would say: ‘Glickman, your method does not work!’ Business transformation will not work if clubs cherry-pick actions here and there – they need to develop a comprehensive strategic business plan that will be implemented over several years. »**

an action here and there, that one changes durably and efficiently the heavy tendencies on a market. It requires analysis and reflection, the definition of a global strategy and the building of a precise and detailed business plan. Then, you’ll need a very studied communication strategy to explain where the club wants to go and the why of this or that decision.

And again, but this communication must go through medias other than the journalists who follow the team on a daily basis. Not to skip them or because they are bad, but simply to get other pairs of ears, disconnected from the pitch or the court, and the day to day info, and besides, in order to reach other audiences than fans. Finally, it takes consistency! I do not want to give lessons because I fully understand the political and media contexts in which club presidents operate. But that is precisely why they must hire competent CBOs, give them time to look up, take a step back to study the situation, and especially to implement a business strategy involving all the staff of the club, and really listening to the market. Too often we have seen that people at the clubs are working in silos, isolated from each other, without considering how their work affects the big picture.

I recall the example of a brave CBO, who made unpopular decisions at the start but which really paid-off. Once, I asked him what was the reaction of the people when the club had communicated on this. You know what was his answer? «You know, people do not want to talk about it, they want us to talk

only about sports and say that these topics are of no interest to anyone.” And when I ask him who told him that, journalists? He answers me “no, the Communication and media department of the club, people directly under his authority, but who, for example, can have a very old and friendly relationship with the president. It is very symptomatic. To move forward, the whole club must be involved and adhere to the changes that need to be implemented. If not... »

### THE DICTATORSHIP OF DAY-TO-DAY BUSINESS...

«Of course, infrastructures must be the subject of work and innovation, to create products in line with what people want today. And I’m aware, too, that in a lot of cases here, it’s a real problem, because the stadiums or venues are the property of the cities and not the clubs. But anyway, if you believe that renovating your stadium will, in and of itself, change the face of your business, it is not the case. Venue infrastructure is important, but venue service may be even more important. Are people well trained? Do they treat your customers in the best way possible? Does security act like military or are they there to make sure people are safe?

The clubs need to hire more people and better people, because now most are caught up in their day-to-day duties and

they never have a moment to take a breath and do what all successful companies do: study, plan, decide, apply! Very few of them have a real business plan at 3 or 5 years. Yet, almost all presidents have a background of accomplishment, and have made their fortune planning their business. But sometimes what worked for them in their business is forgotten as soon as they put their feet in a sport club. There, suddenly, we start to bet only on sporting results! »



**The Timbers Army is contributing to an incredible atmosphere in the stands of a stadium that has been sold-out from the first MLS game over 5 years ago.**

### THE EXAMPLE OF PORTLAND TIMBERS

«The Timbers here in Portland have sold out for seven years, I believe. And they still have 6 salespeople who spend 100% of their time chasing new potential clients. As a result, they have their 21,000 seats sold. But they still are on the market. Selling, for example, membership or a spot on their 12,000 people waiting-list. Because they were smart, keeping

some seats open from time to time to the customers on the waiting-list. This way, they still have the privilege of having access to a limited number of games. These are ways to arouse and grow desire. Make sure these people stay ‘engaged’. And thanks to this, they can serenely announce the extension of their stadium to 25,000 places. Only 4,000 additional places, while their waiting list is over 3 times larger. Why? Because they want to keep the balance between

supply and demand working in their favor. Scarcity is a key to their business success.

They do not want to see it evaporate and no longer have new potential customers in reserve. They refuse to do this, to think "short-term income", to ensure a healthy business over the next 20, 30 or 40 years. There, they lead an absolutely great expansion project, on which they communicate very well. It is similar to what you call here in France a "PPP," conducted jointly with the City of Portland. In the community, people love them. And you know what? When someone in town has a ticket for the Timbers in his pocket, he's just incredibly enthusiastic! It is: «Too cool man, I have a ticket for the Timbers game! » And frankly, people do not care who is the opponent or if the match is going to be top on the pitch. Getting a ticket to see the Timbers is pretty cool in itself. This is what you want to achieve in the long run.

This is the best way to mitigate the risk of sports results that do not meet expectations. You know what? Of the 21,000 people in the stadium, very, very few are "hardcore" football fans. They are there for the incredible atmosphere that reigns in the stadium. To do, together, the Tetris Dance launched by the Timbers Army (see video). To celebrate goals with Timber Joey firing up a chainsaw! For the atmosphere in each of the "neighborhoods" (sections of the stadium), each corresponding to a type of clientele and where people are connected by affinities and similar ways of living their match and their

**« When someone in town has a ticket for the Timbers in his pocket, he's just incredibly enthusiastic. People do not care who is the opponent or the importance of the match...getting a ticket to see the Timbers is pretty cool in itself. »**



**Timber Joey is a very important part of the Timbers fan experience**

evening. And at the end of the game, whether Portland wins or not, 21,000 people leave the stadium super happy. »



Timbers Army's Tetris Dance

responsible for all the digital aspects that prompt people to respond to e-mail, text, social media and other strategies to compel people to ask for tickets. »

### DOES THE DIGITAL ERA MAKE THE HIRING OF SALES PEOPLE OBSOLETE?

«People these days sometimes mention the fact that digital management and these new channels available will lead to a decline in the number of sales people and eventually replace them. Of course not! One of my best friends has just been named CBO of the Kronke Sports & Entertainment in Denver – they manage the Pepsi Center in Denver, Colorado, as well as the Nuggets (NBA), Colorado Avalanche (NHL) and Colorado Rapids (MLS). Even though we are in the digital age, his first decision was to hire additional salespeople.

### WHAT COMMERCIAL STRUCTURE TO PUT IN PLACE?

«I do not think there is a magic formula on the number of sales people to fill X places available. It depends, of course, on the particular situation of supply and demand of a market. If you are sold-out all the time and you have developed a waiting list of 10,000 people applying for a subscription, you are not going to need 50 sales people. You will need some, because there are always things to sell and a need to maintain a supply / demand balance in your favor. But there is no golden-number. But let's say that, on average, each NBA team has 20 to 25 'outside sales' salespeople who prospect and hunt new customers, and about as many 'inside sales' salespeople, who are responsible for retaining those customers, meeting their needs, building loyalty and working to increase their spending via seat upgrades, more tickets and other upgrades. Inside salespeople should also be

**« Most NBA teams have about 20 to 25 'outside sales' salespeople who prospect and hunt new customers, and about as many 'inside sales' salespeople, who are responsible for retaining those customers, meeting their needs, building loyalty and working to increase their spending via seat upgrades, more tickets and other upgrades. »**

In the United States, even if we are ahead on these topics, digital becomes a fantastic tool. But that does not revolutionize all the business so far. What digital brings in addition is about 15% of total sales. Digital can make a big difference in moving occupancy from 83% to 95% or 98%, but this should compliment outside selling, not replace it. Digital helps sell what we call the «last seats in the house,» the seats in the higher levels of the stands. But not subscriptions to the season, not hospitality, not places in Category A. Remember, in the US, the vast majority of people who buy season tickets are spending to spend company resources, so they evaluate how tickets can be used to retain customers, attract new customers and as a benefit to employees. In the States, most general public tickets are sold B2B, not only in the so-called

“VIP” sectors. First because very few people want to see 41 NBA games per season or 82 baseball games. And because B2B customers are “better” customers in the sense that they are less motivated by sports results, and more focused on how tickets can be used to support their own business objectives. Business are easy to renew, have a much higher rate of utilization (fewer “no shows”) and often have the resources to spend more. They are far more concerned about the quality of the experience than the cost of the ticket. Retention rates are better than when selling to individuals.

And now, thanks to the ability to collect and store customer data, four tickets sold year-round to a company over many games will be used by 10-20 times the number of people, all who are prospective customers to buy their own tickets – it’s a fantastic way to generate leads. But the idea that with a good CRM and the support of X thousands of people that you will work exclusively via digital tools will fill you your stage as miraculously is just ridiculous! You will always need to structure yourself commercially and sell in the field. It is they and they alone who can sell products with high added value. Nobody goes on the Net to buy products that cost thousands of euros. For these sales, you have to get in touch, face-to-face, with the prospective customers.

And remember: in most franchises, as a general rule, 70% of ticket revenue should come from only 30% of the seats. And since you can not risk your business by leaving it dependent on sports results, you cannot entrust 80 or 100% of

your result to machines and only to the desire of people.

A healthy business is a secure business. And for this, nothing better than salespeople in front of business leaders. Digital, today, in the US, is mostly seen as a way to boost the average spend of current customers. To engage them and offer them other products and services. To have them come to the stadium sooner, to have them stay later, to push them to spend more in and out of the stadium. But digital’s role in pure prospecting is marginal. »

**« “In the United States, digital has become a fantastic tool that can be used to provide our customers with the most memorable experience possible. But digital is not a panacea; ticket sales via digital channels brings in about 15% of total sales. Digital can make a big difference in moving occupancy from 83% to 95% or 98%, but this should compliment outside selling, not replace it. »**

### **ARE EVERYDAY FAN ENGAGEMENT AND RELATED ACTIVITIES THE PRODUCTS OF THE FUTURE?**

« Oh yes! Income excluding match days is exploding. And not only those related to sports activity. You have teams here that make the most of the expertise they’ve developed by selling consulting. You have others who buy and fill theaters or concert halls in their city.

Almost all our franchises have taken control of the operation of their stadium or hall. Even if it’s managed by another entity, the owners are the same. It’s such an important element of this business! Sometimes stadiums or halls are built on public land or in partnership with municipalities, but exploitation is always the preserve of franchises. When I was at the Trail Blazers, we had become so good at marketing the Rose Garden’s advertising space that we were able to expand our business to selling advertising at Portland International Airport. And a few years later, we were retained by seven airports across the American West, which yielded about \$3 million in additional profits to the Blazers.

And then, and above all, the clubs are moving towards the construction of training centers, open to the public, and which become an immense source of income. Rather than building hyper-luxurious bunkers for club players, staff and employees only, they design these centers as leisure centers that will attract their fans and other customers, for reasons other than matches, and especially 365 days a year instead of just 40 days. Star in Frisco, Texas (near Dallas) is currently the flagship of the US sport, but you will see similar developments by many clubs over the next few years. Because this offers a field of new services to your subscribers, your business customers, etc. A way to turn them into Preferred Members. This covers an incredible field of multifunctional developments. Retail, hospitality, catering, sport and leisure, all kinds of live shows, office real estate, cinemas, etc. All built around the club's training complex. It is an innovative and clever way to use their brand and the attractiveness of the stars of their team. Go to a fitness room and then have a beer in the training center bar, where you will probably have the chance to meet a player or a member of the coaching staff of the franchise, it's motivating, right? And a great way to feel privileged, to have the feeling of really being a 'member' of this club. Imagine how Dallas high school students feel when they play a high school match in the 12,000-seat Ford Center, using locker rooms right next to those of the Cowboys. Then when they take the opportunity to visit, with the whole family, the part of the complex reserved for the pros. If it does not come out fan Cowboys, it's really that he does not like football! »



**When Marshall was in charge at the Blazers, his outside sales team became so proficient at selling display advertising inside their arena, that they grew their business by convincing the Port of Portland to retain the club to sell advertising at Portland International Airport, which led to a business that at one time sold advertising at seven west coast airports, adding substantial profits to the Blazers' bottom line.**