

By Mark E. Goebel

Putting Their Clients' Mouths Where the Money Is

A look at the firms, agents and marketing reps that arrange endorsements for athletes

Thirty years ago, if an athlete was on a box of Wheaties, he had made it to the big time. While selling Wheaties wasn't the only endorsement opportunity available to sports celebrities back then, there weren't many more than that.

Sure, some athletes did radio or newspaper advertisements for local businesses and department stores. And the really big stars may have endorsed national products

like Coca-Cola. But the vast majority simply lived off their salaries from playing, and even that wasn't much compared to what players earn now.

Today, every athlete, from a star quarterback to a utility infielder, has an agent. Back in 1965, very few did. An athlete really didn't have any use for one. With players tied to the same team for their entire career, the owners held all the cards in salary negotiations. And endorsement opportunities were few and far between.

Times have changed.

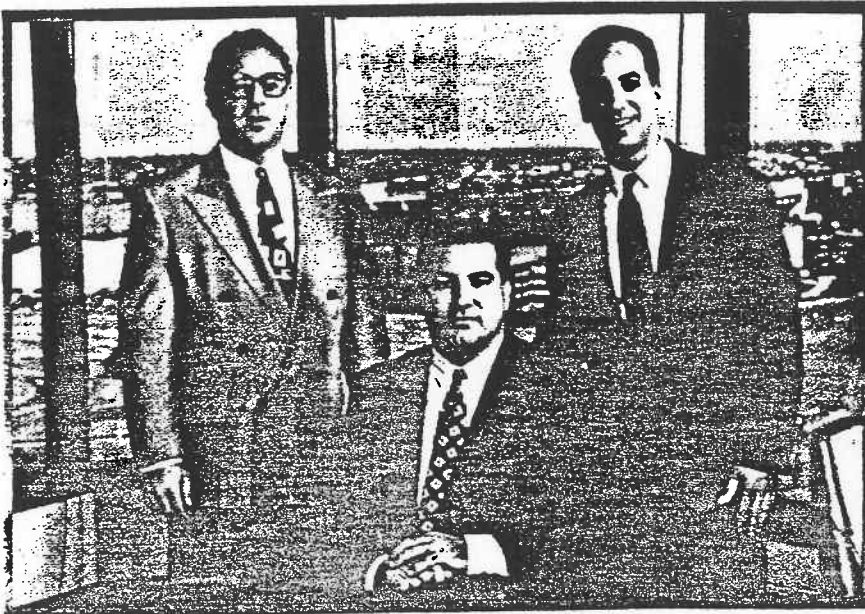
With some form of free agency in the four major professional sports, and companies increasingly looking for athletes to help peddle products, players' incomes have exploded. And so has the demand for agents who can negotiate salaries and secure endorsements. They also help athletes manage their money, an extremely important task given the average career ranges from 3 1/2 years for football players to 5 1/2 years for hockey players.

Who Are These Guys?

Agents, like the athletes they represent, come in all shapes and sizes.

First, there are the large, full-service agencies such as International Management Group (IMG),

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President and Chief Executive Officer of Integrated Sports International, Frank Vuono, is flanked by partners Steve Rosner, Executive Vice President and Chief Financial Officer (left), and Fred Fried, Executive Vice President and Chief Operating Officer (right).

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ProServ, Advantage and Falk International. They do everything from salary negotiations to bill-paying to estate planning. IMG, the oldest and largest, and the one with the most diverse client list, was founded by Mark McCormack over 30 years ago. The agency's first prominent clients were Arnold Palmer and Jack Nicklaus. It now represents over 500 athletes, has over \$1 billion in income, 1,000 employees, and 46 offices worldwide. It runs athletes' investment portfolios worth \$150 million and claims to advise on more than \$1 billion worldwide.

IMG's client list includes Andre Agassi, Pete Sampras, Wayne Gretzky, Joe Montana, Formula 1 race car driver Michael Schumacher and Italian soccer star Roberto Baggio.

Among the other large agencies, ProServ specializes in tennis, representing, among others, Gabriela Sabatini and Stefan Edberg. Its founder, Donald Dell, is a former Davis Cup player. Advantage International has a more diverse client list, including David Robinson, Steffi Graf and Michael Chang.

Falk Associates of Washington, D.C., on the other hand, focusses on athletes from team sports, particularly basketball players. Its client roster includes some of the most recognizable names in the game, including Patrick Ewing, Alonzo Mourning, John Stockton and Bobby Hurley. Football clients include Chris Doleman and Desmond Howard.

However, the biggest feather in the firm's cap has to be Michael Jordan, who is easily the most successfully marketed athlete in history. He hauls in over \$30 million a year from endorsements, including a Nike deal which is considered to be the best in sports.

Another Falk client is New York Jets' quarterback Boomer Esiason, who may have seen his best days on the field, but is reaching new endorsement heights. Given his less-than-sterling performances in recent years, it is amazing to some people the number of national television commercials Esiason appears in, including Diet Coke, Frito Lay, Hanes, Reebok and Wheaties; not to mention his local ads for The Wiz.

Big agencies like IMG also market sporting events—golf and tennis tournaments—to sponsors, broadcasters and the public. They do public relations work and occasionally produce

and sell television programs.

What do these all-under-one-roof agencies charge for their services? Their fees range from 15 to 30 percent of a player's earnings and an additional two to three percent if they handle all aspects of their clients' financial planning, tax returns, estate planning and bill-paying. For investment services alone, they charge \$5,000-\$6,000 for each \$1 million managed, on par with most Wall Street money-management firms.

In addition to the full-service agencies, there are the guys who have set up shop on their own or with a partner. Typically, they have a handful of clients and most often focus on representing the players in salary negotiations.

There are hundreds of them roaming the campuses of America looking for business. Not many of them do well, however.

One of the few who does is Leigh Steinberg, the best known and most successful. Steinberg, whose clients are primarily professional football players, has negotiated some of the richest contracts in sports, including those of Troy Aikman, Drew Bledsoe and Steve Young. Steinberg has also delved into other sports, representing Will Clark in his lucrative deal with the Texas Rangers.

Steinberg, like many of his colleagues, got into the business by chance. He was studying law at the University of California at the same time Steve Bartkowski was quarterbacking the school's football team. Bartkowski, who had been drafted by the Atlanta Falcons, asked his friend Steinberg to negotiate with the team on his behalf. Steinberg, who at the time was 25 and had every intention of becoming a defense lawyer, managed to arrange a \$650,000, four-year deal with the Falcons, at the time a record for a rookie contract.

Steinberg now represents over 100 athletes. However, he won't take on just anybody. "If a player is not interested in serving as a role model, I am not interested in him as a client," he said. Among other things, Steinberg insists that the athletes give part of the money they make from sports to charitable causes.

Hey Joe, Wanna Do a Commercial?

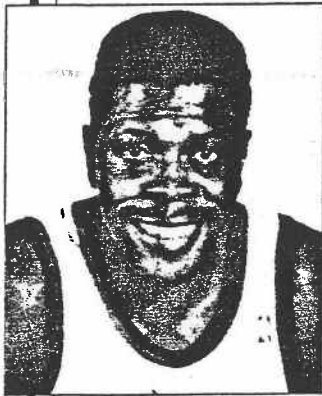
The newest genre of sports middlemen are the sports marketing companies, like Integrated Sports International (ISI) of East Rutherford, New Jersey, the Sports Marketing Group of Dallas and Burns Sports' Celebrity Service of Chicago. These companies don't represent play-



Former Cowboys coach Jimmy Johnson has been represented by Burns Sports' Celebrity Service of Chicago.

FOX/Aaron Rapoport

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Falk associates of Washington, D.C. handles business matters for many notable athletes, including the Knicks' Patrick Ewing.

George Kalinsky

ers in salary talks, nor do they perform financial planning. Their sole role is to market athletes and, in some cases, teams and other sports organizations.

"The marketing potential of athletes is too great and the business too sophisticated to be handled by agents or lawyers," said Frank Vuono of ISI. "If an athlete really wants to maximize his off-the-field income, he should rely on people with sales and marketing expertise."

Prior to establishing ISI with his two partners, Steve Rosner and Frank Fried, Vuono was vice president of licensing for NFL Properties. Fried is the former head of worldwide marketing for ProServ and Rosner was president of Pro Asset Management, a New Jersey-based financial management and sports promotion agency.

Since its founding in May 1993, ISI has struck a number of innovative deals that attest to the growing sophistication with which players and teams are being marketed. They included Coca-Cola's \$14-million "Monsters of the Gridiron" campaign, which starred 28 NFL players, including six ISI clients. ISI was also instrumental in landing Howie Long as an NFL analyst with Fox Sports and represented Dan Jansen, the Olympic speedskater, who signed with CBS.

ISI handles licensing and marketing activities for the 49ers, putting together a uniquely wide-ranging series of events, including an off-season fantasy camp, a collectibles and memorabilia business, and golf and tennis tournaments that raise money for the team's charitable foundation. ISI is also assisting the team with the production of television and radio shows.

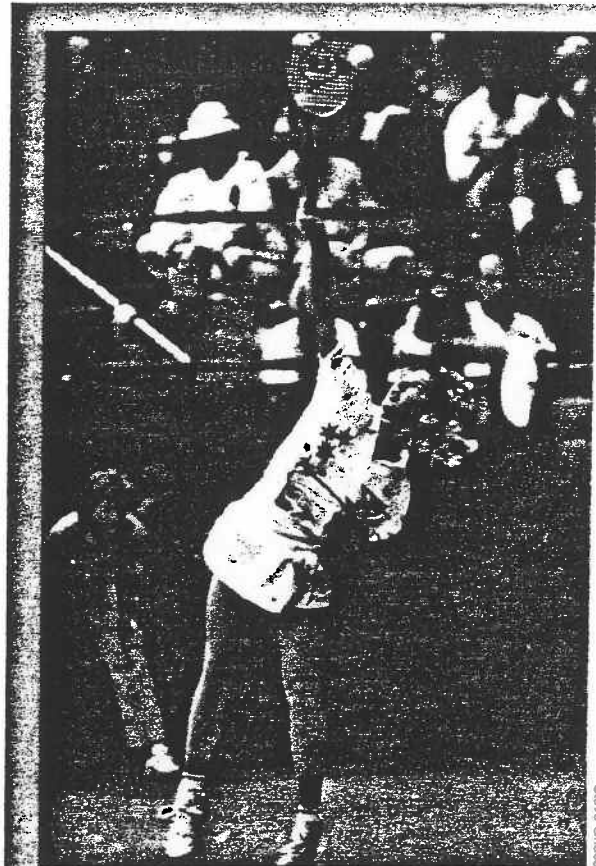
ISI had a hand in the recent renaming of Candlestick Park to 3Com Park. The deal between the City of San Francisco, which owns the facility, and the high-tech firm, 3Com, was brokered by Vuono's company.

Another of the big marketing firms, Burns Sports' Celebrity Service of Chicago, focuses on booking commercial endorsements and personal appearances. It works with advertising agencies and companies seeking active or retired sports celebrities for commercial endorsements, motivational speeches or personal appearances. Their client list includes many of the country's Fortune 500 companies, and they have represented some of the biggest names in sports, including Bill Walsh, Roger Staubach, Jimmy Johnson, Mike Ditka, Bill Walton and Brooks Robinson.



Steve Lee

Leigh Steinberg, one of the most successful agents in the business, negotiated a lucrative contract for Troy Aikman of the Cowboys.



Steve Orisco

Top Endorsement Income Among Athletes

<u>ATHLETE</u>	<u>SPORT</u>	<u>AMOUNT (\$)</u>
Michael Jordan	Basketball	30 million
Jack Nicklaus	Golf	14.5 million
Arnold Palmer	Golf	13.5 million
Shaquille O'Neal	Basketball	12.5 million
Andre Agassi	Tennis	9.5 million
Greg Norman	Golf	7.5 million
Pete Sampras	Tennis	7 million
Joe Montana	Football	7 million
Charles Barkley	Basketball	6 million
Steffi Graf ▲	Tennis	6 million
George Foreman	Boxing	5 million
Boris Becker	Tennis	5 million

Source: Forbes