Minor league basketball organizations: making them work

Derek Jones
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MINOR LEAGUE BASKETBALL ORGANIZATIONS:
MAKING THEM WORK

By
Derek Jones

A Thesis
Submitted in partial fulfillment of the requirements of the
Master of Arts Degree
Of
The Graduate School
At
Rowan University
7/11/02

Approved by
Professor

Date Approved 8-31-02
Minor league basketball organizations have wilted under the competition’s spotlight. These leagues tried to present fans with an entertaining alternative to professional sports.

Minor league basketball’s efforts to entertain fans have been unsuccessful. This study examines why these organizations have not succeeded. Through interviews, research and survey results potential solutions have been discovered.

Eighty surveys were distributed to teams and executives from basketball organizations. The surveys obtained information on ticket prices, attendance and reasons why minor league basketball has struggled.

The study revealed that minor league basketball suffers from a lack of leadership, fan interest and financial stability. Suggestions were made for minor league basketball organizations on how to succeed.
MINI-ABSTRACT

Derek L. Jones
Minor League Basketball
Organizations: Making Them Work
2002
Advisor: Professor Larry Litwin
Master of Arts Degree

This study focuses on the minor league basketball’s struggles since 1976. During this study, comparisons are drawn between minor league basketball and the National Basketball Association.

Survey results reveal reasons for its continuous problems. This study provides suggestions to help minor league basketball meet image and financial challenges.
ACKNOWLEDGEMENTS

I would like to thank my parents, Robert and Almarie, for their understanding and patience with me over the last several months.

During my years at Rowan, I met plenty of great people who in some way encouraged me to carry on to this point. I cannot fully express my gratitude for their inspiration.

Also, I would like to thank every professor who taught me in the last four and a half years. No matter the subject, the knowledge obtained from my professors will hopefully last me a lifetime.

Finally, I would like to thank my thesis advisor Larry Litwin for his guidance on this project.
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Chapter One

Introduction

Since the National Basketball Association’s creation in 1948, several organizations have tried to create “minor league” alternatives. However, these groups have struggled to find financial stability, fan support and long-term success.

This study will examine why these smaller organizations have failed. Due to an abundance of leagues over the last several decades, this study will be restricted to 1976 to the present.

The National Basketball Association (NBA) developed in 1948 when the Basketball Association of America and the National Basketball League merged to form the NBA, a 17-team league.¹

Following its inception in 1948, several leagues developed to provide an alternative to the NBA. One of those, the American Basketball League even invented a three point shot. Such innovations were not implemented into the NBA until the 1979-80 season.

However, the professional basketball climate began to change in 1967. A new league called the American Basketball Association was formed. With its red, white and blue ball and flashy play, it provided a unique alternative to the NBA.

The new league also created a new generation of stars that would eventually find their way into the NBA. Future NBA superstars like Julius Erving, George Gervin, Connie Hawkins and Moses Malone were just a few of the players who played in the ABA.

Despite the interest and glamour, the ABA eventually folded nine years later (1976) after its arrival. Following its demise, the NBA took a few of the ABA’s existing franchises and added to the league.

The Denver Nuggets, Indiana Pacers, New York Nets and San Antonio Spurs were added to the NBA prior to the 1976 season. With their addition, this is what the NBA looked like prior to the start of the 1976-77 season:

<table>
<thead>
<tr>
<th>1976-77 NBA²</th>
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<tbody>
<tr>
<td>EASTERN CONFERENCE</td>
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<tr>
<td>ATLANTIC DIVISION</td>
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<tr>
<td>Philadelphia 76ers</td>
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<tr>
<td>Boston Celtics</td>
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<tr>
<td>Cleveland Cavaliers</td>
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<td>Atlanta Hawks</td>
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<tr>
<td>WESTERN CONFERENCE</td>
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<tr>
<td>MIDWEST DIVISION</td>
</tr>
<tr>
<td>Denver Nuggets</td>
</tr>
<tr>
<td>Chicago Bulls</td>
</tr>
<tr>
<td>Detroit Pistons</td>
</tr>
<tr>
<td>Kansas City Kings</td>
</tr>
<tr>
<td>Indiana Pacers</td>
</tr>
<tr>
<td>Milwaukee Bucks</td>
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<tr>
<td>PACIFIC DIVISION</td>
</tr>
<tr>
<td>Los Angeles Lakers</td>
</tr>
<tr>
<td>Portland Trail Blazers</td>
</tr>
<tr>
<td>Golden State Warriors</td>
</tr>
<tr>
<td>Seattle SuperSonics</td>
</tr>
<tr>
<td>Phoenix Suns</td>
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² The Association for Professional Basketball Research. http://members.aol.com/bradleyrd/apbr.html
Despite the ABA’s demise, its impact is arguably still felt today. Since the fall of the ABA, other basketball organizations have developed around the United States. In fact, 29 leagues have been created since the ABA’s demise.

However, each of these organizations has either folded or is fighting for its survival on a season-by-season basis. This study will examine why these leagues have failed or continue to have problems.

For example, the Continental Basketball Association (CBA) was developed back in 1978. Even though it still exists, it continues to struggle with attendance, fan interest and finances. Why do these problems occur? By the end of this study, the causes of these dilemmas will be revealed.

There is another side to this story. The National Basketball Developmental League (NBDL) is a new minor league basketball organization that began in November 2001. This league has one major difference in comparison to its predecessors. It is funded by the National Basketball Association. With major funding behind it, the chances for the league’s survival are far greater.

This problem is important to study for many reasons. With increased media presence via the Internet and other avenues, the opportunity for exposure with minor league sports organizations is present.

Secondly, with escalating ticket prices becoming a factor, fans need another entertainment alternative. Perhaps this study could serve as a blueprint to help others potentially begin their own basketball organizations.

One potential problem with this study is that there is not a significant amount of research in this area. Besides individual articles about leagues, there are no long-term studies done on this subject.

**Problem Statement**

However, in order to understand this problem the competition must be taken into account. The National Basketball Association is a major worldwide organization that has been in existence for 53 years. It has several advantages over minor league basketball organizations including:

- The NBA is in the final season of a five year, $1.75 billion television contract with the National Broadcasting Company.
- It has its own 24-hour television channel, *NBA.com TV*.
- Television ratings for the 2001 NBA Finals reached over 39 million people for Game 1 between the Philadelphia 76ers and the defending champion Los Angeles Lakers.
- Its four-year contract with Turner Broadcasting (TNT, TBS) is worth $890 million.
- As a part of its deals with NBC and Turner Broadcasting, the NBA provides special programming to the stations. *Inside Stuff* (NBC) and *Inside the NBA* (TNT) are just a few of the special programs provided to the stations.
- The estimated worth of NBA franchises range from $103 million (Los Angeles Clippers) to $334 million (New York Knicks).

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In the 2000-01 season, the highest paid NBA player was Kevin Garnett, of the Minnesota Timberwolves. Garnett earned $19.61 million in base salary that season.

Team payrolls in 2000-01 ranged from $29.6 million (Los Angeles Clippers) to the $86.5 million (Portland Trailblazers).

Least expensive ticket prices ranged from $30 (Milwaukee Bucks) to $86 (New York Knicks).

Even teams in major markets (i.e. Los Angeles) are not guaranteed to generate revenue. In 2000, both the Lakers and Clippers reported a loss ($900,000 and $13.2 million respectively).

During the 2000-01 season, the league’s average attendance was 16,778. The New Jersey Nets averaged the least at 13,575. The San Antonio Spurs averaged the most at 22,273.

The league’s average ticket price is $48.37.

These are some of the factors facing the success and failure of minor league basketball organizations.

Due to the NBA’s ability to generate revenue through different avenues (i.e. television, ticket sales), minor league basketball organizations are competing with a major global machine.

Minor leagues that can try to bring local appeal find it hard to go up against the money and marketing of the NBA machine. The aforementioned numbers are generated through a variety of ways. However, minor league basketball organizations do not have the opportunity to earn those numbers.
However, it is believed that these minor league organizations can succeed under the proper circumstances. Since the second departure of Chicago Bulls star Michael Jordan from the NBA in 1998, the league has seen a decrease in television ratings.

Furthermore, high-ticket prices continue to eliminate and alienate the public from fan bases. Hence, the opportunity for affordable and entertaining minor league sports is available.

**Purpose**

When the study is complete, the following questions should be answered:

- Why have minor league basketball organizations failed?
- Is it a case of bad ownership?
- Was it a lack of fan interest?
- Was it a lack of publicity?
- What measures need to be taken to create an effective and cost efficient minor league basketball organization?

Through interviews with experts in the basketball world enough theories as to why these leagues have failed should be generated. Furthermore, can they be saved?

**Terminology**

*The following terms are used throughout the study.*

**Minor league**- a scaled down version of a professional league in size and finances.

**Revenue**- money collected by an organization.
Chapter Two

“Aaaahhhhh.”

“No, that’s not a sigh or scream. It’s the sound of minor-league basketball in America, as it stands right now, collectively sucking in its last breaths of air.” – Darren Rovell, ESPN columnist on the state of minor league basketball.

The aforementioned quote and other literature show that minor league basketball has struggled for various reasons. An article from ESPN.com explained the problems of minor league basketball in the United States.

Over the past few years, minor league basketball organizations have failed to generate revenue and create interest among fans.

The College Professional Basketball League never developed. The Global Basketball Association lasted only for half a season and eventually folded. The women’s American Basketball League suffered a similar fate after just three seasons.

Other leagues such as the International Basketball League found it difficult to survive. The IBL is still operating but had to drop two of its eight franchises after its first season.

In February of 2001, the Continental Basketball Association announced it would temporarily suspend play during the season due to the loss of money. Twenty-one games into its 56 game schedule, the CBA’s lack of fan attendance led to its demise.

The Quad City Thunder averaged just 942 fans per game in its first nine contests at home during the season. The 942 fans represented a 56.4% decline in attendance from the 1999-2000 season.

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Low attendance remained a significant problem because it generates revenue for teams. Hence, teams are able to pay players and for operating costs if the attendance is respectable.

According to the article, the average CBA player made $446 per game. If each team averaged 11 players per roster, the player budget is $4,906. When 942 fans attend each game paying $10 per ticket, the team takes in $4,500 per game.\(^4\)

That means a team would not have enough money to pay its own players or other operating costs. League survival is difficult under those circumstances.

Seven of the 10 teams in the CBA dropped in attendance during the abbreviated 2000-01 campaign.

In fact, the CBA lost over $5 million between 1997 and 99. According to the article, the CBA is nearly $1.5 million in debt.

“The league doesn’t draw anybody,” said Dan Panaggio, the former head coach of Quad Cities.\(^5\)

“In the NBA, that’s the highest level of basketball in the world. But when it comes to the minor leagues no one really identifies with the team, and on a cold winter night, it finds itself competing with a college or an NBA team on television.”\(^6\)

However, financial problems are not restricted to just the CBA.

“Inexperience and lack of capital has hurt the impression of minor league basketball over time,” said Dan Meisenheimer, founder and commissioner of the United States Basketball League.\(^7\)
In Meisenheimer’s USBL, only three of the league’s 11 teams managed to make even a small profit.

“Some of these teams in the IBL and the ABA (2000) are probably talking about seven-figure losses,” said Meisenheimer. 8

“You’d think that if the owners were that rich, to lose that much money they would have probably have been smarter to buy a piece of an NBA team. If we were to pay $1,000 a week to our guys, we would have been gone a long time ago.” 9

However, an example in the NBA shows that even persistence can lead to only moderate financial gain.

Gavin and Joe Maloof acquired a 25 percent share of the Sacramento Kings franchise in 1997. Then in July 1999, they became majority owners of the Kings. 10

The Kings, Sacramento Monarchs, and Arco Arena (home of the Kings) fall under the umbrella of the Maloof Sports and Entertainment empire. 11

While the Kings found success on the court by making the playoffs three straight seasons since the Maloofs became majority owners, they have had limited financial success.

After earning $1.8 million in net income, the Kings organization has lost money for three consecutive years. 12

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6 Rovell
7 Rovell
8 Rovell
9 Rovell
11 Chan
12 Chan
A 1999 strike-shortened season resulted in $9.1 million in losses. In the following seasons, the team lost $1 and $5.4 million respectively. Yet, this does not discourage the Maloof family.

While the Kings have generated a great amount of revenue ($100.6 million in 2001), they invested a substantial amount back into the organization.

The Maloof family’s willingness to pay their top players is one of the reasons that Sacramento is in the NBA title chase.

The Kings rank fifth in the league in team payroll at $55.1 million. The Portland Trail Blazers rank first at $83.3 million.

The Maloofs do not mind making the financial sacrifices to produce a winning team.

“My brother and I would never put our business in an imprudent situation,” said Joe Maloof.

“We have never done anything irresponsible. We just haven’t. But I don’t consider investing in your main asset - your players – to be spending in a crazy way.”

While minor league basketball owners may not possess the financial stability of the Maloofs, they need to develop their commitment.

“You invest, invest, invest,” said Joe Maloof. “We are in it for the long haul.”

13 Chan
14 Chan
16 Howard-Cooper
17 Howard-Cooper
18 Chan
Paul McMann tried to develop the College Professional Basketball League but it never got off the ground. His chief financer was Broadcast.com's Mark Cuban. However, at the last moment Cuban decided to buy the NBA's Dallas Mavericks.

Nonetheless, he provided a reason why minor league basketball will struggle to find the success of minor league baseball.

"Minor league baseball teams play 60-plus dates in the summer and with basketball, you just can't get that," said McMann.  

"So off the bat, it makes it harder to cover your operating expenses."  

In the ESPN.com article, McMann also predicted that the two highest paying minor league basketball organizations, the IBL and ABA 2000, would be out of business within the next two years.

Former CBA commissioner and Dallas Mavericks President Terdema Ussery had similar opinions. He believed that the ABA 2000 and IBL would eventually fold. Also, he thought the creation of the new NBA run National Basketball Developmental League would create problems.

"Why one would anyone (associated with the CBA) kill themselves to go forward with the NBA developmental league coming?"  

"In the electronic age with media contracts and media contacts, with sponsorship relationships equaling hundreds of millions of dollars and billions of dollars in revenue, how can you possibly directly compete with the polished marketing muscle of the NBA?"
Other comments about the state of minor league basketball came from Rick Burton, the director of the University of Oregon’s Warsaw Sports Marketing Center.

“They’re fighting a two-front war in terms of player talent and interest with the NBA and the NCAA and they simply haven’t differentiated themselves enough from their competition,” said Burton.

“People watch the NBA because of the talent and watch college basketball because of the love of alma mater at the amateur level.”

In conclusion, this article illustrated several points:

- Without significant fan interest and other ways to generate revenue (i.e. television deal), leagues will find it difficult to survive.
- Another major obstacle for minor league basketball organizations is competing against the NBA or a local college team.
- The advent of NBDL could cause long-term problems for many minor league basketball organizations.
- An underwhelming player pool may not appeal to fans long enough to develop a solid fan base.

The next article titled “Will the NBA’s Developmental League Overshadow Minor League Basketball?” discussed the effect the NBDL would have on minor league basketball.

One major advantage that the NBDL has over other minor league basketball organizations is that they have the backing of the NBA. Since it serves as a

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23 Rovell
developmental league, teams can recruit from the NBDL. The NBA will also assist with marketing ideas as well.

Originally, for years the CBA had an agreement with the NBA to be the developmental league for its players. Furthermore, the CBA had a golden opportunity to keep its league financially solvent in 1999.

NBA Commissioner David Stern approached CBA owner Isiah Thomas about buying the league outright. However, Thomas wanted more money out of the deal and it never happened.

In hindsight, that could prove to be the league’s undoing. Even though the CBA is in existence, it does not possess a television contract similar to the NBDL.

The NBDL has its games carried by Fox Sports Net South, ESPN, and ESPN2.\(^\text{25}\) The three-year contract calls for ESPN to carry 24 games during the regular season and provide playoff coverage.

The multi-year pact with Fox Sports Net South stated that 19 regular season games would be carried.

Depending upon the success of the NBDL, television deals could be harder to come by for minor league basketball organizations. Therefore, paying players and other operating costs will be a dilemma unless extra revenue is generated.

Another article called “IBL R.I.P.? Paging Ralph Rossi...” quotes former executives of the International Basketball League on its demise.

The 11-team International Basketball League disbanded following the 2000-01 season after only its second season. Teams in Las Vegas and New Mexico closed before

the season ended. Franchises in St. Louis and Cincinnati succumbed to financial burden as well.

Even a brief collaboration with the then-defunct CBA could not prevent the downfall of the IBL.

Other franchises did not materialize either. The Baltimore franchise was rumored to have former Baltimore Orioles shortstop Cal Ripken Jr. take over complete ownership of the team\textsuperscript{26}. However, the deal fell apart and no owner could be found.

The San Diego franchise never blossomed because it did not generate enough fan interest. Meanwhile, other cities like Flint (MI), Jacksonville (FL), and Tampa Bay (FL) were granted franchises but they did not get off the ground\textsuperscript{27}.

Perhaps one flaw of the IBL was team placement. Markets like St. Louis and Cincinnati could be difficult attendance draws. Both St. Louis and Cincinnati are among the top 50 television markets in the country (21 and 32 respectively)\textsuperscript{28}.

Hence, they would face competition in various areas. For example, St. Louis has teams representing the National Football League, National Hockey League, and Major League Baseball. At some point during the year, at least one of those three sports remains active. Therefore, the IBL competed against major attendance draws in the St. Louis area.

The same could be said about Cincinnati. Between the NFL, MLB, and one of the most consistent men's college basketball programs in the country, the IBL's success was not easy to come by.

\textsuperscript{26} About the IBL. \url{http://www.minorleaguenews.com/basketball/ibl/abouttheibl.html}
\textsuperscript{27} The Association for Professional Basketball Research. \url{http://members.aol.com/bradleyrd/apbr.html}
\textsuperscript{28} NFL 2001 Record & Fact Book. pg. 259
In comparison to the NBDL, they did want to keep their teams out of major markets. Here's a look at the NBDL and IBL teams on the following page, including their television market rankings in parenthesis:

**NBDL:**
- Asheville, NC (35)
- Columbus, GA (N/A)
- Fayetteville, NC (N/A)
- Greenville, SC (35)
- Huntsville, AL (N/A)
- Mobile, AL (N/A)
- North Charleston, SC (59)
- Roanoke, VA (68)

**IBL:**
- Cincinnati, OH (32)
- Connecticut (N/A)
- Gary, IN (N/A)
- Grand Rapids, MI (38)
- Las Vegas, NV (53)
- New Mexico (49)*
- Richmond, VA (60)
- Rockford, IL (N/A)
- St. Louis, MO (21)
- Sioux Falls, SD (N/A)
- Trenton, NJ (N/A)

*The team is located in Albuquerque, NM.

As the chart above shows, six of the 11 teams from the IBL resided in top television markets. Meanwhile, the NBDL has four of its eight in top television markets.

However, the NBDL teams are not in direct competition with any professional sports teams. As explained earlier, the IBL had St. Louis and Cincinnati in competition with pro teams and college squads.

It appears the NBDL has learned from mistakes of previous minor league basketball organizations like the IBL.

In October 1999, the NBA Board of Governors approved the formation of an
NBA Developmental League. Since its creation, the NBA carefully crafted a plan to try
to make the NBDL a successful and entertaining basketball vehicle.

When the NBDL allotted franchises to cities, they managed to accomplish a few
things. First, the NBDL wisely cut down on travel costs by keeping teams in the southern
part of the country.

Also, the NBDL tried to cut down on any competition issues by placing its eight
teams in southeast areas where no Division I NCAA teams or other minor league
franchises resided.

In contrast, the IBL has either a Division I NCAA basketball team near it or has a
professional sports team to compete against. The combination of competition mixed with
potential traveling problems proved to be a fatal mix for the IBL.

Even though the league was divided into the East and West, teams like Las Vegas
and Trenton would still have to travel nearly 2500 miles to play each other. Other teams
like Connecticut, Las Vegas, Richmond, and New Mexico share similar travel
discrepancies.

Nonetheless, opinions varied from people associated with the IBL about the
reasons for the league’s demise.

“The premise [of the IBL] was always a good one from the day of its founding,
but the deliverables that could have sustained the league, and that were promised initially,
ever materialized from the league headquarters,” said a former league executive who
requested to remain anonymous in the article.29

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29 IBL R.I.P.? Paging Ralph Rossi...
“The ‘experienced’ management in Baltimore gave no marketing support, developed no TV contracts, created no revenue-sharing merchandising opportunities and operated in a cloak of secrecy that covered their franchises as well as the media,” he explained.  

“The league’s failure cannot be blamed on the owners, players and staff of the individual teams, but, rather, on the inability of the top league management to deliver on any of its founding concepts.”

An anonymous former IBL general manager had a different opinion on its demise.

“You had a few very rich guys who wanted to run a sports league, who had no idea what it takes to run a sports league,” he said.

“You have to be willing to lose a lot of money for a long time before you start to see anything out of the operations,” he explained.

However, while league representatives believed attendance factored into minor league basketball’s struggles, the former general felt otherwise.

“The teams that failed didn’t fail because of their attendance,” he said.

“Attendance is rough in any new league. They failed because of a lack of vision on the part of the ownership, and the inability to ride out the short-term and look at the big picture.”

In the end, it seems these leagues run into not just one single problem. Instead, attendance, a lack of financial stability, eroding fan interest, and ownership issues form a
snowball effect for minor league basketball that few organizations have been able to overcome.
Chapter Three

Data Needed

To analyze the failure of minor league basketball organizations, several angles must be examined including:

- Attendance
- Publicity
- Community Relations
- Financial Backing
- Ticket Prices
- Player Recruitment

By exploring these topics, ample information was gathered to determine reasons for a league's demise.

Data Sources

Interviews with basketball dignitaries from various organizations aided the study. Public relations executives from the National Basketball Developmental League, the United States Basketball League, Southwest Basketball League, Eastern Basketball Alliance, Women’s National Basketball Association and the National Basketball Association are the organizations that will be contacted.

To further solidify claims, articles and periodicals dealing with the issue provided additional data. For example, to show the discrepancy between basketball's minor leagues and the National Basketball Association, numbers were gathered from both organizations.
Research Method

Surveys were conducted that contained seven multiple choice and eight open-ended questions. The questions were derived from the topics listed on the previous page. The purpose of these questions is to determine why these leagues have not succeeded. This is an example of the questions posed to minor league basketball executives:

**Part I: Multiple-choice questions**

1. What are the average attendance figures per game?
2. What are the average attendance figures per season?
3. How are players recruited?
4. Is the recruiting process primarily done on a local, national or international basis?
5. Does the team struggle to generate revenue?
6. Are advertisers hard to find?
7. What is the average ticket price?

**Part II: Open-ended questions**

8. What are some of the methods your league/team uses to generate revenue?
9. How does your league/team reach out to the community?
10. Who owns your team?
11. Why does the team struggle to generate revenue?
12. Why are advertisers difficult to find?
13. Why do you believe so many minor league basketball teams/leagues fail?
14. What is your job title?
15. How many games does your league/team play?
Sample Selection and Size

Eighty surveys were distributed to public relations and league executives from all of the teams from the Eastern Basketball Alliance, Southwest Basketball League, United States Basketball League, Women’s National Basketball Association, National Basketball Developmental League and National Basketball Association.

Data Collection Method

The surveys provided a two-week window to respondents to return their completed questionnaires.

Data Analysis Method

The tallied survey results will appear in Chapter 4. For part one in Chapter 4, the multiple-choice section includes a percentage breakdown of each answer.

In the open-ended section, each question will show the various answers provided from the surveys. Repeat answers will not be included. Complete analysis of survey results will be included in Chapter 5.

A chart displaying league representation will be featured in the beginning of Chapter 4.
Chapter Four

Eighty surveys were distributed to the Eastern Basketball Alliance, Southwestern Basketball League, the United States Basketball League, the National Basketball Developmental League, the National Basketball Association, the Women’s National Basketball Association, and top executives in basketball.

The survey consisted of 15 questions, including seven multiple choice and eight open-ended questions. Nineteen of the 80 surveys were returned and completed. Here are the results.

The Sacramento Kings of the NBA did not return a survey during their pending playoff run. However, they sent a series of articles from the *Sacramento Bee* detailing the Sacramento’s financial dealings. Financial information relevant to this study from those articles will be included following the survey information.

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<th>Survey Response Type</th>
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<tr>
<td>NBA</td>
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<td>WNBA</td>
<td>4</td>
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<tr>
<td>Minor League Basketball</td>
<td>2</td>
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<tr>
<td>League Executives</td>
<td>3</td>
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</tbody>
</table>

Table 4-1
Survey Response Type
Part I: Multiple-choice questions:

Question 1: What are the average attendance figures per game?

Under 5,000...68% (13 respondents)

5,000-7,000...0% (0 respondents)

7,000-9,000...5% (1 respondent)

9,000-11,000...0%

More than 11,000...27% (5 respondents)

Question 2: What are the average attendance figures per season?

Under 5,000...32% (6 respondents)

5,000-7,000...11% (2 respondents)

7,000-9,000...11% (2 respondents)

9,000-11,000...0%

More than 11,000...46% (9 respondents)

Question 3: How are players recruited?

Scouting...26% (5 respondents)

Advertising...0%

Tryouts...16% (3 respondents)

Scouting & Tryouts...47% (9 respondents)

All of the Above...11% (2 respondents)

Question 4: Is the recruiting process primarily done on a local, national or international basis?

Local ...11% (2 respondents)

National search...11% (2 respondents)
Worldwide... 5% (1 respondent)

All of the Above... 73% (14 respondents)

**Question 5: Does the team struggle to generate revenue?**

Yes... 47% (9 respondents)

No... 53% (10 respondents)

*If respondent answered yes, question 11 was completed.

**Question 6: Are advertisers hard to find?**

Yes... 37% (7 respondents)

No... 63% (12 respondents)

*If respondent answered yes, question 12 was completed.

**Question 7: What is the average ticket price?**

Under $30.00... 79% (15 respondents)

$30-$40... 5% (1 respondent)

$40-$50... 11% (2 respondents)

Over $50... 5% (1 respondent)

**Part II: Open-ended questions:**

**Question 8: What are some of the methods your league/team uses to generate revenue?**

- Team tryouts
- Sponsorships
- Ticket sales
- Merchandise sales
- Television revenue
- Summer camps
- Telemarketing
- Community groups
- Corporate partners from the NBA
- Courtside seats
- Advertising
- Radio revenue
- Banner sales
- Free youth clinics

**Question 9: How does your league/team reach out to the community?**

- Thru grade school and high school programs, which allow kids to interact with players and coaches on the team.
- Player appearances
- Fundraising programs with charities, schools and organizations.
- Kids clinics
- Mascot appearances
- Community nights
- Radio giveaways
- NBA implemented initiatives
- Tall tales reading program

**Question 10: Who owns your team/league?**

- Sho-Me Hoops, LLC; a group of local businessmen.
- Service Electric Cable Television System
- Private investors
- Principles from ARAAT, Inc.
- NBA
- Abe Pollin
- Chris Cohan
- Husband and wife ownership
- Michael Heisley

**Question 11: Why does the team struggle to generate revenue?**

- New product and fans aren’t sure what to make of the team yet.
- Lack of flexibility in ticket packages.
- Small sales force.
- Don’t cater to VIP or corporate sponsors.
- Don’t promote league.
- No relationship with media.
- Poor marketing personnel.
- Society and revenue trends differ and change often.
- Small budget limits hiring.

**Question 12: Why are advertisers difficult to find?**

- New team and still getting name out into the community.
- Not sold on sports as an ad source.
- Don’t appeal to niche (families, media corporations)

**Question 13: Why do you believe so many minor league basketball teams/leagues fail?**

- Poor financial management.
- Lack of ability to properly market the team to its community.
• Lack of ability among players, which leads to team losses.
• Lack of capital to begin.
• Must be revenue oriented as opposed to basketball oriented.
• Expenses exceed revenue.
• No long term vision
• Do not market players from Division I schools that people know from television.
• Too dependent on ticket sales, sponsorships, and private funds.
• Insufficient leadership
• Lack of management skills.
• Lack of support through sponsors and advertising.
• No television contract
• No superstars or marketable athletes

**Question 14: What is your job title?**

• General Manager, St. Louis Skyhawks
• Director of Public Relations/Assistant General Manager, Pennsylvania Valley Dawgs
• President of Southwestern Basketball League team
• General Manager/Owner of New Philadelphia
• Public Relations manager, Asheville Altitude
• Public Relations director, Washington Mystics
• Vice President of Media Relations, Boston Celtics
• Communications Coordinator, Washington Wizards
• Public Relations director, Golden State Warriors
- Team president, Harrisburg Horizon
- Media Relations director, Florida Sea Dragons
- President and CEO, Delaware Express
- Community Investment Associate, Memphis Grizzlies
- General Manager, Dodge City
- Director of Communications, Phoenix Mercury
- Senior Manager of Communications, New York Liberty

**Question 15: How many games does your league/team play?**

- 30 game season
- 16 game season
- 20 game season
- 56 game season
- 32 game season
- 82 game season
- 15 game season

**Sacramento Kings Financial Information:**

<table>
<thead>
<tr>
<th>Revenue-Fiscal Years</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
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<tr>
<td>Millions of Dollars</td>
<td>62</td>
<td>44.3</td>
<td>84.3</td>
<td>100.6</td>
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</table>

![Bar chart showing revenue for Sacramento Kings from 1998 to 2001](chart.png)
Table 4-3
Expenses-Fiscal Years

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
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<tr>
<td>Millions of Dollars</td>
<td>60.2</td>
<td>53.4</td>
<td>85.3</td>
<td>106</td>
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Table 4-4
Net Income Fiscal Years (Units In Millions)

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1.8</td>
<td>-5.4</td>
<td>9.1</td>
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</tr>
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</table>
Chapter Five

The sample population was derived from 80 teams and executives from around minor league and professional basketball to gain a sample from both parties.

Thus, problems faced by minor league basketball organizations could be measured against teams from the NBA and the WNBA.

Survey Evaluation

Questions dealing with attendance and ticket prices were not surprisingly in the favor of NBA teams. None of the four NBA teams cited attendance problems. Meanwhile, minor league basketball teams struggled with attendance.

Ticket prices from survey respondents were positive. Of the 19 respondents, 15 had an average ticket price of under $30. Only the four NBA responses had ticket prices at least $30 and over.

Surprisingly, not all minor league basketball teams reported problems generating revenue or finding advertisers.

One respondent listed hosting camps, clinics and advertising as being the keys to success. Another respondent included corporate sponsorships, season ticket sales, group sales and television revenue as ways to produce money.

Yet, most responses listed problems with generating revenue and finding advertisers. Reasons listed included budget constraints and corporations not convinced of sports as an ad source.

Survey Interpretation

The survey results reported in Chapter Four show trends for minor league and professional basketball teams.
It seems like a simple formula. The NBA possesses a seemingly bottomless well of finances. Meanwhile, minor league basketball's well runs dry all too often. While the bottom line is money, other problems give minor league basketball organizations its share of heartache.

According to survey respondents, several reasons factor into minor league basketball's consistent demise. Survey responses included problems with hiring capable sales personnel, league marketing, owners and finances.

Money was the most consistent reason given for minor league basketball's continuous problems.

Survey respondents did not struggle finding ways to improve minor league basketball’s success. However, finding the revenue to produce a solid league marketing campaign and fixing its other problems could be troublesome for minor league basketball executives.

Conclusions

Minor league basketball needs a smarter business plan to survive. In the case of the NBDL, the NBA finances it. Therefore, it is more likely to survive. Most leagues will not have that luxury.

Other organizations like the USBL, IBL and EBA need a wise battle plan to endure.

The researcher spoke with basketball historian Robert Bradley about minor league basketball organizations. He cited three keys to running a successful league.

- Keeping league costs down.
- Having an exciting product for fans to enjoy.
- Getting corporate sponsorships to create a financial foundation for a team.

The latter key was very important according to Bradley.

"You have some strength as far as financial backing where you can actually make a long term plan and stick to it and not have to worry about meeting bills from month to month. That's probably what a lot of the minor leagues have to go through," Bradley said.¹

Based on the interview and other research, here are five suggestions for a minor league basketball organization:

1. Find capable owners

When examining the sports landscape, the most successful entities have stable leadership at the top.

The National Football League had Pete Rozelle as its commissioner from 1960 to 1989. Rozelle took the NFL and helped transform it into a global phenomenon.

NBA Commissioner David Stern took control of an up and down league in 1984 and has transformed it into a worldwide success.

Though minor league basketball does not have the resources of the aforementioned leagues, it needs to establish leadership at the top.

A strong commissioner along with a group of solid owners would help. However, a consistent approach by every team employee is just as likely to ensure long term success.

“From day one we’ve said this is one team. The parking gate attendants are as important as the players on the court,” said John Thomas, president of Maloof Sports and Entertainment.²

While Rozelle and Stern enjoyed tremendous success, without capable employees their accomplishments would not be possible.

“Leadership in today’s world requires far more than a large stock of gunboats and a hard fist at the conference table,”³ said former Vice President Hubert H. Humphrey.

2. Franchise placement

As discussed in Chapter 2, franchise placement is important. If a team is located in or near a major market, creating fan interest will be difficult.

In large markets, going against major league franchises is a main ingredient for disaster. Leagues should find cities that do not have major league sports teams or do not have a strong fan base.

It is recommended that teams or leagues hire research firms. Researching cities and regions could help prepare leagues or teams for potential problems.

Also, franchise placement is crucial from a money perspective. If franchises are closer, the league cuts down on travel expenses. Hence, the league’s money could be distributed elsewhere.

3. Community relations

Financial success will be difficult without fan support. To help the product become better known, organizations should participate in its community. Hosting camps and clinics could develop a fan base.

² Chan, Gilbert. Sacramento Bee. The result is hugely loyal fans and sponsors. A9-A11.
³ Microsoft Bookshelf ‘98. Quotations.
By developing special events featuring player appearances and supporting causes, a team or league could receive media coverage.

It is dependant upon its media relations department to inform all media outlets about any events.

4. League marketing

If an organization does not believe in its product, no one else will. An aggressive marketing campaign through radio, television and newspaper is essential. Fans must be informed about nearly every aspect of the league. However, that is where key number one comes into play.

A good marketing strategy could lead to potential corporate sponsorships that will help generate money for teams.

If the investors are not willing to put in the financial commitment for a strong marketing campaign, the league could be doomed from the beginning.

5. Player Pool

This can be a difficult aspect of developing a successful minor league basketball organization.

Measured against their NBA counterparts, the comparison can be overwhelming. Yet, it is the league’s responsibility to search for solid players. Besides a national search, a league, perhaps, should focus locally.

By checking the area for recent college graduates or players who attended high school locally, a league could develop a solid following if fans are familiar with those players.
Breakdowns at these five levels are why minor league basketball has struggled. It will take a team effort, and then some, for minor league basketball to find its niche in the sports marketplace.
APPENDIX A
**The Long Haul**

The Maloofs are losing money now on the Kings, but they're investing for...

Gavin, left, and Joe Maloof are greeted in February by Pat Fong Kushida, president and CEO of the Sacramento Asian Pacific Chamber of Commerce. The Maloofs were honored at the group's annual awards dinner for their commitment to the Asian community.

Family forecasts a royal success in capital

By Gilbert Chan


Gavin, left, and Joe Maloof are greeted in February by Pat Fong Kushida, president and CEO of the Sacramento Asian Pacific Chamber of Commerce. The Maloofs were honored at the group's annual awards dinner for their commitment to the Asian community.

**Mideast crisis**

New life in Powell mission

Arafat statements denouncing terror against civilians lead to today's meeting.

By Robin Wright


INSIDE

The twin-military strategy on the West Bank into destrying the infrastructure of militant organizations.

Page A21

Christian leaders meeting with Colin Powell propose a plan to end the standoff and persuade leaders to make a trip to the city of Ramallah, State Department spokesman Richard

Page A23

Gore fires up Florida faithful

But Democrats still have doubts about a 2004 presidential run.

By James Rosen


Al Gore

He earlier President Bush of deceiving voters, that help "the little guy."

Page A25
Maloofs: Family seeks richer deals for local TV, cable

By John Thomas

Maloof Sports and Entertainment is looking to make some big deals this season, with the hopes of generating more revenue for the team. The Maloofs have been looking for ways to enhance their business model and improve their bottom line. With a new arena on the horizon, the Maloofs are looking to capitalize on this opportunity and make the most of it.

The Maloofs have already made some moves to strengthen their position. They have recently signed a deal with a local TV network to broadcast Kings games, which will help them generate more revenue from local TV and cable media. This deal also provides an opportunity to promote other business ventures, such as the basketball team and the casino.

The Maloofs are looking to make even more deals in the future. They are exploring the possibility of selling naming rights to the new arena, which could bring in significant revenue. They are also considering selling sponsorships for various events, such as concerts and sporting events, to generate more revenue.

In the meantime, the Maloofs are focused on making the most of the current opportunities. They are working with local media companies to maximize exposure and generate more revenue from local TV and cable media. With a new arena on the horizon, the Maloofs are looking to make the most of this opportunity and position themselves for long-term success.

The Maloofs are confident that their efforts will pay off in the long run. With a strong business model and a dedicated team, they are well-positioned to succeed in the competitive world of sports entertainment.

John Thomas
Kings' ransom
Kings owners Joe and Gavin Maloof have committed to about $307 million in player contracts over the next six years. The team's payroll could climb substantially next season if the team re-signs Mike Bibby and Bibby is the contract of Hedo Turkoglu. A look at the value and length of each player's contract:

<table>
<thead>
<tr>
<th>Player</th>
<th>Contract value in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Bibby</td>
<td>$141.7</td>
</tr>
<tr>
<td>Chucky Brown</td>
<td>$21.25</td>
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<tr>
<td>Kirk Hinrich</td>
<td>$10.00</td>
</tr>
<tr>
<td>Mateen Clinic</td>
<td>$6.25</td>
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<td>Web Devos</td>
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<td>Lawrence Frank</td>
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<td>Greg Oden</td>
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<tr>
<td>Gerald Wallace</td>
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<td>Chris Webber</td>
<td>$122.25</td>
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</table>

The Sacramento Bee Sunday, April 14, 2002

Kings owners Joe and Gavin Maloof have committed to about $307 million in player contracts over the next six years. The team's payroll could climb substantially next season if the team re-signs Mike Bibby and Bibby is the contract of Hedo Turkoglu. A look at the value and length of each player's contract:

Kings pay princely sum to players

By Scott Howard-Cooper

The Kings have moved into the top tier in the team payroll sheet, two spots ahead of the championship Los Angeles Lakers.

A look at team payrolls, in millions, as of April 1:

<table>
<thead>
<tr>
<th>Team</th>
<th>Payroll, in millions</th>
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<tbody>
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<td>$113.7</td>
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<td>Toronto Raptors</td>
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Now the Maloofs expect the team to challenge for a championship.

By Scott Howard-Cooper

Last year, the Kings were a third straight title hopeful. The difference between the two teams is relatively small, but there's little that the Kings could do to turn the tide.

And so far, the Maloofs say they aren't concerned about the league's new salary cap. By Addax Publishing Group

For the team's new $200 million payroll sheet, two spots ahead of the championship Los Angeles Lakers.

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</table>

Kings' ransom
Kings owners Joe and Gavin Maloof have committed to about $307 million in player contracts over the next six years. The team's payroll could climb substantially next season if the team re-signs Mike Bibby and Bibby is the contract of Hedo Turkoglu. A look at the value and length of each player's contract:

Kings pay princely sum to players

By Scott Howard-Cooper

The Kings have moved into the top tier in the team payroll sheet, two spots ahead of the championship Los Angeles Lakers.

A look at team payrolls, in millions, as of April 1:

<table>
<thead>
<tr>
<th>Team</th>
<th>Payroll, in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portland Trail Blazers</td>
<td>$113.7</td>
</tr>
<tr>
<td>New York Knicks</td>
<td>$102.8</td>
</tr>
<tr>
<td>Denver Nuggets</td>
<td>$91.5</td>
</tr>
<tr>
<td>Sacramento Kings</td>
<td>$81.18</td>
</tr>
<tr>
<td>Phoenix Suns</td>
<td>$76.98</td>
</tr>
<tr>
<td>Los Angeles Lakers</td>
<td>$74.24</td>
</tr>
<tr>
<td>Houston Rockets</td>
<td>$74.24</td>
</tr>
<tr>
<td>Miami Heat</td>
<td>$63.5</td>
</tr>
<tr>
<td>Golden State Warriors</td>
<td>$58.01</td>
</tr>
<tr>
<td>Toronto Raptors</td>
<td>$50.19</td>
</tr>
<tr>
<td>Boston Celtics</td>
<td>$49.97</td>
</tr>
<tr>
<td>Memphis Grizzlies</td>
<td>$39.06</td>
</tr>
<tr>
<td>Cleveland Cavaliers</td>
<td>$30.29</td>
</tr>
<tr>
<td>Orlando Magic</td>
<td>$27.25</td>
</tr>
<tr>
<td>New Jersey Nets</td>
<td>$21.58</td>
</tr>
<tr>
<td>San Antonio Spurs</td>
<td>$20.98</td>
</tr>
<tr>
<td>Detroit Pistons</td>
<td>$20.78</td>
</tr>
<tr>
<td>Chicago Bulls</td>
<td>$18.10</td>
</tr>
<tr>
<td>Memphis Grizzlies</td>
<td>$16.89</td>
</tr>
<tr>
<td>Golden State Warriors</td>
<td>$15.57</td>
</tr>
<tr>
<td>Phoenix Suns</td>
<td>$15.10</td>
</tr>
</tbody>
</table>

Now the Maloofs expect the team to challenge for a championship.

By Scott Howard-Cooper

Last year, the Kings were a third straight title hopeful. The difference between the two teams is relatively small, but there's little that the Kings could do to turn the tide.
APPENDIX B
Please return completed survey by Friday, May 3rd:

1. What are the average attendance figures per game?
   - Under 5,000
   - 5,000-7,000
   - 7,000-9,000
   - 9,000-11,000
   - More than 11,000

2. What are the average attendance figures per season? (if applicable)
   - Under 5,000
   - 5,000-7,000
   - 7,000-9,000
   - 9,000-11,000
   - More than 11,000

3. How are players recruited?
   - Scouting
   - Advertising in media (TV, newspaper, radio)
   - Tryouts

4. Is the recruiting process primarily done on a local, national or international basis?
   - Local
   - National search
   - Worldwide
   - All of the above
5. Does the team struggle to generate revenue?*
   - Yes
   - No
*If yes, see question 11

6. Are advertisers difficult to find?*
   - Yes
   - No
*If yes, see question 12

7. What is the average ticket price?
   - Under $30.00
   - $30.00-$40.00
   - $40-$50
   - Over $50

8. What are some of the methods your league or team uses to generate revenue?

9. How does your league/team reach out to the community?

10. Who owns your team/league?
11. Why does the team struggle to generate revenue?

12. Why are advertisers difficult to find?

13. Why do you believe so many minor league basketball teams/leagues fail?

14. What is your title at work?

15. How many games does your league/team play?

Please return completed survey to:

Derek Jones
730 Wyngate Road
Somerdale, NJ 08083

Would you like a copy of the finished research?

☐ Yes

☐ No
WORKS CITED


NFL 2001 Record & Fact Book. Top 100 Television Markets. 259.
