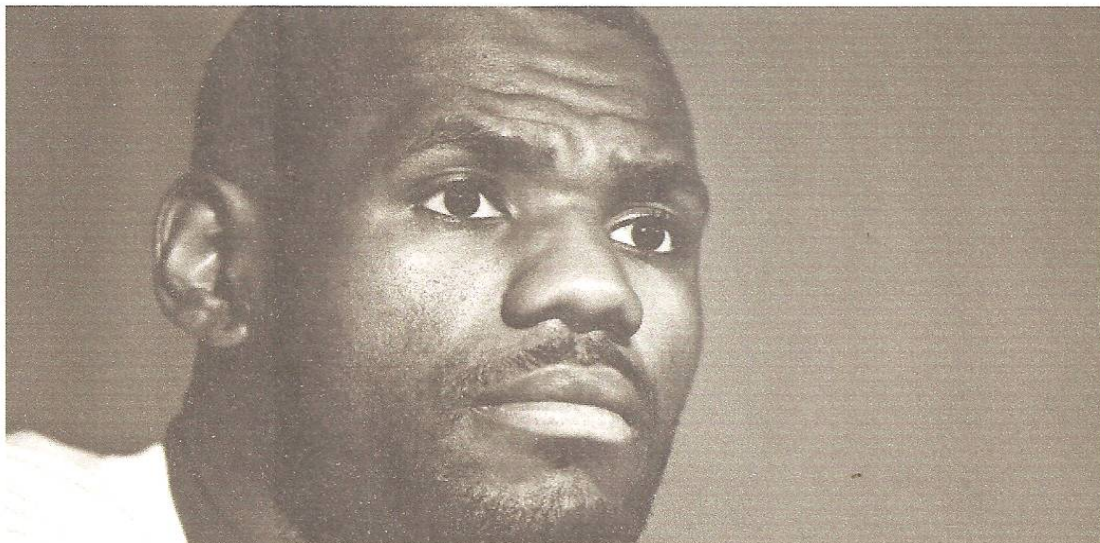


# King James' Empire

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by Sheryl Nance Nash

The Miami Heat is leading the Eastern Conference, only behind the Boston Celtics at the moment. LeBron James was named the Eastern Conference Player of the Week for games played January 3-9, marking the 28th time he has earned the accolades, the most times a player has earned the honors in NBA history, and it is the second time James has earned the honor as a member of the Heat. Is he having the last laugh already?

Not only is he continuing to prove to be adept at basketball, but in business, he's got an empire in the making.

"While richer than most, he has the staple deals for someone on top of his game – a lucrative contract with Nike that was recently renewed and includes a line of footwear and sporting apparel; a drink deal with Coca-Cola, trading cards, and smaller endorsements," said Greg Weisman, a partner at the law firm of Silver & Freedman. Then there's his management/marketing company LRMR with some of his long-time friends and former high school basketball team members, which markets James as a celebrity and will represent other high profile athletes. A few years ago, James announced a minority investment in Cannondale bicycles, recalled Weisman.

James has made it clear he's aiming beyond the rafters. "He's talked specifically about building a billion dollar brand," said Michael Lewis, an associate professor of marketing at Emory University's Goizueta Business School.

What else is under his reign is anyone's guess. "King James likes to play this pretty close to the vest and for good reason," said Weisman. "It is well chronicled that most private

investment deals by athletes go bad, and the benefit of being a silent owner in a privately held business is that it need not be exposed to the public.” What you don’t hear is the potpourri of questionable investments in various endeavors of friends and family – the type of investments of \$100,000 here and \$200,000 there that usually bring financial ruin to lesser players, added Weisman. “Either he has been effectively counseled to stay away from those plays or we just haven’t heard about them. And let’s not forget that he has a healthy salary with the Heat – it’s hardly anything to scoff at,” he said of the reported \$96 million for five years that he got.

So what savvy business moves are experts applauding? For one, he knows what he doesn’t know and seeks wise counsel. “He consults with Warren Buffett and top financial managers from New York to keep him focused and grounded,” said Weisman. He also has a close knit group of long-time friends who provide guidance.

Justin Harmon, associate professor with the Department of Sport & Entertainment Management at Northwood University Florida Campus gives him kudos for the company he keeps. “The King’s roundtable consists of people he can trust and whom seem loyal to protecting him, as well as have his best interests at heart. This has allowed him to have a group of individuals to bounce ideas off and get input from.” Of much importance too, said Harmon, he recognizes that his image has value and he has tried to maintain that value himself from almost the beginning of his athletic career.

“He recognizes that athletes are being commodified at ridiculous levels, but are not earning the benefit of this ‘exploitation,” he said. If a company is willing to pay \$90 million to endorse their products it is because they believe you will bring in \$900 million in profits. “James is one of the first athletes to recognize and fight for a bigger share. Mr. James and his advisors call them ‘partnerships’ rather than endorsements. They are going for deeper relationships.”

But for all his fancy footwork on and off the court, he’s not without missteps. Notably, “The Decision”, the ESPN Special where he announced that he would leave the Cleveland Cavaliers and join the Miami Heat. While some hailed it as brilliant, it was also the subject of much controversy.

“If I was James’ PR agent I would have advised him to quickly and somewhat quietly announce a contract with his current team, or a new one and go about his life,” said Gail Sideman of Publiside, a publicity and media relations firm with a specialty in sports. “Modesty goes a long way toward credibility and respect. Last year he became more of a sideshow than a definition of respect. Even some of his most ardent fans talked about his ego, not his play when all of the drama played out during the summer of 2010.”

Furthermore, she says, “recent comments about not being responsible for rebuilding a city/franchise portrays him as an egocentric, spoiled athlete. He won’t be the first choice in any feel-good marketing campaign in the near future.”

Because he grew up in Ohio, his leaving there appears to some as being disloyal. “His abandonment of Cleveland hurts him on the personal warmth side,” said Lewis.

With the complaints and groans coming in mega proportions from Cleveland and elsewhere, he responded in part with a clever Nike commercial where he essentially defends himself and admits that perhaps he could have handled his departure differently.

Leaving Cleveland was a big move. For sure the pressure is on to deliver a championship in Miami. When the season got off to a shaky start, naysayers celebrated. They’ve quieted as the Heat are starting to show signs of living up to the hype in some eyes.

“James has to be careful about his image. He will be judged by a championship – either by winning or losing,” points out Joel Hollander, former chairman and CEO of CBS Radio.

Some say not just a championship, but multiple championships. Fans will forgive and forget if there are multiple championships. “Wins will put him in a whole new stratosphere,” he said.

Staying in Cleveland would have been a safer choice, said Lewis. But just as James is fearless on the court he is bold in business.

“Seemingly LeBron has been wisely counseled to see a bigger picture that allows for more deliberate, long-range planning. The emergence of China as a very lucrative market for basketball has not gone unnoticed by Team LeBron,” said Weisman. “I suspect we will see some very clever moves in Asia in the near future, whether in partnership with Nike, or otherwise.”

Last summer when James was in the spotlight over his “decision” ESPN evaluated Nike’s strategy of creating James as a global brand and showed why China, currently the world’s largest basketball market with over 300 million basketball fans, is a necessary step on the path toward James’ billion-dollar aim. According to media reports, Nike has a \$400 million basketball operation in China experiencing annual growth of about 12-15 percent, compared to Nike’s U.S. basketball-related profit of 1 percent.

Harmon believes that besides Tiger Woods, James is one of the first athletes to truly recognize how much bigger the sports world is outside of the U.S. “He’s the first team sport athlete to make an overtly conscious effort to grow their brand outside the U.S. from their image’s inception.”

James has also been smart enough to stay out of the headlines for the kind of personal indiscretions that could dethrone him. Quite frankly, says Lewis of his business empire, “If they win titles, the sky is the limit.”