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Winning The Warriors Way: Owners Lacob, Guber Set Golden Standard For Franchise Rejuvenation



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*I cover the economics of
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The primary reason I attend sports business conferences is to remain updated on current trends in the industry, and to network with industry practitioners for the purpose of helping my students at Washington University in St. Louis with their future networking opportunities.

But sometimes along the way, I'm lucky enough to attend sessions which are both professionally inspiring and personally entertaining.

On the same day that the 2015-16 NBA regular season came to a historic conclusion, conference attendees at the 2016 CAA World Congress of Sports were treated to an educational, inspirational, and entertaining interview with the co-owners of the Golden State Warriors, Joe Lacob and Peter Guber.

And there was great irony in the fact that the Warriors owners – whose team capped off the evening with their record-breaking 73rd victory of the regular season in Oakland versus the Memphis Grizzlies – were speaking at a conference in downtown Los Angeles just steps from the place Kobe Bryant has called home for the last 20 years (and a place where he ended his career Wednesday night with an unfathomable 60-point night).

It's a tale of two franchises going in completely different directions.

The Los Angeles Lakers, a franchise with arguably the best historic brand in the NBA thanks largely to a legacy of championships across the decades with a wide variety of colorful players, but has been one of the worst teams in the NBA over the last three seasons (with 27, 21, and 17 wins in each of the last 3 seasons), and whose immediate future does not look especially bright.

And the Golden State Warriors, a franchise that had only made 1 playoff appearance in an 18-year stretch from the 1993-94 season through 2011-2012, is now among the most attractive brands in all of professional sports, with 4 playoff trips in the first 6 years since Lacob/Guber took control of the team, 3 consecutive 50-win seasons, and a record-breaking regular season win total in 2015-16 to back up their 2015 NBA title.

Not surprisingly and almost certainly connected, it's also a tale of two different recent ownership experiences.

While late Lakers owner Jerry Buss is still revered as one of the legendary sports owners of all time for helping to make Lakers basketball glitzy and entertaining, his children who now own the team have struggled mightily to find the right pieces to fit into the puzzle of the franchise's future.

Conversely, as the results have shown in recent years, it's hard to argue with the business and leadership acumen which Lacob/Guber have demonstrated in orchestrating one of the historically fastest franchise overhauls in sports history.

Hyperbole you say? Well:

- **Consider franchise value:**
 - When Lacob/Guber purchased the team in 2010 for a record price (at the time) of \$450 million, the average franchise value league-wide was \$367 million, and Forbes' 2010 estimate of the Warriors franchise value was \$315 million, which ranked among the bottom half of the 30-team league.
 - The 2016 Forbes franchise value estimate places the Warriors as the league's 6th most valued team at \$1.9 billion, at a time where the league average franchise value is \$1.245 billion.
- **Consider attendance:**
 - In 2009-10, the Warriors ranked 14th in attendance as a percentage of capacity (92%);
 - In 2015-16, the Warriors were among 9 teams whose attendance as a percentage of capacity was at least 100%.
- **Consider ticket prices:**
 - In November 2010, Team Marketing Reports estimated that the average ticket price for a Warriors game was \$34.13, which was well below the league average of \$47.66.
 - For the 2015-16 season, Team Marketing Reports estimated that the average ticket price for a Warriors game was \$79.84 (an estimated 40% jump from the prior season), compared to the league average of \$55.88.

If you find another professional sports franchise who has seen this type of financial and on-field turnaround in such a short period of time, give me a call.

I'm guessing my phone won't be blowing up anytime soon.

So when I reflect back on their 30-minute address from Wednesday, and while I acknowledge that the sports industry is a different animal from other businesses for several reasons, it's clear to me that their approach to business management and organizational leadership is widely applicable to many industries... and this is why I found their comments both insightful and motivational.

Among the more compelling fundamentals I took away from their discussion include:

- **Embracing organizational debate**

- They strongly encourage/expect employee feedback – and even pushback – when hashing out ideas ranging from marketing decisions, personnel decisions, and other aspect of team operations;
- Lacob said he and his partner were “Teflon”, and that employees who don’t speak up “won’t fit in” with their organization.
- Lacob – “You need to be expressive and state your opinions without reservation.”

- **Avoiding complacency**

- The word ‘nimble’ was frequently used by Guber to describe an attractive – if not necessary – trait of successful organizations in proactively challenging yourself as an organization.
- Guber – “Challenge your own incumbency. Good stewardship demands this.”

- **Be a good listener, and skillfully hire people you truly enjoy working with**

- Lacob talked about his pride in working with people they truly enjoyed as people, and valuing the importance of transparency and listening to fans, corporate partners, and even the media.

- **Be willing to take educated risks**

- Guber – “Your determination and attitude should put you towards a goal that is compelling for the marketplace, for the organization, and for the fans. Organizations that are risk averse are going to be in the garbage of sports history.”
- Lacob – “If you always just look at past data when making future decisions, you won’t take risks.”

They raved about coach Steve Kerr, saying that his ability to relate well with people and being an intelligent guy was just as important in his success as was his prior experiences playing for legendary coaches such as Phil Jackson and Greg Popovich.

They showed admiration for other franchises both past and present, being complementary of how well the San Antonio Spurs have been run over the last 15 years, while also describing how the playing styles of the 1960s Boston Celtics and the 1980s Lakers have influenced some of their strategic and personnel decisions in recent years.

They talked about their recognition of being in the media business (Guber – “You want to connect with your audience in every possible way”) and have a “location-based entertainment company” (Lacob) that is both a basketball team and a real estate business. Lacob spoke about the pride and importance they place on building the Chase Center (to open in 2019) in order to create a sports entertainment destination which currently doesn’t exist in downtown San Francisco.

They talked about the importance of treating fans as valued patrons and family members, rather than just customers. On this point, Guber entertainingly yet poignantly noted “When you say ‘customers’, they protect their groin and their wallet. We want to go for their heart.”

They have shown the willingness to make tough organizational calls. Regarding *Chris Mullin night* in 2011 when Lacob was roundly booed by fans during a pre-game ceremony because the team had recently traded fan-favorite Monta Ellis, Lacob talked about what an educational experience that was. “That was a horrible experience. I was up all night trying to understand what happened. I answered 400 emails, and was on radio the next morning. I realized how emotionally invested the fans were, and if I was a fan under those circumstances, I might have booed me too.”

That said, Lacob knew that if he could survive that night, he could survive anything.

And here we are. Five years later.

Not only have Lacob and Guber survived, they have thrived.

In historic, record-breaking fashion.

And if the Warriors are able to win a second consecutive NBA title, all the more evidence that the managerial and leadership lessons shared by Lacob and Guber at the 2016 World Congress of Sports represent compelling axioms for *any business* to emulate when in the midst of seeking organizational rejuvenation.