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Law's next big revenue field could be inside a sports stadium

An article by attorney Jordan Furlong published this month by ABA Journal magazine posited that the legal landscape — in particular, the legal services market — is “several years into a period of fundamental change.” Indeed, it is.

There are still too many lawyers and simply not enough work to go around for everyone. Law firms across the country have been, and continue to be, scrambling like ants on a city sidewalk to locate and develop new sources of revenue.

Despite the dramatic change in the legal market, the vast majority of law firms still operate under an antiquated business model which merely maintains the status quo, rather than reflecting a changing of the times. If these firms continue to operate in such a manner, they will find themselves staring up at the rear ends of other firms who have passed them up the ladder because they recognized that changes needed to be made in order to keep up with society.

Kelley, Drye & Warren LLP is one firm that has looked beyond traditional sources of business and has cast a wider net to capture new clients. The firm has targeted a revenue source that I believe will become very popular with law firms in the near future: professional athletes and coaches.

In the fall of 2013, Kelley, Drye & Warren hired attorneys Adisa Bakira and Jeffery Whitney from Dow, Lohnes PLLC in Washington, D.C., to start a sports and entertainment practice group. In addition to being attorneys, Bakira and Whitney are also certified agents for NFL and NBA players. Together, they represent more than 35 professional athletes including Chicago Bears running back Matt Forte, Pittsburgh Steelers running back Le'Veon

Bell and the recently retired Maurice Jones-Drew.

Along with representing pro athletes, they also act as agents and legal counsel for coaches, front office executives, broadcasters and others involved in the business of sports.

The premise of their business model is simple. The firm sells itself to potential sports clients as being an alternative to the traditional sports agency and carries with it the ability to provide in-house assistance with a far greater reach than simply negotiating contracts. The firm is also able to help clients with tax issues, real estate matters, wealth preservation planning, trusts and estate planning, intellectual property protection, charitable trust planning, second career preparation and, of course, litigation.

By representing professional athletes, coaches and broadcasters as their agents, the attorneys hope to drive business to the firm's other existing practice areas. This is a tremendous way to complement and leverage the firm's existing skills and areas of expertise.

As a source of new business and revenue, you can't argue with the fact that professional athletes and sports, in general, is certainly worth exploring. “We view [athletes] as high net-worth clients, as executive clients,” Bakari was quoted as saying in an interview with The Washington Post. One only needs to look at the average salaries in the four main pro sports for 2015 to see that Bakari is correct in his assessment.

According to recent published statistics, the average salary for an NBA player in 2015 is approximately \$5.1 million. The average salary for an MLB player is approximately \$4.25 million. In the NHL, it's \$2.6 million, and the average salary in the NFL this year will be approximately \$2.1 million. (It's ironic that the most popular of all the sports leagues

AGENT OF CHANGE



NELLO P. GAMBERDINO II

Nello P. Gamberdino II has represented professional athletes from three different sports in eight countries. He is a Major League Baseball Players Association certified agent. He represents professional baseball players and acts as an adviser to amateur baseball players who are eligible for MLB's annual first-year player draft. In addition, he is the employer outreach coordinator at The John Marshall Law School, where he earned his J.D.

carries with it the lowest average salary. However, NFL teams play fewer regular season games than teams in other sports and have rosters with more players, which may help account for the disparity.)

Professional athletes are not the only people who work in sports whose wallets are getting thicker. Salaries of coaches, particularly at the collegiate level, have skyrocketed over the last several years. The Ohio State University recently extended the contract of head football coach Urban Meyer so that he will now receive an average annual salary of *at least* \$6.5 million over the next six years. This figure is especially staggering considering it is more than the average annual salary of 25 NFL head coaches.

University of Kentucky men's basketball coach John Calipari has a base salary of more than \$6 million, which doesn't include incentives, bonuses and marketing and endorsement money that he will receive. According to USA Today, of the 68 head coaches whose teams participated in this year's NCAA

March Madness men's basketball tournament, 38 of them — 56 percent — earned base salaries of \$1 million plus.

Even the salaries of head coaches for collegiate baseball teams, a sport that traditionally does not generate nearly the same amount of revenue for its schools as the football or men's basketball programs, have seen a dramatic rise in recent years. In 2013, nine of the 13 head baseball coaches in the Southeastern Conference had guaranteed pay of at least \$400,000. Salaries of assistant baseball coaches in the SEC can top \$150,000 per year.

Not to be outdone, athletic directors at NCAA institutions have seen their salaries launch upward as well. Based on 2013 salary figures, 19 Division I athletic directors garnered annual base salaries of \$700,000 or more, the highest of which belonged to David Williams of Vanderbilt University, who pulled down a cool \$3.23 million in base pay.

Despite the downward tick in the nation's economy over the last several years, the business of professional and amateur sports continues to thrive and experience exceptional growth. It is my belief that the representation of professional athletes, professional and collegiate coaches, professional team front office personnel, collegiate athletic directors and broadcasters as a new practice group for law firms will become a viable, legitimate and sustainable revenue stream for years to come.

However, success will only be achieved by those firms who put the right people in place to monetize this strategy and begin to develop this alternative business model now.

The traditional law firm business model is shifting. Those firms that are proactive will set themselves up for success. Those firms that are late to the table will get scraps.