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Confidential Instructions for Ted Wiley's Sports Agent

You own a small sports agency for professional athletes. Your firm attracts a high profile clientele, particularly professionals who play professional tennis and soccer, which has been your specialty for years. Now you're trying to bring your expertise to bear on the lucrative NBA player market.

Your first client is Ted Wiley. You're hoping to fetch a good deal for him in your upcoming negotiation with Erive Corporation regarding a potential sneaker endorsement contract.

Wiley will be a second year NBA player when the upcoming season begins four weeks from now. Wiley plays for the New Jersey Nets, a perennially poor NBA team. But despite the team's last place finish last season, Wiley had a truly sensational year – capped with a nomination to the NBA All Rookie Team. In fact, Wiley would have been named Rookie of the Year were it not for his unsportsmanlike reputation.

Basically, he has a checkered past. He quit the University of Ames after his freshman year, during which he played extremely well but was rumored to get along poorly with his coach, the legendary Chris Williams. He spent the next two years at three schools, cultivating the reputation as a fantastic athlete with a very bad attitude by regularly skipping practices and fighting with teammates and coaches. He's also had run-ins with the law. He had been arrested for shoplifting and possession of marijuana – two charges which were both ultimately dropped.

When Wiley finished at Buckeye State Junior College and declared himself eligible for the draft, most NBA teams and corporate sponsors considered him untouchable and a risky investment. Not surprisingly, he wasn't drafted by any team, but was eventually signed to a two-year deal by the Nets, who figured they would take a chance on him. To a large extent, given Wiley's sensational rookie season, it appears to have paid off. Today, he is widely regarded as a player with skills and physical abilities to be one of the league's premier superstars, provided he can shake his bad reputation.

At your meeting with Wiley yesterday, you learned that he is very desperate to resurrect his reputation. Wiley's contract with the New Jersey Nets, which currently pays him the league minimum of \$200,000 is up at the end of the season. Because of his history and reputation, he has been unable to get any endorsement deal – which is a major source of revenue for professional athletes.

Wiley acknowledges that his college-era behavior was foolish. Wiley had a tough childhood. Both of his parents died when he was young. He spent much of his youth being shuffled to various foster homes.

In his first year in the NBA, he had no personal or legal troubles. He's gotten along with teammates and coaches. He is also sincerely interested in helping

children. He has also worked to promote sports opportunities for children by actively participating in inner-city youth basketball clinics around the country.

A representative from Erive, a sporting goods company breaking into the basketball footwear market, called you yesterday to discuss a potential deal with Wiley. Wiley is ecstatic about this opportunity. Erive's founder, Patricia Peak, has taken it as a crusade to provide under-privileged children with opportunities to participate in sports including summer camps and leagues.

Wiley would boost his corporate credibility and enhance his reputation by signing a deal with Erive. It would also open up many other potential endorsement deals. Wiley has told you that getting a deal with Erive matters most to him. **If he has to, he'll do this endorsement for absolutely nothing because it would improve his chances of getting other endorsements in the future.** Of course, he'd also like to get as much as possible.

Now you have to figure out what to ask for – no simple matter.

You'd accept a one or two year contract – depending on the amount. Two year contracts are standard for NBA players in their first two seasons in the league. Sponsors don't want to be tied to a player who might not pan out, and players don't want to be locked into a contract that underpays them when they blossom into mature players.

You've also obtained data from the league that states that the average rookie endorsement for an all-star is \$1 million per year. Remember, Wiley is a second year player.

Prepare for your meeting with the representative from Erive.