



Building a Winner

By John O. Cunningham

What a difference a year makes. The Boston Celtics finished 2007 with just 24 wins - the worst record in the Atlantic Division and the second worst record in 62 years of Boston basketball. But on June 19, 2008, they rode through the streets of Beantown with the NBA championship trophy held high above their heads in front of cheering throngs of more than a million people. It was the biggest turnaround in league history.

So how can a franchise go from worst to first? How do you chalk up 66 wins - one of the top five regular-season records in league history - after being the doormat that everyone walked on for years? How do you attract the star athletes necessary to pull off that feat when you haven't won a championship in 22 years?

Law firms take note – there is a message here for you that comes directly from Celtics President Rich Gotham, who was the star attraction at this year's RainDance Conference for the Legal Sales and Service Organization.

If you think you can't afford to pay for the top lateral talent, if you think you can't win customers or clients without that talent, or if you think the competition is just too thick for your people and your brand to conquer, then think again.

"The traditional notion in sports was that you had to have a winner to sell tickets, but you couldn't win unless you had the money to pay for big talent," said Gotham, who transitioned to basketball from being president of a Boston high-tech company. "Then I had an epiphany: You don't win to sell tickets; you sell tickets to win," he explained.

Gotham led a cultural shift in thinking for the franchise, focusing on the mantra that “you need a great marketing effort most when you are losing and the team is down.” He also preached that “success is not the result of one thing, but comes from paying attention to a thousand little things,” a maxim commonly repeated by the management teams for the world champion Boston Red Sox and the highly successful New England Patriots.

In order to increase revenue, Gotham focused not just on selling tickets to a skeptical audience of customers, but on selling sponsorships, media rights, souvenirs and concessions. He also came up with a detailed plan that could well fit the needs of many a chief marketing officer and managing partner, devoting attention to:

1. *Selling.* “We knew that ticket sales form the bulk of the variable revenue stream, so we had to concentrate on that first,” Gotham recalled. So the bottom-dwelling Celtics went from having a four-person sales team to having a 35-person sales organization when there was little interest in seeing Boston’s worst team. “We did not want to wait for demand, we wanted to create demand,” the president said. Thus, the sales professionals were also given a mission to start selling at least six months before the start of the next season, and their goal was to call 1,000 people per day!

2. *Pricing and metrics.* “We also hired MIT business people and sales optimization consultants who could help us grow our dollars by doing sophisticated regression analysis. Among other things, this told us the prices we could charge, how many seats would be filled at each price, and what ticket plans would bring in the maximum revenue,” Gotham said.

3. *Alternative Fee Arrangements.* The average NBA team offers a variety of seats, but all rigidly fixed at the same price point for every day or night game, regardless of opponent. Thus,

many arenas are half empty because the limited fixed selections just don't fit the needs of fans. "But we wanted to find a way to sell out every game," said Gotham. So the team came up with 240 different price points based on a variety of factors, including the opposing team and the time of year. "We also segmented the product differently for different groups, such as families, school groups, and corporations," said the Celtics' business leader.

4. *Doing customer surveys.* "Nothing gives you a rate of return like a good survey," Gotham asserted. "We wanted to know who buys, who doesn't and why. This was important for pricing the product in different ways to fit the hard-core, casual or date night fans," he explained. The surveys also told the management team what people liked most about the game experience, what they liked least and what could be improved.

5. *Public Relations.* Boston is a tough sports town – one that is often hardest on the hometown team when it is losing. That kind of scrutiny has ushered some local athletes and managers into protective shells, but the Celtics made a conscious effort to be visible during their darkest hours. "You can't go into a bunker when times are tough," said Gotham, who said the management team decided "there would be no hiding from the press." In fact, the Celtics produced their manager, general manager and other representatives for weekly talk shows, town hall meetings, and speaking engagements to civic groups, as well as radio and television interviews.

6. *Community Focus.* The team also developed a new "heroes" segment as a part of the on-court entertainment before games or at half time. This literally shined a spotlight on ordinary heroes in Celtic nation, such as: firefighters who rescued children from burning buildings;

volunteers who organized relief efforts for families hit by catastrophes; and the families of service men and women who made extraordinary sacrifices overseas.

7. *Leveraging the Value of the Brand.* When the Celtics enhanced their community outreach, improved their food and beverage concessions, added more entertainment and attractions on court, and adjusted their pricing to meet the needs of their fans, they used the increased attendance and renewed interest in the team to bolster revenues from television and radio, advertising, and sponsorships.

8. *Lateral Recruiting.* The Celtics started filling their arena and pumping up interest in the team well before the actual on-court turnaround. But the management team was not satisfied with a profitable product – they wanted a championship product. So they used the money they earned to pay for superstars, such as Kevin Garnett and Ray Allen, and key role players, such as Eddie House and James Posey. The positive reputation of the team was also a help in the recruiting effort to get the superstars to waive their no-trade clauses.

9. *Changing the Culture.* Gotham also led a cultural shift within the organization to accelerate the pace of change. “There were some traditionalists opposed to entertainment or music at sports events, and there were even some fans who wanted no distractions from the purity of the game, but we knew that people were getting impatient for a winning team,” the president said. So, he transplanted the business approaches he learned in the ultra-competitive high-tech industry. “In the technology industry, change simply can’t take that long or you are out of business. Often you just make mistakes quickly, correct them quickly and then move on,” Gotham asserted.

10. *Guiding Principles.* “We knew what our mission was and we knew we had to get the right people for the mission,” said the Celtics’ executive, emphasizing that every success-driven organization needs to articulate its goals, find the right people to achieve them, and put them in the right positions to succeed.

The Celtics found the right people on and off the court, and they put them into the right positions to succeed. During the 2007 – 2008 basketball season, the Boston Celtics not only captured the Eastern Conference banner, they sold out every game and their logo became the number one seller on all basketball apparel. They also more than doubled their television and radio ratings, and captured a national media rating for the NBA finals that was the largest in years. Oh, and the team that Las Vegas handicapped as underdogs in the final series? They beat the Los Angeles Lakers by nearly 40 points (131 - 92) in the decisive game six in Boston.



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