



HARPERCOLLINS
LEADERSHIP



HOW THE NBA CHANGED THE GAME

The NBA Story

**The NBA we know today
-full of highlights and larger than life stars-
is VERY DIFFERENT from what it looked like
at the start of its life.**


From mergers and strikes to changes in leadership and innovations, the NBA is a strong force in the sports industry with a complicated history. Even though it's gone through a complicated history, the NBA continues to show us why it's one of the best businesses today.

The following illustrates three key takeaways and the moments in the NBA's history that's made it into one of the most successful sports leagues in the world.

Think Global, Act Local

The NBA's global approach to marketing, developing players, and conducting business led to its global success. It now ranks as one of the world's most popular sports, second only to soccer. The league's universal appeal is nothing new. It's something that has been cultivated throughout many years. It was under commissioner David Stern that the league embraced the ideology of "Think global, act local," because it allowed the NBA to become familiar with the local culture and customs while having a presence in various countries to drive more opportunities around merchandising, marketing, and community events.

1978 ○ The NBA realized exhibition games were one of the best ways to promote the league abroad. The league has since held several exhibition games in Israel, Tokyo, Mexico City, Paris, London, and various countries.

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- 1980s ○ The league gained global attention through the success of its international players like Nigerian born Hakeem Olajuwon, Croatian born Dražen Petrovic, Dominican Republic's Dikembe Mutombo, and more.
- 1992 ○ The Dream Team got the ultimate global introduction at the 1992 Olympics. The team dominated the event with players like Michael Jordan, Magic Johnson, Larry Bird, and Charles Barkley.
- 1993 ○ November saw the introduction of the NBA's first international team: The Raptors, located in Toronto, Canada.
- 1995 ○ The Chinese Basketball Association was formed. Two years later, Yao Ming, the 7'6" basketball player, would join the Shanghai Sharks.
- 2001 ○ Basketball Without Borders is established. The organization would go on to become one of the most widely respected development programs that brings together young talent to play and learn the game together. As of 2020, nearly 70 players who attended the program have been drafted into the NBA or signed as free agents.
- 2002 ○ Yao Ming became the first international player to be selected first overall in the NBA draft.
- 2004 ○ Yao Ming and the Rockets became the first NBA team to play exhibition games in China.
- 2016 ○ The NBA announced the development of elite training centers in Urumqi, Jinan, and Hangzhou. This prompted

- the explosion of NBA marketing and merchandising in the country. China is now the second-largest market for the NBA, only second to North America.
- 2019 ○ Marked the first time a team (Toronto Raptors) that played outside the United States would walk away with the NBA Championship.
- 2020 ○ The NBA has more than 100 international athletes that play throughout the league.

Be Open to New Opportunities

Successful businesses must learn to adapt and thrive during moments of change, and the NBA has seen several changes since the invention of the game in 1891. A game that was once created merely as an activity for James Naismith's students, played with nothing more than a ball and a peach basket, has become one of the most successful sports leagues in the world. From developmental changes and new rules and regulations to mergers and being open to new business ventures, the NBA has consistently been on the precipice of innovation for the game.

- 1946 ○ The National Basketball League (NBL) and the Basketball Association of America (BAA) merged to become a larger-scale version of the BAA. If a team wanted to enter the league, the new team would have to pay a franchise fee of \$10,000. In contrast, a new team today would have to pay \$300 million to enter.

There six teams that were present during the BAA that still have ties to teams currently in the NBA, including Buffalo Bisons (Atlanta Hawks), Detroit Gems (Los Angeles Lakers),

Zollner Pistons (Detroit Pistons), Minneapolis Lakers (Los Angeles Lakers), Rochester Royals (Sacramento Kings), and the Syracuse Nationals (Philadelphia 76ers)

1949 ○ The BAA is renamed to the National Basketball Association. The league was created (and remains) a self-managed organization body, whose members and team are independently owned.

1950s ○ The NBA experienced movement and contraction within the league, as owners realized the bulk of the revenue would come from ticket sales. Many owners moved their franchises to new markets.

○ The Tri-City Blackhawks moved to Milwaukee in 1951, and again in 1955 to Saint Louis, which is where they played for 13 years before moving to their permanent spot in Atlanta.

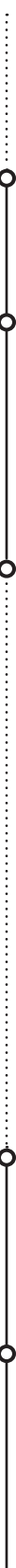
○ The Fort Wayne Pistons traded in their high school gymnasium for a new arena in Detroit.

○ The Rochester Royals moved cross-country to three different locations, including Cincinnati, Kansas City, and finally, Sacramento.

The contraction in the league dropped total teams from 17 to 10 by the second season. It wasn't until the **1970s** that the NBA would return to a 17-team league.

1954 ○ In a game that was established years before the NBA, innovation was key to keeping fans interested. The Syracuse Nationals introduced the 24-second shot clock,


- which helped the pace of play. Additional improvements to the game included changes to long-standing rules, foul lane increases, and goaltending.
- 1954 ○ The National Basketball Players Association is formed with the help of Bob Cousy, Carl Braun, Dolph Schayes, and Paul Arizin. The NBPA was the first players' union in organized sports in the United States. The union allows for players to air concerns, questions, and grievances to the commissioner and additional NBA execs.
 - 1966 ○ Chicago Bulls joined the league for a small fee of \$1.6 million.
 - 1967 ○ San Diego Rockets and Seattle Supersonics joined the league.
 - 1968 ○ Milwaukee Bucks and Phoenix Suns joined the league.
1970: Cleveland Cavaliers, Portland Trailblazers, and Buffalo Braves joined the league.
 - 1974 ○ New Orleans Jazz joined the league, marking the 18th team in the NBA.
 - 1976 ○ NBA owners voted 17-1 to merge with the American Basketball Association, which was known for its flashier style. The ABA's presence is still felt in today's game with the introduction of the three-point shot, Slam Dunk and three-point shooting contests, and the Spencer Haywood rule, which allowed players to declare for the league at an earlier age.

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- The Denver Nuggets, Indiana Pacers, New York Nets, and San Antonio Spurs joined the league through the ABA.
- 1988 ○ The Miami Heat and Orlando Magic joined the league and expanded into the Florida market.
- 1989 ○ The Charlotte Hornets and the Minnesota Timberwolves were introduced to the league, entering a new market in Charlotte, and seeing the return of a franchise to the Minnesota market.
- 1996 ○ To diversify and reach a new market, David Stern launched the concept of a professional league for women in conjunction with the NBA. It would be just a year later, in June 1997, where the Women's National Basketball Association would form and have its first season.
- The WNBA's original eight teams were set in cities where existing NBA teams were located, including the Charlotte Sting, Cleveland Rockets, Houston Comets, Los Angeles Sparks, New York Liberty, Phoenix Mercury, Sacramento Monarchs, and the Utah Starzz.
- 2005 ○ NBA launched its first community service program called NBA Cares, which is designed to address social issues domestically and globally.
- 2019 ○ The NBA found success in the gaming world, thanks to NBA2K. The league realized the potential to appeal to new fans in a new format. As such, the NBA has since invested and continues to support a competitive gaming league, which illustrates the NBA's willingness to listen

| and adapt to new ventures.

Find Additional Revenue Sources

From television and sponsorship deals to expansions and merchandising, the NBA has realized that while tickets have an essential part in its overall revenue, there are many more lucrative and meaningful avenues to explore—both for the game and individual players. These additional avenues would not only boost the league's revenue but would also increase its overall reach and influence.

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- 1953 ○ The first television deal for the NBA is secured with the DuMont Network for a single season.
 - 1954 ○ The NBA secured a long-term deal with NBC. The widespread acceptance of the league was more readily available because of the TV deals that were in place.
 - 1960 ○ The Bill Russell and Wilt Chamberlain rivalry was a major boost to both the league and a sharp increase in TV ratings and sellout crowds. Throughout NBA's history, highly touted rivalries have helped reinvigorate the sport as "must-see TV."
 - 1971 ○ Kareem Abdul-Jabbar signed an endorsement deal with Adidas for the first player-endorsed basketball sneaker. This moment opened the doors for other NBA superstars to collaborate with brands on multi-million dollar deals.
 - 1973 ○ NBA signed a \$27 million deal with CBS for TV rights to the league. While ratings in the 70s dwindled, the impact of TV coverage cannot be overstated; it allowed viewers across the country to tune into games, series, and matchups that

- couldn't be missed. In the 80s, as the influx of cable became a thing, the league would eventually find itself again in good graces with ratings climbs due to certain matchups and rivalries.
- 1979 ○ As stated earlier, rivalries in the league were made for "must-see" moments in the history of the NBA. In the 1979-1980 season, fans were exposed to Ervin "Magic" Johnson and Larry Bird, who had already established themselves as major players in the NCAA. Their rivalry, enhanced by TV coverage in the 80s, was something that millions tuned into all across the country.
- 1980s ○ David Stern's time as commissioner will be felt throughout the league for generations. One of the most critical impacts his era had on the sport was his openness to expanding revenue sources that had never been done before in the league. He grew the league in all directions through marketing, merchandising, and licensing. He managed the league to focus on brand equity in the 1980s; a concept few understood the importance of at the time.
- Stern's approach, bringing in more revenue through marketing, merchandising, and sponsorships, took everything up to a higher level.
- Stern brought on nearly 600 people who had the desire to see the league grow into something beyond what other leagues had ever done before. He established strategic alliances with retailers, strong relationships with television, and supporting brand ambassadors whose deals provided the league with more visibility.

- “When Stern initially took office, the twenty-three NBA teams were collectively worth \$400 million, when he left office, they were worth nearly that much individually. New teams entered the league for a \$6 million expansion fee. That rose to over \$300 million by the time Stern left.”
- 1984 ○ When Michael Jordan joined the league, everyone knew he was special, but few knew the importance he would have on the sports world. In his 13-year career, Jordan dazzled fans around the world, and he helped lead the Chicago Bulls to their first-ever NBA title, as well as five more titles to follow.
- Aside from his career achievements, his sneaker launch would change the culture of endorsement deals and basketball shoes. Quickly, his Air Jordans would become the greatest selling sports shoe in history. He also agreed to contracts with Gatorade, Hanes, Coca-Cola, McDonald’s, and more. It’s estimated that Jordan had a \$10 billion impact on the economy, from filling arenas, TV revenues, and product deals worldwide. Jordan’s impact and his endorsements signified the capabilities of new revenue streams and paved the way for many more players to reap the benefits.
- 2000 ○ Kobe Bryant and Shaquille O’Neal entered the league. The duo would lead the Los Angeles Lakers to three consecutive titles and boasted attendance to nearly 19,000 per game.
- Since 2000, the NBA has been hugely successful. From the years 2003-2004, the league reached nearly \$3 billion in revenue, and by the 2018-2019 season, the league has topped at \$8 billion in revenue.

2003 ○ The NBA draft class was led by the first-round pick of LeBron James, who was selected by the Cleveland Cavaliers.

“LeBron was soon signing worldwide endorsement deals with Kia, Gatorade, Sprite, Beats, Intel, and Blaze Pizza, along with a \$1 billion lifetime deal with Nike. LeBron instantly became his own brand and the new brand ambassador for the league—like Jordan, LeBron became the single-most recognizable, and marketable athlete in the country and perhaps in the world.”

2017 ○ The NBA signed a deal with Gatorade to sponsor the NBA Development League, which had been established since 2001. The league is now known as the G League, becoming the first professional pro-sports league to be sponsored by a major brand.

The NBA has continued to grow in a multitude of ways, from televising the college draft, the league-owned TV network, which now reaches nearly 50 million households, and TV deals with ABC and ESPN, which reached almost \$24 billion. The league is well on to new levels of successes, as illustrated through nearly \$1 billion in sponsorship deals for the first time in **2017**. The NBA is now a thriving business and model for how a sports league can become a global entity. Estimates of **each franchise in the NBA is worth close to \$2 billion**.