

DECEMBER 2007

## Using Business Savvy to Ensure a Winning Goal for Seattle's MLS Franchise

At first blush starting a new business may seem to have little in common with bringing a major league soccer franchise to Seattle. Then again, maybe it does. Adrian Hanauer, the owner of the Seattle Sounders and part owner of the new Major League Soccer (MLS) franchise, has been working to bring the "big leagues" to Seattle for years. Most would agree that he scored a coo by beating out other vying cities to secure the Seattle MLS franchise. It required building an ownership group and leading that group through the process of valuing the opportunity for a team in the Seattle market. According to Hanauer, many of the lessons he learned from his experiences building profitable businesses were transferable. He found commonality between MLS and his other ventures, which included starting Museum Quality Framing, a pizza chain, Curious Office and running his family business, Pacific Coast Feather Company.

"The soccer business is not that different from other businesses because in the end every business has to make money," explained Hanauer. However, Hanauer is careful to assert that every successful business is usually about more than just the bottom line. In the case of bringing MLS to the Emerald City, Hanauer, a life long Seattleite, was driven to use MLS as a catalyst to further secure Seattle's place on the national map. With other cities vying for franchise rights, Hanauer, applied his broad-based business savvy to accomplish his altruistic goal. Now, through careful foresight and planning he is working to position Seattle's MLS franchise to achieve his bottom line goal: to be money making venture.

At a recent Northwest Entrepreneur breakfast meeting, Hanauer shared his strategies for ensuring a winning goal for Seattle's MLS franchise. He's spent many years trying and refining four fundamentals for ensuring business success, and is now applying them to building a winning MLS franchise.

### Executive Insights



Cheryl Isen

### First, know your market

To be successful, every business has to have a strong market. Although instincts told Hanauer that Seattle would be a great market for MLS, he dug deep into the research to verify it. For example, Seattle's unique demographics make it particularly appealing to MLS. Soccer is a worldwide sport and understanding local demographics were a key part of determining Seattle's market value. In the past decade, Seattle has seen a major increase in its Asian and Hispanic populations, two nationalities with a passion for soccer. The city has also tested the local appeal. Seattle has hosted numerous international soccer matches, including the 1-1 draw between Real Madrid and D.C. United in 2006 that sold out Qwest Field with the largest soccer crowd in Seattle's history - 66,612.

### Second, be clear about the "opportunity metrics"

When Hanauer reviewed the opportunity metrics for MLS in Seattle he saw immense possibility. Seattle's changing demographics combined with the overall growing, global market interest in soccer,

create significant opportunity. Five factors will be critical to whether MLS in Seattle achieves profitability and makes money.

- TV ratings: the growing interest in soccer is boosting TV ratings. This will help to secure corporate sponsors seeking a global market opportunity.
- Attendance: soccer attendance is growing. 2007 statistics showed an 8% year over year increase.
- Fan base: A growing fan base fuels significant merchandise sales. The highest selling jersey for all professional sports in 2007 was David Beckhams (LA Galaxy).
- Growth potential: MLS was recently rated by more than 2000 sports executives as the sport with the most growth potential of all sports.
- Valuations: Although valuations are arguable until a franchise is actually sold, investors in the LA Galaxy team started with a \$30 million dollar investment and the franchise is now valued at \$125 million.

### Third, assemble a winning management team

It almost goes without saying that every business needs the right mix of executive talent. As the general manager, Hanauer has surrounded himself with a who's who of talent that will each play a unique role in the franchise's success.

Majority owner Joe Roth, a Hollywood movie studio executive, brought the cache and worldwide connections that Seattle needed to secure its MLS franchise. No doubt Roth's entertainment

expertise will be highly leveraged to bring the necessary glitter to the team. As the GM, Adrian Hanauer brings the critical local connection to the franchise. With his years of experience running the Sounders, he's well suited to hiring coaches, training and managing youth operations. Another key local owner is Paul Allen's Vulcan Sports & Entertainment organization. As the parent organization of the Seahawks they will run all the back office operations for the franchise, including hosting games at Qwest field. Perhaps the most unlikely owner is the comedian Drew Carey. As a self-proclaimed soccer fanatic Carey is already taking a lead on Fan Club operations and will energize fans everywhere.

#### **Fourth, aggressively build the brand**

With team play beginning in April 2009, Seattle's franchise has a longer lead time than most, (nearly 16 months) to aggressively build its brand. First up is to

name the franchise. Although no names have been decided at this writing, every option is being carefully considered and the owners are well aware that they only have one chance to get it right. Even without a name, Hanauer is clear on the franchise's brand fundamentals stating, "Our franchise will be inclusive, authentic and different." Inclusiveness addresses the broad international appeal of the sport and the franchise's desire to ensure that families can afford to attend games. Authenticity means that the franchise will have a strong focus on the sport of soccer. And different, defines the franchise's desire to offer a different sporting venue. They won't try to be the NFL, and they'll strive to involve fans in driving pieces of the business.

At the moment, things are looking rosy for Hanauer and his new venture. The number one goal right now is ticket sales, and their up. More than \$10,000.00 in season ticket sales deposits are already

in, the third highest in MLS. Yet after the excitement and bloom fades, keeping ticket sales up will have a lot to do with building a winning team and making goals. Odds are Hanauer has a few more seasoned tricks up his sleeve to accomplish that.

These "Executive Insights" are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWEN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps emerging companies increase corporate visibility and brand awareness. Contact Cheryl at (425) 222-0779, Cheryl@IsenandCo.com or on the web at [www.IsenandCo.com](http://www.IsenandCo.com).