

Making it in a league of your own

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By Chris Taylor

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Take a look at Frank Boulton during a baseball game and you would think he was rooting for the New York Yankees in the middle of a pennant race.

But it is not the Yankees, or any other major league team, that Boulton lives or dies for. It's the **Long Island Ducks**, an independent minor league team that plays out of little Central Islip, Long Island. With 6,000 fans a game paying an average of \$9 to watch the Ducks, it is a long way from Yankee Stadium. But for Boulton, that's his heart and soul displayed on the field.

"I love business, and I love baseball," says Boulton, a former bond trader with the likes of Smith Barney and UBS who left Wall Street for good in 1997. "Owning my own team is like putting the two together. Plus it makes me feel like Santa Claus, delivering something to the community."

Boulton is part of a larger trend of resurgent minor league baseball along with potential owners jostling to be a part of it. Last year attendance for affiliated minor league teams hit a record for the second year in a row, bringing in 41.3m fans to quirky concerns such as the **Lansing Lugnuts**, the **Sacramento River Cats** and the **Mahoning Valley Scrappers**. While the major leagues are mired in controversial issues such as steroids and 10-figure contracts, the minor leagues are reminiscent of a simpler time, preserving the qualities of America's summer game.

"Being a ballclub owner is so much better than owning a widget factory," says Frank Deford, baseball historian and Sports Illustrated writer, who remembers watching the **Baltimore Orioles** when they were still a minor league team. "What could be more fun? It allows you, on a minor league level, to be like a George Steinbrenner or a Fred Wilpon. It lets you say, 'I've got a team, too!'"

For Boulton, ownership means doing a bit of everything: building multimillion-dollar stadiums, wheeling and dealing for players, checking that the ballpark is clean and that the concession stands are being run with a smile. "It's much easier and cheaper for potential owners to just buy a ticket," laughs Boulton, who also owns the Atlantic League's **Camden Riversharks** and the **Atlantic City Surf**, having founded the league in 1998. "But it is a terrific business. And I get to be at the ballpark every day."

For the owners of the 176 teams in 15 different leagues affiliated with major league baseball, however, the owner's role is much more limited. The big leagues govern your players, your equipment, and most everything else, leaving you essentially as a stadium operator. "Your job is to get people in the ballpark and sell popcorn," says Rodney Fort, a sports economist at Washington State University. "You provide the venue, and you generate wonderful family experiences. But you have nothing to do with the franchise on the field."

Which isn't to say that minor league teams are not valuable commodities, and becoming more so. In recent years the ante has been going up: about \$12m-20m for a triple-A club, \$7m-12m for double-A, and \$3m-7m for single-A, according to Andrew Zimbalist, economist and author of *In The Best Interests of Baseball?* But the price tag has not scared off investors, with 15 teams changing hands just last year.

Now big corporations and celebrities have been enticed into the field. Mandalay Sports Entertainment owns teams such as the **Dayton Dragons** and the **Frisco RoughRiders**, among others, while cable giant Comcast-Spectacor owns the **Bowie Baysox**, the **Delmarva Shorebirds**, and the **Frederick Keys**. Even ex-major leaguers Cal Ripken Jr. and Nolan Ryan are trying their hand at running their own clubs.

It is only comparatively recently that minor league baseball has been recognised as a solid investment, with the possibility of annual profits as well as longer-term capital gains upon resale of the team. The hugely popular **Brooklyn Cyclones**, launched in 2001, showed the potential. Gross revenue for minor league teams has climbed to \$500m and the average profit margin is between 5 and 10 per cent, according to Minor League Baseball spokesman Jim Ferguson.

"Professional operators have started to see a real business here," says Randy Vataha, president of Game Plan, a sports-focused investment banking group. "They have brought in quality staffs, employed modern marketing techniques, and have

bought multiple teams to spread out their costs.”

This kind of investment was unheard of years ago, says Sports Illustrated’s Deford, when “nobody made any money in minor league baseball”. Indeed, from a postwar high of 400-odd teams in 50 different leagues throughout America, the minors went into a death spiral, with team after team shutting down because of major league competition.

Now, ironically, it is that very comparison with the majors that has families flocking back to the minors. According to Team Marketing Report’s fan cost index, it now sets a family of four back \$171.19 for a trip to a major league ballpark, when you include costs such as parking, soft drinks, hot dogs and game programmes. That is simply out of reach for many families, which leaves the minor leagues with a tight grip on that lower price niche.

And that is just the way Mike Veeck likes it. Veeck is one of the pioneers who helped revive interest in the minor leagues in recent years as owner of the independent **St Paul Saints** in Minnesota. Veeck already had baseball in his bloodstream, as the son of Bill Veeck, the iconoclast who once sent 3’7” Eddie Gaedel up to bat for the St Louis Browns to take advantage of his tiny strike zone.

With ownership stakes in six teams, Veeck says minor league owners should marry good business sense with the soul of a showman. He has personally rolled out memorable promotions such as Enron Night (complete with revised attendance figures and multiple paper-shredding stations).

Other owners have followed suit: minor league promotions includes hairy back contests, drag queen derbies, blindfolded cow-tipping, llama races, and even Ted Williams Popsicle Night, after news emerged that the Hall of Famer’s head had been cryogenically frozen.

But comedy aside, Veeck sees his ballparks as the emotional heart of their communities, and a crucial tonic for a complicated era. “We still sell \$1.50 hot dogs and \$2 beers, so you don’t have to mortgage the house to be a minor league fan,” he says.

Veeck makes the numbers work by plumbing the three traditional revenue streams of minor league baseball – ticket sales, ad sales, and concessions – and bringing another 8-10 events a year into each of his stadiums. More than anything else, it is the spruced-up ballparks, most of which have been upgraded or built from scratch, which analysts credit for the minor league boomlet.

In many cases owners get financial help to create ballparks, relying on local grants to drive the business plan. Securing subsidies is a huge help but a lot of work, warns Game Plan’s Vataha. From meeting local authorities to troubleshooting zoning and construction issues to getting league approvals for possible relocation, your fantasies might get caught in the muck of reality.

Even with local assistance, potential profits are not outrageous, so temper your expectations. If you are aiming to be an affiliated team, your major league partner will have a good idea how much profit you can bring in. “In most cases, you have to have a contract with Major League Baseball to even have a team – and they know that,” says Fort. “So all they have to do is figure out how valuable you are, and suck away as much profitability as they can.”

For non-affiliated teams, ownership is more a question of having a stomach for risk. Because independent teams may come and go every year, whole leagues may evaporate overnight, and you have to be willing to ride out that instability.

Owners can make a very good living at the ballpark, with the added spice of being around the game they love. Although even Mike Veeck admits he is shocked at the price tags for minor league clubs, which in many cases exceed what he and his dad’s ownership group paid for the big-league Chicago White Sox in 1975 (\$9m).

But financial success should be a byproduct of your venture, not the goal, advises Veeck. “If you are in it only to make money, and you lack passion for the game, you’ll get murdered. You should get involved because baseball is like oxygen to you. It is to me.”

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