Sports Agents Essay, Research Paper

People have been entertained by sport since before the gladiators in the Roman Coliseum. In the 20th century, the publics passion for sport consumes more and more of their free time. As sports figures became internationally recognized, athletes began to realize their need for professional representation. Thus, sports agents were born. The field of sports agents has grown since then into an enormous field. Agents now deal with every aspect of an athlete s life. Agents can be considered professional mangers who find the best place for their client s talent.

Sports Agents have not been around for a long time. Until the 1970 s, very few players had agents because teams would not deal with agents (Masteralexis, 244). Many times players found that having an agent was a disadvantage to them. For example, In 1964 Jim Ringo brought his financial advisor (agent) to help negotiate a contract with Vince Lombardi of the Green Bay Packers. Lombardi excused himself for a minute, when he returned he told the agent that he was negotiating with the wrong team (Masteralexis, 244). Agents had been around since prior to the 70 s, but were few and far between. C. C. cash $ carry Pyle is though to be the first Sports Agent. The first account of negotiations came when Pyle Negotiated a deal with the Chicago Bears for Red Grange to earn $3,000 per game and $300,000 in endorsement and movie rights (Masteralexis, 244). A few years later Babe Ruth allegedly consulted sports cartoonist Christy Walsh to serve as his financial consultant through the depression. These early accounts are the beginning of the Sports Agent. It took years for the agent to develop however.

Since the 1970 s the Sports Agency business has sky rocketed. There are five main factors that account for this. The reserve system is the first factor that lead to the growth of the Sports Agent. The reserve system was a restrictive system that limited the free, or open market. This enabled owners to retain rights to players and depress their salaries. Major League Baseball had the first system, which consisted of two parts, the reserve clause and the reserve list. The reserve clause stated that each player s contract could be renewed by the team season after season, for as long as the club wished. The reserve list was sent to each team by the league. Teams had to place the names of reserved players on the list, and other teams were not allowed to offer contracts to players that were on the list. This system bound players to teams and allowed owners to depress salaries of players.

The second factor was the development of competing leagues. Competing leagues such as the American Football League, the American Baseball Association, the World Hockey Association, and the United States Football League offered an alternative to athletes (Masteralexis, 246). These leagues offered higher salaries to induce players to move from their original teams. When players left a team to for more money, it also increased the salaries of players who stayed on the team. Agents played a crucial role in determining what was best for athletes, and which league they should choose.

The third reason for the growth of Sports Agency is the evolution of players associations. The Major League Baseball Players Association (MLBPA) led the move away from informal, powerless associations to true labor organizations that took part in collective bargaining (Masteralexis, 246). This organized a central association to bargain for players income, post career income, tax breaks, and others. The union also made it possible for players to fight, or even strike to get what they wanted. One of the largest accomplishments of the MLBPA was establishing free agency. This was able to happen when Major League Baseball and the MLBPA went through negotiations and the MLBPA won the right to labor grievance arbitration. Under this arbitration the MLBPA achieved free agency. The establishment of free agency made a large spot for Sports Agents to do their work.

Fourth, as players salaries increased, the need for financial advice increased. Agents were able to help players with tax advice, and other forms of business advice. Agents came to the aid of athletes by helping them negotiate clauses for increased income, tax breaks, and post career income. A players ability to hire an agent with comparable negotiating experience to that of teams will help to level the playing field (Shropshire, 1990). Without the help of an agent, the athlete may have no negotiating experience could find themselves negotiating against a team that does it all the time. Agents also allowed players to concentrate on their sport by protecting players from tax and insurance forms, travel arrangements, the media, and the emotional stress that goes with being a high profile figure. Agents acted as a shield to outside distractions (Schwarz, 1996).

Finally, agents were able to help athletes with rising product endorsement opportunities. Martin Blackman pioneered negotiation of endorsement contracts with retired athletes in Miller Lite commercials (Shropshire, 1990). Athletes such as Michael Jordan and Shaquille O Neal have starred in motion pictures. Other athletes such as Andre Agassi, Wayne Gretzky, Ken Griffey, Jr., Joe Montana, Shaquille O Neal, Monica Seles, and Tiger Woods have opened theme restaurants, sports bars, and music clubs. Agents play a large role in helping athletes make the transition and business transactions to establish ventures outside of sport.

While there is no required degree to be a sports agent, there are eight essential functions that sports agents have to be able to perform. The eight functions include negotiating athlete s contracts, marketing, negotiating athlete s marketing contracts, financial planning, career and post career planning, dispute resolution, legal counseling, and personal care.

Negotiating an athlete s contract is the main function of a sports agent. In order to do this the agent must be familiar with the sport, the rules, and the regulations of that particular sport. The agent is responsible for negotiating bonuses (which may include reporting to training camp, attendance, or incentives), and income for the player while he or she is on the team and after he or she has retired. After negotiating the contract, the agent must also be sure that the contract is administered. It is the agent s job to make sure that the player and the club follow the rules set by the contract.

Marketing the athlete is the second of the eight functions. According to Lester (1990), this step includes developing a plan in which each endorsement creates an image consistent with the athlete s ambitions and long range goals. However, the athletes career may be short, therefore it is the agents job to make sure that the athlete maximizes earnings and public exposure during his or career (Lester, 1990). The agent must also be familiar with restrictions against an athlete marketing themselves, such as alcohol or tobacco endorsements. Marketing an athlete is largely creating and or polishing the athletes public image (Masteralexis, 1998). Some agents now hire sports media coaches to train an athlete for meeting the press and public. For example, Jerry Stackhouse s media coach, Andrea Kirby, started off his session with having him write down a list of his personal positive qualities. She then told him to carry it with him and review it every time he faced fans or media (Thurow, 1996). Marketing an athlete is simply creating a positive public image of the athlete, which in turn will result in popularity of the athlete.

The third function of a sports agent is negotiating marketing or endorsement contracts. In this area, the agent must know the limitations the sport places on the athlete s ability to endorse products. For example, all major sport leagues prohibit the use of team names and logos in endorsements, and most professional sport leagues ban endorsement of alcoholic beverages and tobacco products (Lester, 1990). The most important part of negotiating endorsement contracts is that the agent must be sure to maintain the athletes exclusive rights and control over his or her image. The agent must also be familiar with the terms that are typically negotiable in an endorsement contract. The terms include endorsed products, contract territory, length, annual base compensation, bonus compensation, in-kind compensation, signature products, promotional efforts made by the company, personal appearances, the athlete s approval of company advertising, if the athlete will use/wear the product, and company protection of athlete endorsement (Lester, 1990). In negotiating athlete s endorsement contracts, agents play the role of the middleman, fighting for the best deal for his or her client.

Financial planning serves as the fifth function that agents are responsible for. This step covers banking and cash flow management, tax planning, investment advising, estate planning, and risk management. This is where an education serves agents well. Many times there have been legal cases concerning fraud between athlete s and their agents. Athletes look for educated agents because it is though that they may be better trusted. These agents are thought to be honest with the athlete s money, and also mistake free with the money. This step is the main divider between agents with educations and agents without an education.

The next function is career and post career planning. This step includes agents helping athletes make the transition to a professional sport and again with the transition into retirement (Masteralexis, 1998). The average career length varies by sport, but is generally under five years. Therefore, it is the agent s job to maximize earning potential during and after the athlete s playing career. At the same time it is the agents job to protect the athlete from overexposure. The agent must balance the need to maximize exposure with doing what is best personally and professionally for the athlete (Masteralexis, 1998). This function also includes the agent investing time, energy, and money into the athlete s career before the player has made it big. If the athlete s career doesn t take off, this results in the agent losing money.

Dispute resolution follows career and post career planning on the list of functions. Dispute resolution is somewhat self-explanatory. It includes the agent resolving disputes with the league, team, teammates, fans, referees or umpires, the media, and endorsement companies. Renowned baseball agent Dennis Gilbert likens the role of the agent to a shield, stating that it is the agent s task to shield the athlete from the headaches that go along with resolving disputes (Schwarz, 1996). This so called shield allows players to concentrate completely on their sport, without outside distractions.