

# AMATEUR BASKETBALL IN THE SHOE WAR ERA

November 1, 2007

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As all of you probably know, tonight I am presenting my inaugural Athenaeum Society paper, an experience that nearly everyone in this room has endured at some time. And, as I am confident each one of you would attest, it is a somewhat intimidating experience. As I look out upon the Society, I see a very intellectual and sophisticated group of men. I mean, there is Dr. Sivley... and... well, he is the only one who springs immediately to mind. Regardless, as I began thinking about potential subjects for this paper, I wanted to validate my inclusion into this organization by presenting a topic that would demonstrate some intellect and a general knowledge of important issues that are presently impacting society. Upon realization that I had no real knowledge of anything in that vein, I decided to go with sports.

I would wager that nearly every person in this room was involved in some form of athletics as a young person, and regardless of skill, or lack thereof, most of us have fond memories of those times. These fond memories are derived from the purity of sport. Whether in the yard, on the playground or in organized leagues, there is nothing more pure than competition. Inside that miniature world of sport, the larger world is irrelevant, and the sole pursuit is winning. Along with the games themselves, there is the equally valuable establishment of relationships with your teammates and friends. For those who go on to play at the high school level, there is also the simple civic pride of representing one's community. We all look back fondly on these experiences because they were uncomplicated. We played because it was fun to do so. Now, however, for young people who demonstrate the potential to excel at the game of basketball,

those pure waters have become uncomfortably muddied. No longer are these elite kid's days about the simple joy of playing a game they enjoy with their friends. Instead, their days, and their lives, are largely controlled by shoe companies who essentially purchase the rights to such a child as early as age twelve. Once caught up in the business of AAU basketball and corporate sponsorship, kids are flown around the country for much of the year, steered to schools far away from their hometowns and friends, and encouraged to put their academic careers on the backburner. Dressed in their sponsor's complimentary shoes and apparel, they become walking billboards designed to entice lesser talented kids to emulate these young pitch men by purchasing their brand. Essentially, the uncomplicated joy of playing a game has been sold to Nike and Adidas for a few free pairs of shoes. There is money to be made, and big business cares little for fond memories of a simple game.

It all began with MJ, or Michael Jordan as he was known when he left the University of North Carolina in 1984. Sure, there were athletes who had endorsed merchandise, including shoes, before. Converse, the basketball industry leader at the time of Jordan's arrival, had used both Larry Bird and Magic Johnson as pitch men for their own brands in the early 1980s. Jordan, however, ushered in a new era of sports marketing that would forever change amateur basketball.

The unlikely character who essentially masterminded the Jordan-Nike dynasty was a former professional gambler turned Nike ad man name Sonny Vaccaro. I could spend pages detailing Vaccaro's brash style and multitude of

schemes, but I think his general street wise persona can be pretty well summed up by Hollywood's casting decision in an upcoming HBO movie about Vaccaro's life. In it, Vaccaro will be played by James Gandolfini, or as he is more widely known, mob boss Tony Soprano.

By the time Jordan left North Carolina, Vaccaro had already proven himself as somewhat of a basketball innovator by creating and running the first national high school basketball all star game, the Dapper Dan All-Star Game in Pittsburgh. Nike hired Vaccaro to tap into his immense basketball connections to entrench it into the world of basketball marketing.

Vaccaro, against some resistance at Nike from those in the company who felt that Charles Barkley or Hakeem Olajuwon would be better pitch men, literally staked his job on the bet that Jordan was the guy. He then used his powerful and dynamic personality to endear himself to Jordan and his family, and, more importantly, to endear the Jordans to his employer. He, along with Nike exec Rob Stresser, created the Air Jordan, and signed Jordan to the first ever shoe deal that included royalties to the athlete. It was a gamble that would pay off beyond all expectations for both parties.

In 1986, in a widely watched playoff game against Larry Bird and the Boston Celtics, Jordan pumped in 63 points. The popularity of both Jordan and Nike exploded. By 1988, Nike moved from third place in the athletic shoe market to the industry leader. By 1997, sales reached 9.19 billion, up 1,000% from 1987. Almost all of this was attributed to Nike's relationship with Jordan. It was a perfect storm of hype, timing and merchandising. It also had dramatic

repercussions on the world of amateur basketball. Nike had hit a gold mine by way of a glorified street agent's relationship with an amateur basketball player. Now, it needed to do it again. And, it had to find that player before Adidas did.

In the book Sole Influence, from which much of this paper is derived, co-authors Dan Wetzel and Don Yaeger summarize the Jordan effect as follows:

This is fact: Jordan brought Nike to inconceivable levels of popularity and worldwide dominance. This too is fact: The battle to find similarly effective stars to endorse products—to find “The Next Jordan”—has intensified with frightening seriousness. Where once a player, after being drafted or even a few years into his career, reviewed some solid business presentations before choosing a potential endorsement, now a young player can be slotted for a shoe company—particularly Nike or Adidas—as young as twelve years old (Sole Influence, p. 4).

The mission was now apparent. The shoe companies had to find the next great vehicle to hitch their respective wagons to. Neither Nike nor Adidas could allow their competitor the opportunity to swoop in on a player before the other had an opportunity to contact them. For this reason, the initial contact had to be made at a younger and younger age. The problem was that there was no system in place in which to find the kids who had the ability to move the product. Once again, Sonny Vaccaro's personality, and Nike's money, paved the way.

Vaccaro had already initiated the concept of paying college coaches in return for their teams' agreement to wear Nikes in the 1970s. Essentially, Vaccaro would meet with a coach, offer to outfit the team in Nike shoes and apparel, and pay the coach between \$5,000.00 and \$10,000.00 for their trouble. Before Vaccaro began this practice, only Nike CEO Phil Knight's alma mater, the

University of Oregon, wore Nike sneakers. By 1984, with the aid of Vaccaro's bribery strategy, 60% did. This not only gave Nike a powerful advertising medium (players on TV wearing their shoes), but also gave Nike marketing people automatic relationships with players coming out of college and into the NBA. However, as recognized by Vaccaro, starting the relationship in college was too late. Thus, the shoe companies began looking towards high school and AAU basketball (AAU, for those that are not familiar, is non-scholastic amateur athletics). Just how interested did the shoe companies become in this pursuit. Well, as the old axiom goes, that question can be answered by following the money.

As of the year 2000, Nike's yearly budget for AAU basketball alone was 3.5 million dollars. Much of these funds went toward sponsoring highly talented regional all star teams such as the Georgia Stars and the Kansas City Children's Mercy Hospital 76ers. For their part, Adidas, Nike's chief competitor, sponsored teams such as the DC Assault. (More on these guys later.) These three teams are singled out based on their annual crop of NBA caliber players. Essentially, their coaches, through Nike and Adidas backing, recruit the best talent within a few hundred miles of their base city with promises of free gear and trips to exotic locales for tournaments. Not surprisingly, each of these teams receive large chunks of shoe company dough. These AAU "sponsorships" include everything from free athletic gear, which, of course, prominently displays their brand, to shoes, to travel expenses, to tournament entry fees, to cash to their "coaches."

The term coach here is used somewhat loosely as AAU ball tends to be little more than highly publicized, and funded, pick-up basketball.

Of course, the shoe companies are not inclined to admit that they are essentially bribing young kids and their hangers on in order to sign them to shoe deals if they make the league. George Raveling, former college basketball coach and current Nike exec instead argues an altruistic purpose to Nike's annual AAU spending spree: "What we do—and I can only speak for Nike—is we try to provide opportunities for kids to fulfill their dreams. If that's not as American as apple pie and motherhood and the flag, I don't know what is" (Sole Influence, p. 244).

Some would argue to Mr. Raveling that another institution that is as American as apple pie is making money, and that companies such as Nike and Adidas do not invest millions of dollars without expecting something in return. For their part, AAU coaches are expected to show their loyalty to their sponsors by steering their players to that company's annual All Star Camp. (Both Nike and Adidas stage simultaneous summer all star camps and conduct an annual arms race to land the top players.) Therefore, if an AAU coach with a Nike contract has a talented player invited to both the Nike and Adidas all star camp, which do you think he will attend regardless of which is a better fit geographically or in terms of opportunity? Says AAU coach Myron Piggie, a former crack dealer now fulfilling dreams for Nike and Raveling, "Me and Nike are family" (Sole Influence, p. 67). I would probably be loyal as well if I were receiving \$70,000 per year from Nike as a "consultant" as Piggie has. Piggie's Kansas City

Children's Mercy Hospital 76ers quad is not the only one on the take. Powerful Georgia squad, the Georgia Stars, received \$40,000 from Nike in 2005. Legendary Washington D.C. AAU club, DC Assault, or as it is known around the tourney circuit for its thuggish reputation, DC Assault and Battery, has a number of pros among its alumni. (Former Kentucky Wildcats Keith Bogans and Cliff Hawkins also plied their trade for DC Assault.) Adidas sponsors the club, and along with the usual perks, pays their head coach \$15,000 per year. Along with the prominent teams mentioned, there are a multitude of other AAU teams sponsored by Nike and Adidas at one level or another. Although certainly troubling, these payments to AAU coaches, and their frequently renegade coaches, is perfectly legal and an ideal way for the company to ingratiate itself with a club's top prospects, many of whom begin to be wined and dined in junior high.

Not to be excluded, prep schools and high schools are also on the take from the shoe companies, with nearly every major athletic power holding allegiance to either Nike or Adidas.

With their inclusion, the net now cast by the shoe companies appears unavoidable. Talented young players are spotted by AAU or high school coaches loyal to the brand that pays their bills. That coach then follows his marching orders by steering that player to the appropriate camps, or even schools, to further entrench the player into the Nike or Adidas culture. Thereafter, if all goes to plan, that player will have established a relationship that

will last until draft day, and persuade the player to sign on as a full time pitch man.

All of this may seem a bit tenuous, however. Even the best talent scouts have a difficult time predicting who will become a great pro based on watching players perform in college, much less in middle or high school. Equally significantly, even if Nike or Adidas picks one correctly, is there not every chance that the player's brand loyalty will disappear if confronted with a few extra dollars from a competitor? With this being the case, are the shoe companies wasting money if the players are not ultimately signed? This might well be the case if it were not for the secondary benefit gained through corporate sponsorship of AAU/high school basketball: advertising.

Alex Molnar, the nation's leading expert in the field of corporate sponsorship of public education, describes the impact of advertising in high school athletics as follows:

Coke doesn't get a spot on the jersey worn by the football or basketball team. Coke may buy a spot on the scoreboard, but that's not the billboard that a team jersey is. Nike's spot on that jersey is the best billboard money can buy" (Sole Influence, p. 241).

One thing that has not changed over the years in high school sports is the esteem in which athletes are held by their peers. Ball players have always been emulated by non-ball players who figure, consciously or not, that if they can't throw down a monster dunk in traffic like their classmate, they can at least wear the same "swoosh."

The same phenomenon holds true with AAU sponsorship and can be seen at its truest form with the previously discussed Adidas's DC Assault. In the ultra tough inner city of Washington, D.C., possibly the most violent in the country, the DC Assault team may as well be the L.A. Lakers, the Harlem Globetrotters and the Dream Team all rolled into one. Not only are its members talented players, but they have a street-tough, hip-hop persona and playground style that D.C. kids identify with. Adidas, their sponsor, is well aware of this, and well aware that the kids who idolize DC Assault buy shoes. These kids, as Adidas knows, are far more likely to emulate a sixteen year old Assault member than anyone who might be playing in the pros. Therefore, in exchange for some free shoes, and some cash to their coach, Assault's players become unwitting ad men. As stated in Sole Influence, Assault's players are not kids seeking a dream, but "walking three-stripe advertisements, just the kind of credibility Sonny Vaccaro knows no amount of television commercials can buy in D.C." (p. 216).

Vaccaro himself, conceding both the goal as well as its ramifications, states:

Sponsoring high school teams is a big part of keeping Adidas visible to the people who buy our product. And the people who we are trying to stay visible to are kids. I admit it is unfortunate that we have to put high school athletes in the middle of this. They're just pawns in a big corporate fight. But Nike's not going to stop. So we can't stop either. (Sole Influence, p. 242)

There are some who would argue that there is no reason to stop. The shoe companies are investing money for advertising and building relationship with future business partners. Schools and coaches are making money. Players

are getting exposure leading to opportunity. No laws, or even NCAA rules, are being violated with this system. What, then, is the problem?

The problem reveals itself in the person of Wesley Wilson, a fairly non-descript player from Vallejo, California. Wilson played AAU ball in the mid-90s for coach Miles Gonzales, whose team, Sports Express, had a \$15,000 deal with Nike. Wilson showed some promise as an athletic big man, but was woefully behind in the classroom. Gonzales decided to help Wilson by finding a prep school that Wilson could attend after graduation to help Wilson get eligible for college. After sending out feelers throughout the country, Gonzales convinced the coach of the prestigious Winchendon School in Massachusetts to take a chance on Wilson. This prep school, traditionally attended by wealthy New England kids on their way to Ivy League colleges, had taken a recent interest in basketball in an effort to increase funding. Wilson was in, and had only to move cross-country in the summer to take some core courses. But something funny happened on the way to Winchendon, and academia. Wilson was “discovered” at the Nike “Boo Williams” summer event. Suddenly, a player who had garnered little attention was desired, and Gonzalez, like any other AAU coach owned by a shoe company, was pressured to get him to the Nike All American Camp. Of course, this conflicted with Winchendon’s requirement that Wilson take summer school classes, but more importantly, now that Wilson was an up and comer, Winchendon’s Adidas contract conflicted with Nike’s plans. After some attempt at compromise, (Wilson apparently asked if he could wear Adidas in the lay-up line to appease his prep school and Nikes in games for his AAU coach),

Winchendon's coach was informed by Wilson's AAU coach that Wilson would not be attending Winchendon, citing the shoe conflict as the sole reason. Not surprisingly, Wilson ended up at prep school basketball factory Maine Central Institute, playing with future Kentucky star Wayne Turner, and ultimately committed to Georgetown, coached at the time by John Thompson, who both had an endorsement contract with Nike and sat on Nike's Board of Directors. After sitting out a year at Georgetown, you guessed it, he was academically ineligible, Wilson played collegiately for a couple of years before trying his luck with the pros. Unfortunately, this was another unsuccessful move, and Wilson spent last year as a mediocre player in the NBA development league. Nike now wouldn't touch their former target with a ten foot pole. One wonders whether Wilson ever considers if that Winchendon education, turned down over a shoe conflict, might be of some use now, regardless of his preferred brand of shoe?

Wilson, and thousands like him, are caught up each year in a whirlwind of gifts, travel and promises of future prosperity. The kids are easy targets, confident that their path to NBA stardom is secure. That confidence is the meal ticket of the shoe companies who use these brash young athletes to peddle their goods to their fans. And, for that one in a million who makes it big, Nike and Adidas count on relationships forged during the player's middle school and high school days to bring the contract to them. Both companies salivate at the thought of the ever elusive "next Jordan," and the resulting explosion of fortunes. With that type of money in the equation, there is no room to concern oneself with

antiquated notions of purity of youth and sports. The money is out there. The talent is out there. And the shoe companies are ready to "Just Do It."