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9B21C035

Negotiating A New Agreement (G): John Jackson—Owner of the Compton Clovers[[1]](#footnote-2)

Justin Patterson and Professor Ann Frost wrote this exercise solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Background

You are John Jackson, owner of the Compton Clovers. After making your fortune in oil and gas exploration, you bought the Clovers for US$140 million[[2]](#footnote-3) in 1989. Worth $5.5 billion, the Clovers are the most valuable team in the National Football League (NFL). Your team also consistently produces the highest revenue of all NFL teams each year, so you have no shortage of excess cash. For this reason, you have different priorities than the other two owners on your bargaining team, who each own and operate less-profitable teams. You were also on the negotiating team in the last round of collective bargaining agreement (CBA) negotiations, so you have experience dealing with tough issues and feel like you should be a leader in the upcoming negotiations. As an extremely conservative, “old school” owner, you are interested in ensuring that the punishments for illegal drug use remain as is. Because you have had previous bad experiences dealing with the commissioner, addressing the way commissioner discipline is handled is another priority for you.

KEY ISSUES

Drug Testing

Your conservative outlook leads you to feel strongly that the current restrictions and punishments for illegal drug use are appropriate. You recognize that there is a lot of talk about the use of cannabis and related cannabinoid products and how such products benefit and heal players’ bodies, but, to your mind, these are still illegal drugs—in your state and in 39 other states in the country. Thus, banning their use among NFL players is totally appropriate in your eyes.[[3]](#footnote-4) It would be difficult to monitor and manage players’ use of these substances from state to state, so it is easier to simply maintain a blanket ban. Moreover, it is important to you that players are not allowed to use any illegal substances, as you believe that this would jeopardize the quality of play and the all-American, clean-living image that you think the NFL should represent.

Expansion of the Regular Season

You really are not concerned about this issue, as your team already generates nearly $1 billion of revenue per season. The main reason owners would want to add two more regular-season games would be to increase their teams’ revenues through the sale of additional television rights and higher volumes of ticket sales. However, since the Compton Clovers already generates the highest revenue in the league, you would rather prioritize other issues. On top of this, you believe that having fewer games allows your top players to remain in the league longer, as they suffer fewer injuries under this scenario. Therefore, you believe that you will make even more money by merchandising the jerseys of these star players on your team.

Commissioner Discipline

Unfortunately, you have had multiple negative experiences related to the commissioner’s methods of disciplining your players. These experiences have caused you to feel very strongly that the way player discipline is currently handled needs to change. It is very important to you that the commissioner be completely removed from decisions about punishment for on- or off-field incidents involving players. Instead, you favour a disciplinary board consisting of the NFL’s health and safety department as well as former NFL players; this board would act as a neutral arbiter on matters of player discipline. In many other professional sporting leagues, this is how player discipline is handled, and you believe that it is time that the NFL adopted this model.[[4]](#footnote-5)

Fully Funded Rule

All owners will want to keep the fully funded rule as is because it allows them to deny players more guaranteed salaries. Since you are aware that a serious injury could occur at any time, on any play in an NFL game, you would like the fully funded rule to remain in place so that you can avoid having to pay more guaranteed money to an injured player.[[5]](#footnote-6)

Franchise Tag

The franchise tag was established to give smaller-market teams the opportunity to keep their best players, in hopes that they would sign long-term deals instead of fleeing to bigger-market teams. However, your team happens to be the biggest-market team in the NFL, and many players wish to play for your organization. For this reason, you are not concerned about the franchise tag and would be willing to make concessions on it, as you rarely have to actually use it on a player.

Revenue Split

Most owners feel the same way about this issue: they believe that the current split (53 per cent of league revenue for owners, 47 per cent for players) is fair and deserved.[[6]](#footnote-7) Since you are the one funding a majority of your team’s operations and you own the entire organization, it makes sense to you to keep the split as it was in the last CBA.

Stadium Credits

This issue is not a priority for you, as your current stadium was just recently built for $1.2 billion and is considered one of the NFL’s state-of-the-art stadiums. You do not believe you will need to relocate or build a new stadium for many years, which is why you would be willing to leave the stadium credits where they are, at 3 per cent, or even make some concessions here.

Rookie Wage Scale

This is another issue where all owners agree. All want to keep the rookie wage scale at its current level. By paying reduced salaries for rookie players, NFL teams are able to pay veteran players reduced salaries as well. In this way, teams are able to “underpay” both rookie and veteran players, and this saves the teams money and allows them to pay more to get all-star-calibre players.[[7]](#footnote-8)

summary

You really do not want to face a work stoppage in this round of contract negotiations because that would leave you and all other owners without a revenue stream until a deal was reached. There is also a risk of negative publicity if a deal is not made in a timely manner. However, as an owners’ representative, you know that you have to be firm when needed but also willing to make concessions throughout the negotiations. This means that, although you would not do so happily, you are willing to resort to a lockout if the players refuse to make concessions on the issues that matter most to the owners.

The NFL Players Association and NFL owners will soon have their first meeting to start negotiating the new CBA. As mentioned above, you want the other members on the owners’ side to see the importance of the issues that you prioritize, and you will try to influence their decisions prior to the meeting.

1. The individuals and teams named in this exercise have been created solely for the purpose of this exercise; they are not affiliated with the National Football League in any way. [↑](#footnote-ref-2)
2. All dollar amounts are in US dollars. [↑](#footnote-ref-3)
3. Jeremy Berke and Skye Gould, “Legal Marijuana Just Went on Sale in Illinois. Here Are All the States Where Cannabis Is Legal,” Business Insider, January 1, 2020, accessed October 15, 2020, www.businessinsider.com/legal-marijuana-states-2018-1. [↑](#footnote-ref-4)
4. Nicholas J. Cotsonika, “Parros to Head Department of Player Safety, Focus on Slashing,” NHL News, September 7, 2017, accessed October 12, 2020, www.nhl.com/news/george-parros-to-head-department-of-player-safety-focus-on-slashing/c-290910754. [↑](#footnote-ref-5)
5. Dom Cosentino, “Why Only the NFL Doesn't Guarantee Contracts,” Deadspin, August 1, 2017, accessed October 13, 2020, https://deadspin.com/why-only-the-nfl-doesnt-guarantee-contracts-1797020799. [↑](#footnote-ref-6)
6. Dan Graziano, “2021 NFL CBA Negotiations: The Nine Biggest Looming Issues,” ESPN, July 3, 2019, accessed October 8, 2020, www.espn.com/nfl/story/\_/id/27103713/2021-nfl-cba-negotiations-nine-biggest-looming-issues. [↑](#footnote-ref-7)
7. Tyson Langland, “How Rookie Wage Scale Has Changed the Way NFL Teams Draft,” Bleacher Report, April 8, 2014, accessed October 8, 2020, https://bleacherreport.com/articles/2021239-how-rookie-wage-scale-has-changed-the-way-nfl-teams-draft. [↑](#footnote-ref-8)