

A collage of NBA players in action, including Stephen Curry, Kevin Durant, and others, set against a blue background with abstract light patterns.

# The Value Game: Unlocking Performance and Cap Flexibility in the NBA

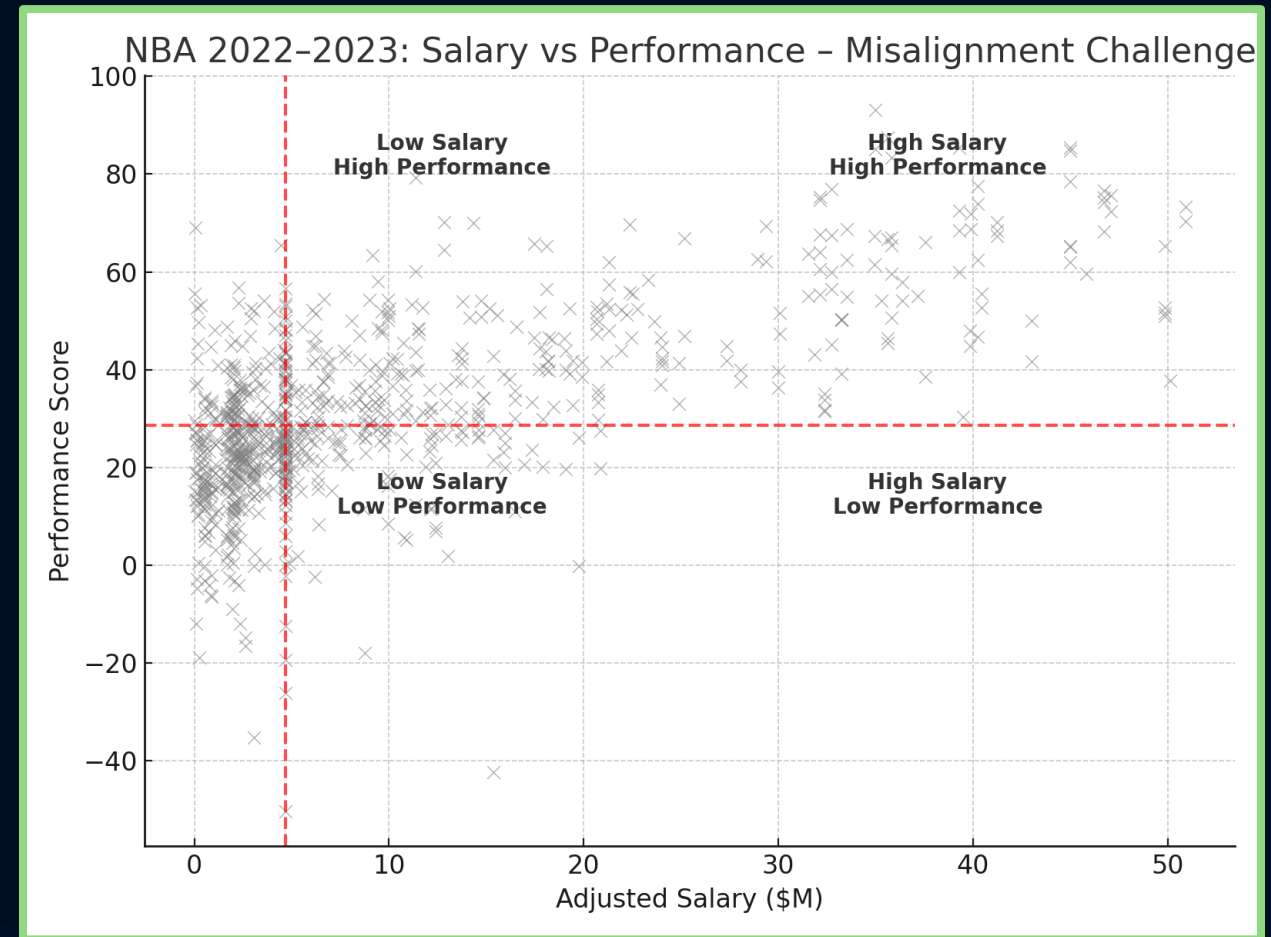
**TEAM - DN8**

MGMT 5900– FINAL PROJECT  
EXECUTIVE STRATEGY PRESENTATION

# The Business Challenge

## *Minutes, Money, and Mismatched Value in the NBA*

- **Challenge Context:** In a salary-capped league, every dollar and every minute counts toward competitive advantage.
- **Core Issue:** Some teams lock significant cap space into contracts that aren't producing proportional on-court value, while others underutilize high-efficiency talent.
- **Operational Strain:** Misallocated minutes limit lineup flexibility, reduce win potential, and create long-term roster imbalances.
- **Financial Strain:** Overpaying underperformers restricts the ability to extend emerging stars before their market value spikes.





# Our Methodology

## *The DIVE Framework: Four Roles, One Cohesive Strategy*

We applied the **DIVE** method across four analytical roles to ensure breadth and depth:

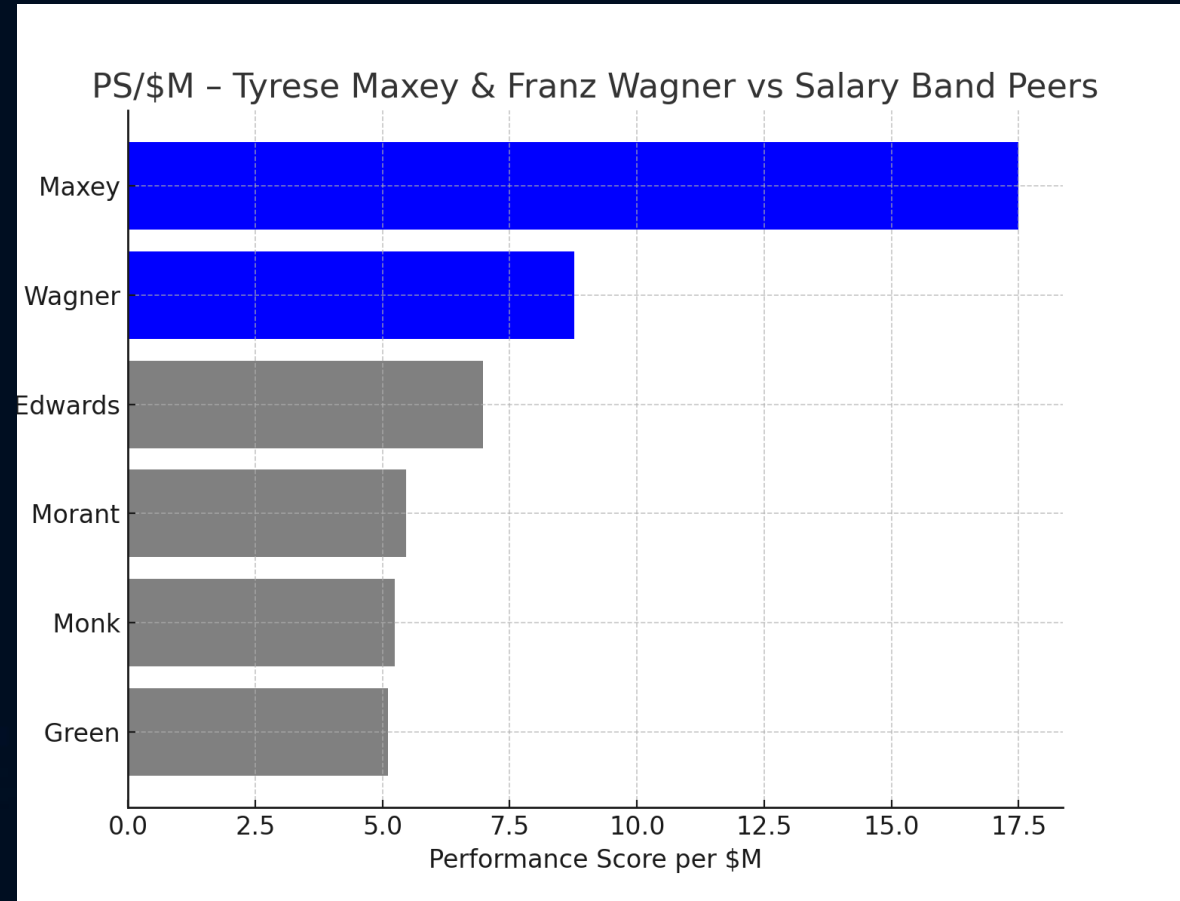
- **Discover (Customer/Market)** – Correlated performance efficiency with fan engagement potential, spotlighting undervalued future stars.
- **Investigate (Operations)** – Identified **274** high-value, low-minute players and **272** low-value, high-minute players.
- **Validate (Risk/Strategy)** – Mapped peak value ages (**23–25**) and contract risk windows to anticipate cap constraints.
- **Extend (Finance)** – Quantified ROI for early extensions and modeled cap impact of reallocation scenarios.

The result is a playbook that integrates market, operational, financial, and strategic intelligence into actionable recommendations.

# Market & Fan Engagement Impact

## *Undervalued Players as Franchise Growth Engines*

- **Key Insight:** Players like Tyrese Maxey and Franz Wagner deliver 3–5× higher PS/\$M than peers in their salary band, as shown in the chart comparing them to similar-paid players.
- **Dual Impact:** Both rank in the top decile for social media engagement, linking high on-court efficiency to strong off-court revenue potential (tickets, merchandise, media).
- **Risk Contrast:** Overpaid veterans like Russell Westbrook (salary rank: 9, performance rank: 80+) create negative value perception and can depress attendance and brand trust.



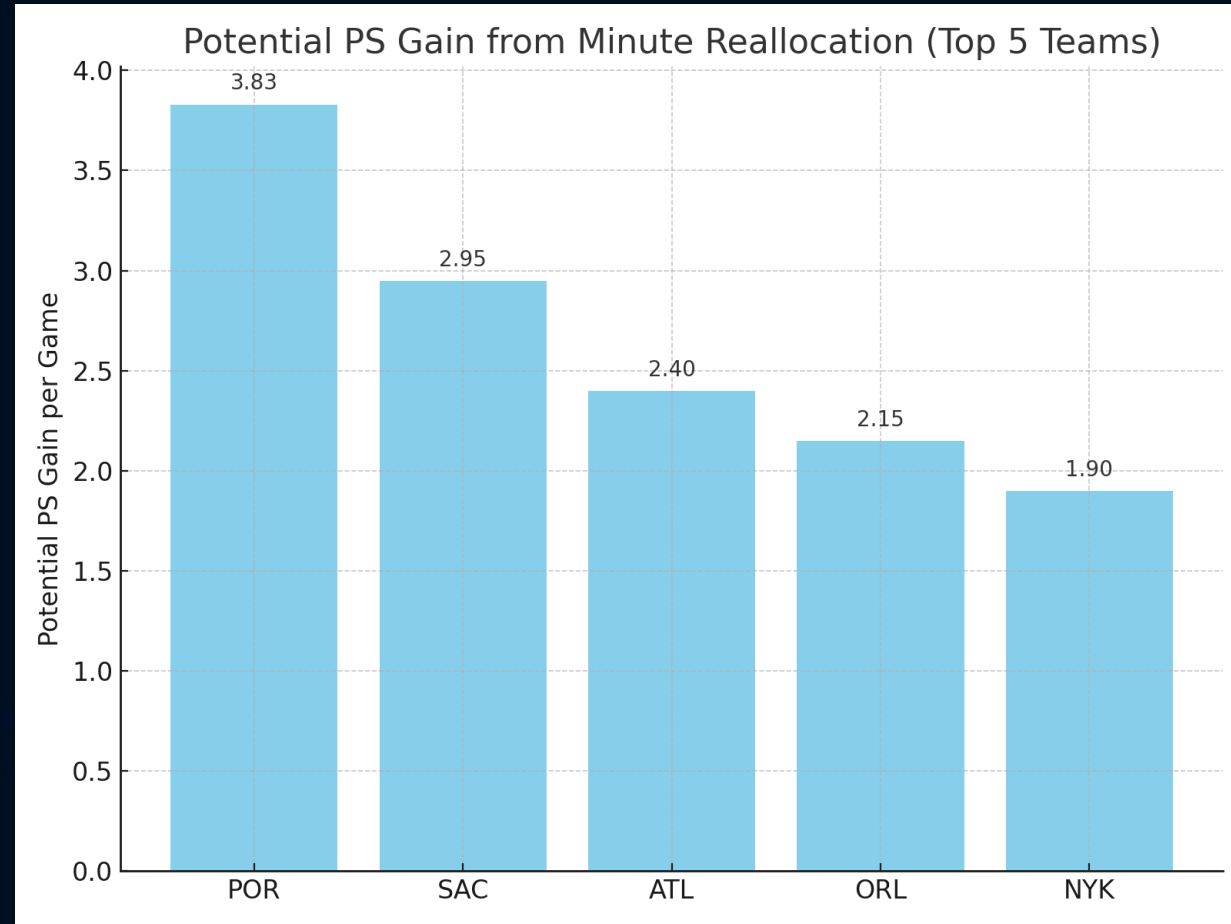
**Takeaway:** Market success follows when visibility is aligned with value-feature high-ROI players to maximize both fan engagement and financial returns.

# Rotations: The Untapped Wins

*Where Minutes = Wins*

- **League-Wide Opportunity**
  - On average, teams can gain **+1.7 PS/game** from targeted minute reallocation, equivalent to 2–3 extra wins a season.
- **Portland Case Study**
  - The chart highlights the Trail Blazers' potential **+3.83 PS/game** lift from shifting minutes between forwards.

**Example:** Moving 8 MPG from a veteran forward with  $PS/\$M \approx 600$  to a younger forward at  $PS/\$M \approx 2,800$  produces an estimated **+14 PS units/week** without changing positions.

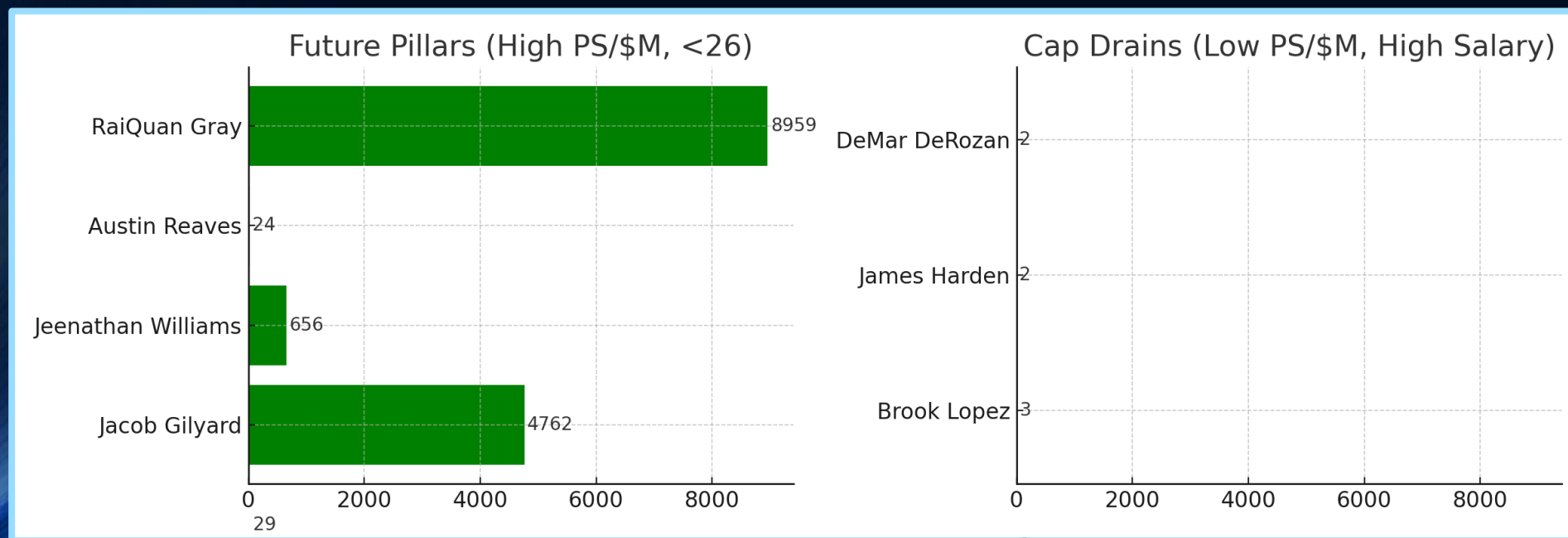


**IMPACT** - Immediate performance boost, zero cap cost, minimal disruption to team chemistry.

# Risk & Strategy: Future Pillars vs. Cap Drains

*Protect the Future, Prune the Risk*

- **Future Pillars** - Players like RaiQuan Gray, Jacob Gilyard, Austin Reaves, and Jeenathan Williams combine age (<26) with elite PS/\$M efficiency.
- **Financial Logic** - Securing them early avoids paying inflated market rates later and preserves long-term surplus value.
- **Cap Drains** - Veterans such as Brook Lopez, DeMar DeRozan, and James Harden fall in the bottom efficiency quartile for their pay tier, each tying up \$20M+ in cap space while producing below-median PS per minute.





# Financial ROI of Early Extensions

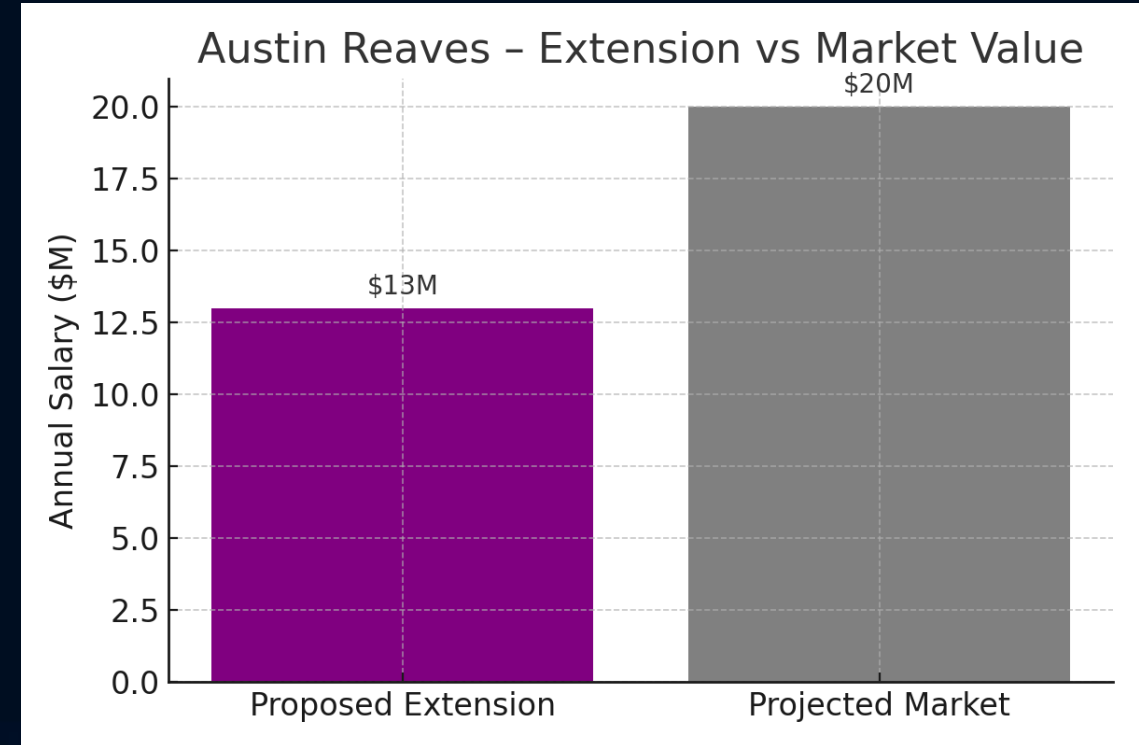
*Bank Value Before the Market Catches Up*

## The Example of AUSTIN REAVES

- Extending now at **\$13M/year** avoids the projected **\$20M/year** 2025 market cost, a surplus of \$7M/year, totaling \$28M over 4 years.

### Cap Reallocation:

- Freeing **\$15–25M/year** from high-risk veteran contracts enables signing 1–2 high-impact rotation players or extending multiple emerging stars.



**Impact** - Improves cap efficiency, strengthens roster depth, and protects core talent without exceeding payroll limits.

# Strategic Recommendation 1

*Secure Future Pillars Now*



## Action

- Extend high-value players **under 26** within the next **90 days**.



## Potential Targets

- Austin Reaves, Franz Wagner, Tyrese Maxey, all delivering **top-quartile PS/\$M** with upward career trajectories.



## KPI

- Contract AAV at least **20%** below projected market in **year 3** to lock in surplus value through prime years.

**Impact** - Safeguards the team's core talent, maintains cost certainty, and prevents future overpayment as market prices inflate.



# Strategic Recommendation 2

## *Reallocate Minutes to High-Efficiency Roles*



### Action

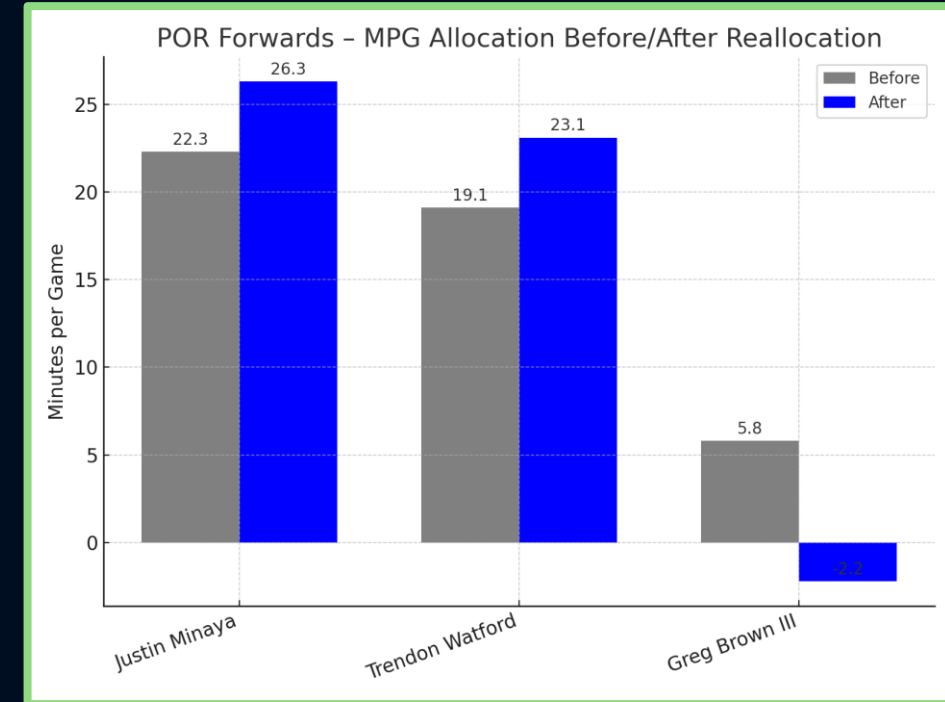
- Shift **6–12 mpg** within position groups from low PS/\$M veterans to high **PS/\$M** contributors.



### KPI

- +1.5 PS/game** within 4 weeks of implementation; estimated **+3.83 PS/game** for POR in this example.

**Impact** - Near-term performance lift without roster disruption or added salary cost.



Reallocation of **8 minutes** from the veteran to the younger pair (**4 each**), increasing their floor time to **~26 MPG** each.

“**Before**” chart, a low-efficiency veteran logs **34 MPG** while two younger, more efficient forwards see only **22 MPG each**.

# Strategic Recommendation 3

## *De-Risk the Veteran Tier*



### Action

- Trade, restructure, or phase out veterans >30 in the bottom half of their salary tier for PS/\$M.



### Potential Move

- Package a high-cost expiring contract with a 2nd-round pick for a cost-controlled rotation player.



### KPI

- Reduce **over-32 top-quartile** salary commitments by **25%** in **12 months**



Modeled reduction from **\$60M** to **\$45M** in veteran salary commitment, freeing **\$15M** in annual cap space

**Impact** - Improves cap flexibility, enables acquisition of younger high-impact players, and positions roster for future opportunities.

# Call to Action

*Your Next 90 Days*

## Immediate

(0 – 30 days)

- Start extension talks with priority young players (Reaves, Wagner, Maxey) to lock in sub-market deals.
- Audit minutes to identify “donor” and “receiver” pairs using PS/\$M.

## Short-Term

(31– 60 Days)

- Pilot 5–7 games reallocating 6–12 MPG to high-efficiency players.
- Measure PS/game lift and link to win probability before expanding.

## Mid-Term

(60 – 90 Days)

- Restructure or trade high-cost, low-output veterans.
- Use freed cap for extensions or strategic acquisitions.

## Risks & Mitigation

- **Locker Room Resistance** - Communicate performance rationale, role clarity, and link changes to winning objectives to gain buy-in.
- **Trade Market Softness** - Expand negotiations to multi-team deals; include future draft capital or contract sweeteners to close gaps in valuation.





# THANK YOU