

Introduction

Bill Giles is fond of saying, “Someone pointed out to me recently that I had spent my whole life in baseball. But I told him, ‘Not yet, I haven’t.’” Bill Giles is a baseball lifer, born in Rochester, New York, where his father, Warren Giles, ran the Rochester club in the International League, and raised in Cincinnati, Ohio, where his dad ran the Reds as president and general manager. As a young man, Bill worked for the Reds, then learned the business from the ground up at one of the team’s minor league affiliates, and eventually headed to Houston in 1960 to help launch the expansion Colt .45s, who started National League play in 1962. In the fall of 1969, Bill came to Philadelphia to help publicize and promote the Phillies as the team prepared to move to Veteran’s Stadium from aging Connie Mack Stadium. He has been involved with the Phillies ever since, serving as president and general partner from 1981 through 1997 and as chairman since stepping down as president.

No single period in the 138-year history of major league baseball saw more change and turmoil than the sixteen years that Bill Giles served as president and managing partner of the Philadelphia Phillies. Giles purchased the Phillies after the 1981 season, during which baseball experienced its first serious labor stoppage, a fifty-day strike, a disruption in the season caused by a failure of the owners and players to agree on compensation for lost free agents. Free agency in baseball had existed since 1976, and the owners had difficulty adjusting to such a brave new world. From the late 1970s through the mid-1980s, salaries skyrocketed, fueled by a

combination of salary arbitration and free agency, both won by the late Marvin Miller, the patron saint of all professional athletes. The owners responded by colluding to rig the free agent market, leading to a temporary halt in the upward spiral of salaries in the late 1980s. But the mistrust and bitterness this episode created among the players toward the owners contributed to more labor problems in 1990 and beyond.

Baseball expanded from sixteen to twenty-six teams between 1961 and 1977, but other cities, typically represented by powerful members of Congress, wanted teams of their own. After threats from Congress about possible loss of baseball's antitrust exemption, the owners agreed to expand again, adding two franchises to the NL in 1993. With expansion came two issues: how to split the franchise fees, which had grown from a few million dollars to almost \$100 million per team in fifteen years, and how to align teams within their respective divisions in the NL. Commissioner Fay Vincent's decisions on expansion fees and league alignment proved to be very unpopular with certain owners. As a result of these decisions—and others, as we will see—and of the owners' perception that Vincent was soft on labor issues, baseball's eighth commissioner was forced from office in September 1992. This move created a vacancy in the commissioner's office that was filled by Milwaukee Brewers' owner Bud Selig, who, when he was appointed chair of the owners' Executive Council, became *de facto* acting commissioner. However, for nearly six years, baseball operated without a permanent commissioner.

Not long after Vincent's departure, the owners, unable to agree among themselves on how to share industry revenues that had grown dramatically but left small market teams at a significant economic disadvantage, and unable to agree with the union on how the revenues should be split between the owners and the players, took a hard line on a new labor deal. The players refused to accept the owners' demands for a salary cap and other economic concessions and walked off the job in August 1994. A month later, with the owners and players at loggerheads and no chance for a settlement, Selig canceled the postseason and America was deprived of a World Series for the first time since 1904.

Meanwhile, the owners decided to align the leagues into three divisions each and to introduce an expanded postseason, including a wild card team in each league. The change in the postseason format was delayed by a year because of the strike. Despite continuing labor strife and facing both renewed political pressure and a \$280 million assessment for collusion damages, baseball expanded again. After extensive discussion of numerous alternative models, the 1998 expansion into Phoenix and Tampa–St. Petersburg brought with it another round of realignment and

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a revised schedule format. As part of the labor deal that finally passed in late 1996, interleague play began in 1997.

As these other changes were occurring, the business of baseball continued to grow, particularly in the areas of sponsorships, licensing, and media deals. As commissioner from 1984–1989, Peter Ueberroth had radically changed baseball's approach to marketing, licensing, and sponsorships. Since then, it had become clear to the owners that baseball could no longer do its business with each league functioning separately. Gradually, the owners diluted the power of the individual leagues as baseball centralized its business operations. The owners adopted what amounted to a CEO model in the office of commissioner, and eventually the office of league president was eliminated. At the same time, the owners negotiated with each other over competitive balance and revenue sharing and with the players over the economic structure of baseball. As part of the 1996 collective bargaining agreement (CBA), the owners and players agreed on a revenue-sharing plan, introducing a very significant modification to the economics of baseball.

In July 1998, after six years of saying that he had no interest in being permanent commissioner, Bud Selig—with a big push from many of the owners—finally accepted the job. With the 1996 labor agreement about to expire at the end of August 2002, once again, the drumbeats of labor war sounded loudly. But this time the players and owners reached an eleventh-hour settlement, averting a strike, and marking the first time since 1970 that a CBA had been reached without a labor stoppage. Although baseball again had severe economic problems around 2002, the labor agreement and the period of peace that the new CBA ushered in set the stage for dramatic industry growth over the next ten years.

Although he stepped down as president of the Phillies during the 1997 season, Bill Giles was a key part of the business of baseball during the twenty-one years from his purchase of the team from the Carpenter family after the 1981 season up to the 2002 labor agreement. This book reviews and recounts much that happened off the field in major league baseball during that era. I discuss key issues and decisions—with a focus on those that directly involved Mr. Giles—that have helped shape what we know today as Major League Baseball, a \$7 billion-plus business with individual franchises worth as much as \$2 billion. I also review some of the key decisions involving the Phillies during the Giles era: his purchase of the club, innovative TV deals, and the new ballpark—decisions that have played a significant role in dramatically changing the fortunes of the only professional sports team in history to lose 10,000 games, although the team is now considered one of the bedrock franchises in

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all of sports. I focus on Bill Giles—not only what he did but also what he said. Bill Giles is a baseball lifer, a true baseball romantic, and one of the architects of the game. He is also an extrovert and a public figure whom sports writers could always count on for timely and insightful quotes that keep the public tuned in to the inner workings of the national pastime.