

Chapter 2

Before 1976 Season

After completing its 1960 season, the National Basketball Association (NBA) consisted of teams located in such cities of metropolitan areas in the east as Boston, New York, Philadelphia, and Syracuse, and in the west as Cincinnati, Detroit, Los Angeles, and St. Louis. Given that geographic distribution, NBA officials anticipated and shrewdly recognized that some other domestic markets were available for exploitation as potentially attractive sites for new professional basketball teams. When Major League Baseball (MLB) and the National Football League (NFL) and National Hockey League (NHL) expanded in size, the NBA became more ambitious, businesslike, and risky by gradually invading different sports markets across the United States (US) and two in Canada.¹

This chapter analyzes when, where, and why NBA officials approved the entry of new franchises into the league from 1960 to 1975 (Table 2.1). Furthermore, it discusses how each of these teams performed as competitors and commercial organizations. To support results, two tables contain historical data and other information about the league's strategy to extend its boundaries and power as an economic cartel.²

¹Expansions in MLB, NFL, and NHL are, respectively, covered in Frank P. Jozsa Jr.'s *Major League Baseball Expansions and Relocations: A History, 1876–2008* (Jefferson, NC: McFarland, 2009); *National Football League Strategies: Business Expansions, Relocations, and Mergers* (New York, NY: Springer, 2014); *Hockey Business: NHL Franchises, Markets, and Strategies*, an unpublished manuscript at Pfeiffer University in Misenheimer, North Carolina, 2010.

²For the NBA's expansion history, see Frank P. Jozsa Jr., *The National Basketball Association: Business, Organization and Strategy* (Singapore: World Scientific, 2011), 21–33; Frank P. Jozsa Jr. and John J. Guthrie Jr., *Relocating Teams and Expanding Leagues in Professional Sports: How the Major Leagues Respond to Market Conditions* (Westport, CT: Quorum Books, 1999); James Quirk and Rodney D. Fort, *Pay Dirt: The Business of Professional Team Sports* (Princeton, NJ: Princeton University Press, 1992); and Kenneth L. Shropshire, *The Sports Franchise Game: Cities in Pursuit of Sports Franchises, Events, Stadiums, and Arenas* (Philadelphia, PA: University of Pennsylvania Press, 1995).

Table 2.1 NBA expansion franchises, teams performances, selected seasons

Year	Team	Seasons	Championships	History
1961	Chicago Packers/Zephyrs	2	0	Moved to Baltimore in 1963
1966	Chicago Bulls	48	21	Current NBA team
1967	San Diego Rockets	4	0	Moved to Houston in 1971
1967	Seattle Supersonics	41	10	Moved to Oklahoma City in 2008
1968	Milwaukee Bucks	46	16	Current NBA team
1968	Phoenix Suns	46	8	Current NBA team
1970	Buffalo Braves	8	0	Moved to San Diego in 1978
1970	Cleveland Cavaliers	44	4	Current NBA team
1970	Portland Trail Blazers	44	8	Current NBA team
1974	New Orleans Jazz	5	0	Moved to Salt Lake City in 1979

Note: The slash (/) indicates change in a team's nickname. Year is the expansion year and these teams' first regular season in the league. Seasons are the number of regular seasons as of the expansion year. Championships include division and conference titles and league championships

Source: "Teams" at <http://www.basketball-reference.com> cited 5 February 2014, and "NBA Teams Websites" at <http://www.nba.com> cited 5 February 2014

Expansion Franchises

Chicago Packers/Zephyrs

For an unknown fee, a syndicate led by trucking executive Dave Trager purchased an NBA expansion franchise in 1961. He named it Chicago Packers to identify and promote his meat packing company in the city. Indeed, it was the first new team to join the league in 12 years but not very competitive finishing last in the Western Division (WD) with an awful 18–62 (win–loss) record in the 1961–1962 season. However, first-round draft-pick Walt Bellamy from Indiana University became a star for the team by winning Rookie of the Year and placing second to the Philadelphia Warriors' center Wilt Chamberlin with an impressive 31.6 points-per-game (ppg) average and third in rebounds with 19 per game following Chamberlain and Boston Celtics' center Bill Russell.³

As a clever marketing gimmick, the team changed its nickname from Packers to Zephyrs before the league's next season but finished last again at 25–55. After drafting former Purdue University All-American Terry Dischinger, who then won NBA Rookie of the Year with a 25.5 ppg, the Zephyrs had the seed for a solid contender with such back-to-back award winners as Bellamy and Dischinger.

³The information about franchise owners and their NBA teams' attendances, coaches, performances, players, regular seasons, and postseasons are in such readings as "Teams" at <http://www.basketball-reference.com> cited 5 February 2014, "NBA Teams Websites" at <http://www.nba.com> cited 5 February 2014, and "Rodney Fort's Sports Business Data" at <https://sites.google.com> cited 5 February 2014.

Chicago basketball fans did not get an opportunity to see improvements in their hometown team. Before the 1963 NBA season, majority owner Trager moved his team from Chicago to Baltimore, Maryland and renamed it the Baltimore Bullets.

Winning only 26 % of its regular season games in two NBA seasons, this Chicago expansion franchise had financial problems because its teams failed to attract spectators to Packers' home games at the 9,000-seat International Amphitheatre in 1961–1962 and Zephyrs' games at the 7,000-seat Chicago Coliseum in 1962–1963. In short, Chicago Packers/Zephyrs teams were major disappointments to their owners, NBA officials, and especially sports fans in the northeast region of Illinois.

Chicago Bulls

For a fee of \$1.25 million, the NBA awarded an expansion franchise in 1966 to a syndicate headed by entrepreneur Richard Klein. According to the *Chicago Bulls Encyclopedia*, majority owner Klein was brainstorming nicknames for his new franchise and wanted one that portrayed Chicago's status as the meat capital of the world. He was considering Matadors and Toreadors when his young son exclaimed, "Dad, that's a bunch of bull!"

For its decision, Klein's group nicknamed their team after fighting bulls, which had a relentless attitude and instinct of not quitting. Based in northeast Illinois, the Bulls played their home games at 18,676-seat Chicago Stadium and since 1994, at the 20,917-seat United Center in the league's Central Division (CD) of the Eastern Conference (EC).

Despite ownership changes and generally mediocre performances during the 1960s, 1970s, and 1980s, Bulls teams had tremendous success in the 1990s. In fact, they had one of the NBA's greatest dynasties, winning six NBA championships between 1991 and 1998 including twice with three consecutive titles. Hall of Famers Michael Jordan and Scottie Pippen, and reserve Tony Kukoc, rebounder Dennis Rodman, and Coach Phil Jackson led these teams to their victories.

The Bulls are the only NBA franchise to win multiple championships and never lose an NBA Finals in their history. They won a record 72 games during the league's 1995 season and are the only professional basketball team ever to win 70 games or more in a single season. Many sports experts consider the 1996 Bulls to be one of the greatest teams in the NBA history.

The United Center JV, which is a joint venture between the owners of the Bulls and NHL Chicago Blackhawks, signed a new arena naming rights agreement with United Airlines in December 2013. The agreement, which begins in the 2014 NBA season, is worth about \$5 million a year and enables United to continue being the official airline of the United Center, Bulls, and Blackhawks. In addition, United receives advertising and promotional exclusivity in the airline category and logo usage rights for the three entities.

Since the early-to-mid 1990s, the Bulls have been one of the NBA's most profitable and valuable teams thanks to many seasons of league-leading attendance

and payroll restraint. Although the Bulls recently increased their payroll and incurred a \$3.9 million luxury tax, the team's net worth, profits, and revenue rank among the highest in the league.⁴

San Diego Rockets

For \$1.75 million, a syndicate headed by sports icon Robert Breitbard purchased an NBA expansion team in 1967 and named it the San Diego Rockets. Because San Diego was the manufacturing center for Atlas rockets and referred to as a "city of motion," the team's nickname was Rockets. Jack McMahon was the Rockets' first head coach while future hall of famer Pat Riley became the team's first draft pick in 1967. That season the team lost 67 games, which was then an NBA record for losses in a regular season.

After the Rockets won a coin toss against the Baltimore Bullets to determine who would have the first overall pick in the 1968 NBA Draft, San Diego selected University of Houston's Elvin Hayes. In 1969, he led the team to the franchise's first ever playoff appearance. However, the Rockets lost in the WD semifinals to the Atlanta Hawks.

Despite Hall of Fame coach Alex Hannum, the Rockets had a 57–97 record and did not make the playoffs in the next two NBA seasons. In addition, San Diego's sports fans preferred to support MLB's Padres and NFL's Chargers while others in the city participated in such outdoor activities as golf, soccer, and tennis. Thus, the Rockets failed to excite many people located in the Southern California region.

Due to apathetic fans, poor performances in regular seasons, financial problems, and small attendances at Rockets' home games in the city's 14,500-seat Sports Arena, Breitbard sold the team in 1971 to Texas Sports Investments, which was a company led by real estate broker Wayne Puddleston and banker Billy Goldberg. After acquiring the franchise for \$5.6 million and with commercial interests and their money invested in Texas properties, they immediately moved the franchise from San Diego to Houston, Texas where it became the first NBA team in the state. In short, San Diego basketball fans did not support the Rockets because the team had subpar seasons, was not popular, and experienced other problems during four NBA seasons.

Seattle Supersonics

For a fee of \$1.75 million paid to the NBA in 1967 by Los Angeles executives San Schulman and Gene Klein, the expansion Seattle Supersonics played in the league's Pacific Division (PD) or Northwest Division (NWD) in various regular seasons

⁴Recent financial data about the Chicago Bulls, Milwaukee Bucks, Phoenix Suns, Cleveland Cavaliers, Portland Trail Blazers, and other NBA franchises were in Kurt Badenhausen, Mike Ozanian, and Christina Settini, "NBA Team Values: The Business of Basketball" at <http://www.forbes.com> cited 6 February 2014.

from 1967 to 2008. The owners nicknamed their club “Supersonics” because local manufacturer Boeing Corporation received a multimillion dollar contract from the US government to build a supersonic transport airplane.

During its 41-year history in the league, the Supersonics won six division and three conference titles, and in 1979 an NBA championship. Among the team’s greatest players were guards Fred Brown, Gary Payton, Nate McMillan, Lenny Wilkins, and Gus Williams, forwards Shawn Kemp and Spencer Haywood, and center Jack Sikma.

Ackerly Communications Inc.’s Barry Ackerly owned the club when he bought the franchise from Schulman for \$21 million in 1984 and then 17 years later, sold it to the Basketball Club of Seattle headed by Starbucks chairperson Howard Schultz. Then during October 2006, the Supersonics were purchased from Schultz by Oklahoma City business executive Clay Bennett.

After Bennett failed to obtain a commitment for public funding to construct a new arena for the Supersonics in the Seattle metropolitan area, he moved the team to Oklahoma City before the 2008 NBA season. This relocation followed a \$45 million settlement with the city of Seattle to pay off the team’s existing lease at Key Arena in advance of its 2010 expiration. In addition, settlement terms of a lawsuit between the city of Seattle and Clay Bennett’s ownership group stipulated that the Supersonics’ banners, trophies, and retired jerseys must remain in Seattle; that the nickname, logo, and color scheme were available to any subsequent NBA team; and that the Supersonics and Oklahoma City Thunder share the franchise’s history.

Milwaukee Bucks

During the late 1960s, the Chicago Bulls were the only NBA team based in the upper Midwest. As a result, Milwaukee Professional Sports and Services Inc. (aka Milwaukee Pro), which was a company headed by executives Marvin Fishman and Wesley Pavalon, paid \$2 million in 1968 to obtain an NBA expansion franchise. Given the hunting tradition in Wisconsin, there was no surprise when “Bucks” became the team’s nickname in a local contest. For an animal, fans could have chosen much worse names including skunks, which were among other entries. The Milwaukee Bucks were and are a member of the league’s EC and currently play in the CD. After purchasing the franchise from Fishman and Pavalon for an unknown price in 1977, 8 years later Jim Fitzgerald sold it to former US Senator Herb Kohl for \$16.5 million.

Since 1968, the Bucks have won thirteen division and two conference titles and a league championship in 1971. During its history, the club’s most prominent players include such hall of famers as Kareem Abdul-Jabbar, Oscar Robertson, Bob Lanier, Wayne Embry, Moses Malone, Alex English, and Adrian Dantley.

The Milwaukee metropolitan area is one of the smallest and least profitable basketball markets compared to those that host other NBA teams. Consequently, since the late 1980s, Bucks’ owners have not greatly expanded the team’s payroll to hire potentially productive-free agents and outstanding but older experienced players.

As a result, since 1986 the club has won only one division title. Recently, the Bucks hired a new coach and when the 2013 NBA season began, had only four players on its roster from the previous season.

The 26-year-old BMO Harris Bradley Center is one of the NBA's oldest arenas and thus owner Herb Kohl wants to replace it. The venue recently had a \$3 million renovation including luxury suites and theater boxes, but that was not enough of an investment to compete with the newer venues in the league. Although the team's current lease at the Bradley Center exists until 2017, the Bucks receive a limited portion of the arena's suite, merchandise, and concession revenue.

An average of only 13,000 households watched Bucks games in the 2012–2013 season on Fox Sports Wisconsin, which was the second smallest audience for NBA games behind the Charlotte Bobcats. Consequently, the Bucks will continue to be a small-market team that struggles to win championships and generate an excess amount of gate receipts, merchandise sales, and revenue from television contracts.

Phoenix Suns

Because of the region's hot temperatures and remote location, the NBA was reluctant to put a team in the southwest during the 1950s and early-to-mid 1960s. However, convinced that the region had demographic and economic advantages as of 1968, the league awarded an expansion franchise for a fee of \$2 million to an ownership group including entertainer Andy Williams. Indeed, the group convinced NBA officials that Phoenix, Arizona's growing population, households with above-average income, large number of televisions in homes within the metropolitan area, and natural rivalries with the league's Los Angeles Lakers and Clippers were factors that supported a decision to admit a new professional basketball team into the area.

General Manager Jerry Colangelo, who was only 28 years old at the time, settled on a name for his expansion franchise in 1968 using a name-the-team contest. In fact, Colangelo chose "Suns" as a nickname rather than Scorpions, Rattlers, and Thunderbirds, and other suggestions included in the 28,000 entries. One lucky fan won \$1,000 and season tickets in the contest, which included such obscure entries as White Wing Doves, Sun Lovers, Poobahs, Dudes, and Cactus Giants.

Playing in the WC, the Phoenix Suns are the only team in the PD not based in California. Since 1992, their home arena has been the US Airways Center, which was formerly the America West Arena. Known as the "Purple Palace," the Center has purple seats, which also is one of the Suns colors.

In 1987, Colangelo resigned from the Chicago Bulls and organized a syndicate. That group purchased the Suns from owner Richard Bloch for approximately \$50 million. Then, Colangelo hired Johnny "Red" Kerr as head coach and restructured assignments, tasks, and responsibilities in the front office. After a few years, these changes reinvigorated the organization. The Suns won division and conference titles in the 1993 NBA season and their division again in 1995 and 2005–2007.

At the end of the 2012 season, the Suns franchise had the NBA's fourth-best all-time winning percentage in regular season games at 55 %. In 45 years of performances, they qualified for 29 playoffs, posted 19 seasons of 50 or more wins, made nine trips to their conference finals, and advanced to the NBA Finals in the 1976 and 1993 seasons. Based on these results, the Suns are the most competitive franchise in the league to have never won an NBA championship.

Suns teams had three straight losing seasons since appearing in the WC Finals in 2010. In a recent season, the team bottomed out with its worst record since 1968–1969 and fans tuned out with television ratings off an NBA-worst 68 % on Fox Sports Arizona. In addition, attendance at Suns' home games ranked 23 in the team's first season since 2003–2004 without their point guard Steve Nash.

The franchise recently cut ticket prices with more than one-half of upper deck tickets at just \$10 per game. The result was an increase in the season ticket base from 8,500 to roughly 10,000. Therefore, despite previous disappointments in their performances, the competitive, profitable, and somewhat successful Suns will eventually win an NBA championship while operating from the 19,023-seat US Airways Center in downtown Phoenix.

Buffalo Braves

During the 1960s, the NBA expanded by six teams. This trend continued in 1970 when, for a fee of \$3.7 million, a syndicate headed by investors Philip Ryan and Peter Crotty became owners of an expansion franchise. For personal and perhaps sport-specific reasons, they based their club in a small market area of western New York and named it the Buffalo Braves. However, despite a passion for professional basketball, within weeks the syndicate sold its new franchise to frozen food company proprietor and theme park owner Paul Snyder for an undisclosed price.

While playing in the league's Atlantic Division (AD), the club's competitiveness gradually improved when it finished fourth in the 1970 NBA season, third 2 years later, and second in the 1973 and 1974 regular seasons. During this period, the Braves' best player was former University of North Carolina All-American Bob McAdoo who led them to three consecutive playoff appearances. Interestingly, various Braves' teams played several of their home games at the Maple Leaf Gardens in Toronto, Ontario with the intent to expand the franchise's fan base and market beyond the Buffalo area into Greater Toronto.

One year after the city of Buffalo filed an injunction in court and successfully blocked the Braves' move to Hollywood, Florida, Snyder sold his franchise for an undisclosed amount to fast food chain entrepreneur John Y. Brown Jr. who previously owned the Kentucky Colonels in the American Basketball Association (ABA). To obtain cash and other players, Brown traded superstar McAdoo to the New York Knicks midway through the NBA's 1976 season.

When ticket sales to Braves' home games plummeted, the local community anticipated that the team would relocate soon to another metropolitan area. After

two majority owners of the Boston Celtics swapped their team for the Braves organization in 1978, they moved their club from Buffalo to Southern California and renamed it the San Diego Clippers.

Simply put, Buffalo's NBA franchise did not succeed in its territory from 1970 to 1978 because it failed to entertain local sports fans, win any championships, and overcome economic problems in the city. Moreover, the Braves existed in a market whose primary professional sports teams were the NFL Buffalo Bills and NHL Buffalo Sabres, and later the minor-league baseball Buffalo Bisons.

Cleveland Cavaliers

Although baseball and football were popular team sports among fans in cities of northwestern Ohio during the 1930s and 1940s, the Cleveland area also hosted for a few seasons three professional basketball teams that played in the National Basketball League and one in the Basketball Association of America. Given that history, multimillionaire Nick Mileti's syndicate paid the NBA \$3.7 million in 1970 for an expansion franchise.

In a poll conducted by the *Cleveland Plain-Dealer*, local sports fans voted Cavaliers to be the team's nickname. The other finalists included Jays, Foresters, Towers, and Presidents. The Presidents nickname was presumably an allusion to the fact that seven former US Presidents were born in Ohio, second only to Virginia. Jerry Tomko, who suggested Cavaliers in the contest, wrote, "Cavaliers represent a group of daring fearless men, whose life pact was never surrender, no matter what the odds."

Named Cleveland Cavaliers, the club played at home in the 9,900-seat Cleveland Arena and placed fourth in the EC's CD for four consecutive years. After moving into the 10,000-seat Richfield Coliseum in 1974, the team played even better with its annual attendance doubling to approximately 335,000 or 8,200 per game.

Between the mid-1970s and early 1980s, the Cavaliers franchise had financial problems. As a result, different groups owned and then sold the team. For example, minority owner Louis Mitchell bought Mileti's shares in 1980 while Nationwide Advertising Services founder Ted Stepien acquired a controlling interest in it. As majority owner, Stepien made some questionable decisions that involved hiring and firing coaches and trading players. After realizing a loss of \$7 million during 1980–1982, Stepien sold the team in 1983 to business executives Gordon and George Gund for \$20 million.

In March 2005, billionaire Dan Gilbert became majority owner of the Cavaliers and undertook a complete overhaul of the front office, coaching staff, player personnel, and game presentation. Gilbert, however, received national attention during July 2010 when Ohio native LeBron James announced he was leaving the Cavaliers for the Miami Heat on a highly criticized ESPN television special dubbed "The Decision." Following the special, Gilbert published an open letter in Comic Sans font to Cavaliers' fans in which he strongly criticized when, why, and how James made his announcement.

Later in July, NBA Commissioner David Stern fined Gilbert \$100,000 for his remarks in the letter. Though some members of the media questioned Gilbert for his criticism of James, many of the team's fans agreed with his letter and even offered to pay the fine. Instead, Gilbert insisted on donating the amount to charity.

Regarding the team's performances, it had moderate success winning three CD titles and one conference championship in 18 total playoff seasons. However, the departure of superstar LeBron James to the EC's Miami Heat in 2010 was a tremendous loss. In 2011, the Cavaliers drafted high school basketball phenomenon Kyle Irving. Since joining the team, he has won such awards as Rookie of the Year, Rising Stars Challenge Most Valuable Player, and All-Rookie First Team in 2012, and furthermore, Irving became an NBA All-Star and Three-Point Shootout Champion. After James' departure and Irving's accomplishments, the Cavaliers fired General Manager (GM) Chris Grant during February 2014 because the team began the 2013 NBA season with a 16–33 record. Then, the club promoted vice president of basketball operations David Griffin to replace Grant.

After James took his talents to Florida's South Beach, the Cavaliers lost 70 % of their games during three of their following seasons. Even so, the team worked hard to entice fans to its home games with attendances at 20,562-seat Quicken Loans Arena about 80 % of capacity from the league's 2010 to 2012 season.

For the 2013 NBA season, the Cavaliers and Milwaukee Bucks became the first NBA teams to display the names of season ticket holders on the court of their home arenas. For sure, this is an added benefit for members of the Wine and Gold United Club, which the Cavaliers launched in 2012. In addition, during the first month since going on sale, demand for the team's single games of its 2013 season exceeded the prior year's total for the whole year. Unfortunately, the Cavaliers had a subpar performance that season against others in its division and thus did not qualify for the NBA playoffs. In short, if GM Griffin improves the team's roster while head coach Mike Brown leads players like Irving to better performances, then the Cavaliers will again be in a conference playoff and perhaps win a series.

Portland Trail Blazers

During the late 1960s, no major professional sports teams were in Portland, Oregon despite the metropolitan areas' growing middle-class and wealthier population. As a result, a syndicate headed by builder and real estate developer Herman Sarkowsky paid \$3.7 million in 1970 to own and operate an expansion franchise in the NBA.

To identify his organization to sports fans, franchise officials announced a name-the-team contest. Of more than 10,000 entries, *Pioneers* was the most popular but ruled out because nearby Lewis and Clark College was already using that nickname. Another popular entry was *Trail Blazers*, whose logo supposedly represents five players on one team playing against five players from another team. After officials selected *Portland Trail Blazers* as its name, the team played home games in the city's

12,888-seat Veterans Memorial Stadium during the 1970–1974 NBA seasons and won roughly one-third of them but finished between third and fifth in the PD.

Due to disappointing performances of his coaches and players and with difficult but different financial problems, Sarkowsky sold his interest in the franchise to minority owner Larry Weinberg in 1975 for an unknown price. Two years later, however, the club had a spectacular season and won an NBA championship. Mostly responsible for the team's success was 7-ft center Bill Walton, forward Maurice Lucas, and crafty head coach Jack Ramsey.

From 1977 to 1995, the Trail Blazers sold out 814 consecutive home games at their arena in Portland. Those ticket sales occurred, for the most part, because the club won division titles in 1978, 1991, and 1992, and conference titles in 1977, 1990, and 1992, and an NBA championship in 1977.

Thirteen years after Weinberg acquired the franchise from Sarkowsky, he sold the club to Microsoft Corporation's co-founder Paul Allen for \$70 million. To upgrade the organization, Allen invested more resources and money into his franchise and increased players' payroll. These decisions, however, failed to improve the team's performances against its competitors in the WC's NWD.

Since the late 1990s, the Trail Blazers have won only one division title. During this period, the team was inconsistent from season-to-season and usually lacked a superstar and effective head coach. Nevertheless, because of forward/center LaMarcus Aldridge and guard Damian Lillard, the team became competitive in the 2013–2014 and 2014–2015 NBA seasons. If Aldridge and Lillard remain healthy, reserve players score more points, and head coach Terry Stotts makes good decisions, the Trail Blazers will be an excellent team in its division.

Regarding recent business opportunities and their arena, the Trail Blazers' 195 home-game sellout streak ended in March 2013 as the team missed the playoffs for a second straight year. Although it finished with the NBA's fourth highest attendance at 19,829 per game, the team's luxury suite sales were a problem with only 30 of 57 all-event suites leased for the season.

In August 2013, the Trail Blazers added Moda Health as a naming rights partner in a 10-year, \$40 million deal. The agreement left only three NBA venues without a corporate name. These include the Detroit Pistons' Palace of Auburn Hills, New Orleans Pelicans' New Orleans Arena, and New York Knicks' Madison Square Garden.

Although Allen still owns the franchise, he needs to make more risky, significant, and profitable business decisions for the Trail Blazers to compete against and consistently defeat such opponents as the Oklahoma City Thunder and Denver Nuggets. Otherwise, the team will be mediocre in its division.

New Orleans Jazz

Four years after the Braves, Cavaliers, and Trail Blazers joined the NBA, the league expanded again when it approved the entry of a new franchise for \$6.15 million to a syndicate led by Fred Rosenfeld and restaurant entrepreneur San Battisone Jr.

Originally chosen through a name-the-team contest, which produced seven other finalists including Dukes, Crescents, Pilots, Cajuns, Blues, Deltas, and Knights, the team's name became New Orleans Jazz.

Playing at home in the 6,500-seat Loyola Field House for 1 year and then another four in the city's 74,452-seat Louisiana Superdome, the Jazz won approximately 40 % of their total regular season games and finished between fourth and sixth in the league's CD. Meanwhile, the team averaged about 410,000 per season in home attendance. That was because fans loved to watch and especially support a very talented Jazz player. Acquired from the Atlanta Hawks, shooting guard Pete Maravich was popular and usually scored many points each game. During games, he passed basketballs to his teammates like a magician but off the court struggled emotionally and physically with knee injuries, alcohol, and psychological problems.

Besides Maravich's age and deteriorating health, the franchise had issues with its lease at the Superdome. Because of events at Mardi Gras, for example, the Jazz had to play road games for 1 month during the 1977 NBA season while attempting to compete and qualify for the playoffs. In addition, the franchise bungled the rights to draft Michigan State University All-American guard Magic Johnson in 1979, who years later, won several NBA championships with the Los Angeles Lakers.

Demoralized from \$5 million or more in financial losses and declining attendances at the team's home games in the Superdome, majority owner Battisone received approval from the league to move the Jazz from New Orleans to Salt Lake City, Utah in 1979. Twenty-three years later, the Louisiana city became home of the New Orleans Hornets (renamed Pelicans in 2013).

Individually, the ten NBA expansion teams had mixed results during their initial five seasons—but only two for the Packers/Zephyrs and four for the Rockets. Ranked accordingly, the Jazz, Braves, and Bucks had the highest average home attendances in regular seasons while the fewest number of spectators were at home games of the Packers/Zephyrs, Cavaliers, and Rockets.

For their average winning percentages, the Bucks, Suns, and Bulls ranked highest but with the lowest percentages were the Packers/Zephyrs, Trail Blazers, and Cavaliers. These results suggest that the Milwaukee Bucks and Chicago Packers/Zephyrs were, respectively, the most and least successful teams within 5 years after they joined the NBA.

From an article in *Forbes* magazine, there is financial information as of 2013 about such original NBA expansion franchises as the Bulls, Bucks, Suns, Cavaliers, and Trail Blazers (Table 2.2). For those teams that moved to another metropolitan area but currently exist, the table contains their estimated market value, revenue, and operating income. Unlike some expansion franchises in MLB and the NFL and NHL, the NBA teams established from 1961 to 1974 did not later disband, fold their operations, or become property of the league.

In 2013, the group of current teams in the table had an average estimated market value of \$602 million, revenue of \$144 million, and operating income of \$26 million. The richest of them were the Bulls and Rockets while the least valuable included the Bucks and Wizards. For the others, their values ranged from the Thunders' \$590 million to Cavaliers' \$515 million, revenues from the Cavaliers' \$145 million to

Table 2.2 NBA expansion franchises before 1976, teams 2013 financial data

Franchises		Current team		
Expansion team	Current team	Value	Revenue	Operating income
Chicago Packers	Washington Wizards	485	122	7
Chicago Bulls	Chicago Bulls	1,000	195	52
San Diego Rockets	Houston Rockets	775	191	63
Seattle Supersonics	Oklahoma City Thunder	590	144	33
Milwaukee Bucks	Milwaukee Bucks	405	109	11
Phoenix Suns	Phoenix Suns	565	137	28
Buffalo Braves	Los Angeles Clippers	575	128	15
Cleveland Cavaliers	Cleveland Cavaliers	515	145	10
Portland Trail Blazers	Portland Trail Blazers	587	140	30
New Orleans Jazz	Utah Jazz	525	131	17

Note: NBA is National Basketball Association. Value is teams’ estimated market value in millions based on their current arena deal without deduction for debt (other than arena debt). Revenue is teams’ net of arena revenue in millions used for debt payments as of the 2012–2013 NBA season. Operating Income is teams’ earnings before interest, taxes, depreciation, and amortization in millions as of the 2012–2013 NBA season

Source: Kurt Badenhausen, Mike Ozanian, and Christina Settini, “NBA Team Values: The Business of Basketball” at <http://www.forbes.com> cited 6 February 2014

Clippers’ \$128 million, and operating income from the Thunders’ \$33 million to Cavaliers’ \$10 million. In short, Table 2.2 denotes differences in financial data of ten NBA teams in small, mid-sized, or large sports markets.

In the Appendix are Table A2.1, which reflects each expansion teams’ performance and average home attendance during its first season in the league, and Table A2.2, which lists these teams’ city and metropolitan area populations and their population ranks in the expansion year. Table A2.1 denotes that, on average, these ten teams won 26 % of their games, ranked fifth and finished 30 games behind the division leader, had 5,280 spectators at each of their home games, and scored 108 points to their opponents’ 115.

Among the group in games, the Chicago Bulls and Portland Trail Blazers had the best records, Milwaukee Bucks and Phoenix Suns ranked lowest in their division, Seattle Supersonics and Portland Trail Blazers attracted the most fans, and the Cleveland Cavaliers scored fewest points and San Diego Rockets the highest. Based on data in the table, the most successful expansion teams in their first season were the Chicago Bulls, Portland Trail Blazers, and despite their rank, the Milwaukee Bucks. Alternatively, the least competitive were the San Diego Rockets, Cleveland Cavaliers, and Phoenix Suns.

According to Table A2.2, Chicago and its metropolitan area had the largest population and ranked highest among NBA expansion teams. In contrast, relatively small markets included Buffalo, Phoenix, and Portland. Despite population differences, the Zephyrs moved from Chicago in 1963, Rockets from San Diego in 1971, Supersonics from Seattle in 2008, Braves from Buffalo in 1978, and the Jazz from

New Orleans in 1979. Thus, 5 or 50 % of the league's initial group of expansion teams remained at their sites through the 2013–2014 regular season.

Before 1976, the NBA experienced some major developments especially its size. In 1950, the league had 17 franchises but quickly regressed to 11 and then a low of 8 in the 1955–1956 season. The largest change occurred from 1966 to 1968 when five new franchises joined the league. Consequently, the NBA increased in size from 8 to 18 franchises in 20 years or in 14 years if you count from when the first expansion team started to play.⁵

⁵An early study of NBA expansion teams appears in Frank P. Jozsa Jr., "An Economic Analysis of Franchise Relocation and League Expansion in Professional Team Sports, 1950–1975," Ph.D. diss., Georgia State University, 1977. Other sources with information are online such as "Basketball History" at <http://www.history-of-basketball.com> cited 20 September 2005; "History of Basketball" at <http://www.library.thinkquest.org> cited 24 August 2009; "National Basketball Association (NBA) History" at <http://www.rauzulustreet.com> cited 12 August 2005; "NBA Growth Timetable" at <http://www.basketball.com> cited 17 September 2005; "Professional Basketball Leagues" at <http://apbr.org> cited 27 August 2009. Current literature includes the *Official NBA Guide: 2013–14 Edition* (New York, NY: NBA Properties, 2013), and *Official NBA Register: 2013–14 Edition* (New York, NY: NBA Properties, 2013).

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