

1-7-2006 Myle Brand Press Conference

1 (File: 20060107\_Myles\_Brand\_press\_conf22m16.)

2 BOB: Well, welcome, everyone to our  
3 post-opening business session press conference. At this  
4 time, I'll turn it over to Dr. Brand.

5 The way we'll work it is you'll have one  
6 question and a follow up.

7 And with that, Dr. Brand.

8 DR. MYLES BRAND: Thanks, Bob. And thank  
9 you all for coming. I appreciate it.

10 That was very moving, I thought, with Birch  
11 Bayh and Coach Wooden. And you know, I was sitting next  
12 to Coach Wooden and he had a tear in his eyes. He was  
13 literally affected by that recognition by his colleagues,  
14 really. And I was affected by it as well.

15 Questions?

16 MALE SPEAKER: Well, what did he say to you  
17 out there? (Indiscernible) at some point (indiscernible)  
18 and so on (indiscernible)?

19 DR. MYLES BRAND: He said, I was moved by  
20 it. Then he asked for a copy of my speech. Yeah.

21 MALE SPEAKER: Can you sum up the message  
22 you gave up there about kind of the commercials? The  
23 people who have the negative attitude towards the  
24 commercials, they shouldn't be the collegiate athletics  
25 and your attitude on that, especially when

1 (indiscernible).

2 DR. MYLES BRAND: Yeah. Well, what I've  
3 discovered over the last couple years is that there's  
4 massive misunderstanding and misinterpretation of how an  
5 athletic department financially operates. And I think  
6 that's a piece of a massive misunderstanding of how  
7 universities operate financially.

8 I mean, on the front end, on the revenue  
9 generation, you have to generate as much revenue as you  
10 can; and, therefore, you have to follow the best business  
11 practices. It's not just a university president, but it's  
12 the board and everyone else trying to generate the tools  
13 for which you can execute your academic mission. So on  
14 the front end, on the input side, you operate in a  
15 businesslike fashion, always constrained by the values of  
16 higher education.

17 So it's not merely the marketplace that  
18 determines how you generate revenue -- either a university  
19 or an athletics department -- but it's also the values of  
20 higher education. So there's certain things you won't do;  
21 and things you do do, have to be in a respectful way.

22 On the output side, you are not for profit.  
23 And in the case of the university, you operate by pursuing  
24 the educational mission of the institution; or in  
25 athletics, you operate in trying to maximize the number of

1 participation opportunities for women and men.

2           If you were a business on the output side,  
3 a for-profit business, you'd only have one or two sports.  
4 But universities -- I think Ohio State has 36 sports and  
5 only two, maybe three -- but at least two, make some  
6 revenue. Why are they doing all the rest of the stuff?  
7 If they were a business, they wouldn't.

8           The reason they're doing it is because  
9 they're trying to provide opportunities for young men and  
10 women to participate. Well, why is that important? The  
11 reason it's important is because it's part of the  
12 educational experience of those who participate.

13           So I think there's confusion. When you  
14 operate on the revenue side, according to the best  
15 business practice, people accuse you of being a business.  
16 Well, that's very shortsighted and a deep misunderstanding  
17 of what's going on. Because you look at not-for-profits,  
18 whether you're a hospital, whether you're a university or  
19 a church, you look at not-for-profits on how they expend  
20 their resources, what's their mission, and do they provide  
21 all the revenues going into their mission, or do they  
22 provide profits for someone else? Well, they don't. They  
23 sustain their mission.

24           And so I think that lack of understanding  
25 has led some people, unfortunately, and mistakenly so, to

1 criticize athletics, and even sometimes to criticize  
2 universities for not understanding what the business model  
3 is.

4 MALE SPEAKER: You said that because  
5 athletes are students, they shouldn't be paying. But  
6 isn't it a fact that graduate students are paying and that  
7 students in co-op programs in a school like Northeastern  
8 are paying?

9 DR. MYLES BRAND: Right.

10 MALE SPEAKER: How is it inconsistent with  
11 (indiscernible)?

12 DR. MYLES BRAND: Yeah. A graduate  
13 student, a teaching assistant is an employee of the  
14 university. And as such, some of them are unionized.  
15 Some -- they have various laws that they follow.

16 But as a student, with respect to  
17 athletics, they're not to be paid. So with respect to the  
18 participation in intercollegiate athletics -- so we might  
19 have a student who is an employee of the university in  
20 some other regard, maybe a work study program, and that's  
21 an employee. But as an athlete, they are not an employee.

22 MALE SPEAKER: And why should they not be  
23 employed as an athlete when they can be as a work study  
24 group?

25 DR. MYLES BRAND: Because we treat them as

1 students and athletics is part of the educational  
2 experience. They're not employees when they take an  
3 English class. They're not an employee when they work --  
4 when they're involved in the student symphony. They're  
5 not an employee when they run for student government.  
6 They're not employees in that regard. It's part of their  
7 educational experience.

8           And that's what athletics is like. It's  
9 not like being a teaching assistant. It's like taking a  
10 course in English. It's like extracurricular activity.  
11 That's what being a student is. So it's part of the  
12 student experience. And that's why we don't pay them,  
13 because athletics is part of the student experience.

14           MALE SPEAKER: What different types of  
15 commercialism do you see (indiscernible) but there's  
16 nothing wrong, nothing to be ashamed of, as long as it's  
17 (indiscernible) the right way? Do you anticipate more and  
18 different kinds of commercialism?

19           DR. MYLES BRAND: You know, we live in a  
20 time in which the new media is expanding in ways that  
21 we're just getting a taste of. We don't really have the  
22 full picture -- certainly through the Internet, cell phone  
23 type devices, PDAs, and so on. And I don't know what the  
24 new media is going to look like in three or four years  
25 from now.

1                   And I think as there's an opportunity to  
2 see games live, get information about games, archival  
3 instances, delivery of these games as the audience  
4 prefers, more of an on-demand delivery, rather than it's  
5 on TV, and if you don't get it at that time, you can't  
6 watch it. They're going to create some new opportunities.  
7 I don't know what they will be. But those kinds of  
8 opportunities, in terms of media rights and things, we'll  
9 have to look at.

10                   Now, CBS owns, as ESPN does, much of our  
11 media activity. And we will need to work with our  
12 partners on that as a result.

13                   MALE SPEAKER: I think you made a reference  
14 to a staff function reacting to that kind of  
15 commercialism. What is it about the current setup that  
16 maybe isn't adequate to what you might face in the  
17 future?

18                   DR. MYLES BRAND: Well, for example, in  
19 dealing with the NIT -- as a business operation to make  
20 sure that we turn it into a profit center over a  
21 reasonable amount of time, we've got to be able to be  
22 quick afoot in the way we negotiate contracts and in the  
23 way we establish certain venues. And I think it's going  
24 to behoove us to be able to do that on a staff functional  
25 basis through an LLC, rather than run it through a normal

1 committee structure.

2           It just takes too much time. We don't meet  
3 that often. And even if we do it by telephonic reasons,  
4 it's very hard. It's just too slow for today's business  
5 world.

6           MALE SPEAKER: I'm sorry, Myles. But were  
7 you alluding to the possibility of splitting the NCAA  
8 tournament and also (indiscernible)?

9           DR. MYLES BRAND: No, not at this point.

10          MALE SPEAKER: Would that be something that  
11 you would look at? Or can the NIT serve as a test for how  
12 that works?

13          DR. MYLES BRAND: You know, Steve, I think  
14 the NIT serves as a test case for us. It is the first one  
15 like this we've done. And we want to see what else is  
16 possible. I mean, the thing with the NCAA tournament is  
17 that it's not broken. And I'm really hesitant to try and  
18 fix something that's not broken.

19                 And we have a great relationship with CBS,  
20 and we do do things in a timely case, in a situation in  
21 that case.

22                 I think that's very unusual. It's because  
23 of a longstanding working relationship -- and atypical.  
24 So I don't see any reason to even be heading in or  
25 thinking about that direction right now, because it's not



1 broken and it's working so well. But I think the NIT may  
2 open up new ideas for us. And it's -- I don't have those  
3 ideas. But we are experimenting with it so we can learn  
4 more and see what works best.

5 And if some new opportunities come around,  
6 we'll be better positioned because we've had some  
7 experience with it. But there is no thought right now to  
8 do anything with the NCAA tournament, just because it's  
9 doing so well. Yes.

10 MALE SPEAKER: Do you envision more close  
11 tie-ins between companies and colleges and athletic  
12 departments or any other, you know, levels of  
13 (indiscernible)?

14 DR. MYLES BRAND: You know, that's a good  
15 question, Brad. I think what we're doing with our  
16 corporate sponsors is quite unusual in the business world,  
17 in that we're saying if you want to work with us, you have  
18 to accept our values of higher education. And every time  
19 I meet with those folks, like the Hartford, for example,  
20 is one clear case when they designed a program in which  
21 they would help students in general, student athletes,  
22 specifically, with financial matters. And we work very  
23 closely with them in the way that would be presented to  
24 our students, and they were more than willing partners.

25 I think that's the kind of model we're

1 looking for where if people -- if corporate sponsors want  
2 to work with us, they have to know our values and they've  
3 got to accept them. And that does put some limitations on  
4 what they can do. And if they're uncomfortable with that,  
5 then it's not a good partnership.

6           And not surprisingly, many of America's  
7 best companies like the values we have in higher  
8 education. I mean, it works for them and it works for us.  
9 And we do have a meeting of the minds. And so it's been  
10 successful, but we're very clear about what we expect from  
11 our corporate partners. It isn't just the marketplace.  
12 It's the values and the normative aspects of what we do  
13 that control our commercial activity. But in all  
14 fairness, we will be aggressive about our commercial  
15 activity within that context.

16           MALE SPEAKER: Any other questions?

17           MALE SPEAKER: More aggressive?

18           DR. MYLES BRAND: We'll be looking for  
19 opportunities, but more aggressive in terms of looking for  
20 opportunities, yes. Also more aggressive in terms of  
21 eliciting from our corporate sponsors a willingness to  
22 work within our value structure, both at once. They're  
23 not incompatible.

24           It takes extra work on our part, and we may  
25 have to say no sometimes as a result, but I think we want

1 to be more aggressive in terms of value-oriented  
2 approaches and more aggressive in revenue generation.

3 MALE SPEAKER: Do you know what potential  
4 additional revenue generation there is?

5 DR. MYLES BRAND: No, not really. I mean,  
6 we have some very early ideas. We are exploring them.  
7 You know, I think in the next several years we may have a  
8 better sense of it. I think new media provides one  
9 opportunity that we have to look at. There may be others  
10 that we'll need to look at as well.

11 We're not going to act like a professional  
12 league in the way we operate, but there will be some  
13 opportunities. I think our games are more popular.

14 You know, Steve, I think our games are more  
15 popular over and above men's basketball and football, and  
16 as new cable stations come on, they're going to want  
17 additional content. And we are the content providers.  
18 There's frankly very little exciting on television related  
19 media than sports. I don't have to convince you of that.

20 But the fact is that sports is reality TV.  
21 And to the extent that we can provide some visibility, and  
22 over time -- not immediately, over time, some revenue  
23 generation, we'll pursue that.

24 And for example, Division II has  
25 dramatically increased the platforms by which its

1 championships are being shown -- College World Series,  
2 women's softball, volleyball, women's basketball. All  
3 those sports, and many more, I think are the wave of the  
4 future, and we will pursue those aggressively.

5 Yeah, Robin.

6 ROBIN: Recognizing that CBS has the rights  
7 to a tournament, why would there be a decision to go ahead  
8 and jointly and have that content on the Internet free  
9 this year when it would create a -- I mean, it would seem  
10 to be a digital (indiscernible) stream and create the  
11 expectation (indiscernible)? What are the issues there?

12 DR. MYLES BRAND: There are no issues for  
13 us. They have the rights and they decided to do that as a  
14 way to bring more attention to the tournament -- lost  
15 leader, if you like. And I think over time, that may well  
16 change, but at least at this point, they say it's a good  
17 way to increase the popularity of the tournament.

18 And you know, that's a business decision on  
19 their part. They decided rather than sell it now, they'll  
20 make it available. And that's fine. And they have the  
21 ability to do that. We have the ability for archival --  
22 they have live -- we have archival, and so we may be able  
23 to exercise those rights at some point. Good.

24 MALE SPEAKER: Okay.

25 DR. MYLES BRAND: Thank you.