

## PROTECTING YOUR POSSIBILITIES PODCAST WITH LUKE FEDLAM

### Episode 35: The Season is Over, Time to Manage The Transition | April 7, 2021

*The following is a transcription of the audio podcast recording. It is largely accurate but in some cases it is incomplete or inaccurate due to inaudible passages or transcription errors.*

Luke: I'm sports attorney Luke Fedlam, and welcome to the Protecting Your Possibilities podcast. Each conversation we focus on sharing information and having conversations around how athletes can best educate and protect themselves or their life outside of their sports.

Thank you so much for tuning in to the Protecting Your Possibilities podcast. I'm your host, Luke Fedlam. And we've got another episode for you. I thought it was perfect timing, to have a conversation around athletes and managing their transitions.

Now, when we think about this, we're in this place right now, where from an NFL perspective, you have college football players who have left school and either participated in the NFL combine, and potentially participated in their pro day at their university. But the NFL draft is later this month at the end of April. And you also, now, after this week's NCAA tournament, for basketball came to an end, you now have basketball players who are beginning their process of managing their transition through to the NBA draft, which will be held later this summer towards the end of July.

And so when we think about this, these are significant transitions. And it's so important that we have a plan, and that we prepare for what that transition is like, right. There's so many different aspects to this, right, there's obviously the performance piece, which is actually how you perform on the court, on the field, or within your sport. And that is probably the most important factor when it comes to preparing for that next level. But there's also the business side of everything. Transitioning from what will, in air quotes, call amateur sports into now, professional sports. And it will save that air quotes conversation for another episode. When we look at this transition into professional sports, understanding the business of what now is going to be happening around you and around the player is so, it's so important. And if you took a step back, and I know that we have quite a few listeners who will listen to this, who are entrepreneurs, who are musicians and artists, and it goes so much beyond just athletes.

Think about the transitions that you will experience in your career as you live out your passion. And hopefully, you'll be able to take some kind of tips and some themes from this right. Around being prepared around being thoughtful around building a team around you to help you, right? I mean, oftentimes, it's important, I think, for any type of entrepreneur to think about what is their core competency, right, what is their skill set their unique skill, their unique ability, their talent? What is it that that talent is that they are going to be executing, and then outsourcing the rest. But it can't just be blind outsourcing, right? It can't just be oh, somebody else will handle this or somebody else will take care of that. It really is a matter of understanding what is going on around you because you ultimately are the CEO of your business.

So I want to spend a few minutes today just kind of talking about managing the transition. And I think it probably makes sense that for this episode, we'll probably focus mostly on basketball and football since they are going through that transition from college into the pros right now.

So when thinking about this, I mean, in a split second, everything changes, right? I mean, a college student instantly becomes this business owner, right. And that business with the athlete serving is that chief executive officer, as that CEO becomes this living breathing brand, right. And so there has to be a focus on getting independent and objective, but most importantly qualified advice as you're managing your transition.

So let's think about kind of how we break this down. First in terms of managing the transition is there has to be an understanding of kind of who's your core team. Who is going to help you as you make decisions. And you've probably already obviously identified who those people are. It could be a family member, it could be a former coach, but usually there is someone else or multiple people outside of the athlete who are there as trusted resources to help the athlete through their decision making process.

What's important to note is that just as important as this is for the athlete to understand their transition, it's equally as important for whoever that trusted advisor is, whether it's a parent or someone else, it's important for them to understand this transition process, because the athlete is really going to be focusing on their athletic performance during this time. Alright, so for basketball March Madness ended, but now it's about identifying where I'm going to work out and who's going to train me and how I'm going to prepare for potentially the NBA combine, for team workouts and prepare myself for this draft that's coming. And so with the athletes focus on their performance, their athletic ability, and kind of the nuances of continuing to improve their game to raise their draft stock as high as possible, it really is important that someone else or some other people are also focusing on the business side of things that are happening during this transitional time.

So when that kind of trusted resource, when those people or person have been identified, then it's a matter of taking a step back even further and saying, Okay, now, what do we want this team to look like? Right? What do we want this advisory team for the athletes to look like this team of advisors, professional service providers, who are going to be helping advise the athlete and advise the family in this transition from college sports into professional sports. And it is a massive transition, it is a significant transition when thinking about going from living in a dorm on campus, or living in an apartment just off campus, having classes, managing your sport, to now transitioning to potentially making significant money as a professional athlete, potentially moving to a new city with a new coach, new coaching staff, new team, new teammates, I mean, it's it's a lot. It's a lot socially. It's a lot mentally. And obviously, it's a significant change economically as well. So having a team that has gone through this process and helped other athletes through their transition from college to professional sports is really important.

But it really begs the question, how do you get there? Right? How do you get to that trusted team of advisors. and selecting a team isn't necessarily easy. I mean, if you're an elite, basketball player, and elite football player, just an elite athlete, generally, agents have most likely been scouting you for a long time. And you've most likely had numerous conversations with agents, building relationships, getting to know them. And so during kind of your college time, or even potentially high school time, that agent has either been talking to the athlete and or talking to the athlete's parents, building relationships. And so it's no surprise that obviously an agent, a player agent is a critical component for many athletes as they go through making their team.

And so thinking about that agent, I know that there are numerous conversations that are held throughout the time that the athlete is still playing in college, but a selection and actual formal selection does not occur until the athlete signs that SPAC right that Standard Player Agent Contract with that agent in the NFL, it's the SRA, the Standard Representation Agreement. And so when it comes time to sign that SPAC, that's where that's where the rubber hits the road, right? That's where you actually are selecting the agent to represent you as your player agent. And so before you sign documentation, you know, the lawyer in me always says "before you sign anything, make sure you understand what you're signing," right? And so you want to really understand and do your due diligence or do your investigation, you know, you're questioning of the agent or final kind of number of agents that you're selecting. And so you want to understand a lot of different things, right?

How many players does that agent represent? Who are those players? And both of these questions, again, they're not specific to say, based on their answer, you should do this, right? Because in certain instances, you have small agencies where they don't represent that many players, and you would be able to potentially be a bigger fish in a smaller pond. And there's pros and cons with that. Or it could be a huge agency that represents tons of players and maybe you're an average size fish in a pretty big lake. But even with that there are pros and cons that come with that right? Both in terms of attention in terms of resources, etc. So, but you want to know, right, you want to kind of know where you stand in the overall scheme of relationships with the agent from the very beginning. And so asking those questions of understanding the number of players that the agent represents kind of who some of those players are, is an important place to start. You want to understand, you know, does the agent represent athletes, you know, a certain type of athlete right, certain positions? What is their preferred kind of trainer or training facility? Or how do they handle training? You know, have they ever been disciplined by the Players Association for their particular sport, the MBPA, or the NFLPA has a client ever filed a complaint against them in a court of law, or with the Players Association filed a grievance against that agent, and if so, for what? And again, these are just some of the entry level basic questions that you want to understand so that you kind of get a little bit more insight. Because a lot of times, it's about relationship and you want to go based on relationship, I really like this person, or, you know, I really feel like they're going to be able to take me to the next level. And that's important, right? If there is an important part of kind of that gut feeling, if you will. But you should have a full process on this decision making, that you're going through, and the due diligence that you're undertaking in order to be able to make your decision about the agent that you want to work with. And so these are some of those basic questions.

But you also want to understand how are they going to charge you? Right? How are they going to charge you what happens if you terminate your relationship with them? Right? I've seen that happen multiple times. And if you know, if you were to terminate the relationship with the agent, what are the financial consequences of doing so? Right. So these, again, are some things that you want to understand and in understanding that that type of information should be reflected in whatever agreement, they're going to ask you to sign. And so you know that you're going to for basketball, you're going to have the SPAC, right? That's that standard agreement, it's already been negotiated as part of the collective bargaining agreement. So the agent is just going to fill in some information in that form. That's the starting point. But then they'll also almost always have an additional agreement for you to sign - some additional type of addendum or training agreement or fee agreement or something else, that we'll talk about what services they're providing you, what's going to happen if the agreement is terminated, etc. And it's those types of agreements that lead to that next member of the team, which really should be a non-agent, attorney. Alright, so a non-agent, sports attorney. Yep, you heard it here first, folks. That sounds self-serving, obviously, because I do that. But I see this on a regular basis. And so I'm speaking

from experience, when I tell you, it's so important to have someone else who understands these agreements, review the agreements before you sign them. Right before you sign anything, before you put your name to anything. You want to make sure that you have qualified, independent counsel, reviewing it so that you know that someone is putting your interests first period.

Alright, so what does that mean? Independent means that a lot of times, agencies will say, Oh, well, we have lawyers in house or we have someone you know, the agent maybe went to law school. But that doesn't mean that they're independent. Obviously, they, while they do care about their players, they also care about their themselves and their own agency. So having an outside, independent, third party attorney who is solely responsible for putting the athlete's interests first, there is such value there to be able to understand what it is that's getting put in front of you by the agent to sign. And that goes with not just the agents agreements, but if they're doing marketing for you, or if you have a separate marketing agent, having someone who's reviewing those endorsement deals, those marketing opportunities, again, to make sure that you are being protected, and that you fully understand the impact of the agreements that you're about to sign.

So thinking about how do you get to that point, right, selecting this kind of non-agent attorney, you really want to understand what experience do they have? Do they have experience in analyzing advisor and agent agreements? Have they analyzed or negotiated the standard player representation agreement? I mean, have they looked at training agreements, pre-combine training agreements or pre-draft training agreements and things along those lines? Have they reviewed endorsement deals or marketing deals? Do they understand how to help you protect your intellectual property? So thinking about you starting a brand - do they have the experience in protecting your intellectual property? Pretty understanding how to file for trademarks and make sure that your brand gets protected. All while, you know, maintaining your privacy and helping you maintain your anonymity, thinking about that whole kind of aspect, right? That's an important part of your team. And a lot of people don't think about the importance of having an attorney, because the focus is always on, I gotta pick my agent, I gotta pick my agent. But you really want to make sure that you establish this series of checks and balances as part of your team, so that you're constantly getting qualified, independent and objective advice for your career that's going to help you outside of your sport.

So we've talked about the player agent, we've talked about that non-agent attorney, which is important. And so thinking about financial advisor is another piece. And this one we could spend, obviously, a ton of time talking about. But what I highlight is understanding what experience does that financial advisor have? And what services are they really going to be providing you? Most rookies for the most part don't need investment services, they don't need someone necessarily investing all of their money for them, as much as they need someone who can help them establish a budget, help them establish processes for how bills are getting paid, or how their overall finances are just being managed on a regular basis. So those initial services are so critically important, as opposed to just someone who says, "Oh, hey, I can go get you invested in these types of business opportunities and you're going to be an owner in these companies, and make all this money." I mean, that's, that is a recipe for disaster, right? Establishing a solid financial foundation is so important and having capable, qualified financial advising through that process is so important. There are firms, companies out there, who also will help you identify financial advisors and help you go through that search process. Because again, it's all brand new. And there are, I mean, just like lawyers, just like agents, you know, there are tons of financial advisors out there. So again, thinking about how they charge fees,

what services they're providing, how can you hold them accountable, are all critically important as you think about potentially bringing on a financial advisor.

And then you may also want to look into more insurance, and not necessarily more insurance in terms of receiving more insurance, but just look deeper into your insurance experience right now. Because if you're an elite athlete, you may have had a policy that was purchased by your university when you were in college, and you want to understand the terms of that, and how does that policy continue to impact you now that you're transitioning into the pros. Is still in place? What happens once you're drafted? And so you want to be able to have a professional who can review that and provide that feedback to you as well.

So again, a lot of information, short period of time, that, you know, we could go much deeper into each one of these various kind of team positions, if you will, from the agent to the non-agent attorney, to the financial advisor, potential insurance advisor. But I think this should give you a good kind of overall sense of what that team looks like and how you put that team together. And when you think about this, and you think about athlete, you know, as an athlete, being the head of your business or being the CEO of the business around you. Typically with the CEO, you've got a chief operating officer, right? That's that kind of the right hand person, right, that helps to oversee the day to day operations. And so oftentimes, that may be somebody that's in your family, that could be somebody that you've grown to trust over time, and they're going to help you, right? And you want to make sure that you have a good understanding of that person and what role they're going to play. But then you've got all of these different other team members that will be able to report to you about where things stand and help advise you as you're making those decisions that go beyond your sport.

So a lot is happening in this period of time. But it's so critically important that you effectively manage your transition from college into the pros, because that sets your foundation for your professional career. And not just your professional career on the court or on the field or within your sport, but your professional career outside of sports as well that obviously is going to transcend sports. And you want to make sure that you have that solid foundation in place to do that.

So hopefully you found some value in this conversation. Please do feel free to share it with others who you think might find it valuable. Obviously, if you have additional questions you can reach out to me at Luke Fedlam on social media. Easy to just kind of Google, you know, Luke Fedlam. It's kind of a unique name and you can you can find, you know, more information on the firm's website about me and the service. As the we provide, but if you have questions as well about how you manage the transition, definitely don't hesitate to reach out again. Thanks for tuning in, feel free to share, like subscribe, all that good stuff and we'll catch you again in a future episode. Take care and have a great day.

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