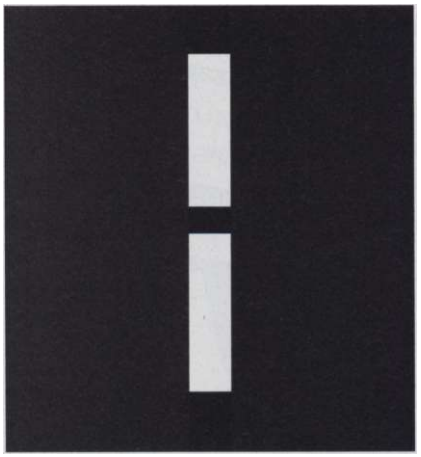

MEET THE BEST OWN

The fans are shareholders. The CEO is a union leader and ex-player. The city is a dot on the map. The bizarre anomaly of the Green Bay Packers—the franchise that rules the NFL

By Karl Taro Greenfeld Photographs by Matthias Clamer

ERS IN FOOTBALL



If Lambeau Field is hallowed National Football League ground-was it this goal line or the far one where Bart Starr sneaked in for the winning touchdown in '67?-then it was only fitting that the NFL clergy gathered there in early September to celebrate the start of a new season. The preceding months had been dominated by bitter negotiations between the league's 32 owners and the players' union, which had led to an owners' lockout and the cancellation of training camp. For a while the regular season itself seemed in jeopardy until the two sides reached a new collective bargaining agreement six weeks before opening Sunday.

The season's first game was a clash between the two most recent Super Bowl champions, the Green Bay Packers and the New Orleans Saints, and as the teams warmed up on a clear autumnal night, Lambeau had the atmosphere of a homecoming weekend. There was Starr holding a Green Bay Packer flag, NFL Commissioner Roger Goodell greeting New Orleans Saints coach Sean Payton, and Bob Costas and Tony Dungy doing the NBC pregame show.

A few feet away stood a man few casual fans would recognize, but who was nonetheless indispensable to making this night possible: Mark H. Murphy, the Packers' president and chief executive officer. Murphy is the embodiment of that rags-to-riches fable wherein the boy working on the shop floor can grow up to run the whole factory. There have been other former players who owned teams, including Packers' founder Curly Lambeau, but Murphy is the only player-turned-CEO to win a Super Bowl in both roles, as a player with Washington in 1983 and as Green Bay's CEO last season.

Murphy wore a black suit, paisley tie with swirls of green and yellow, charcoal trousers, and flve-lace-hole black shoes. He walked along the grass near the white-chalk sideline, with the shambling, slightly stiff-legged shuffle of the ex-athlete. As the Packers completed their drills and gathered in a pregame huddle, Murphy said, "That camaraderie with your teammates, it's impossible to match that outside the game, anywhere else in life. They should savor it, because the transition from being a player is difficult, really challenging."

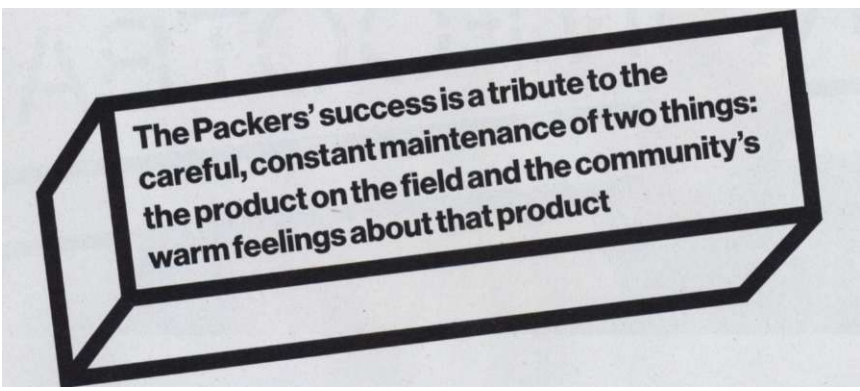
Few players in NFL history have made that transition in quite so remarkable a fashion as Murphy. That he is here on this field, the head of the most successful team in America's most popular sport, speaks volumes not just about him but also about the peculiar genius of the organization that he runs.

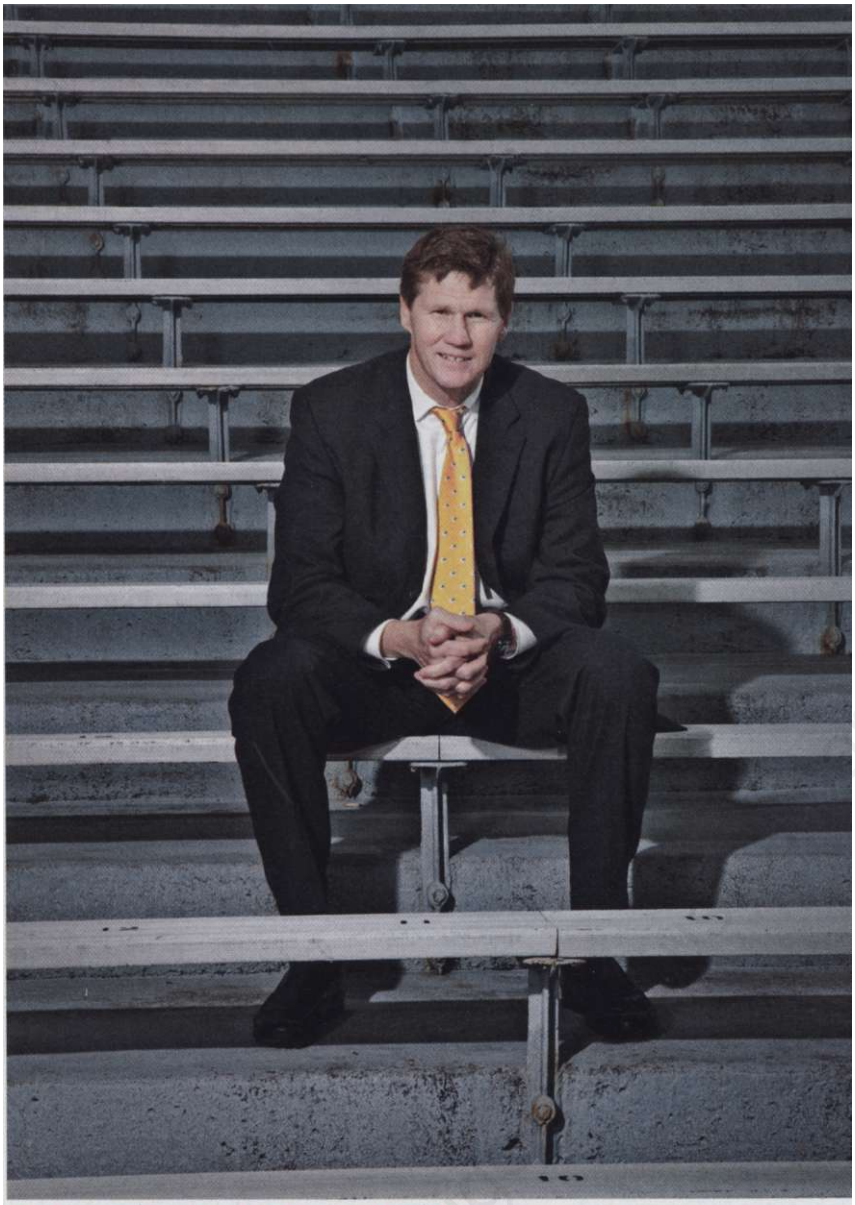
The Green Bay Packers are a historical, cultural, and geographical anomaly, a publicly held Corporation in a league that doesn't allow them, an immensely profitable company whose shareholders are forbidden by the corporate bylaws to receive a penny of that profit, a franchise that has flourished despite being in the smallest market in the NFL-with a population of 102,000, it would be small for a Triple A baseball franchise. Of ali the original NFL franchises-located in places like Muncie, Ind., Rochester, N.Y., Massillon and Canton, Ohio, and Rock Island, 111.-Green Bay is the only small-town team still in existence. The Packers have managed not merely to survive but to become the NFL's dominant organization, named by ESPN in 2011 as the best franchise in ali of sports.

The Packers have sold out 295 consecutive home games, and there are 80,000 names on the waiting list for season tickets. Everywhere you look in Green Bay there is Go Pack signage-at the obvious places, like Brett Favre's Steakhouse just off Holmgren Way, and the less obvious, like the Pho #1 Noodle & Grill on Oneida Street. Green Bay residents consider it a point of pride to buy their own bodyweight annually in Packers paraphernalia. The Packers led the NFL in apparel sales last year-the top two selling jerseys in the league were Packers Aaron Rodgers and Clay Matthews-making $27 million just through the pro shop inside Lambeau Field and the site Packers.com. Ali that swag, and those endless sellouts, made the Packers the llth-highest-revenue team in the NFL in 2011, with total income of over $280 million, despite the fact that it plays in by far the smallest of the league's 32 cities. (Ironically, this success means that Green Bay pays into the NFL reserve fund set up to redistribute revenue from larger market teams to smaller market teams.)

When you talk to Packer management, you start to realize that success is a tribute to the careful, constant maintenance of two things: the product on the field and the community's warm feelings about that product. "It starts with football," says Murphy. "We structure the organization in a way that we can be successful on the field. But a big part of it is also remembering that this team has a special place in this community. We're owned by this community. We can't be perceived as gouging the fans."

The Packers must constantly walk that fine line between profitability and community. Every other NFL franchise is controlled or entirely owned by one majority shareholder, and NFL rules prohibit otherwise. (The Packers' ownership structure predates current NFL rules.) Ticket prices, concessions, parking, stadium naming rights-all of that is dictated at most NFL stadiums by what-





Murphy, on the Lambeau Field bleachers, is the first person to win Super Bowls as both player and CEO

ever the owner feels the market will bear, and every additional dollar is profit into the owner's pockets.

The Packers don't operate like that. Take ticket prices: Even after a 9 percent bump this Super Bowl championship year, the highest-priced ticket is $83, lower than ali but two other franchises. In contrast to other NFL venues and their garish, wrap-around ad signage, Lambeau is as austere as a high school football stadium. The only ads you see are on the scoreboard; the rest of the stadium has intentionally been maintained so that the vista a fan experiences today is similar to what he would have seen in the '60s.

"We work as hard as anyone to increase revenue, to decrease costs. But we also judge our success by how we are regarded in the community," says Jason Wied, the team's vice-president of administration and general counsel. "We could probably double home game revenue if we charged New England Patriot prices, but we have to think of our blue-collar base."

Wied is typical of those near the top of the Packer organization. As a child growing up in Green Bay, he was one of the kids who brought his bike to practice every day in the hopes a player would ride it back to the locker room, a quirky local tradition that cements the bond between community and team. He stayed in Wisconsin for college and law school before coming to work for the Pack. "Our job," says Wied, "is to sustain this organization into the next generation. To make sure the Packers stay in Green Bay. From time to time we make decisions that may not be in our best interest but are in the best interests of the community."

More often than not, those interests are the same. Although the Packers were founded in 1919 by local high school football star Curly Lambeau, it was the team's articles of incorporation from 1923, based on a now-defunct Wisconsin nonprofit tax status, that instituted the basic structure. It includes a provision that if the team were sold or moved, the proceeds should go to a local American Legion post. (That was changed in 1997 so the beneficiary would be the Green Bay Packers Foundation, a charitable trust.) Subsequent stock offerings in 1950 and 1997 reauthorized the ownership principies, which would make any modern-day CEO giddy at the operational freedom. The 112,158 Green Bay Packers Inc. shareholders are entitled to no profits or dividends and cannot sell, assign, or transfer a share to a third party. In other words, Packers shares are permanently worthless. "If you're a Green Bay person, well, you just see this as a way of supporting the team," says Bea Froelich, 72, who owns two shares, one of which is framed on her stairwell.

Owning a share entitles you to show up once a year to approve a slate of directors. Prospective candidates for the board are invited by existing board members, with the nods usually given to prominent local businessmen and community notables. "It's such an honor when they ask you to join the board," says Peter M. Platten III, a former vice-president of the Packers and CEO of Valley Bancorporation. "We ali grew up here with this team, so when they ask, you feel like you've been recognized."

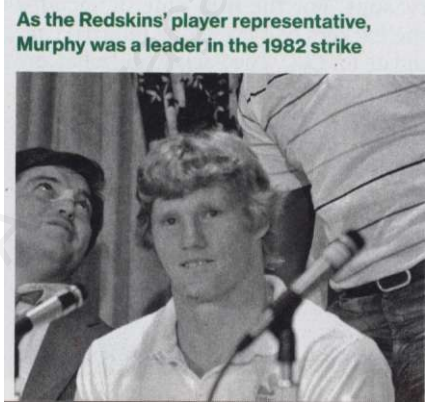
The board in turn elects the executive committee, which makes the important business decisions about running the organization. The biggest is who should be CEO of the Packers-the role that for every other franchise is played by its owner. In 2007 the previous CEO, local businessman Bob Harlan, had hit the mandatory retirement age of 70, and the man scheduled to succeed him, longtime Packers employee John Jones, was forced to step down because of health reasons. For the first time in decades the Packers had no strong internai candidate for CEO. The Packers did what any major Corporation would do: They hired an executive search firm, who came up with a candidate most of the team's directors were unfamiliar with. He was a non-Green Bay resident. Most worryingly, from the standpoint of Packers' management, their new CEO was a former player who had made his

name fighting against the very system he would now be paid to defend.

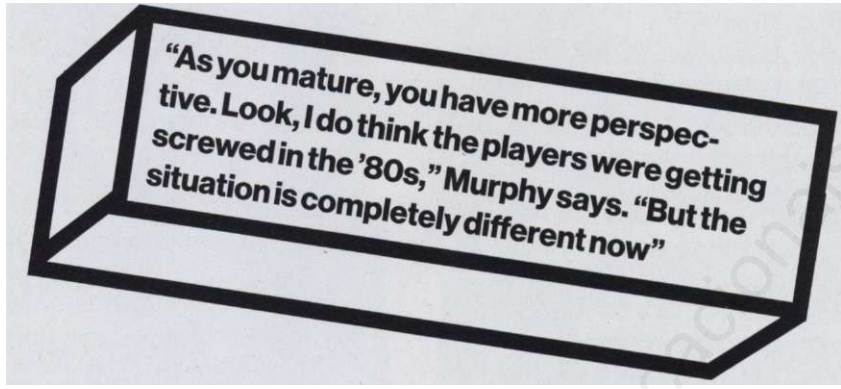
As a boy, Mark Murphy recalls riding with his father, Hugh "Big Murph" Murphy, in a Chevy Impala on the two-Iane roads of upstate New York, driving from steel mill to steel mill to speak with shop foremen and floor managers and line chiefs. Big Murph was head of labor relations for Roblin Steel, and spent much of Murphy's youth going in and out of collective bargaining negotiations with some of the toughest unions in America.

Murphy recalls his father dispensing pearls of wisdom to him during those long afternoon drives, stressing, for example, the importance of maintaining good personal relations with whoever is across the table from you in those meetings, so that in the heat of the talks you never forget that this is a man, with a family to support. That's why Big Murph put in ali those road miles, making it a point to visit the workers in the good times as well as the bad. "I grew up in labor relations," says Murphy. "Sort of like [how] the coach's son knows more about sports, I'm like that with labor relations."

Murphy, the oldest of two siblings, was a three-sport athlete at Clarence Central High School outside Buffalo, N.Y. He played baseball and football at Colgate University, where he graduated with an economics degree. He received professional offers to play baseball from the Pittsburgh Pirates and New York Mets, but his first love was football. And yet he went unclaimed in the 1977 NFL draft, which provided his first experience negotiating with management. George Allen, then head coach of the Washington Redskins, was famous for trading away draft choices for aging veterans. To stock up on younger players, he would "hide" players during the draft so that he could sign them as free agents after it was over. In



As the Redskins' player representative, Murphy was a leader in the 1982 strike



the era before modern scouting and talent evaluation, it was common for teams to keep lesser-known prospects under wraps until after the draft. Allen called Murphy the first day of the draft, which back then had 12 rounds, and said he liked Murphy and wanted him to fly down for a press conference when the Skins drafted him.

"They had no intention of drafting me," Murphy says. "They put me in a hotel room and told the hotel to tell anyone who called that there was no Mark Murphy staying there. My girlfriend couldn't even reach me. It turns out five other teams were interested in signing me that day. They couldn't find me."

George Allen called him in, handed him a contract, and told him to sign, then shouted to his assistant in the next room, "If he doesn't sign, then let's get that safety from Oklahoma."

Murphy signed a two-year contract for $21,000 a year. "That was my 'Welcome to the NFL' moment."

Murphy would become a standout on the dominant Washington defenses of that era, but it was an off-the-field role as the Redskins' player representative to the National Football League Players Assn. that would shape his future career. At that time, being a player rep was considered an invitation to an early retirement. "There was always this undercurrent that if you were an active member of the NFLPA, then somehow the owners were gonna get you," says Peter Cronan, a linebacker on those Redskin teams. Still, Murphy, the son of a labor relations man, couldn't resist. "Over my first three years in the league, I just saw so many examples of players who weren't being treated fairly," he says. "Players had no leverage, no free agency." Murphy, who already had two young sons with his wife, college sweetheart Laurie Young, also believed the pension plan had to be improved, and that longtíme retired players, the so-called Pre-59ers, deserved pensions as well.

The owners' position was summed up by Redskins owner Jack Kent Cooke, who called Murphy a "communist" when he and other players began demanding 55 percent of league revenue. During the 1982 players' strike, Murphy emerged as among the most visible and voluble of the players. Former NFL Commissioner Paul Tagliabue, who was chief counsel for the NFL during the period, recalls, "I always had the sense that Murphy was a little different. He was always asking a Iot of questions and never marching to the party line. Even if he disagreed with our position-and we were clearly on opposing sides-he would ask us about it, try to understand the underlying argument and logic."

Murphy believes the ill will engendered during that strike may have played a part in shortening his playing career. The next season, 1983, Murphy led the NFL in interceptions and was named a first team All-Pro. In the second game of 1984, however, Murphy injured his left knee and had to sit out a few games.

One afternoon he was stretching at practice alongside Peter Cronan when Jack Kent Cooke came over and asked how his knee felt.

"It's gonna be a few weeks," Murphy said.

"It doesn't matter," Cooke said. "How does it feel to know you're never going to play again?"

Today, Murphy insists being released was the best thing that could have happened to him. "Would I have kept playing if I could? Yeah, of course. I thought I still had some good years in me. You always do. But the hardest thing to do is make that transition to the rest of your life."

Murphy went to Georgetown University law school at night and took a job by day as assistant executive director at the NFLPA. He was a central figure in resolving a second work stoppage, in 1987, negotiating alongside NFLPA Executive Director Gene Upshaw to try to come up with a new labor agreement and end the

ignominy of scab football. In 1989, the NFLPA filed an antitrust Iawsuit against the owners, which ultimately gave them the leverage to forge a new collective bargaining agreement in 1993. That agreement gave the players free agency and the owners a salary cap-a deal that the owners opted out of in 2010. "I loved that process, getting to know the player reps around the league," says Murphy of his years at the NFLPA. "At that time, the players were getting screwed. There just wasn't the levei of respect between players and owners that you have now."

Murphy went on to serve as a trial attorney in the Justice Dept. and then as athletic director of his alma mater, Colgate. In 2003 he took the same job at Northwestern University, a 19-sport program with a $40 million budget. A hallmark of Murphy^ tenure was the program's academic success: Northwestern's student athlete graduation rate is 98 percent, tops in the nation. "I wasn't looking to leave Northwestern," Murphy says. "But when they called asking if I was interested in the Packers job-well, how do you say no?"

When Brett Favre retired at the end of the 2007-08 season, he had just led the Packers to a 13-3 record and the NFC title game. The team had a young quarterback in waiting, former first-round pick Aaron Rodgers, and the transition was well under way during training camp when Favre began wavering.

Murphy, who became CEO in early 2008, flew down to Louisiana to see Favre in June. He talked to Favre about other opportunities with the Packers. "I think Brett thought that if he wanted to come back, he could just come back, and I had to tell him that wasn't quite the situation." Murphy offered Favre a 10-year, $20 million marketing and licensing agreement that would keep him on the Packers' payroll. When the proffer was reported in the press, it was decried as an attempt to bribe Favre to stay retired.

For an interloper like Murphy, the easy call would have been to bring back the local hero. Yet General Manager Ted Thompson and head coach Mike McCarthy were convinced Rodgers was ready, and another year sitting and waiting for Favre to retire would only delay the inevitable transition. Murphy decided to cut ties; the Packers released Favre, who would go on to play for two more franchises and become enmeshed in some ugly off-the-field controversies. "This is going to sound strange," Murphy says, "but I really believe you can play too long." Murphy^ handling of the situation impressed the Packer brain trust, "but let's say I am very happy Aaron Rodgers turned out to be a very good quarterback."

Judged on the Packers' performance since then, the Favre decision was a masterstroke. Rodgers led them to a Super Bowl victory last year, the team is unbeaten this season, and operating income is up 30 percent since 2008. Murphy has pushed hard to grow the Pro Shop and Packers.com businesses, and ordered the implementation of software that can track exactly where sales are coming from. The organization is currently converting 4 percent of clickthroughs on Packers.com to purchases-large e-commerce sites average about 2.5 percent, accordingto the trade website Practical eCommerce-selIing over $100,000 a week in the off-season. It did $9 million in revenue in six weeks during the playoffs last season. To speed up fulfillment, Murphy purchased a $4 million warehouse near the stadium.

The Packers have also announced a stadium renovation, to be financed in part from a new stock olfering later this year, that will bring in another $8 million to $10 million a season. Ali of this has Murphy convinced he can continue to increase Packers revenue at a respectable 4 percent to 5 percent rate, even though it's hard to see how the NFL can get much more popular than it already is. "There's still growth in television," Murphy says. "The NFL is still one of the few remaining TV products that people will watch live. You could see growth there internationally."

Perhaps the greatest test Murphy faced came when he was named by Commissioner Roger Goodell to the NFL's Management Council Executive Committee, the league's bargaining team during last summer's negotiations with the players' association. Murphy had now completed the migration from labor to management and was staring down younger versions of himself: players claiming they just wanted their fair share. Although names and faces had changed over the years, the arguments were familiar. The latest negotiation came down to the same principies that had first driven Murphy to become an active union member: what percentage of league revenue the players were entitled to.

Given his history as a former player rep, Murphy took a surprisingly hard line. In an interview with the

Know Your Packers Backers

Freakonomics blog, Murphy said, discussing pensions and severance payouts for players whose careers are curtailed by injuries, "I really wonder, sometimes, if we do too much for the players." He went on to state that they might make a smoother transition to their next careers if they had "an incentive to get a job." NFLPA representatives were so angered by his comments that at one point they refused to negotiate if Murphy remained in the room.

The new collective bargaining agreement, completed just in time for the season, calls for players to get 48 percent of revenue-the same amount they were getting at the time of the 1982 strike. "But there is a lot more revenue and there is free agency," Murphy says. "Players aren't getting the shaft anymore."

That may be true-the median NFL salary today is $770,000 a year-but there remain fundamental issues dividing management and players. Sports agent J.R. Rickert, who represents 40 NFL players, says, "To get guaranteed contracts like in the National Basketball Assn. or Major League Baseball, that's something players will continue to fight for. As far as retiree benefits... those benefits increased, but it started out so low that was not a high bar."

Murphy insists there was nothing hypocritical about his negotiating position. "As you mature, you have more perspective. Look, I do think the players were getting screwed in the '80s. But the situation is completely different now. First of ali, they have more rights. There's a levei of respect between players and owners that we did not have in the '80s. But, yeah, I'm on the opposite side now." He adds, "Sometimes it's difficult balancing my personal and professional philosophies, but I also began evolving a long time ago."

The Packers occupy a unique niche in the NFL. It is hard to question their financial motives since there is no individual owner in Green Bay who stands to benefit from any particular league policy. Former Commissioner Tagliabue calls Green Bay's position "moral purity or economic objectivity. Whatever it is, it is useful." When it came time to getting the other owners to ratify the new collective bargaining agreement, Goodell dispatched Murphy, representing the morally "pure" Packers, to talk to them and explain the nuances of the deal. "He played a huge role in getting this done," says Goodell. "A huge role."

The Green Bay brain trust hoists the Lombardi trophy after the Packers' 2011 Super Bowl triumph over Pittsburgh

While some other NFL owners don't always accept the Packers' CEO as a true equal-"there is this sense among some of them that he doesn't have any skin in the game," says Tagliabue-there's no question that for Murphy, that moment, of negotiating on behalf of management against players, was the culmination of a surprising rise, of player to almost-owner. And it's one that is possible only in Green Bay.

The Packers survive because of a quirk of historical circumstances. If the organization^ bylaws allowed any shareholder to acquire more than 200,000 shares, and if the team itself hadn't been so successful on the field and built up this levei of loyalty, would it still be in Green Bay? More likely than not, the Packers would have gone the way of other small-market franchises, either folding or moving to a larger market decades ago.

The Packers have benefited from a league structure that's orderly, predictable, and by the standards of other sports, egalitarian: The bulk of the Packers' revenues, $96 million, still comes from the team's share of the NFL's television deal, which is split evenly among ali 32 franchises. Nothing like the Packers can happen again. The NFL's ownership rules forbid the model of public shareholders; the NFL's goal is to ensure that clubs have a single owner with financial resources and management accountability. The league doesn't want proxy battles for control of franchises, with the winners able to move the team at will. And even if long-suffering small-market teams such as the Cleveland Browns or Buffalo Bills were allowed to copy the Packers' ownership structure, it's unlikely they could sustain it. Considering the current valuation of NFL franchises-about $1 billion each on average, according to *Forbes*-it would be hard to raise that kind of money without giving the shareholders a dividend or a potential to resell shares at a higher value.

Ultimately, the Packers are able to thrive in ways others cannot because the team is a cultural icon-a symbol of America's love of the underdog who overperforms. The intensity of feeling at Lambeau every home game is common to only a handful of other pro sports venues in the country-Fenway Park before a playoff game might come closest. There is the game on the field, and then there is the sense of those 60,000 in attendance that they are involved in something bigger than the sport; they're honoring a compact.

As he paces the sidelines before the kickoff, Mark Murphy is mindful of that heritage, that special bond between team and town that he is charged with carrying forward. "We're stewards," he says, looking up from the playing field to the fans filing into Lambeau. "We're taking care of the Packers for the next generation."

Fonte: Bloomberg Businessweek, New York, p. 74-80, 24 a 30 Oct 2011.