

## **The Move to Charlotte and the Construction of a New Stadium**

Ken Clark  
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Americans love sports and are willing to spend a hefty portion of their income every year to be entertained by the athletes and teams that they follow. The entertainment industry is thus one of the most profitable in the entire country, and no industry does better than the National Football League. Thanks to the always wise decisions of long time Commissioner Paul Tagliabue, the average NFL team is now worth \$898 million, according to Forbes, which also claims that that number is 212% higher than it was eight years ago. (Forbes) The football business is booming, and those select few with the money to start up a new franchise can be assured that it is a sound investment.

One of those select few is Jerry Richardson, who earned his fortune in the restaurant business due to the success of his company, Spartan Foods, which managed such lucrative food chains as Hardee's and Denny's. (Wikipedia) Richardson invested his money into the football industry and in 1993 spent \$209 million to make his dream of owning a team become a reality. (Forbes)

The second part of that dream, however, was to bring that team to Richardson's home in the Carolinas, and he lobbied hard to see that through as well. Though Richardson and his advisors at Richardson Sports strategically decided to call the team the Carolina Panthers in order to attract fans from both North Carolina and South Carolina, he thought that the city of Charlotte, NC would make the best home for his new

franchise. On July 16, 1987, Richardson met with other interested parties in Charlotte to begin the process of joining the active race to establish a new NFL franchise. Many owners around the league desired to establish the new expansion team in what they thought would be a larger market than Charlotte in order to attract more revenue to the league as a whole. As such, they lobbied for cities such as Memphis, Baltimore, St. Louis, and Jacksonville, though only the latter received a franchise. (Wikipedia)

Richardson had to lobby hard in order to bring his team to Charlotte. Citizens of both states were extremely excited about the idea of having a professional football team in their own back yard, as the closest teams at the time were the Washington Redskins and the Atlanta Falcons. In order to show their passion for football and their commitment to a new team to the rest of the nation, fans sold out three preseason games held in Raleigh, Chapel Hill, and Columbia during the late 80s and early 90s, making it clear to league owners and officials that a team in the Carolinas would actually work.

(Panthers.com) Lobbyists skewed figures in order to better convince other owners of the area's revenue potential, claiming everyone within 150 miles to be part of a market that was suddenly 9.7 million strong. (Howard and Crompton, 204) Richardson dealt with many of the region's politicians, almost all of whom rallied to his cause, realizing the possible economic possibilities. Governors James Martin and Carroll Campbell of North and South Carolina, respectively, formed a committee of leading citizens in their states to demonstrate their support for the cause. Even United States senators Jesse Helms and Ernest Hollings agreed to work together in lobbying NFL owners despite their significantly partisan and contrasting political beliefs. (Wikipedia)

It was clear to the rest of the league that the passion and support for a team in the Carolinas were present, but the more pressing issue was the feasibility of bringing a team to the city of Charlotte. For two years, beginning on December 15<sup>th</sup>, 1987, Richardson explored the possibilities for a stadium in or close to the rapidly growing city. He met with a number of organizations and city officials, chief among them being Charlotte's Economic Development Office. The EDO understood that due to the prosperity of two of the nation's largest banks, Wachovia and Bank of America, both of which were headquartered in downtown Charlotte, the city was on the cusp of a large economic breakthrough that could put Charlotte among the nation's most wealthy cities. (EDO Report of July 25, 2005)

According to Terry Flynn, head of the EDO at the time, his office agreed with Richardson that the presence of an NFL team in Charlotte would bolster economic growth in Mecklenburg County in a number of ways. A local NFL franchise would attract more businesses to the region, as well as increase support and opportunities for existing local businesses, both small and large. Larger corporations could increase their marketability through advertising and naming rights, and smaller businesses like local restaurants or clothing stores could increase profits through the sale of Panthers merchandise or game day specials. The image of Charlotte's ever-growing skyline on national television broadcasts would augment Charlotte's reputation across the country and further increase development potential. A new stadium would add thousands of new jobs to the market and increase competition for labor. Most importantly, a new home team would also mean the arrival of the twenty-eight (and growing) visiting teams and

their fan bases, which would provide an enormous boost to the county's tourism industry. (Flynn interview)

Flynn and his associates studied the possibility of bringing the Panthers to Charlotte and debated the pros and cons of the franchise's presence, analyzing the numbers and trying to determine the economic impact of such a major operation. According to *Financing Sport*, "economic impact is defined as the net economic change in a host community that results from spending attributed to a sports event or facility." Studies at the time showed that 70% of fans were likely to come from the immediate metropolitan area, (Howard and Crompton, 83) meaning that 30% of fans would be outsiders who would bring revenue into Mecklenburg County that otherwise would never be added to the local economy, thus providing the substantial economic impact the city needed. Studies of cities with NFL franchises showed that NFL operations had an indirect expenditure multiplier of 1.2, a very favorable number for economic growth. Professor John Connaughton of the University of North Carolina at Charlotte, however, estimated that that multiplier could be as high as 2.05 in Mecklenburg County with the Panthers presence. (Conway) Clearly, the odds of significant economic growth were very strong. Eventually, Flynn and his office decided that all of the merits listed above, as well as many others, made the prospect of introducing an NFL team to the Charlotte economy well worth the financial risk.

One major issue still remained however, that being the site of the necessary stadium. Possible sites included the intersection of I-85 and US-74, a spot near Lowe's Motor Speedway, and another near Paramount's Carowinds. (Wikipedia) However, Flynn and his associates had big visions for downtown Charlotte, and desired to build a stadium

right in the heart of the city, a rarity in the professional sporting world. The EDO wanted to attract as many people, both citizens and tourists, to the downtown area as possible in order to increase business for the other establishments in the central area. An NFL game would certainly accomplish that goal, but so would another large event such as a concert or show. The possibility of bringing non-NFL events downtown through the presence of a stadium capable of holding them to the metropolis was very inviting. At the time, most concerts or shows that came to Charlotte were held at what is now the Verizon Wireless Amphitheatre, an excellent facility but outside of the city and hardly helpful to the central businesses. A larger stadium would attract both more shows and allow for more spectators, and could bring both into a more urbanized and welcoming economic environment. (Flynn interview)

According to Jon Richardson, Jerry's son and current Head of Stadium Operations for the Panthers, the new stadium typically holds about five or six major events each year that are completely unrelated to the NFL, such as the Continental Tire Bowl, a Rolling Stones concert, and a Billy Graham crusade. (Jon Richardson interview) Each of these events brings in revenue very comparable to that of an average NFL home game, and much of it, as estimated by the EDO, comes from outside of the county and would not have come in otherwise. Thus, when Flynn, Richardson, and their partners debated the location of the stadium, they had to account for more than just the ten NFL games the new stadium would hold each year, increasing the pressure to build the arena downtown.

Flynn and his coworkers advocated the construction of the stadium at a site in what is known as Charlotte center city, the uptown area of the metropolis. The new stadium would be perfectly positioned for access to 130 restaurants and over 4,000 hotel

rooms, easily meeting their goal of expanded economic development. (Panthers.com)

Working with Richardson the city purchased a thirty-three acre plot of land which they gave to the Panthers to use for their stadium and practice facilities. (Flynn interview)

Though the city had been able to purchase the land fairly easily, raising money for the stadium would be an entirely different issue.

Richardson was still working to prove to the rest of the league that Charlotte was the right spot for the league's first expansion team in twenty years, and he felt that building the stadium without taxpayer money would aid his case. In order to do so, he worked with Charlotte sports marketing agent Max Muhleman to devise a plan for entirely private fundraising. Muhleman devised a plan that revolved around the sale of Personal Seat Licenses, a new concept first designed by Rick Ohanian a few years earlier but never put to widespread use. (Wikipedia) The Panthers would not just sell tickets to certain seats for games, they would sell the rights to buy those tickets. Essentially, those who purchased PSLs were buying the right to buy tickets to designated seats every season should they choose to do so. The purchase of a PSL, which would range in price from \$600 to \$5,400 would show commitment to the franchise and would help cover the \$248 million needed to build the stadium.

Richardson was depending on the successful sale of PSLs, a risky undertaking as they had never been so heavily relied upon before. However, when Richardson announced the plan for the PSLs excitement over the new franchise was so high that over 41,000+ PSLs were sold on July 1<sup>st</sup>, the first day they became available for purchase, and all were sold out shortly thereafter. The sale of PSLs raised over \$150 million for the Panthers almost immediately, clearing the way for the stadium construction. (Noll and

Zimbalist) The outpour of support proved to the other league owners that football in Carolina would be a success, and the owners voted unanimously to make Charlotte the site of the NFL's 29<sup>th</sup> franchise. (Panthers.com)

Though the sale of PSL faced unprecedented success, Richardson implemented other methods to further raise funds for his stadium. The most revolutionary was the sale of the rights to 104 luxury suites and 8,314 club seats, all of which were much more expensive than normal seats but far more appealing to businesses and corporations who could use them as a tool. Other stadiums had such areas, but never before had they been sold in advance to such benefit to the owner, for as with the PSLs all of the club seats sold out the first day and each of the boxes were reserved. The use of such luxury areas proved extremely profitable for Richardson and today is one of the largest sources of income for most NFL franchises.

The other major method of fundraising came through advertising, as the new stadium had many blank spots waiting to be filled by a corporate logo. Richardson struck deals with such companies as Alltel, DaimlerChrysler, Pepsi, Bank of America, and StorageTek, as well as many others, all of whom paid substantial sums for advertisements in the stadium, whether on the scoreboard or walls around the field. (Forbes) The Panthers most important advertising deal was made with Ericsson, a Swedish producer of wireless telecom equipment, who paid \$20 million dollars for the naming rights to the stadium for ten years. (League of Fans) Thus, during its early years, the Panthers were to play in Ericsson Stadium.

Thanks to the great success of the PSL sales as well as the sale of luxury suites, club seats, advertising opportunities, and naming rights, Jerry Richardson was able to

raise all of the money necessary to build his stadium without ever having to incur extra taxes on the citizens of Mecklenburg County, an amazing feat that is without a doubt the exception to the rule. According to Roger Noll and Andrew Zimbalist in their book, *Sports, Jobs, & Taxes*, “the Charlotte case was unique in that so much was privately raised.” (Noll and Zimbalist, 507)

Jerry Richardson and everyone else involved with bringing the Panthers to Charlotte truly did a remarkable job in pulling off a task that ten years earlier would have been impossible. From choosing a site to promote economic development in the region, to lobbying for political support of a smaller market, to assessing the possible economic impact of a new franchise in Mecklenburg County, to drawing fan support and introducing the sale of PSLs and luxury suites as a viable method of financing a stadium with minimal public funding, every aspect of the operation was handled smoothly and professionally. The Panthers set a new standard as an expansion team, and Charlotte became home to one of the nicest facilities in all of sports, much to the benefit of its economy. The EDO’s most recent economic report opens with the statement that “Charlotte has enjoyed a “golden age” of seemingly unlimited economic growth during the last fifteen years.” (EDO Report of July 25, 2005) The introduction of Ericsson, now Bank of America, Stadium and its residents are in large part to thank. The economic impact of the Panthers has been as good as could have been expected, and bringing them to Charlotte and building a stadium for them was one of the best and most important decisions made by Charlotte businessmen in recent years.



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