CONVERSATIONS WITH MIKE MILKEN

Mike Milken: Rob, thank you for joining us today.

Rob Manfred: Michael, my pleasure. It’s nice to talk to you.

There’s a reason we call baseball our national pastime. Twenty-five years ago, we wanted to get a message out to Americans to remind men to get checked for prostate cancer, to “Keep Dad in the Game.” In many ways it’s been the most successful program ever for men’s health, and I can’t thank you and Major League Baseball enough.

Well, it’s really baseball that owes you the thanks, Michael. It’s been a great program. The results, from a health perspective, speak for themselves. But I have to say, my owners have enjoyed the interaction with you over the years. You’ve brought a lot of positive attention to what we regard to be the national pastime.

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This interview has been lightly edited for clarity and readability.
Many Americans, and particularly those that are at most risk – older people – from the side-effects of the coronavirus, their days were taken up by listening to baseball games. I know my wife’s father that lived with us, if there was a Dodger game anywhere on this planet, he listened to it. We have a deep concern that this was an important part of many people’s lives, and the social impact and the loss of missing this season for them.

Michael, I understand the phenomenon that you’re talking about. My own father passed away a couple of years ago. He might’ve been a good pairing with your wife’s father. He lived for every single Yankee game. That Yankee–Dodger rivalry probably would have been fun for the two of them.

Short term, what we’ve tried to do is give our fans through the MLB network an opportunity to engage with our game. We had a big promotion around opening day called Opening Day at Home that got tremendous fan engagement. Just yesterday, with a Dodger focus, we had a real celebration of Jackie Robinson Day. Obviously, we didn’t have our players out there wearing number 42, but we tried to provide programming content that would fill the day for older people in particular that are interested in baseball.

Longer term, in terms of the 2020 season, the idea of providing games to our fans is what drives me every day when I get up. A lot of my energy every single day is figuring out how – consistent with the public health situation – we can get games back on the field. They may not be perfect with large crowds at Dodger Stadium. It may look a little different. But I really am committed to the idea that it's important as part of our recovery to get the game back on.

I think there’s another element that people underestimate. I remember Edward Bennett Williams, when he owned the Baltimore Orioles, used to tell me that most people, particularly men, like to read the sports section first in a newspaper because it talks about victory; it talks about success. People are looking for something positive in their life. Quite often, the front page was always something going wrong, but the sports section … particularly if their team won. One of the most interesting things is how people say “we won.” Now, did they own the team? Do they play for the team? Were they a coach? Were they a manager? No. I don’t think people fully realize how important sports and baseball are to millions of people in this country.

Well Michael, it’s funny that you use the idea of “we won” because I was thinking of that very phraseology. When we do our research, we often talk about how we define avid fans. The researchers define it with objective measures: how many games you watch,
how many games you go to. For me, the avid fan is the person who describes the outcome as “we won” or “we lost.”

I think that baseball is particularly important to the mentality of providing people with a victory because we’re an everyday game. Our fans live and breathe it across 186 days, 162 games, and it’s more than just entertainment. I think you’re 100% right that it gives people a feeling of satisfaction.

There are other emotional moments that I've had with baseball. I was in New York on 9/11/2001, and the emotions, I still feel, being there that day, the fear. In many ways the coronavirus brings back those memories of 9/11. I remember baseball played an important role then and will now.

On 9/11 I was actually on a plane from New York to Milwaukee for an owner’s meeting. The plane was put down in Chicago when they stopped all the air travel and we continued on by car up to Milwaukee because the owners were gathering there for a meeting. It was a really interesting time and a learning experience for me watching Commissioner Selig go through the shutdown of the game. And then even more difficult – even more difficult, I think – the decision as to how and when to restart play. I think he made a great decision. I think he waited long enough for the country to be ready to resume play after a respectful period. And watching him agonize over that decision was really a learning experience. I think that we face the same kind of decision in an attempt to restart the season in 2020. It’s going to be on a longer timeframe, but we want to bring baseball back.

We think just like surrounding 9/11 that baseball can be kind of an important milestone in the return to normalcy, but we have to do it at a point in time that the country’s ready for it, that the public health situation allows it, and I hope I'm able to make as good a decision as Commissioner Selig did.

When we resumed play, I was back in New York and my wife and our four children actually went to the Mets game. That was one of the first ones played, and Mike Piazza’s heroics are pretty well known. It was a really memorable experience.

When people watch baseball games, they’re obviously very focused on the players, the managers, sometimes the coaches, but there are thousands of other workers: The
people working in concession stands, the groundskeepers. What is Major League Baseball doing to support many of these workers?

A principal focus since we went on hiatus on March 17th has been an effort to keep all of the members of the baseball family afloat economically. It began with the day-of-game workers, some of whom are not even actual employees of the clubs. Each owner pledged $1 million – total of $30 million – that was put into funds in order to provide support for those day-of-game workers who were going to lose their jobs as a result of the shutdown.

It's part of a larger effort to keep people employed. In the Commissioner's office, my senior staff of about 25 people took a pay cut in order to keep everyone else in the Commissioner's office employed for another month through May 31st. We announced that this week to our employees. And clubs are doing the same thing with their employees, making every effort through sacrifice in other parts of the organization to keep people employed.

What about the players?

Our players have been great on this front. They joined with us right at the outset of the crisis and we made a $1 million donation to Meals on Wheels and Feeding America in order to help meet the need. Individually, players have jumped in. Anthony Rizzo comes to mind, Adam Wainwright – they've been really active in terms of charitable efforts during this difficult time. Their charity is especially to be appreciated because it's during a period of time when most of them are not receiving their full salary.

Let's talk about the strength of the teams and of Major League Baseball. I've read numbers here, Rob, saying that if the season is not played, it would cost $4 to $5 billion in lost revenue. How are the teams holding up? How is Major League Baseball itself, your office, the people that work for you holding up?

If we don't play this year, we're an almost $11 billion industry and we will lose most of that $11 billion. Our cash loss will be in excess of $4 billion. We're fortunate in that we have worked very hard to secure liquidity centrally in central baseball and at the club level to help us absorb those losses. Even in what's a very good business, lost revenue of that magnitude and cash losses of the kind you're talking about is a very difficult thing to manage.
The difference in economics in baseball compared to football or basketball, and also the timing of the season, was most difficult for baseball.

I think that everybody's feeling pain right now, and I would never minimize the damage that's been done to any other business. I say this about ours. We're a seasonal business. Our revenue starts to flow on opening day, and as you know this all happened right prior to opening day. Kind of the low point in terms of our cash from a seasonal perspective.

I think the second thing that's particularly difficult for us is that we are more dependent as we look out at the possibility of restarting and you've heard the president talk about playing in front of empty stadiums. That's particularly difficult for baseball because so much of our revenue is gate and gate-related. Half of the local revenue of the clubs is either ticket revenue, concessions, parking, all of which obviously involves fans being in the ballpark. And it's different for baseball than other sports. Obviously we have so many more home dates – 81 as opposed to seven or eight for the NFL and 41 for basketball. So just different in terms of the economic makeup.

Most people can tell you the very first time they went to a ballpark, and it almost always involves a family outing. We think that's a really important part of the appeal of our sport, and we're hopeful that even if we have to begin without people in the stands, that it won't be too long until we can return to a more normal environment and people can begin to enjoy one of the things that we think is so special.

Baseball is a lot more than a game to millions of people around the world. And there's one area, Rob, I want to go back to that I didn't, and that was your partnership with Fanatics and Michael Rubin. They manufacture uniforms, other merchandise, not just for Major League Baseball but for other sports. But you and them created what I believe is one of the most unique partnerships to create things that could be useful during this coronavirus shutdown period. What happened?

Well, we're partners with Fanatics on a variety of levels, including, there's a factory in Easton, Pennsylvania where we have an investment that actually manufactures our baseball uniforms – highly, highly skilled workers who basically custom-make uniforms for each individual Major League player. Phenomenal group of workers.

Michael called me right after the announcement of the shutdown and said he had this great idea. The workers were going to be furloughed, but instead of doing that, he had

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an idea that we could keep them at work in Easton and instead of making uniforms, they would make masks and gowns that could be used by first-responders. They were not hospital quality, but there was still a big shortage.

I thought it was a wonderful idea. It's received a lot of positive publicity. When I go to the store and have to wear a face covering, I have one of the masks that was made in Easton. It's got Yankee pin strikes on it. It draws a lot of commentary, and it's been just a really positive undertaking for us.

The bulk of what's made there, the vast majority of it, is going to first responders in the tri-state area – Pennsylvania, New Jersey and New York. Obviously not a commercial undertaking for us, but just our small effort to be part of battling this terrible virus.

Rob, thank you for your leadership. I've enjoyed our relationship over the years, and we hope you and baseball are back in our lives as soon as possible.

Thank you, Michael. Great talking to you.