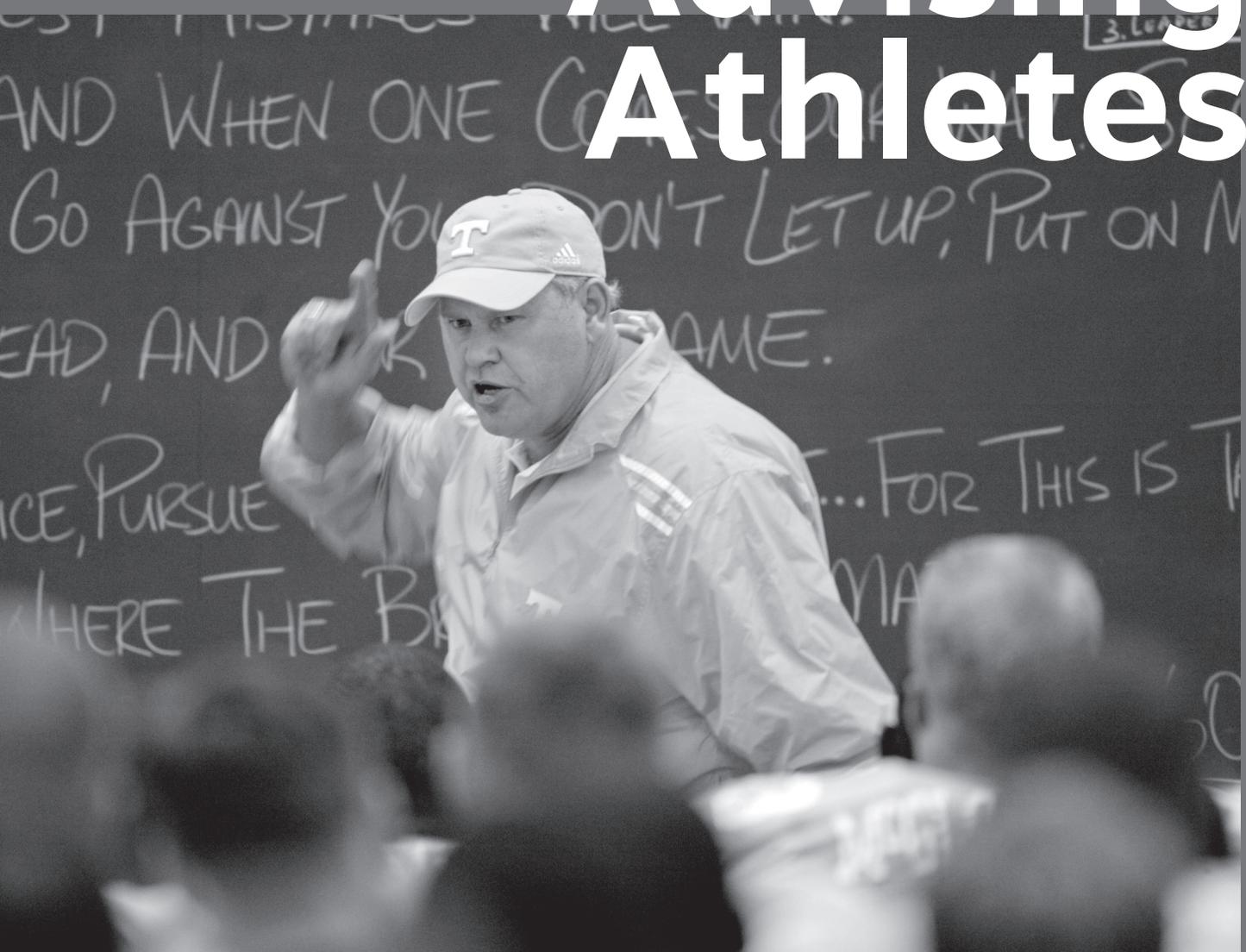




THE ART OF

Advising Athletes



October 2014

An exclusive interview with NCAA Hall of Fame football coach Phillip Fulmer & Back Porch Vista CEO Mike West



To Advise Athletes...

Image courtesy of the University of Tennessee Athletics Department

Think Like a Coach.

In this exclusive interview, NCAA Hall of Fame football coach Phillip Fulmer and Back Porch CEO discuss what it takes to manage money for a most uncommon client—the professional athlete.





here the worlds of finance and sportsdom collide, a number of savvy advisors have carved a comfortable niche managing professional athletes' wealth. For some, this

advisor-client relationship may represent an ideal professional situation—after all, what advisor doesn't want a small book of high-profile, high net worth clients? But the world of sports advising is a far cry from popular Hollywood portrayals like *Jerry Maguire* and *Moneyball*.

To set the record straight, Coach Phillip Fulmer and BPV CEO Mike West, former owner of Synergy Sports Management, recently sat down to discuss the intricacies and challenges of working with affluent athletes. Both men have decades of firsthand experience with athletics and professional investing: In 2009, Coach Fulmer joined West in a new career as a financial manager in what would later become Back Porch Vista, a Knoxville, Tennessee-based family of mutual funds aimed at providing American families access to the best investment strategies. In the following interview, both men discuss the mindset of professional athletes and ways to improve relations as a financial advisor.



THANK YOU BOTH for sitting down today to discuss this topic—not many people have such a close relationship with both athletics and finance. Can you start by giving a bit of personal background on the subject of athletes and money management?

PHILLIP FULMER: Absolutely. Just to start, managing athletes' money after they have left college was a concern of mine for the whole time I was an assistant and head coach. There are so many bad things and bad people that they can get involved with... I've seen everything and heard the horror stories of guys making millions of dollars and finishing their career with nothing. I took it to heart when I became a head coach to try to educate these young men prior to them having access to that kind of wealth. Fortunately, a lot of my guys have listened and come out of college and avoided the sexiness of what could be out there: the big cars and the get rich fast investments that never work out. Many have taken the conservative approach to find an advisor that is going to help them invest their dollars in solid investments, be it public or private, that turn out to set them up for the rest of their lives. Because

football is a short lived profession, as most athletic careers are, there will come a time these young men want to become involved in business or to be part of managing their own portfolio. The more educated they are and the better their advisor, the better the opportunity they have to become successful later in life. I've seen firsthand how good it can be, and I've seen firsthand how bad it can be.

MIKE WEST: Thanks, Coach—you're a pretty tough act to follow [laughing]. As a former football player in college, I spent a lot of time with other athletes. I really got to know the players, the sport itself, and the culture that exists both on and off the field. A little over a decade ago, I purchased my own sports agency because I thought my history in athletics and my financial focus would help athletes make better financial decisions. There is a statistic out there on the Sports Illustrated website that says that 75% of professional football players are bankrupt within 4 years of retiring.¹ So it is a big problem. A lot of people have tried to solve it. But coming from financial services as a former collegiate athlete, I thought I had a unique perspective on how to approach the issue.

¹ **According to Sports Illustrated, 78% of former NFL players and 60% of former NBA players go bankrupt within 5 years of retiring.**



EACH OF YOU MENTIONED the alarming number of players who lose their wealth almost immediately after retiring. That's a lot more money than many see in their entire lifetime. What's causing the problem?

MW: Unfortunately, most athletes do not have a lot of experience with financial issues. These guys are twenty-two years old when they are given millions of dollars. Chances are, they don't have a set of friends and family members who have experience in finance either, so often they don't even know what help to look for. They are easily influenced by things that appear to be sexy and easily influenced by things that seem easy and cool. In reality, investing is not sexy or cool. So their decision-making process leads them towards the wrong kind of person to work with. At the beginning, they tend to make poor decisions because they are overwhelmed. Can you imagine being twenty-two years old and someone giving you a twenty million dollar contract? Now imagine everyone in your family wanting you to buy them a house, a car. In reality, it is very difficult to take a step back and get clarity in that situation.

It's like winning the lottery. People who win the lottery tend to end up bankrupt.²

PF: I agree with that, but I would also add that these players don't have their minds on managing their money in the first place. You read about all the money that these athletes have made, but that's only if they've already made the team. There is little guarantee that a player will make it onto a professional team, so that player's focus should be on trying to get to the next level—his focus should be on what he can control. The money is always a distraction, whether it be the parties or trying to manage your own wealth. As an athlete, you should let the financial guy handle your finances and manage yourself.

² **According to the National Endowment for Financial Education, 70% of people who receive large winnings (lotteries, divorce settlements, inheritances) lose their money after several years.**



WOULD YOU MIND digging a little bit deeper into the mindset of professional athletes, from the perspective of an advisor looking to work with them?

MW: Here's one way to think about it: Someone works their whole life, gets to be sixty years old and has reached the end of his or her earning capacity. This person is still alive and needs to preserve their wealth until they die. That's why older people take on less risky investments. In a strange way, the same holds true for athletes. An athlete is going to earn his entire fortune in his twenties. And the ability to earn millions of dollars to fund the lifestyle he has become used to is substantially reduced after he retires from sports. So, that athlete

“Can you imagine being 22 years old and someone giving you a 20 million dollar contract? Now imagine everyone in your family wanting you to buy them a car.”

Mike West



Fulmer and West, BPV headquarters, October 2014

needs to act like he is reaching the end of his earning years. Often, athletes go out and build lifestyles around multimillion dollar incomes and then those incomes are gone and they are bankrupt. It requires discipline to preserve wealth. Most athletes do not have that discipline. So it is an advisor's job to ensure that the athlete can fund himself forever. I know athletes who have done it really well. There was a guy who played at Tennessee right after me and was in the NFL for eight or nine years. Now, he is retired but has enough money so that he will never have to work. He was conservative.



IT ALSO SEEMS THAT many professional athletes' financial problems stem from mismanaged personal relationships—whether it's buying extravagantly for family members or being forced into poor financial investments with friends. How would an advisor begin to address these issues?

PF: The advisor has to be the bad guy. Of course it's difficult for anyone to tell their immediate or even extended family, "No, I can't do that." And certainly, you should be able to help in places that are necessary, such as a mother or father or grandparent. After all, somebody helped you get to that place. We all feel obligated to that person, but that person doesn't extend to everyone in the family. You can't do that. There are lots of ways to help without breaking the bank and endangering your future. That's where the advisor comes in and needs to understand the landscape, figure it out, and help the young man make decisions.

These guys need guidance and support because not very many of them come from affluent families or from parents who can help them financially. They need to think of the advisor like a doctor. When it comes to your money or your health you don't want to shortchange finding the best. And to me, that's what they need to do.



Image courtesy of University of Tennessee Athletics Department

MW: I agree one hundred percent. Advisors absolutely have to address the personal problems of the athlete. A part of that job is building trust with the athlete so the athlete knows that you have their best interests in mind. Then it is about making decisions on behalf of the athlete that drive him to where he needs to be. Sometimes the advisor is not really liked by the family because they are saying no to that fifth house because it's not a good idea.

It should be said (and advisors need to understand this) that they need to be willing to decide who is a good client and who is a bad client, and they need to be able to fire the bad clients. Some people just won't listen, and if

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Phillip Fulmer

they are paying you and won't listen to you, are you really bringing any value to them? Unfortunately, some people are going to earn five million dollars and piss it away. They don't need an advisor, they need an agent.

PF: I think there are two different conversations, one from the perspective of the athlete looking for an advisor, and one in terms of the advisor looking for the athlete. To me, they should be looking for the same thing in the end. A good advisor is not going to want to get involved with someone who won't listen. A good advisor will not want to be paid for his expertise if it isn't being used. In the end it's going to be an unsuccessful and damaging relationship. Damaging, reputation-wise, and damaging for the athlete's success.

Some advisors really take seriously the well-being of the athlete and the management of not just his money but his time and efforts and family. The good ones try to make the guy's life successful. These advisors are good mentors. They have to have the ability to communicate and say no and to say, "That's a bad idea." That's what the role of the financial advisor has to be. If advisors make the wrong things important (like the bling, the parties, and the boats), they are just using athletes and directing them down the wrong path.



SO MUCH DEPENDS on an athlete trusting an advisor completely. How can an advisor go about building that kind of trust?

MW: These athletes go throughout their entire lives having everyone tell them how great they are. When they look back twenty years later, typically the person they remember, respect, and value is their coach. The reason they do is because their coach didn't tell them how great they were.

Their coach told them what they needed to hear. He told them the truth, and they knew they could trust him. So an advisor needs to take on that role as a financial coach. Which means if they are doing something stupid, you have to tell them. Your coach in college yells at you. Advisors often times are intimidated and end up being just like everyone else, and ultimately, the athlete doesn't trust them. Athletes aren't stupid, and they know when someone is telling them something just to be a

“Athletes know when someone is telling them something just to be a part of the show. You can't be that.”

Mike West

part of the show. You can't be that. You have to sit down with the athlete and say, "I don't care that you're famous. I don't care that you catch touchdowns. You are paying me to be your financial advisor, and I'm going to do that. If you don't like what I have to say then we can debate it, but at the end of the day, I'm not going to say what you want to hear so that I can represent you." The great advisors are the ones who become their financial coach, their mentor, and tell them the truth. Trust will come from telling them the truth.

PF: I think the advisor better be trustworthy from the beginning. That's what athletes are looking for – somebody who has experience and already had some success. They don't want to be the first guy with an untested advisor. The advisor needs to be the coach or the father figure or the partner in business. It's that kind of attitude. They are sharing a partnership.



THE FINANCIAL WORLD can be pretty straight-laced at times, how should an advisor bridge the culture gap between finance and sports?

MW: Well it's hard. I would suggest that they do not try. Lots of times advisors think that the way to deal with athletes is to run with them. Go out to the clubs and do all that kind of stuff. The advisor should be the one part of an athlete's life that is different than everything else. They should be the safe haven, a place to go to get sound advice and not participate in all that. Lots of times, advisors want to represent athletes because they want to go to games, they want to be Jerry Maguire, and they want to be cool. That is not the right approach. The athlete needs somebody who is their counselor and who will tell them no. Someone who will say, "That's not a good thing."

PF: I think in both sports and finance there are fundamental principles that you need to be successful. In the end, the financial piece is what the advisor and athlete have in common. Therefore, the athlete needs to yield to the advisor. From that standpoint, it goes back to trust, past experience, and quality time spent educating. It's not good enough to say, "You don't have to understand this, just do it." That's not a good way to approach things. A guy that is conscientious enough to trust you with his money, you should educate him. You should take time to help him understand, whether it be how to get a loan or how tax structures work.

“A guy that is conscientious enough to trust you with his money, you should educate him.”

Phillip Fulmer



FOR ANY ADVISORS out there looking to start working with athletes, how do you suggest approaching them?

PF: Athletes typically trust their coach to guide them, but that's not always the case. As an athlete, you have an opportunity to interview lots of people in your last year of college. The NFL also has lists of people who have been advisors to players for years. Then there are seminars where advisors come and present, and at any point in time, players can sit down and have meetings with financial advisors. Often times, it's another teammate that guides them. Hopefully, they will pick really solid and already successful former teammates who can guide.

All that to say, athletes are extremely well-targeted. It's well-known who is going to be a high draft choice, and therefore who is going to have access to a lot of money. From my perspective the question is: How does the athlete find an advisor who has been successful with athletes? I'm pleased with what we have been able to accomplish at Tennessee by setting our players up with good advisor relationships.

MW: It is difficult to go direct to the player. From my experience, the best way to build a business in this niche is by getting that first respected client who people believe in. And use that person as a reference to more players. A lot of times the athlete doesn't want to refer you because they want you to themselves. What has been notorious in this industry is the rarity of having a deep practice. It is hard to build a deep book doing this. You have to be committed to the long haul. It takes time. Instead of twenty firms with hundreds of athletes, there are hundreds of firms with a couple of athletes. It's hard. I would say it's hard to pursue this as a business, but then again I did myself.



Phillip E. Fulmer

SENIOR PARTNER, BACK PORCH VISTA

Among the top five winningest coaches in college football history, Phillip Fulmer now loans his interpersonal charisma, superb leadership skills, and peerless discrimination to business development at BPV Capital Management, LLC.



Michael West

SENIOR PARTNER AND CEO, BACK PORCH VISTA

Mike West has years of entrepreneurial and executive management experience with a background in financial management, strategic planning, mergers and acquisitions and business development. He brings his knowledge in these fields to his role as Senior Partner and CEO of BPV Capital Management, LLC.

Meet Coach Fulmer

Interested in a meeting with Coach Fulmer? Click the link and we will notify you of his next event in your area.

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All game day images courtesy of the University of Tennessee Athletics Department

BPV Capital Management is built on the simple belief that all investors deserve the ability to retire well. In our view, every individual should have the ability to achieve his or her own back porch vista through careful planning and saving. In our evolution from family office, to advisory firm, to manager of a family of funds, we've sat in every chair at the table, which means that we have a unique understanding of the challenges each member of the BPV family faces. For more information on Back Porch Vista, fill out the form below or call 877-819-2188.