Diversity Strengthening Companies in the Economic Downturn

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DIVERSITY STRATEGIES STRENGTHENING COMPANIES IN THE ECONOMIC DOWNTURN

by

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ABSTRACT

DIVERSITY STRENGTHENING COMPANIES IN THE ECONOMIC DOWNTURN

by

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PART ONE

Introduction

Over the past few years, the economic downturn has negatively influenced the hospitality industry. Specifically, the recession in The United States has led consumers to buy what they can afford or what they need, sacrificing the luxury and decadence that has traditionally been a staple of travel and hospitality. Recent trends reflect that consumers are careful with spending and strive to stretch their dollar as far as it can go. This produces a large problem for the hospitality industry because if customers are spending less, industry leaders are forced to find new ways to entice consumers to buy and invest in the hospitality industry. In order to combat bankruptcy, employee layoffs, and downsizing that typically sacrifices service quality, companies must create diversity initiatives that will benefit employees to strategize ways to satisfy customers in order to create revenue.

Investors are cautious with lending, which decreases the amount of cash flow needed to grow and develop. This paper will review literature on diversified strategies used by companies to increase revenue, and a case study will be presented about the Los Angeles Clippers diversified business strategies practiced during this financial crisis, which assisted them in making $295 million during the 2009-2010 season, despite their ranking within the NBA, their market competition against the Los Angeles Lakers and the state of the economy (“NBA Team Variations,” 2009).
Purpose

The purpose of this paper is to provide examples of companies using diversified strategies to advance in a competitive market and withstand the economic downturn. This paper will explain the benefits of the strategies and how one can implement them in their own business. The variety of strategies and examples will be presented in a literature review and a case study about the Los Angeles Clipper franchise. The goal is to present diversified strategies as an alternate response to the decline, so companies will gain ideas about how to develop cost saving initiatives that will increase long term revenue. Furthermore the Clippers diversity initiatives can be applied to any company that is struggling with increasing their revenue.

Statement of problem

Profit and revenue have become a top priority for struggling hospitality companies, which does not leave room for employee and customer satisfaction. In response to customers spending less, companies typically decrease expenses toward training and internship programs that focus on enriching work experience for their employees. As a result they cut training opportunities that teach them how to increase customer satisfaction (a money saving approach that seems counterintuitive to improving a business and attracting customers).

Essentially, tactics used to survive a competitive market and recession consist of cutting back on excessive cost, laying off thousands of employees or delaying programs and projects that might cause bankruptcy, when they should focus on increasing employee effectiveness, creating jobs, and instituting successful internship programs so that lead to the practical and efficient allocation of finances.
Justification

Having a diverse environment, staff, and business sense can help entice new customers and build a strong brand, resulting in increased annual earnings. Through the exploration of diversification, and its application to management, environment, and financial strategy, companies will understand the importance of diversity in relation to gaining more revenue. Strengthening diversity during the economic downturn will keep stable profits, customers and employees (Tennant, 2003).
PART TWO

Introduction

If a company is serious about increasing revenue and withstanding a competitive market, they must diversify employee training, department responsibilities, and develop new ways to satisfy customers. Their new business strategies will include diversity initiatives (creating positive work environment and customer relations). A company must first recognize the spectrum of diversity; therefore, the literature review included in this paper will define diversity through case studies. Throughout the review, examples of the diversified strategies and initiatives will be explained (D’Orleans, 2007).

Literature Review

Case Study Preparation

A case study was chosen for part three of this paper because it is a qualitative research method that is used in psychology and business research. It’s an investigative way to discover knowledge and human interaction through observation, interviews, and research. The case study will show the positive human interaction necessary to infuse diversity within the workforce, which can affect the way customers are treated and appreciated. These types of case studies are used in business to give insight and direction on important decisions, so the case study will help businesses determine if diversity is right for their organization (Zikmund, Babin, Carr, & Griffin, 2010).

A case study is a research method that examines individuals, groups, or participants within a population. Therefore, in part three of this paper, the Los Angeles Clipper staff members will be observed during games and their history with the company will be analyzed. Interviews were conducted to form a conclusion about the staff’s
participation in diversified strategies and initiatives used to generate revenue. The goal of
the case study is to focus on examining the Los Angeles Clipper employees that
developed new strategies to satisfy customers, and the results of those strategies to
generate revenue. Based on the findings, new variables and questions can further more
research but first diversity has to be defined (Becker et al., 2005).

Defining Diversity

Diversity is a dynamic word that identifies differences and similarities between
people in a constructive and positive manner. Its important because it embraces the
derivatives within a group and values the individual in order for them to freely contribute
to strategies and new ideas based on their past experiences. Diversity is a new movement
or policy that goes beyond the traditional view of affirmative actions, and seeks employee
satisfaction. When a business decides to create new ideas that will stimulate their revenue
and profits, they incorporate diversity in all aspects of their company by developing
initiatives and strategies (Calloway & Awadzi, 2001).

When defining diversity, its important that businesses leave behind the antiquated
ideas of affirmative action and define diversity as it is relevant to current business
entities. According to Rice, Alexakis, & Hunt (2006), “diversity was and still is discussed
under multiple brands including civil rights, affirmative action, reverse discrimination,
quotas, racism, and sexism” (p. 20). After the September 11th attacks, companies realized
the dire need for diversity and awareness training to help prevent lawsuits, violations of
civil rights and an anti-Muslim sentiment that was corrupting employees. The ostracism
and discrimination by employees cost businesses profits and earnings because a lot of
their resources were spent on fighting law-suits brought on by former unfairly treated
employees. Companies began to realize that individuals could not be lumped into
categorical stereotypes and having a nativist mentality was not assisting in increasing
sales and figures when it seemed to matter most (Tennant, 2003). When a business
decides to create new plans to stimulate their revenue and profits, they should incorporate
diversity in all aspects of their company by developing initiatives and strategies
(Calloway & Awadzi, 2001).

**Diversity Initiatives**

Businesses can practice diversified initiatives by creating a healthy work
environment by hiring new employees fairly, training staff effectively on the benefits and
allowing advancement within the company. The allure of internal promotion and
attainable higher management positions to decrease employee turnover (which costs a
company money long-term), make employees more satisfied and dedicated to their
business brands, and helps to create a reputation that consumers like and commit to
investing in, thus generating higher revenue.

A company’s serious commitment to develop diversity initiatives shapes
employee perceptions on the value of diversity in the workplace. Diversity initiatives are
policies put in place to develop a positive work environment that is more reflective of the
population of the world. The initiatives can help employees learn to break down barriers
that typically cause employee turnover, dissatisfaction, and counter-production
(D’Orleans, 2007).

When formulating a diversity plan, companies have to assess the policies and
goals they want to achieve, understand the demographic impact it will have, and detail
the benefits overall. The company can invest in diversity strategies financially, but they
must be willing to advance and diversify employees in leadership roles so others can actually witness diversity happening. The initiatives can be introduced in small groups, or by adding the training methods to other important meetings that the majority of staff will attend (Tennant, 2003).

A company’s commitment to develop diversity initiatives shapes employee perceptions on the value of diversity. The employees are more likely to go along with the new initiatives if the company takes them seriously. A diversified environment praises employees who understand how to work together to use their unique skills to empathize with other people, especially when dealing with customers (D’Orleans, 2007).

A company must reward employee’s who take positive actions, and they should value their ability to make independent solutions when confronted with challenges. If the company practices this consistently, the employees will begin to feel comfortable working with management to build a community that practices creative solutions, and will demonstrate commitment during trying times. When the staff members learn to work together they create an inclusive environment where acceptance of others is respected and valued; thus producing a cohesive atmosphere that is dedicated to surviving in economic crisis (Rice et al., 2006).

A diversified company understands and respects the importance of paying close attention to people from different backgrounds, particularly when facing unpredictable times. The company can suggest that others get along and see past differences; but getting to a point of unifying is only accomplished with proper training and a willing staff. Though training programs cost money, they are investments where employees can learn to work together during training, and gain strategies to see far beyond their
differences. Team building opportunities can ignite employees to see commonalities they share, resulting in a commitment to each other. With a strong team as the foundation, businesses can then ignore their differences and strategize ways to generate revenue and succeed (Rice et al., 2006).

Another cost saving initiative is developing a mentoring or internship program. The opportunities given to young college students can save funding that would be used for recruiting and hiring new staff. The program can be created to provide knowledge and opportunity for working relationships between supervisors and staff. Initiatives are achieved and reached when the company sets goals that consist with developing acceptance rather than tolerance. The initiative should have a plan to change attitudes into forward thinking; which include developing creative solutions that can withstand uncertain times (Rice et. al, 2006).

Diversity initiatives can help employees manage their personal relationships outside of work. Businesses can practice life balance diversity initiatives that focus on assisting parents with raising children, religious differences, and promoting within the company. Understanding what employees need and want to stay with their company is vital to decrease turnover’s, thus decreasing wasteful spending on recruiting and hiring new employees. Human resources can hold exit interviews for all employees in order to determine if a community relationship is being applied in all areas of the company (Caldeira et al, 2004). Assisting employees in their personal life can show support and acknowledgement to what’s important to them; in doing so the employee feels confident that the company believes they are an investment that the company wants to keep around for the long run.
The point of diversity initiatives is to create a positive and flexible work environment by acknowledging employee differences and allowing them to bring their differences, and unique skills to the organization freely without bias and retribution. The company must support employees so they will be more willing to increase productivity, adaptability, and profitability. The diversity initiatives need to be based on inclusion and doing so can cause employees to feel empowered to satisfy the company and it's customers (Calloway & Awadzi, 2001). The plan has to start from the top of the organization to non-management positions and work it’s way through the other departments.

**Diversity Starts at The Top**

Effective diversity initiatives must be linked to business objectives and top management support is key (Rice et al., 2006). Diversity has to be infused by the CEO and they should be the one to present the program and explain why diversity is crucial to the overall success of the company. The meeting can address the diversity management strategies that will be implemented and the expectations for the executives and employees. Having the leaders within the organization stand up for the movement creates a sense of seriousness and commitment (Weaver et al., 2003). Chief executives at every department should meet with each department during orientation to discuss the goals and objectives of diversity (Caldeira, Fernandez, & Wood, 2004). Senior executives and managers must respect all employees and actually participate in the diversity plan so employees will take the initiatives seriously (Tennant, 2003).

The Marriott and Hilton set the diversity standard that would financially and morally benefit them. The Hilton included programs for mentoring and interning as well
as community development; while the Marriott pledged to spend $1 billion to assist minority suppliers and franchise owners. The key to their success was creating a dynamic diversity plan that began “at the top of the organization” and allowed managers to be involved in daily implementation (Watkins, 2005, p. 4).

It’s imperative that the organization has managers who believe and value the initiative agendas in order to increase diversity, efficacy and perception (Herdman, McMillan-Capehart, 2010). Managers must be held accountable for the diversity initiatives required through evaluation protocols and they should be checked by the human resources department and reported back to the CEO frequently (Caldeira et al., 2004). All managers must be required to step outside of their comfort level and try diligently to relate to their staff by building a community of acceptance (Rice et al., 2006). Once upper management is committed to the diversity initiatives, introducing this plan is vital and necessary in order for success to increase with a productive change.

**Introducing Diversity Plan**

The plan has to create an environment where success is rewarded with promotion and a sense of belonging through networks and buddy systems (Calloway & Awadzi, 2001). The company can publicize the new diversity initiatives within the corporate vision, mission statements, newsletters, newspapers, and company website (Weaver et al., 2003). It’s imperative that the plan does not single out or leave out minority or majority groups, so procedural fairness must be practiced (Rice et. al, 2006). The executives should promote hardworking staff members who have been loyal to the company but the process should be fair and open for all employees. Promoting employees to management positions can be done by publically posting opportunities that all employees can apply for.
Each employee should have an equal chance at promotion; therefore stimulating diversification (Weaver et al., 2003). Once the diversity plan has been advertised, and employees have been promoted, the real action of the company begins. The hiring process outside of the company is just as crucial as promoting employees within.

**Diversified Hiring Practices**

A diversified company hires people who can adapt to changes and accepts others (Caldeira et al., 2004). A business can practice diversity by developing an equal hiring process, particularly in minority-populated areas. This can bring a host of unique applicants who will have a variety of views and ideas to make a company stronger and open to change.

The human resource department must recruit talent from diverse backgrounds at all levels and they can train managers on how to hire and interview diverse candidates with behavioral and situational interview skills (Caldeira et al., 2004). Once the diversified staff have been hired, it’s important for the company to create opportunities for employees to advance and succeed one way to accomplish this goal is to teach employees how to look beyond their differences and create a unifying environment through diversity training (Hughes, 2008).

**Diversity Training Programs**

Companies can have a variety of ways to intertwine diversity within their organization; this is done by training employees to feel empowered and appreciated (Watkins, 2005). Investing in an organized diversity-training program for all employees will lead to an increase in market share and competition. It’s important for all employees to be trained; especially minorities within the organization because they are the ones who
have the most struggles to fit in the organization and want to stay apart of the team
(Weaver et al, 2003). Many companies may fail to advance, causing them to feel like they
do not have a voice or significant place in the workforce. It’s perceived that minorities
lack experience to lead a team, but companies can avoid consequences of high turnover
and poor production levels by giving the resources and training necessary to develop
stronger leadership techniques. Organizations can give support to training undervalued
workers in order to engage them into developing stronger work skills and establishing
customer satisfaction oriented goals (Berta, 2009). Language barriers can be a common
problem within a company, so perhaps they can create an English as a second language-
training program (Weaver et al., 2003). This can lead employees to feel valued and
reflects the companies diversity policies that all employees are an investment worthy of
resources, thus leading to higher production and more efficient work results.

Once the employees have been trained, it’s very important that an individualized
development plan is created for each employee. This can help the employee grow and
realize their true potential within the company. The training program can include a cross-
race/gender training team to help create accountability. This allows diversity to flourish
among the entire staff and not pinpoint specific employees to be involved in the training
program (Weaver et al., 2003).

Companies who offer training programs save in the long term and earn higher
profits. Nextell communications saved 3.2 million by offering a diversity-training
program because it increased “employee satisfaction, productivity, and retention.” An
Urban League study showed that eight companies that diversified saw productivity
growth over the last four years and they surpassed their economic expectations by
eighteen percent (Calloway & Awadzi, 2001, p. 68). After training has been implemented and functioning, the work environment will unite to overcome the obstacles that are hindering the overall revenue goals of the company (Rice et al., 2006).

**Creating a Diversified Workforce**

Companies can diversify the work environment by accepting new ideas and solutions to problems. This positive environment is achieved and reached by a management who develops acceptance rather than tolerance. The employees and managers must work on changing attitudes to think about the future in a competitive market. Once diversification is complete, a higher order development of a common unity to community will survive. This means that conflict resolution is well received and there is a united state of agreement that will help the diversification process succeed. The employees recognize unity and create community-building experiences by making major decisions as a team. The varying ideas produce alternative methods to solve problems, thus provides a sense of acceptance and satisfaction. (Rice et al, 2006).

The goal is to enrich the work experience for employees so they will satisfy customers. Investing in employees through diversity training strengthens the correlation between customer service and customer loyalty. There is a strong correlation between employee engagement and employee allegiance. A company should analyze what customers and employees care about in order to strengthen engagement and satisfaction (D’Orleans, 2007). Once that is taken seriously there will be a growth in profit and revenue because employees are working harder, staying with the company longer because they are valued and appreciated. Several major companies have gained success with diversity initiatives.
Diversity Initiatives at IBM

Another company that used diversity to increase revenue was IBM. Their CEO, Lou Gerstner took a look at his management team and realized it didn’t reflect its customers or employee’s demographics. His initiative took two years to diversify but the program embraced differences between the staff, causing them to learn to work together and use those differences to improve profits. Gerstner’s goal was to diversify so the employees could understand the diverse and multicultural markets that influenced his customers and profit margins (Thomas, 2004).

The initiative was able to broaden the amount of satisfied customers they would which gained them extravagant results; for example, in 1998 the companies’ revenue was $10 million and in 2001 (after the initiative) the company earned $300 million in revenue. The company created task forces that represented various demographics; such as Asians, African-Americans, gays/lesbians, Hispanics, white men, Native Americans, people with disabilities, and women for six months. The task force assessed evaluations of the company and improvements needed to help generate units, revenues and employee satisfaction (Thomas, 2004).

The CEO held the management team responsible for linking diversity goals to business goals through requiring diversity to be apart of the assessment managers went through when trained. IBM created executive partner programs that strengthened relationships with women and minority-owned businesses in the United States and in 2003, IBM generated $1.5 billion from diversified vendors compared to the $370 million in 1998 (Thomas, 2004). Having diversified initiatives is exhausting but can be very
rewarding. Since the case study will focus on a sports team, an example of diversification within the NBA is researched.

**Diversity Initiatives Within the NBA**

The NBA has received an A on the 2010 Racial and Gender Report Card. This study determined the league had an A for race and A- for gender diversity. The study pointed the NBA Commissioner, David Stern as the master-mind behind supporting diversified issues in sports. In fact, minorities held women held 36% of professional positions and 44%. The report also publishes the NBA’s diversity initiatives to help stimulate diversity with the league and within society (Lapchick, Kaiser, Russell, & Welch, 2010).

First it mentions the employee learning and development programs that include training all league employees, in small groups, with dialogue about the core values of respect, respectful treatment of others and diversity awareness. All employees go through an online orientation about the ways to respect others in the workplace. Since 2006, there has been access to the GlobeSmart web-based portal that teaches all league and team employees about other countries and cultures around the world. The GlobeSmart Assessment Profile helps employees identify their business styles to help communication with others. There is also a Multi-Cultural Institute (MCI) that gives diversity training throughout the year. MCI has a team who teaches why diversity management and inclusion are vital to create success. The NBA has also implemented policies and procedures to uphold strong anti-discrimination and anti-harassment practices in the workplace for all teams (Lapchick, et al., 2010).
Diversity recruiting is very important to the NBA. They start recruitment with online job postings at diversified websites. They also recruit from Historically Black Colleges and Universities with regards to entry-level associate positions and their intern program. In 2009, the entry level positions had 33% diversity and 66% female and the intern program had 23% diverse and 42% female. The NBA recruits at colleges that have diverse student bodies and they participate in diversity career fairs for the National Association for Multi-Ethnicity in Communications and the Thurgood Marshall Career Fair (Lapchick, et al., 2010).

The NBA has two important minorities who have moved up the corporate ladder to run two different franchises. In 2003, Steve Mills was the president of sports team operations for the Madison Square Gardens. Steve was in charge of overseeing $700 million in assets for the New York Knicks, the NHL’s Rangers and the WNBA’s Liberty. Terdema Ussery was the CEO of the Dallas Mavericks and he was also in charge of running the Dallas based HDNet television network. Terdema was able to help the Mavericks generate over $100 million in 2002 and he also convinced the Mavericks owner Mark Cuban to invest $100 million in the HDNet company (Hughes, 2003).

The NBA has social responsibility initiatives that work on improving “education, youth and family development and health-related causes” (Lapchick et al., 2010 P. 34). The NBA Cares and WNBA Cares department runs the programs. The goal is to promote literacy worldwide and stimulate an appreciation for reading in adolescents by creating reading and learning centers in school. The organization also focuses on health and witness to promote healthy living for children and families (Lapchick et al., 2010).

Conclusion
A successful diversified company will understand and value differences by “combating discrimination, and promoting inclusiveness” (Kim, 2006, p. 87).

Committing to doing so cases them to advance socially within the communities they serve, financially with higher profits and perceptually by the multi-national market they are involved with. Besides perception, they find alternative ways to withstand the economic hardships other companies face because employees work together to solve issues that relate to generating sales and customers are directly affected because employee give satisfied service.

Company’s benefit significantly from diversity because it creates a great legacy that faces reality of society, addresses challenges, and embraces the future destiny of the organization to compete in a global market (Caldeira et al, 2004). Diversification can benefit many companies economically and intangibly through better communication, a larger customer base and vast engagement between interracial or intercultural relationships (Rice et al., 2006).

Companies can create learning organizations in order to compete within the market, in doing so success rates will gain higher strides (Kim, 2006). Diversity leads to finding solutions along with strategies on how to prosper, profit, and compete (Rice, et al., 2006). Once unification in the work environment is reached, diversity can help a company redevelop new ideas to increase their revenue in order to strengthen their growth rate and cause a positive image.

Diversity is an important asset to growth and prosperity during economic downturns and enterprises who chose to cut programs are leading to more harm than good. Corporations must develop diversity initiatives in order to withstand the recession
and successfully compete within their markets. Their CEO’s must develop a diversity plan that can increase profits long term and in doing so, the organization will increase employee participation, satisfaction and revenue. (Berta, 2009).

Part three of this paper will present a case study on the Los Angeles Clippers diversity strategies used to generate revenue. The case study will be an example for other companies to realize the possibility of using diversification and how it can help their company succeed during the economic downturn or perhaps when they are in a competitive market.
PART THREE

Introduction

Part three of this paper will present the methodology used to conduct the case study on the Los Angeles Clippers franchise. The staff’s demographics was researched, along with the department’s initiatives and strategies used to develop a strong fan base in order to create an increase in revenue during the 2009-2010 season.

Methodology

A critical instance and multi-modal case study was used to examine the Los Angeles Clippers diversification plan (Becker et al, 2005). The case study identifies the diversified staff’s strategize (causes) to generate revenue in a competitive market (effects). The data was based on observations during the teams basketball games, as well as interviews given to the human resource manager, an intern, and a community relations manager. Participants consisted of the franchise’s departments that are responsible for generating revenue; specifically marketing, sales, fan relations, community relations, player operations and game entertainment.

Case Study

The Clippers Now

Within the National Basketball Association (NBA) franchise, the Clippers has faced adversity, hardships, and misfortune; in fact their name has been synonymous with “cursed” for the past three years. This team has never won a championship and has a horrendous reputation. People consider the team the NBA stepchild of Los Angeles and fail to realize their outstanding diversity strategies used to surpass staying afloat within a competitive market and produces surmountable revenue even in the current economic
downturn. Last year the Los Angeles Clippers were valued at $295 million and their debt ratio was 0% (“NBA Team Variations,” 2009). This is a great accomplishment considering their record was 29 wins and 53 loses in the 2009 season (“Los Angeles Clipper Franchise,” 2010). It’s possible to associate winning and revenue within a competitive national sport and one definitely affects the other but it’s a small hurdle the Clippers have to overcome when comparing them to their rivals. Los Angeles is a great market to have a business in but a tough one specifically for the Clippers because they share a city, stadium (Staples Center) and fans with one of the greatest teams in NBA history, the Los Angeles Lakers. The Lakers and Clippers share many logistics but the Lakers have success, spirited fans, and glory of a winning team; which makes it that much harder to gain recognition or revenue.

With so much difficulty it’s surprising the Clippers haven’t decided to move cities, change owners, or simply fall into bankruptcy considering the hard economic times. One may ask, how is it possible for a basketball team to finish almost dead last year after year, and be able to compete against a winning dynasty in the same city? It’s their relentless diversified staff that works vigorously to make the fan experience a fun-filled, adventurous, family-oriented event with a hint of winning. The franchise hasn’t given up because of the dedication, hopes and dreams of the hard working, diversified staff, loyal customers and owner.

They are able to make revenue despite the many obstacles they have to overcome. The goal is to spark excitement and keep loyal fans despite the economic decline and competitive market caused by their successful neighbors, the Los Angeles Lakers. Currently the players have lost the most games and are ranked last place in the entire
NBA franchise; this causes a major challenge for them to bring in new fans and compete with the Los Angeles Lakers. The Clippers must bring in the revenue despite the low performance level of the players because at the end of the day the Staples Center has to be paid and one major way that happens is buy filling those seats. The staff must work together to strategies ways to generate income and revenue despite their current record in the NBA. This year the Clipper organization is focusing on ways to generate more revenue, win more games, and change the perception of Los Angeles through the leadership of the owner and president.

**Diversity Starts at the Top-Owner and President**

Donald Sterling is the owner of the Clippers and Andy Roeser is the president. They are the ultimate decision makers in the Clipper Organization. They participate in all major issues for the team and regularly attend the game to show their presence and commitment to the team (J. Renza, personal communication, November 20, 2010).

The franchise is solely owned by Donald Sterling; a real estate mogul who owns hundreds of properties within Los Angeles and Las Vegas (Sterling, 2010). Mr. Sterling is the chairman of the board, and NBA governor for his team. He has owned the team for almost 30 years and has managed to be a true philanthropic member within the Los Angeles community. Donald Sterling has owned the Clippers for 30 years and was recently recognized for his efforts with a Lifetime Achievement Award by the NAACP. He started the Los Angeles Clipper foundation to provide community outreach to non-profit organizations that focus on helping youth; in fact over 425,000 tickets to over 2,870 organizations was donated in the 2009-2010 season ("Information Guide,” 2010).
Andy Roeser is the current president of the Los Angeles Clippers and has been with the team for 26 years. He started with the organization in his twenties in 1984 and has worked his way up to be the president and NBA alternate governor in 2007. Since becoming president, he has tried to create new initiatives and strategies to help the franchise grow. He was responsible for recruiting a new coaching staff and players. He is the deciding factor in all player contracts and raising a positive profile for the Clippers. He negotiates contacts for broadcasting rights with PRIME TICKET and KFWB 980 AM. Mr. Roeser is the president of the Los Angeles Clippers foundation and serves on the boards of the Los Angeles sports council and the advisory board for the sports management graduate program at California State University Long Beach ("Information Guide," 2010).

Based on the research from the literature review, the CEO’s and upper management have to be willing to set the tone and standard for diversity within the organization. Mr. Sterling and Mr. Roeser are involved in efforts to create revenue driven strategies to withstand the economic downturn and competition of the Lakers. They also strive to provide outreach and opportunities by running foundations to assist those who are less fortunate. The two have to been devoted to making the Clippers an outstanding franchise to work for and this sense of commitment and dedication has transcended to other departments. They are the reasons behind the diversified staff that exist make the franchise a success.

**Diversified staff**

The Clipper staff includes 101 paid employees; 29% are women, 18% are African-American, 6% are Asian, and 6% are Hispanic or Latin descent ("Information
Many of the staff have been very loyal to the Clippers and have been rewarded with advancement. The team has had an outstanding losing streak and a negative reputation but the franchise’s bad luck has actually caused the employees to remain loyal, consistent, and secure in their daily operation ("Information Guide,” 2010). Perhaps it can be assumed that an employee would want to be apart of a winning team and have an easier times generating revenue but within the Clipper organization many employees have stayed despite the lack of championship rings. They have used their obstacles and differences to create a superior and diverse staff. Many employees have started with the company over 20 years ago and have advanced to top executives of their departments.

There are twenty executive staff members apart of the basketball operations and coaching staff; six of the staff members have been with the organization for seven years or more. Richard Williams is the strength and conditioning coach and has worked for seven years. Jahan Wang is the associate strength and conditioning coach and has worked for eight years with the team. Neil Olshey is the vice president and has been with the Clippers for eight years. Jasen Powell has been with the Clippers for twelve years as the athletic trainer. Gary Sacks is the director of player personnel and has been with the team for seventeen years. Pete Serrano (Hispanic) has been with the Clippers for 26 seasons and has worked as the equipment manager and started out as a ball boy and has moved up to become apart of the front office team (Information Guide,” 2010).

There are eight executive staff members in the communications department; five of the eight staff members have been with the company between fourteen and thirty years. Ta’nisha Cooper (African-American, Female) is the assistant director of media
services who has worked with the Clippers for 14 years and she started out as an intern. Steven Esparza is the media services coordinator and has been with the organization for 14 years and he too started with the organization as an intern. Joe Safety is the vice president of communications and he has been with the organization for eighteen years. Rob Raichlen is the director of communications and he is in his eighteenth season with the Clippers.

Christian Howard is the vice president of marketing and broadcasting and he has been with the team for 20 years (“Information Guide,” 2010). The sales and marketing department is lead by the senior vice president, Carl Lahr who has been with the Los Angeles Clippers for 30 years (“Carl Lahr,” 2010). There are many tenure employees but the Clippers offer opportunities for college students and graduates to gain work experience as well.

**Internships**

The human resource manager is responsible for the diversity initiatives necessary to create a positive work environment. The organization has approximately 95 interns. The internship program partners college students with executives and managers of the Clippers. The program offers great exposure and networking opportunities to develop professional skills, and learn the details needed to run a professional sports teams. This program is a cost saving initiative for the Clippers because it allows the franchise to have a smaller employment payroll because the interns are non-paid and receive school credit (J. Renza, personal communication, November 20, 2010). The Clippers are utilizing college students for their unique and new ideas and pairing them with the tenure staff to
help formulize new strategies to relate to customers, brand the team and generate sales (J. Werber, personal communication, November 22, 2010).

The strategy for the Clippers to have each non-sales department sell tickets. Recently the internship department hosted a ticket sales contest. Each intern can participate in selling tickets to their friends and family at a discounted price and the interns who sell the most tickets earn rewards for their hard work and effort. Recently the interns sold tickets to 800 people over a series of 5 Clipper games (A. Hall, personal communication, November 22, 2010).

The human resources department oversees employee hiring and promotion policies to make sure they are fair and available to all employees. The typically recruit from their own website, Team Work Online, and various schools in Southern California. The NBA has sent their department pamphlets and material on ways they can develop a diversity training program and the executives are in the process of creating one that is frequently discussed in their human resource monthly meeting. The human resource department focuses on making sure the employees are treated equally, so the departments can focus on increasing revenue (Werber, personal communication, November 22, 2010).

The Clipper organization has a diverse staff that uses new techniques to handle the economic roller coaster over the last few years

**Sales & Marketing**

The sales and marketing department focuses on increasing revenue through selling tickets, handling special events, maintaining fan relations, community involvement, promotions and website content (“Club Directory,” 2010). The department has the most employees and the most responsibility of enticing fans even when the team
is not doing well on the basketball court. With that, the marketing department has to work
together to strategize ways to generate interest and relevance to the Clippers.

Their marketing team has a strategy this year to publicize, promote, and give
opportunities to fans of the NBA. Their goal is to reach basketball fans that don’t have
finances to go to Laker games. They advertise through radio, television and outdoor
advertisements (Dorson, 2000). They appeal to all fans of the NBA by promoting that
they can watch major basketball players for a discounted price. The fans are enticed
because they can watch their favorite NBA players in Los Angeles and they don’t have to
travel far to watch those teams play.

An additional strategy is to connect fans by increasing social media (Snyder,
2010). Marketing the team through video and Internet content has allowed the fans to
connect regularly outside of the basketball game. Videos on the road, appearances at
popular events like the LA Auto Show. The Clipper website has images and pictures of
other popular players like Shaquille O’Neal, Kobe Bryant, Lebron James and their own
players to get customers thinking about purchasing to see the other teams that come into
Los Angeles (“One NBA Teams Marketing Strategy,” 2010). There is a host of up to date
video showing the players interacting at practice, on their team jet, in special interviews,
and other aspects of the franchise. The fans can sign up with clipper nation on the website
and gain more interaction with the Clipper spirit (dance team), online journals of the
players (rookies) and they are offered specials that the general public won’t receive
without signing up (“My Clipper nation,” 2010).

The Clippers have also partnered with many organizations such as Costco, travel
sites, hotels / concierge services, and group discount sites and mailers to advertise and
sell discounted tickets (Weber, 2010). HotelPlanner.com signed on to be the main advertiser and signage of the Clippers (“HotelPlanner.com,” 2010). KIA, CHUMASH, BARRY’S TICKETS, METROLINK

Another strategy is to focus on the most popular Clipper players. Since 2000 Carl Lahr’s has been working on strengthening player branding; he says, “we had an opportunity we thought we should capitalize on; we felt we needed to do a branding campaign to introduce each player and his hopes and dreams individually” (Dorson, 2000). This year they put advertisements in newspapers, online through Facebook, and through their own website that their starter 1st round pick rookie Blake Griffin is ready for action. They are hyping up his recovery since he was injured during the pre-season and never was able to show off his skills for the team. The hope is to get the potential fan in the door and let game operations take care of the entertainment to keep them coming back, but this heavy task is led by the sales department getting tickets sold.

The sales department is run by Heath Bennett (“Club Directory,” 2010). Heath is responsible for assisting with marketing strategies for account executives, group sales, and the fan relations department (“William Heath Bennett,” 2010). The sales team strives to be available for all customers. They have stations during the games at every major entrance to answer questions or concerns of the guest. They provide upgrades on the spot, allowing customers to upgrade their upper level tickets for lower level tickets that same day. The staples center is divided into different levels for purchasing purposes; there are the courtside areas, 100 levels, 200 levels, and the 300 levels, which is known as the nosebleed section. The sales team offers a variety of ticket packages (group, partial plans, single, and season tickets) for customers to choose from (“Ticket & Arena Info,” 2010).
Group Tickets

The sales team offers group tickets for all types of occasions. A potential company can purchase group tickets that include watching the players practice before the game, or they can actually play on the court after the game. Groups can pay to perform during pre-game or half time, play a basketball game (before a game or during half-time), or have a pre-game tour. They also can get suite packages that include shooting basketballs on the court (“Ticket & Arena Info,” 2010).

Typically when group tickets are sold, there are additional ways to earn more revenue. The sales team offers lunch packages at the neighboring ESPN Zone, an awareness night for non-profit organizations, T-shirt night where companies can wear their logos, or food and fun night on the city view terrace. With their purchases some companies can participate in a fan tunnel where they high five the players before the game for an additional fee. They also offer opportunities for organizations to fundraise and sell tickets at a certain rate and the organization gains some of the profit, along with student achievement night when a youth program nominates a child to be recognize during the game, and NBA book clubs can purchase groups tickets to help promote literacy (“Ticket & Arena Info,” 2010).

Single Tickets, Partial Plans & Season Ticket Packages

The sales team has created multiple options ticket plans to diversify and increase revenue. Fans have options to buy season tickets, partial plans, mini plans, group tickets, and individual tickets. Thus, fans have multiple opportunities to see a game (or games) at various price ranges and some are extremely reasonable for highly successful teams such as the Boston Celtics, Los Angeles Lakers, Miami Heat and Denver Nuggets.
Additionally, the sells team offers “specials” when individual tickets are purchased, such as buying a ticket and getting a meal included with their purchase (Weber, 2010).

Basketball fans can purchase tickets as low as $10 for the 300 level seats through vendors like Ticketmaster or Stubhub but the Clippers advertise buying tickets through Barry’s tickets (“Ticket & Arena Info,” 2010). There are a variety of packages available for all types of fans; particularly the ones who do not wish to purchase the entire season of tickets.

These variety packages allow customers to watch the Lakers, Magic, Jazz, Heat, Warriors, Bulls, Celtics and a host of other teams. The NBA elite plan gives basketball fans an opportunity to see three teams for $99 in the 300 level; currently a fan can pay $96 for four games during the holiday season. The four weekend plan ranges from $100 to $300 and allows a family to receive a discount if four tickets are purchased at the same time. The big 8 plan offers four games (Lakers, Magic, Celtics, Heat) between $250 to $375. There is a super big plan that gives fans 12 games; which range from $670 to $1200. There is a 15 game super star plan starting packages range from $1500 to $2500.

There are standard season tickets that are available and range from $32,000 for the court side seats; $11,000 for the 100 level areas; $4,000 to $1,600 for the 200 level; and $800 to $300 for the 300 level seats (“Ticket & Arena Info,” 2010). Season ticket holders are given more flexibility when paying for their packages; there are two options, pay in full or make a 30% deposit and then sign up for a payment plans (“Ticket & Arena Info,” 2010). Once the fans make it through the Staples Center door, the next department’s task is to keep season ticket holders satisfied.

**Fan Relations**
The fan relations department collaborates with other departments and staff to satisfy customers. The department is ran by Joe Kelly (“Club Directory,” 2010). Joe Kelly has been with the Clippers for seven years and was recently promoted to the director position (“Joe Kelly,” 2010). The department oversees the delicate relationship between the fans (season ticket holders) and the franchise. They work exceptionally hard to compete against their competitive neighbors, the Lakers who have a possible two years waiting list for their season ticket holders (Drew Cieszynski, 2008).

**Connecting with the fans**

The fan relations department is in charge of providing the best fan experience possible through their Most Valuable Player (MVP) season ticket holder strategies. The fan relations is stationed at fan central inside the Staples Center and MVP’s can get assistance on their accounts at any time during the game (“MVP Headquarters,” 2010).

The benefits for the season ticket holders are pretty standard in comparison to other franchises but they offer their MVP’s creative opportunities during the games. There is the game day presenter who presents the game basketball to the refs at center court; there is the MVP captain who meets with both team captains at center court to take a picture and they are able to be in the pre-game huddle with the players. Finally MVP’s are randomly selected to participate in the autograph alley or the photo tunnel where they are able to take pictures and get sports gear signed by their favorite players. The fan relations department host a MVP month where they celebrate all the season ticket holders and award them with team autographed basketballs, jerseys and photos with the players. There is also an appreciation night to recognize the season ticket holders who have been with the Clippers for ten years or higher (“MVP Headquarters,” 2010).
MVP’s have instances where they can sign their children up for different on-court experiences; the first one is having them be honorary ball kids where they help during the pre-game warm ups and pass basketballs to the players; the second experience is having their children be high five kids which is when they can high-five the players during their pre-game huddle and they are allowed to sit on the bench during pre-game as well. The third opportunity is to participate in basketball clinics with the players and one of the assistant coaches to teach them the fundamentals of basketball; there is a separate clinic for families and for adults (“MVP Headquarters,” 2010).

Events are thrown during the season to host interactions between the fans and the team. Fan relations host a movie day at a private theatre, training center tours to check out the facility where the players practice, in addition to phone calls from the coach during pre-season. The department coordinates the draft party, dodger games, and a summer league trip to Las Vegas for all season ticket holders (“MVP Headquarters,” 2010). There is a paint the town event where the Clipper team make surprise visits to season ticket holders, sponsors and fans in the city of Los Angeles; it’s a great way for the team to be introduced to their supporters before the season starts and fans can take pictures and get Clipper attire (“Community Events,” 2010). The Clippers pay close attention to their customers by providing services that can’t be matched to other franchises and they also manage to give back to their community through their community relations department.

**Community Relations**

Denise Booth is the director of the community relations department and she is in charge of coordinating events for the Los Angeles Clipper Foundation. She started out
with the Clippers as an intern and worked her way to becoming the innovator behind the
Clipper Foundation. Denise Booth (African-American Female) has been with the
Clippers for seventeen years; she is responsible for generating over $5 million dollars to
assist the Los Angeles Clipper Foundation (“Information Guide,” 2010). The program
was created to spark awareness and participation in education, health & fitness with the
assistance and commitment of the Clipper players (“Los Angeles Clipper Foundation,”
2010)

The foundation was created in 1984 to help support non-profits who represent or
provide services for children within the Los Angeles area. One of their goals is to gain
funding to provide outreach programs to charities and organizations by hosting events
and having silent auctions at every home game. The auction items include autographed
basketballs, jerseys, shoes, hats, warm-up gear, bowling shirts, and fan experiences. The
foundation creates a host of events to generate their own budget by inviting the general
public, season ticket holders, and sponsors. The events are used to create unique
opportunities for fans, players, and staff to build a bond at the beginning of the season,
outside of the Staples Center, through making a personal impression that will give a
deeper connection to the overall experience when fans are at games (“Los Angeles
Clipper Foundation,” 2010).

The Charity Golf Classic is the first event of the season to gain donations and
funding; they offer season ticket holders a chance to interact with Clipper players,
coaching staff and the spirit team; this year it was held at the Trump National Golf Club.
Another event is the Basketbowl Challenge, which is a day of interaction for the fans and
Clipper players to compete in a bowling alley. The players are assigned to a lane and they
rotate during the games to mingle with the fans and sponsors (“Los Angeles Clipper Foundation,” 2010).

Their newest fundraiser is the Road Trip Raffle, which gives non-profits, groups, schools, and sporting clubs a chance to raise funding by selling raffle tickets. The grand prize is a chance to win a road trip experience with the Clipper team to a Sacramento Kings game; which includes travel on team jet to Sacramento, the hotel and the game, as well as hotel accommodations and two tickets to the game. There are other prizes like personalized jerseys, teamed autograph basketballs, or meet a Clipper at a home game. The tickets are $20 each and the organization get’s 50% of the profit. The organizations are eligible as long as they have a tax ID number (M. Connor, personal communication, November 18, 2010).

The community relations department host outreach initiatives with season ticket holders, Clipper staff, and players. One event is called Feed The Community, where they provide 800 families with food boxes and personal care packages to families who are generally more in need during this time of year. The children’s receive books to help encourage literacy for the youth. During the holiday season they host three separate events; Season of Giving, Adopt-a-Family, and Teamwork at the Table. All three involves surprising children and their families with toys, books, clothing, groceries, and rent payment (for January of the new year). The events serve those in underprivileged areas in South-Central Los Angeles and the players host the actual event and provide the resources to pay for families first month of rent in the new year to assist families who can’t afford gifts or need to catch up on their finances (“Community Events,” 2010).
Other outreach programs are geared toward improving literacy and education for youth. They have a Read to Achieve program that is extending to all students within Los Angeles and the surrounding areas. The program offers a variety of activities to stimulate literacy, such as a poetry or rap contest, a reading challenge where students track their minutes, they can create a classroom storybook or earn a scholarship (worth $2,500). In celebration of the students hard work there is a Kids Award Ceremony where they are given game tickets, books, t-shirts, and a school can earn a grant to support their library (“Community Events,” 2010).

The community relations health and fitness program reaches out to youth and adults to educate them on the importance of physical activity and healthy eating habits. There are two leagues under this program; the Jr. Clippers and the Clipper Chairmen. The Jr. Clippers teaches over 2,000 children, between the ages of 5 and 15, the fundamentals of basketball through a partnership with inner-city parks and recreational facilities. The Clipper Chairmen’s pro-team gives men with disabilities an opportunity to participate in basketball athleticism and there is a league called Wheelchair Basketball Association that they play for (“Community Events,” 2010).

Results

The Clipper basketball operations is in need of help because their record is embarrassing as usual; in fact they are last in the league; but their horrible record does not stop them from generating revenue and succeeding in a competitive market that includes the Lakers, so the sales and marketing departments have to diversify their strategies to bring in fans, thus bringing in more revenue. All departments have become revenue driven because the Clippers are not able to win basketball games and bring the customers
easily like the Los Angeles Lakers (Snyder, 2010). They have to give a variety of options to season ticket holders in purchasing tickets and advertise and promote to customers who are NBA fans overall, meaning they love the game so they will watch them at Staples center.

**Conclusion**

The Los Angeles Clippers franchise is overcoming the competition within the Los Angeles market by diversifying their strategies to meet the needs of their fans and customers. Each non-sales department has become revenue based in order to help them withstand the economic downturn. Within the sales team has diversified their ticket packages to help customers afford the basketball games and it has helped them succeed over the last 26 years in Los Angeles. According to Biderman (2010), the Los Angeles Clippers have the most loyal fans in the NBA currently based on a study by the Wall Street Journal and sports-reference.com. The fan relations department creates unique ideas to keep fans happy and loyal and the cheap ticket price can be considered a factor as well.

**Recommendations**

Financial Planners and Management in the hospitality industry must deviate from their commonplace and traditional views of financing and marketing during periods of economic depression, and find unique opportunities and strategies to entice customers to invest in their services and avoid financial crisis and bankruptcy. As a result companies are cutting cost during the economic downturn, companies should start diversifying initiatives (policies), such as hiring, promotion requirements, training practices, in order
to help the company succeed internally and externally to withstand the decline (Tennant, 2003).
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