

# PROFESSIONAL (AND NOW NCAA) ATHLETES AND FRANCHISING —

*Following a Different  
Kind of Playbook*

**T**he career of a professional athlete is typically short-lived – on average less than four years. And while some professional athletes achieve great financial success during the term of their career, many more fail to achieve financial security during their playing days.

As a result, retirement from professional sports means having to find a new source of income. So, more and more, current and former athletes are turning to franchising as an alternative option. Moreover, with the implementation of NIL opportunities in college athletics, there is a whole new universe of potential franchisees, namely college athletes, some of which are securing significantly more income than professional athletes. Indeed, in the PF® system, there are both professional and NCAA athletes that have excelled as franchisees.

According to a widely cited Sports Illustrated article and various other sources, more than 60% of retired NBA players and 78% of NFL football players declare bankruptcy or suffer notable financial stress within two years of retirement. These statistics vary from source to source, but all have the same intellectual impact – too many athletes find themselves in dire straits when their career comes to an end. This unfortunate financial demise comes as a result of, among other things, insufficient financial advice, risky financial investments (or the lack of time or desire to monitor such investments), poor financial literacy, and sheer fraud committed against the athlete both by those within and outside of the player's circle of trust. While the figures today are slightly different than 10 years ago, there is no doubt that the general trend has not changed – but is changing.

With the right kind of guidance, athletes can overcome these daunting statistics and enjoy greater financial stability in their

post-sports lives. Over the last several years, franchising has become a popular career path for professional athletes – as it has become apparent that the skills of a professional athlete are uniquely aligned with those required to succeed as a franchisee.

For starters, professional athletes, by and large, have spent a career lifetime following the rules – accepting direction from a coaching staff and abiding by a playbook prescribed by others. With a franchise, the franchisee is given a game plan (i.e., the business model) created by the franchisor. Like an athlete, the franchisee must execute the plan.

In addition, generally speaking, athletes are team players – accustomed to working collaboratively and in a number of different roles. Further, they are tenacious and dedicated; no professional athlete has gotten to where he or she is without a solid work ethic and years of practice and intense focus. Athletes are also, by definition, competitive – they want to win and be a part of the best organization. It is these sorts of innate, and learned, qualities that make athletes especially qualified for franchise ownership and the target of many franchise systems.

Opening a franchise under an established brand permits a professional athlete with little to no business experience the chance to piggyback off a franchisor's goodwill and brand development and essentially have a set plan to help quench their entrepreneurial and competitive spirit. Most franchise systems – at least the ones worth investing in – help franchisees get on the right track to success by providing their franchises with ample training programs

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by Justin Klein

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## Playbook

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and detailed operations manuals (i.e., playbooks). However, despite the preconceived notion that franchisors give their franchisees all the tools needed to succeed, successful franchisees recognize that their ability to perform under pressure and think on their feet is key to running a successful business. Fortunately, athletes are well-equipped and conditioned to handle the unexpected challenges and detours from the playbook that arise from time to time – a strength acquired from years of adjusting to sports plays gone wrong.

For many franchise systems, professional athletes are a prime candidate for recruitment. It is assumed – albeit incorrectly, in many cases – that a professional athlete (retired or not) is financially secure, and that he or she has (and will continue to have) the financial wherewithal to run a profitable franchised operation.

Moreover, regardless of whether the athlete was the captain of the U.S.A. Men's Basketball team, an All-Star on the New York Knicks or a bench warmer for the New York Giants, he or she was very likely the best athlete that his or her local community had ever seen and undoubtedly has some local celebrity status. Franchising gives the athlete an opportunity to go back to his or her local community and be a star in a different capacity and to feel a new sense of pride, that which comes with successful business ownership. Franchisors acknowledge this and recognize the competitive edge that such community associations can bring to a system.

In fact, this is precisely the situation that has arisen for a prominent NCAA basketball player who is putting his NIL money to use by investing back into his community with franchise opportunities. Seth Trimble, a former Mr. Basketball for the state of Wisconsin, is a current player for the University of North Carolina Tar Heels basketball team and now holds the title of “youngest franchisee in the Ben & Jerry’s” franchise system with locations right on the UNC campus. This is a trend that seemingly will continue with college athletes, especially as the NIL world continues to take shape.

Furthermore, there is significant focus now with younger professional athletes, especially NCAA athletes, around financial literacy and strategies to create and protect generational wealth. To this end, there are also independent companies working with athlete clients not only on investment strategies but also financial literacy in various ways.

According to Emily Breunig, Consultant and Athlete Advocate, Athletepreneur aims to do just that. “Our team is focused on redefining what it means to be an athlete in the modern era, sitting at the intersection of education, networking, representation and innovation.

Our mission is simple: equip athletes with the tools, partnerships and mindset to own their future – while eyeballs are on them, both on and off the field. Franchise opportunities exemplify this opportunity, to

learn business while building their personal brand. Now more than ever, athletes should engage in these mutualistic learning opportunities to solidify their financial future.”

Considering this mindset of athletes and their advisors, this is a great opportunity for existing franchisees to also engage with these potential franchisees not only for potential co-venture opportunities but also in a mentorship capacity. This is especially so considering the instant impact these athletes can make in their local communities, either where they grew up or in college or at the professional level where many will have strong ties. And if history is any indicator, franchise opportunities have bred success for several athletes.

While there are no official statistics on how many sports stars have found a post-sports career in franchising, there is growing evidence that athletes and franchising do mix — the list of well-known athletes that have excelled in the franchise arena is extensive.

- Earvin “Magic” Johnson has owned numerous franchise businesses over the last few decades, such as Starbucks, T.G.I. Friday’s and Burger King.
- NBA All-Star Jamal Mashburn invested in 40 Papa John’s, Outback Steakhouses and Dunkin’.
- NBA All-Star Shaquille O’Neal has been a franchise investor as both a franchisee and a franchisor.
- New Orleans Saints quarterback Drew Brees – Jimmy John’s and Dunkin’, among other concepts.
- Tennis superstar Venus Williams teamed up with Jamba Juice in the Washington, D.C., area.
- A franchisee investment group led by Super Bowl champ Keyshawn Johnson, along with NFL star Reggie Bush and other elite athletes, opened numerous Panera Bread franchises along California’s central coast.
- Junior Bridgeman, a former Milwaukee Bucks star, owned several hundred Wendy’s and Chili’s locations as well as other brands across the United States generating hundreds of millions of dollars in revenue per year.

The list goes on. It is important to note, however, that even though the franchise industry has proven to be a promising investment opportunity for many professional athletes, it is certainly not a guaranteed path to financial security. Because franchising is such a broad area, composed of hundreds of industries and thousands of brands, deciding on the right investment opportunity is a major undertaking. Not all franchises are right for everyone, and there are many factors that need to be taken into consideration when making the ultimate decision.

It is critical when looking to invest in a franchised business to be surrounded by the right team of professionals. Enlisting experienced attorneys, accountants and business advisors will minimize the risk associated with the investment by ensuring that every aspect of the opportunity is fully vetted and the risks are properly identified and analyzed. To ensure the success of the franchise investment, the right team will help guide you through the minutiae of the franchise investment and provide the practical and essential guidance needed to carry the ball across the goal line. 

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