

Street & Smith's

S&S

# SPORTS BUSINESS JOURNAL

OCTOBER 24-30, 2022  
VOLUME 25 ISSUE 29 • \$10.95

## Team Effort

**Brand Velocity Group aims to toss aside the old ways of private equity**

**PAGES 16-18**

Partners: Joe Cohen | Eli Manning | Drew Sheinman | Austin Ramos | Steve Lebowitz

**A plethora of betting options will make all things possible in Ohio**

**PAGE 6**

**An NIL deal that does more than change lives: It saves them**

**PAGE 8**

**In-Depth: Solving the sustainability maze, and 10 execs to watch**

**PAGE 20**

**Closing Shot: Behold the awesome power of the Rally Monkey**

**PAGE 30**

SBJ |   
**TECH  
WEEK**

**SPORTS. SMARTER.**

March 7-9, 2023 | New York City





# THE STORY COMPANY WATCH

## FULL SPEED AHEAD

Private equity firm Brand Velocity Group launches a new sports vertical with a personal touch and a star-studded roster

BY CHRIS SMITH

**I**N THE MONTHS FOLLOWING ELI MANNING'S retirement announcement in early 2020, the longtime New York Giants quarterback and his agent, Excel's Alan Zucker, had no shortage of inbound business opportunities. One that stood out to Manning was a chance to invest in grill retailer BBQGuys alongside a recently launched private equity firm, then known as Brand Velocity Partners.

Manning ultimately invested in and later signed on as an ambassador for the company alongside his father, Archie, and brothers Peyton and Cooper. But he also saw an opportunity to leverage the deal for more than just financial upside. He began joining calls with the renamed Brand Velocity Group's partners Drew Sheinman, Steve Lebowitz and Austin Ramos and picking their brains after meetings. That educational resource eventually grew into an invitation to join the firm as a full partner.

"I think my first question was, 'All right guys, what is this EBITDA? How do you spell that? I tried to look it up and it's not a real word,'" recalled Manning with trademark deadpan. "That's where it started, but from there I said 'hey, if you're having calls with other companies you're looking at, can I sit in on those as well?' They said yes, and I got to have a debrief with them afterwards and ask them questions to learn a little bit about what they were looking for, what interested them, what concerned them. And I realized that we could have a

good little partnership here." After more than a year of interacting with the firm's founders, Manning officially joined BVG as a partner in January.

Now the firm is formally expanding into sports with a new vertical, Brand Velocity Group Sports. The initiative will be chaired by longtime sports business insider and cable TV pioneer Joe Cohen (an SBJ Champion in the Class of 2016) and has a 11-member advisory board that includes Sidley Austin partner Chuck Baker; Overtime co-founder

and CEO Dan Porter; and former NBPA Executive Director Michele Roberts. (Editor's note: Another adviser, Richard Diamond, is executive vice president of Advance Local Media, which shares a parent company with SBJ.)

BVGS will pursue opportunities throughout the sports and entertainment landscape — it recently acquired youth jersey manufacturer Score Sports, though the deal technically predates the formation of its sports vertical — and even sees potential team



### BRAND VELOCITY GROUP SPORTS ADVISORY BOARD

- **Chuck Baker:** Partner and Co-Chair, Entertainment, Sports and Media Group, Sidley Austin
- **Gerry Byrne:** Vice Chair, Penske Media Group
- **Richard Diamond:** EVP, Advance Local Media Groups
- **Don Duffy:** President, ICR
- **Shelly Finkel:** Boxing Hall of Fame manager
- **Carl Hirsh:** Managing Partner, Stafford Sports

- **Bruce Lefkowitz:** Founder and Principal, Sixpack Media, Formerly EVP Fox Networks Group
- **Dan Porter:** CEO and Co-Founder, Overtime
- **Michele Roberts:** Former Executive Director of the NBPA
- **Tom Ryan:** Co-Founder and CEO, ICR
- **Jim Tanner:** Founder and President, Tandem Sports



Partners **Austin Ramos, Joe Cohen, Drew Sheinman, Eli Manning and Steve Lebowitz** (third to seventh from left) with six of their firm's 11 advisers (left to right): **Michele Roberts, Don Duffy, Bruce Lefkowitz, Richard Diamond, Shelly Finkel and Dan Porter.**

interest, and Sheinman's industry connections have helped bring on athlete co-investors, but the industry has not yet been a focus for BVG. In fact, Manning even says part of his interest in the Brand Velocity opportunity was the chance to do something other than sports for once. That's about to change.



A month before BVG announced Manning as a new partner, a chance reunion between Sheinman and Cohen helped lay the groundwork for developing the firm's new sports vertical. The two had first met nearly two decades ago while Sheinman was director of sports marketing for Coca-Cola. The soda company hosted Cohen at the Olympic Games, though the two disagree on the year — Sheinman remembers it being at Barcelona 1992, while Cohen contends it was in Atlanta four years later.

Cohen, now the chair and CEO of media consulting firm West Ridge Associates, jumped at the opportunity. "It resonated with me," he said. "I've had opportunities like this before, but not one that felt so comfortable."

Cohen oversees an investment vehicle with a broad scope, eyeing potential deals in areas like media, gaming, collectibles, equipment and apparel, among others. More long term, the firm sees opportunities in real estate, facilities and even team ownership, though the partners' desire to have a control stake in their investments may limit opportunities in American major leagues. "We're interested in minor league baseball, because we see it as entertainment that's affordable," said Cohen. "We're looking at facilities that are either owned by sports owners that need capital or by municipalities who need to balance their budgets." BVGS is in early conversations on potential investments, though no deals are yet nearing the finish line.

In terms of investment strategy, BVG targets companies with at least \$10 million in EBITDA and wants to invest at least \$40 million in any one deal. It has so far established around \$400 million in assets across four acquisitions.

BVG is not structured as a fund but is rather an independent sponsor with special purpose vehicles for each of its investments. That approach gives the firm a tremendous amount of flexibility. BVG can curate individual investor groups for each deal and, while the firm has thus far done deals with the expectation of a typical three-to-five year hold, it can commit to longer timelines. BVG has yet to exit any of its investments; plans to take BBQGuys public via SPAC were scrapped late last year due to supply chain issues and broad market conditions.

Because BVG independently raises funds for each investment, it also has no obligation to deploy capital. "There's no pressure to put money to work," said Cohen. "The secret sauce here is the quality of the deal and the ability to raise money, which we've proven."

CONTINUED ON PAGE 18

ownership on the horizon. The company's partners believe they have a competitive edge thanks to flexibility in how the firm is structured as an independent sponsor, as opposed to a fund, and with an emphasis on supporting the management teams and employees of the companies it acquires.



Brand Velocity Group's story goes back about four years. Sheinman, then the executive vice president of brand ventures at Endeavor, was working with client Kobe Bryant on potential investment opportunities and had cold called Steve Lebowitz, whose private equity firm, Topspin Consumer Partners, owned children's toy company PlayMonster. Bryant eventually declined to invest in the company, but Sheinman had been impressed by how Lebowitz interacted with PlayMonster's management team and, ultimately, realized he'd found a potential business partner.

"I always wanted to be on the side of money and

to put money to work, and I honestly could never find the right investor who is an expert and also a good human being aligned with my personal interests to be in business with," said Sheinman. "Someone I liked and trusted enough to go and build a business together with."

The two founded Brand Velocity Partners in 2019 along with Ramos, a former All-America distance runner at UCLA who had worked with Lebowitz at Topspin. Other early partners included Larry Rothstein, Source Communications owner and president, and former Herrick Feinstein partner John Goldman, though both have since mutually agreed to part ways with the firm.

Brand Velocity's core focus has been consumer products, and early deals included the aforementioned BBQGuys as well as Magma Products and Original Footwear. Earlier this year the firm announced a fashion vertical led by Hildun Corporation CEO Gary Wassner, which Sheinman says is now finalizing its first deal.

Sports investing was always a potential area of



## THE STORY COMPANY WATCH

## KEEPING SCORE FOR BVG

**BVG PARTNER AUSTIN RAMOS** laid out how the firm's most recent investment in Score Sports, which valued the company at around \$145 million, offers a potential case study in how the firm's vast sports network and expertise allows it to provide value:

**1 Market awareness:** Ramos said Score currently controls just under one-tenth of its core market of youth soccer. "Leveraging our marketing resources and our vast sports and entertainment connectivity as a firm, that's something where we can get behind the company and really help them out," he said.

**2 Multisport opportunities:** Customers like YMCAs have historically bought Score jerseys for a single sport but could

instead utilize the company across all sports offerings. Score recently landed an eight-year contract with the city of Los Angeles, the first deal in a multisport strategy of selling to larger municipalities.

**3 Expanding sports relationships:** Ramos noted that 13 NBA teams use Score uniforms for affiliated youth programming, a line of business that has largely grown through word of mouth. BVG intends to lean on its industry connections to formalize further expansion.

**4 Acquisition:** "We can and are likely to acquire other companies out there whose customers can benefit from being serviced by Score as opposed to importing uniforms from Asia," said Ramos.

— C.S.

CONTINUED FROM PAGE 17

Limited partners have included both individual and institutional capital. Firms that have invested in BVG deals include BPEA Private Equity, British investment firm Abrdn, Landon Investments, Cordish Companies and Darco Capital, the family office of Crystal Palace minority owner David Adelman. Sheinman says other individual LPs include team owners and active sports investors.

"The capital is basically limitless that's out there. It's really about the opportunity," said Lebowitz. "With the BBQGuys deal, for what was between a \$100 million and \$200 million equity raise, I think we had term sheets for about \$2 billion. It was a vastly oversubscribed deal. So it really just depends on how strong the opportunity is."

Sheinman's sports world connections have also helped land a large and growing group of athlete investors. Pro Football Hall of Famers LaDainian Tomlinson and Steve Hutchinson bought into BBQGuys alongside the Mannings, and the Score investment counted checks from Carmelo Anthony, Nolan Arenado, Carli Lloyd, Weston McKennie, DK Metcalf, Tim Tebow and Klay Thompson, among others. Athletes who "lean in" to take a larger role can be rewarded with further equity.

The same is true for the newly assembled group

of BVGS advisers, who are expected to play a role in deal sourcing, offering counsel and providing access to their expansive professional networks. Porter expects the firm will lean on him as a resource around fan engagement and digital distribution, and he said he was quick to sign up thanks to Sheinman's approach. "It's so perfectly in [his] wheelhouse. There are a lot of people in the private equity space and everybody wants to 'add value,' and a lot of value is cost engineering and other stuff," said Porter, who worked with Sheinman at Endeavor. "But Drew is really entrepreneurial, so I actually really think in a creative sense he can actually [add value], because he's focused more on growth equity."

Another core piece of BVG's strategy is rethinking the role that private equity should have with its portfolio companies. "We think we can really have an impact here," said Sheinman. "Besides being good investors with Steve and Austin's experience, we think the core values we stand for and ethos we represent, that we could bring that into the sports world. We think there's an opening for an investment group that thinks like that and acts like that."



The BVG partners have been deliberate and intentional about bringing that to bear. BVG has thus far invested exclusively in founder-run companies. "A founder cares about the legacy of their business," said Lebowitz. "A founder cares about the management, they care about the employees, they want to see it grow." BVG generally aims to keep management in place and is now hiring a head of culture to help formalize best practices and measure results.

Roberts says she was initially dismissive of partnering with BVGS if only because of private equity's reputation for heavy-handedness, something she got a taste of when she led the NBA's players in taking their property rights back from the league. "One of the first things that happened was that we were inundated with offers from private equity groups that essentially said, 'You just stand by, we've got this for you,' and they were just com-

Cohen and Sheinman are helping to mentor Manning as he takes his first reps in sports finance.

pletely oblivious to the fact that part of the reason the players took the rights back was that they wanted to manage them themselves," said Roberts. "The more I talked about how if we cut a deal, it would have to allow for substantial management authority among the players, they looked at me as if I was from the moon."

"This group is different," Roberts added. "The respect they have for the founders of the companies they ultimately engage with is really profound. I like that about their philosophy. The conversations are unlike any I've ever had with any private equity firm."

And BVG recently formalized its commitment to company employees with the Share the Gains initiative, an idea that grew out of a conversation about inequality that Lebowitz had with his son while on a road trip to visit BBQGuys in Louisiana early in the days of COVID lockdowns. BVG's general partners now set aside 10% of their carried interest for non-management employees of their portfolio companies. The initiative was one of the factors that convinced Manning to invest as a partner.

"With a football team, when you win a championship everybody in the organization gets a ring," said Manning. "It's people in the equipment room, the trainers, the film department. They all get a ring, and they all get to say we've won a championship this year." ❌



Baker



Byrne



Hirsh



Ryan



Tanner



Jesse Ward