

Crashing the board

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On March 21st, Papa John's International, Inc. announced that it was appointing NBA legend Shaquille O'Neal to its board of directors. Papa John's also announced that O'Neal would invest in nine Papa John's restaurants in the Atlanta-area and enter into a three-year endorsement agreement with the company. Before the announcement, Papa John's had experienced slowing sales and was recovering from a public relations crisis, resulting from actions by its founder and former chairman of the board. To rebound, Papa John's is partnering with O'Neal, a successful brand ambassador with substantial business experience in the franchise-restaurant industry, and the first African American to join the Papa John's board.

O'Neal, one of the greatest players in NBA history and one of the more charismatic athletes of all time, has built an endorsement empire as the face of a long and diverse list of brands, including Gold Bond, Icy Hot, Pepsi, Reebok, and Carnival Cruise Line. O'Neal is also a successful business person, with significant experience as a franchise owner, a restaurateur, and an investor. Reportedly, O'Neal owns or has owned, Five Guys, Auntie Anne's, and Krispy Kreme franchises. O'Neal also owns Big Chicken, a fast-casual fried chicken restaurant in Las Vegas, and Shaquille's in Los Angeles, which serves southern cuisine with a modern flair. O'Neal is also a minority owner of the Sacramento Kings and has reportedly made lucrative investments in Google, Apple, and Ring, the doorbell camera home security system which O'Neal has also done promotional work for.

The marketing and co-investment components of O'Neal's deal should be familiar territory for the four-time NBA champion. However, O'Neal's appointment to a public company board is new terrain. As a director, O'Neal will play a more significant role with the company, by advising on and overseeing the company's direction and strategy. A public company board position is a unique achievement for any athlete-turned-businessperson. While it is common for athletes to launch lucrative endorsement careers and successful secondary careers as investors, owners and business operators, it is not as common for athletes to convert them into public company board directorships.

A public company board of director appointment is tough for any businessperson to obtain. Public companies typically hire professional search firms to identify qualified candidates, with a mix of key credentials, like relevant industry or business experience, unique skills, or functional expertise. Service on a public company board requires a significant amount of work and comes with substantial responsibilities. Board members are generally expected to consult with company management regarding the strategic and operational direction of a company, monitor company performance, execute essential advisory and oversight responsibilities like setting key performance goals, overseeing risk management, hiring new executives, designing executive compensation packages, ensuring the integrity of financial statements, and approving major transactions. Public company board members must also have some level of financial literacy to read, understand and evaluate financial statements. Board members must also understand their fiduciary obligations to the company and its shareholders and the reporting obligations when transacting in public company securities.

Service on a public company board is also time-consuming. Directors attend several board meetings annually, which can require travel. Directors also typically serve on one or more board committees, which requires additional time and attention. For all their work and time, directors are very well compensated both in cash and in company stock options and awards.

O'Neal's unique combination of abilities and experience make him an ideal board candidate and marketing partner for Papa John's. O'Neal's business experience provides valuable insight for the board, and his ability to connect with consumers can help the company improve its relationship with customers and franchisees. O'Neal will also have some skin in the game, by investing his own money into Atlanta-based franchises. O'Neal's deal with Papa John's is a unique, three-prong arrangement where O'Neal leads from the top as a board member, sells the brand in front of the camera, and invests as a restaurant owner.

O'Neal's appointment to a public company board is a precedent-setting achievement. It demonstrates that an athlete with the right business expertise and experience can offer more to a company than just his or her ability to sell the brand and the capital he or she is willing to invest.

Athletes with the right credentials can assume leadership positions within a company, including large, publicly traded companies with global brands.

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