

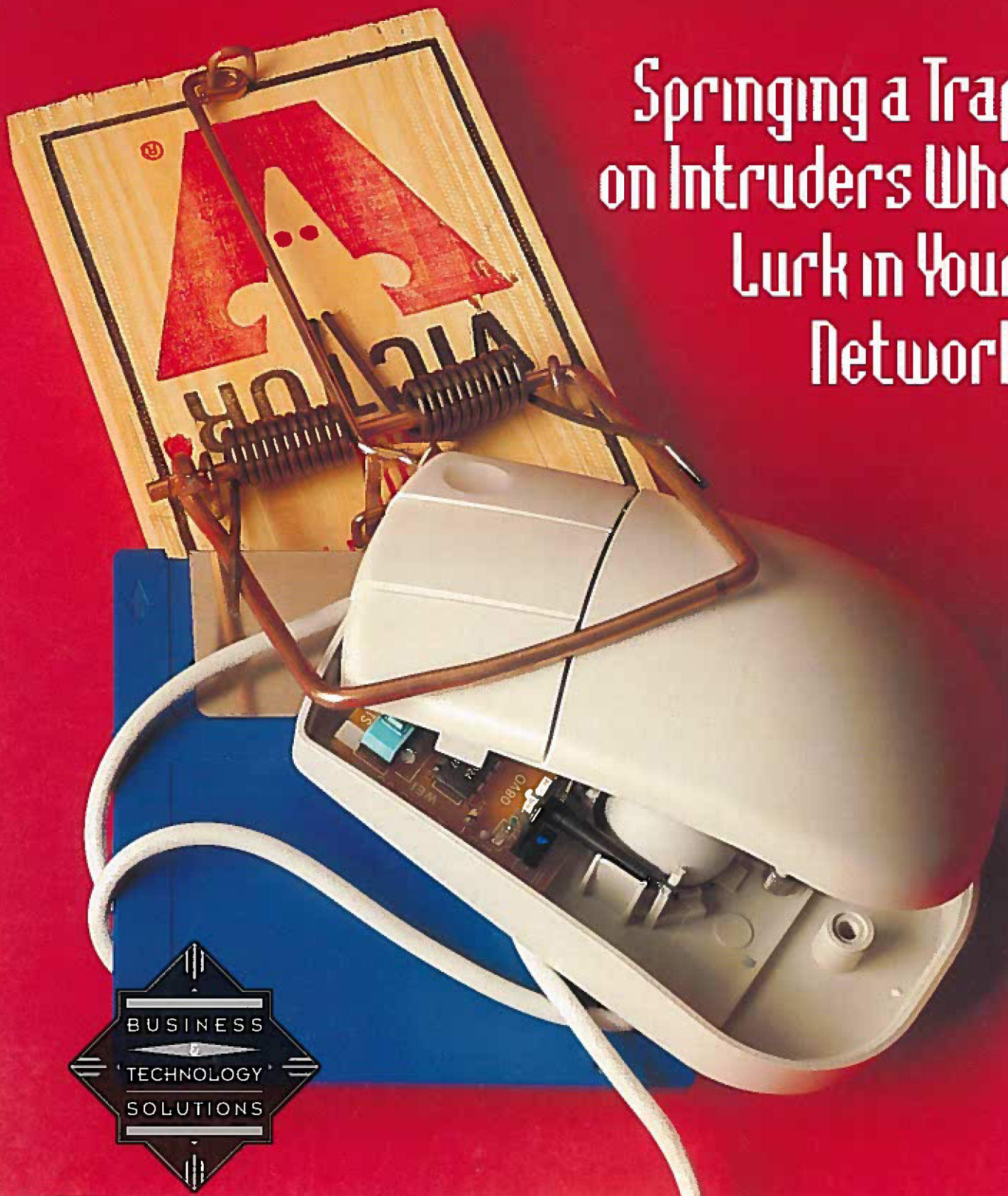
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PROFILE
JERRY
REINSDORF



Jerry Reinsdorf: Bulls Chair, Sox Chair, Entrepreneur, Philanthropist and a CPA

by Cliff Terry

When Jerry Reinsdorf was growing up in Brooklyn and following the Dodgers, he never dreamed that one day he would own his own baseball team.

"When I was a kid," Reinsdorf says, "all I wanted to own was a car. Most of the time, my father didn't own a car."

These days, of course, the controversial onetime accountant owns not only the Chicago White Sox, but a basketball team as well — the internationally-renowned, six-times world champion Chicago Bulls.

Commenting on his triumphs in business — first in real estate and then in sports — Reinsdorf observes: "I do know which side the debits are on, and I think that I owe a great deal of success to my background in accounting. I don't remember who gave me the advice to study accounting, but whoever it was, gave me great advice and I am very, very proud to be a CPA."

Despite his various business and charitable interests, the 62-year-old Reinsdorf says he really isn't horrendously busy. "I mean, as a CEO I have the luxury of hiring people to do all the work. I try to surround myself with people who can do their jobs better than I could do their jobs. I stand out of the way and let them do it. I don't micro-manage.

"I think that Charles Percy (former U.S. senator from Illinois and corporate executive) once said that a CEO really had only three functions — long-range planning, public relations and hiring good people. I think he was pretty close to being correct."

IT'S HARD TO FATHOM NOW, BUT WHEN REINSDORF TOOK OVER the pro-Jordan Chicago Bulls in 1985, the team was playing in the old Chicago Stadium before crowds of perhaps 60 percent capacity. One of the owners of the Bulls was George Steinbrenner, now principal owner of the New York Yankees.

"He and I were having dinner in New York," Reinsdorf recalls during a conversation in his office at Comiskey Park, "and he was complaining to me about losing money with the Bulls and having to write checks for capital calls. I just remarked to him that I would really love to own the Bulls. A few days later, one of his partners called and asked if that was true, and we made the deal. Of course, Steinbrenner still regrets that, but he wanted to get out. He tells everybody it was the dumbest decision he ever made.

"I didn't know how good a decision it was going to be for me. I just thought it could be successful, but I didn't know it would rise to the phenomenon that it is. Even though the Stadium was half-empty back then, I knew Chicago was a great sports town. I just felt that if you gave the people a team they wanted to watch, they would turn out. Maybe 10 years or so before that, during the (Bulls coach) Dick Motta era, they had some great teams and they filled the Stadium."

The new owner had some "very definite" ideas about how to produce a winning team. "It was very simple. In the NBA (National Basketball Association), the emphasis was on the offense. There were scores that were routinely over 100 or 150 points. Well, I believed that the secret to winning basketball was defense. So if I could find a general manager and a coach who believed in defense, we could produce a winning team."

The centerpiece of the Bulls, of course, has been Michael

Jordan. (As of this writing, it wasn't known whether he would continue to play for the team.) Thanks to the incomparable superstar, Reinsdorf has had people from all over the world — including places like Tibet and Mongolia — send him photos of them wearing Bulls' caps and jerseys.

Reinsdorf is the first to acknowledge that he can't take credit for bringing Jordan to Chicago. The North Carolina graduate had been drafted just before Reinsdorf bought the team but hadn't started to play yet. "Nobody knew how good he was going to be. I don't even think that he knew how good he was going to be."

I try to surround myself with people who can do their jobs better than I could do their jobs. I stand out of the way and let them do it. I don't micro-manage. I think that Charles Percy (former U.S. senator from Illinois and corporate executive) once said that a CEO really had only three functions — long-range planning, public relations and hiring good people. I think he was pretty close to being correct.

JERRY REINSDORF LEARNED THE VALUE OF HARD WORK EARLY on from his father, who worked long hours six days a week. But he believes he probably inherited his ambition from his mother. "I think that ambition drove me more than a feeling that working hard is the right thing. I don't work hard to work hard. I work hard to be successful."

He himself played many sports — in the Police Athletic League — but admits he wasn't particularly good. Like many Brooklyn youths, he was a big fan of the Dodgers. He vividly remembers the first Dodgers game he ever attended.

"Ebbets Field sat in the middle of our city in an area (Flatbush) that was not terribly dissimilar to that of Wrigley Field. There was gray all around it, but then you walked into the stadium and went up the upper ramp and made a turn at the top, and all of a sudden you saw this magnificent green — all this color. I never ceased to be thrilled by it."

After high school he attended George Washington University in Washington, D.C., majoring in accounting. Since the eighth grade, he had always wanted to be a lawyer, but had gotten advice about accounting being a good undergraduate preparation for law. It didn't hurt that he was always good in math.

He then moved to the Midwest, studying at Northwestern University's Law School. After graduation in 1960, he became a tax lawyer, and was with the Internal Revenue Service for four years in the regional counsel's office. His job was to "litigate some of the things that the agents would try to do. We were the more reasonable part of the IRS."

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Subsequently, he was in private practice for nine years doing tax law, and later launched The Balcor Company, a real estate firm. He says that, unlike in law, he wanted to accumulate assets as well as earnings. "One of the nice things about being a tax lawyer is that you do not have a single poor client. I had many well-to-do clients who urged me to find investments for them, and that's what led me to real estate. I was never really interested in real estate when I was young — except I was pretty good at Monopoly."

The tax lawyer had to quickly learn about real estate, and fortuitously became involved with Judelson, who became his partner and taught him most of what he knows today about the business. "Making judgments on real estate just involves learning everything there is to know about a property," Reinsdorf explains. "You really have to educate yourself about that property, about the market that it's in, the economic trends and demographics. And then, in the end, it's a gut feeling. You either feel good or bad about it."

In 1982 Reinsdorf and Judelson sold Balcor to a division of American Express, but they're still involved in real estate. "It's really primarily our own investments, with limited exceptions of not-sought-out investors," Reinsdorf says. "Right now we probably own only one operating property. Everything else we have is land. Balcor owned shopping centers, apartment buildings and mobile home parks. Now we are basically involved in land development. We let somebody else buy it from us and build on it, which is a great deal easier."

IN 1981 REINSDORF HAD AN OPPORTUNITY TO BUY CHICAGO'S South Side baseball team. The legendary sports entrepreneur/showman Bill Veeck and his partners had owned the White Sox for five years, and Reinsdorf knew that the energetic Veeck was not one for staying long in one place. Veeck's history showed that he liked to buy teams, sell them and return a profit to his investors. So Reinsdorf asked a friend who had a client who was one of the Sox investors to find out if Veeck was interested in selling, and it turned out he was.

"My business was syndicating real estate, so I syndicated a baseball team," he says. "It was the year after Reagan had been elected president, and I remembered that the first thing he did was to appoint a transition team to learn what was going on in government and the White House. So I asked one of my real estate partners, Howard Pizer, if he would head up a transition team here. He set about learning all there was about a baseball operation, and liked it so well that he stayed. In fact, Howard is still with me and runs everything."

He also felt that a big part of sports was television, so he brought aboard Eddie Einhorn, a TV executive whom he had known from his days in law school. Then Reinsdorf began identifying the good people in the Sox organization and learned where there were holes. "I remember the closing, when we signed the final documents. We gave them the money — actually, it was wired funds — and Veeck gave me a whole bunch of keys. There must have been 70 to 80 keys on the ring. Of course, I didn't know where they went, so I just gave them to Howard."

Reinsdorf stresses that baseball is a "very difficult" business, explaining, "The economics are so bad. The players' salaries are so high, and we were in an old ballpark, and I had serious doubts as to whether the team could survive financially. I felt that if I had another team in the same market, there would be certain synergies. The teams could help each other out, and that's why I went after the Bulls."

THE BULLS/SOX OWNER IS ALSO INVOLVED IN MANY CHARITIES. "I just feel that if you are successful, you have an obligation to help others," he says. "I was helped a lot along the way by other people. Very few people are successful because of their own brilliance and hard work. I especially feel that sports teams have an obligation to give back. We take so much out of the community, we should give back to the community."

BEFORE THE INTERVIEW SESSION ENDS, REINSDORF IS ASKED IF he ever thought he would see himself featured on page one, and he answers, simply, "No. That certainly wasn't something I was looking for."

He adds that because of everything that has been written about him and his dealings with the Sox and Bulls, pro and con, he's found a way to develop a very thick skin, and takes out a printed card to read from.

"Teddy Roosevelt — one of our better presidents — once said, 'It is not the critic who counts. It's not the man who points out where the grown man stumbles, or how the doer of deeds could have done them better. The credit belongs to the man who actually is in the arena, who strives violently, who errs and comes up short again and again, who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause — who, if he wins, knows the triumph of high achievement, but who, if he fails, fails while daring greatly, so his place will never be with those cold and timid souls who know neither victory nor defeat.'

"The other thing I'll read to you is from a plaque on my wall. It was said by Antonin Artaud, a French author who lived from 1896 to 1948: 'Journalism is to literature as excrement is to food.'

"You know, I'm not terribly concerned with what people who do not know me think of me. I am very concerned about what people who do know me think of me. I think I do OK with the people who know me, and I can't worry about the rest."

WHATEVER, HE IS NO LONGER A DIEHARD SON OF BROOKLYN. Earlier in the interview, Reinsdorf had noted he arrived at Northwestern Law School in September, 1957, about the same time that his beloved Dodgers announced they were — horrors — departing for Los Angeles.

"Coming out here wasn't really well planned, but it turned out to be a wonderful thing because there is no place greater than Chicago," he reflects. "It's not just a great sports city, it's a great city. It's a place that welcomes outsiders, no matter where you come from or how long you've been here. I've been all over the world, and this is the best city of all." ☐

Editor's Note: This interview was conducted by Insight editor/publisher Julia Winn prior to the summer's NBA owners'/players' negotiations, right after Game 3 of the finals, in which the Bulls blew out the Utah Jazz. It was written by Cliff Terry, a free-lance writer and former Chicago Tribune staff member.