

NBA Response to Sterling-Clippers Fiasco Holds Lessons for Companies

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The speed and severity with which the National Basketball Association acted following the public release of racist remarks made by L.A. Clippers owner Donald Sterling should serve as a model for how other organizations respond to crises, experts in the field said.



Getty Images

NBA commissioner Adam Silver is earning widespread praise for how he handled the Donald Sterling situation.

NBA Commissioner Adam Silver issued a [lifetime ban](#) on Sterling and vowed to force him to [sell the team](#), all within a few days of Mr. Sterling's comments being made public.

Davia Temin, principal of reputation and crisis management firm Temin and Co., said "he's defusing some of the anger by his swift and very strong and powerful actions."

The effect of what the NBA did could be reverberating in the offices of the National Football League, which has been struggling to deal with the

name of the Washington Redskins and the reluctance of team owner Daniel Snyder to change it, despite protests from Native Americans and others who see the name as offensive.

U.S. Senate Majority Leader Harry Reid, D-Nev., [jumped into the fray](#) on Wednesday, saying the NFL should follow the NBA's lead and act quickly to force a name change. "Remove this hateful term from your league's vocabulary. Follow the NBA's example and rid the league of bigotry and racism. Your fans will support it," the senator said.

There doesn't seem to be enough pressure like there was with the Sterling situation to force that kind of decisive action, said John Wilson, a partner at the law firm Foley & Lardner who counsels corporations on how to respond to crises. While there are people who don't like the Redskins name the anger hasn't reached a "tipping point yet where the NFL is going to say we need to get out in front of this," Mr. Wilson said. The NBA was facing a true crisis because its players were prepared to boycott playing in playoff games. "They really had to do something, whereas if the Redskins continue to have that name there may not be a real huge economic impact or outcry."

The situation facing General Motors Co. over a [spate of recalls](#) and the fact it knew of some of the problems for about 10 years without taking action is different, and the company may not have benefited from following the NBA's playbook of being fast and decisive, Mr. Wilson said.

"They announced one recall, then another recall, then it hit their corporate earnings because of it. That's an example of how not to do it," he said. But there is a delicate balance between getting information out quickly but also completely and that is a main reason companies don't always get out in front of these situations. "In my practice I am often wrestling with, 'Do we have enough information to tell people to get the whole story out in the right manner?' They probably could have signaled sooner what that recall might mean to earnings and that type of thing so don't have steady drip over time of more bad information coming out."

[Ira Kalb, an assistant professor of clinical marketing at the University of Southern California's Marshall School of Business, said GM Chief Executive Mary Barra followed the best-practices procedure of](#)

admitting there was a problem, apologizing for it and then trying to limit the scope and propose a solution—but failed to properly execute the strategy. “They did procedurally handle it properly but she also kind of said some negative things about GM that she shouldn’t have said and went a little too far in what she said,” Mr. Kalb said.

The closest similarity to what the NBA faced is when former Major League Baseball owner [Marge Schott](#) made racist and anti-Semitic remarks, he said. “The league was in an uproar and eventually she was booted,” he said. Mr. Kalb also pointed to problematic crisis response concerning anti-gay remarks by Chick-fil-A CEO Dan Cathy, which led to [protests at his stores—and also long times of customers](#) who came out in support—and Taco Bell, which brought greater attention to a controversy regarding its [use of the word “beef”](#) for some of the meat it used in its products.

In fact, the company meat was beef, based on the definition of the Food and Drug Administration, but instead of following the playbook of not repeating the rumor and trying to promote the opposite of the rumor, Mr. Kalb said “Taco Bell did the wrong thing when it ran big ads in *The Wall Street Journal* and *New York Times* saying thank you for suing us. Intuitively it seemed like a strong position to take but a lot of people who hadn’t heard about the meat situation now heard about it. Then the talk show hosts started talking about it and when that happens you’re in trouble.”

Sports have historically helped level the playing field with race issues—everyone from [Jesse Owens at the 1936 Berlin Olympics](#) standing up to the Nazis to Jackie Robinson [breaking baseball’s color barrier](#)—and this moment will be up there in the top five all-time great sports moments dealing with social issues, said Jimmy Lynn, an adjunct faculty professor and special advisor to the sports industry management program at Georgetown University’s School of Continuing Education. The response by NBA Commissioner Adam Silver was “textbook,” Mr. Lynn said, adding: “I’m sure there will be a nice Harvard business case study coming out of this.”

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