



# **Agents & Players: An NFL Overview**

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All salary data in this report comes from the NFLPA Salary Cap Information System

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# Players and Agents

## Introduction

The first detailed study of NFL player/agent relationships was conducted in mid-2002. This report both updates and expands that study, with emphasis placed on season to season comparisons. In addition, this report contains a more in-depth look at fees below the maximum 3% charged players.

Overall, not much has changed. The majority of agents still don't have even one client on an active NFL roster. A small percentage of agents represent the majority of players. Nearly 90% of agent fees are at the 3% maximum. However, there have been some subtle shifts and these will be featured.

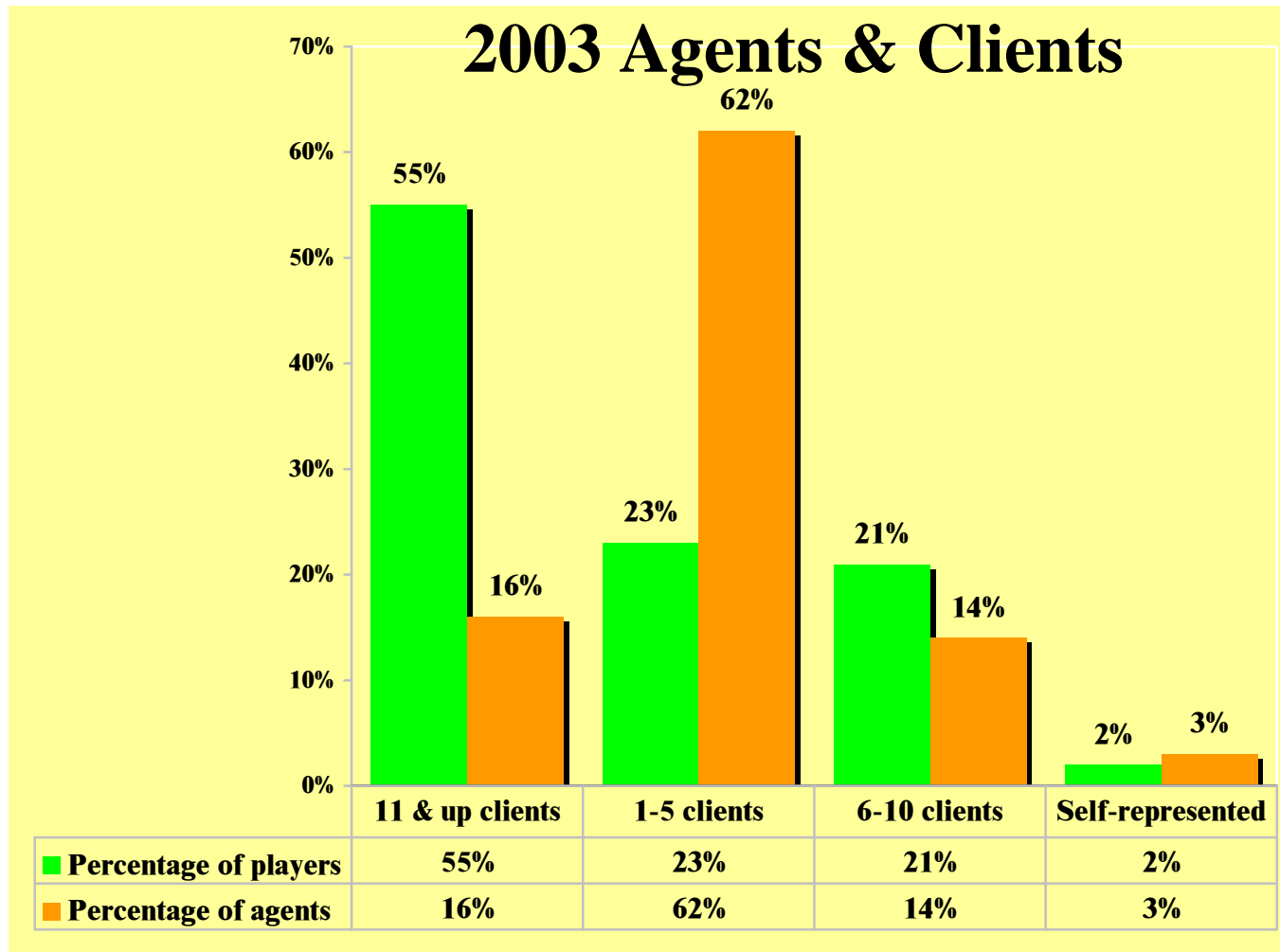
The report covers:

(1) Comparisons of agents and the number of *active* clients—players on club rosters rather than just the total number of Standard Representation Agreements (SRAs) submitted—represented. (Note that the total number of certified agents is some 20% lower than at the same point in 2002. The reason: The change in the date of the new agent seminar/exam was moved from mid-winter 2002 to late summer starting in 2003; that means the total does not include any newly certified agents.)

(2) Trends in agent fees. Charts display the percentage of agents charging specific fee categories over the 1999 to 2003 period, the *average* percentage of agents that have charged each fee category over that period, and analysis for each of the five seasons.

(3) An even more detailed look into fees charged by agents. Special attention is given fees below the maximum 3% fee. A sampling was taken that included all agents who signed more than three clients to Standard Representation Agreements in 2003 for fees less than 3%; information from this sample was used in comparisons of both draftees and veteran players. Finally, comments were obtained from some of the agents who offer clients below-maximum fees.

(4) The 2003 draft by round, i.e., the number of agents that draftees in each round signed with since their eligibility expired as well the fee structures for each round.

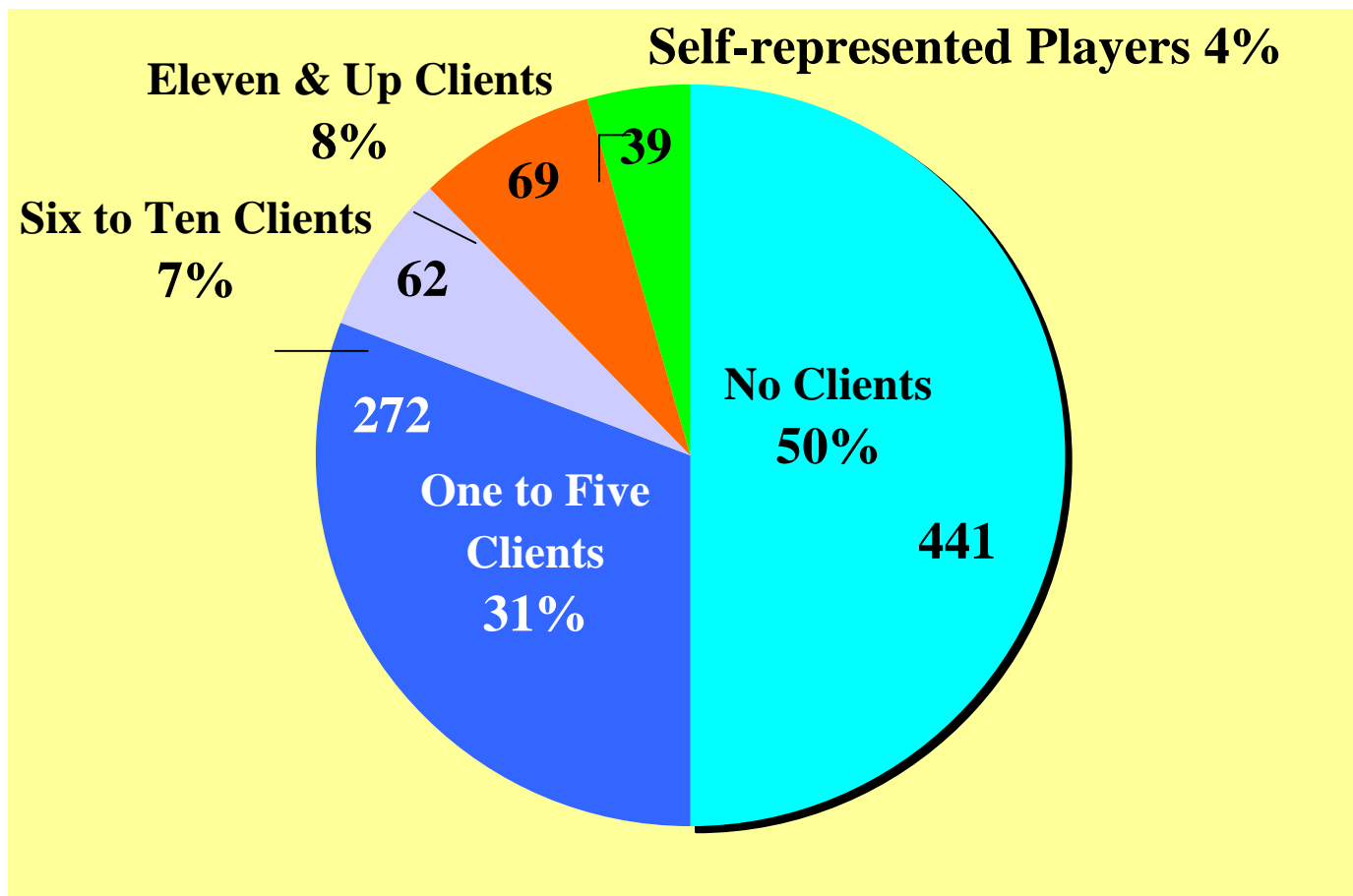


The business of representing NFL players seems to be getting increasingly concentrated. Just as in 2002, at least half of all currently certified contract advisors have no active clients while at the same time a group of 69 agents—those with eleven and up clients--represent over half of the players in the league. Add in agents representing between six and ten players and it means that just over 100 agents—barely more than 10% of all agents—represent three of every four players on an active roster.

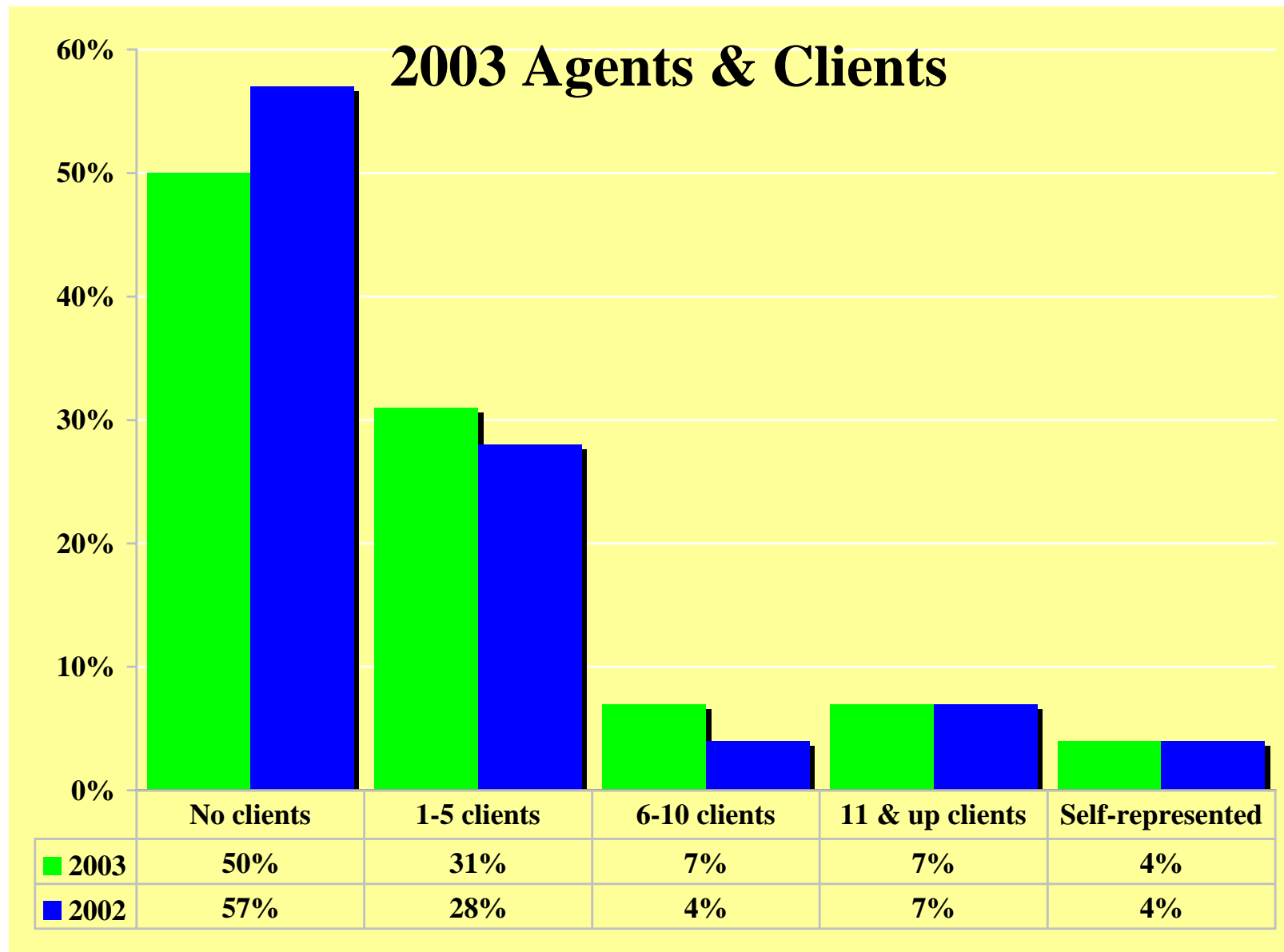
Players represented*	1-5	6-10	11 & up
Average	2.1	8.2	19.6

\*Players on active club rosters

## 2003 Agents & Clients

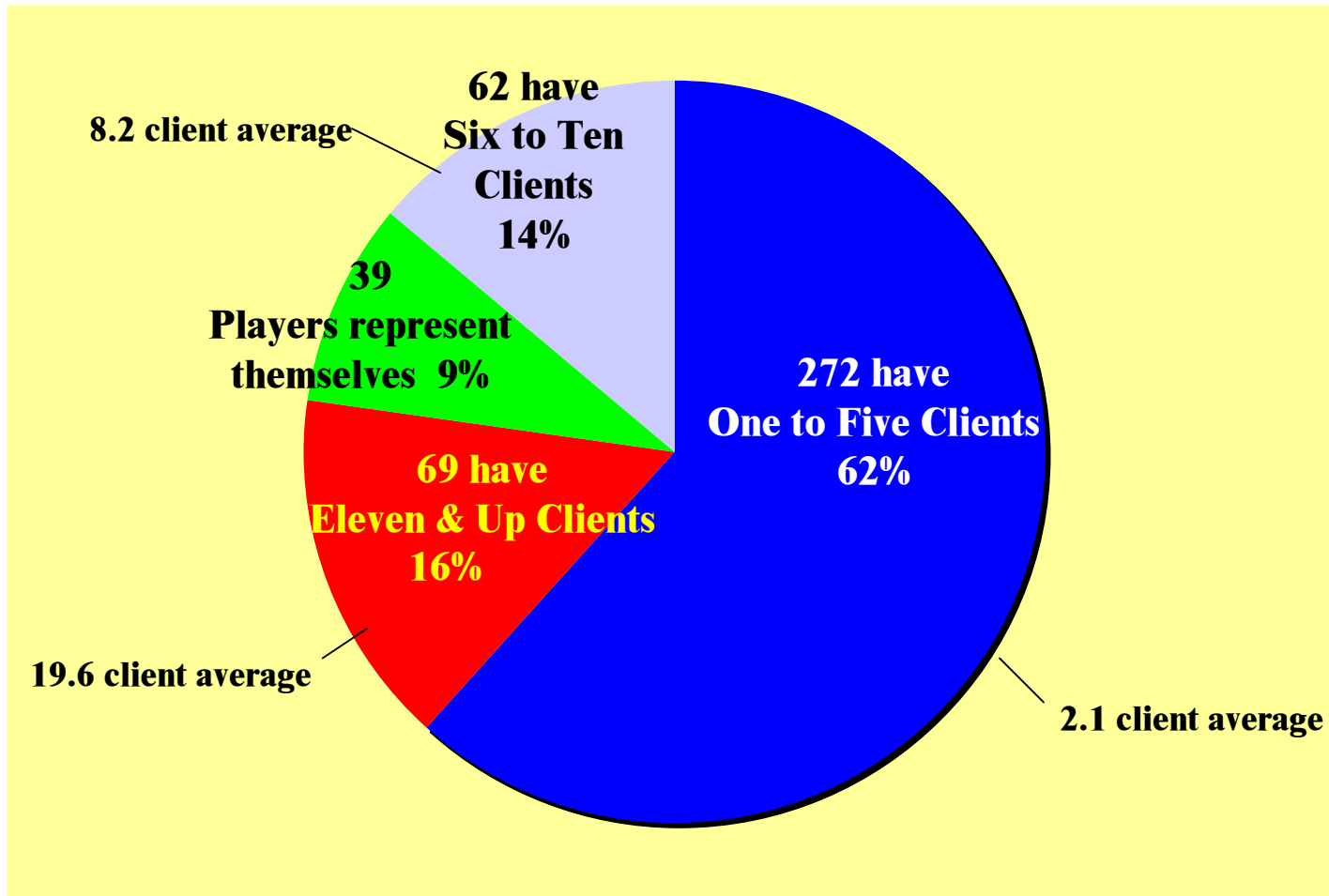


Both years when this survey was conducted—at the end of June, when most clubs had close to their maximum number of players under contract—we matched SRAs submitted by agents against the number of clients on rosters. This year around half—441—of the 883 certified agents had no active clients; in 2002 57% of the 1,104 certified agents had no active clients. While there has been a 7% decrease in the percentage of agents without clients, the percentage of self-represented players remained the same, and all other categories saw a marginal increase. Remember that the number of certified agents is down 20% from this time last year due to a later testing date for new agents in 2003-July rather than January. Add that 20% back in and it's probable that the percentage of agents with zero active players on rosters would be near the 2002 57% mark.

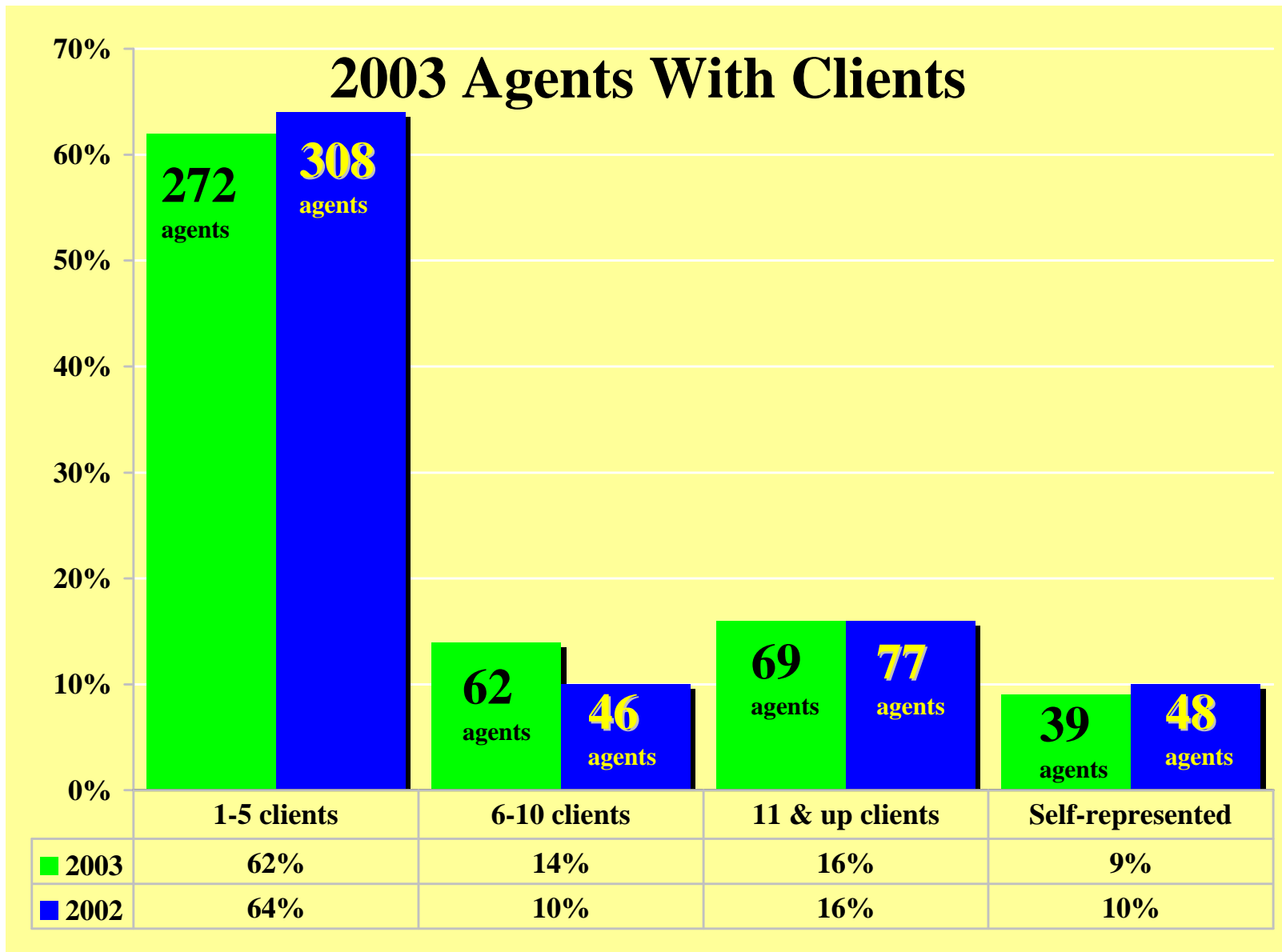


With numbers-only comparisons between the 2002 and 2003 not a reliable measuring stick, let's turn to percentages. And even assuming that the majority of newly certified 2003 agents in all probability will not have clients, some interesting current trends emerge. In 2002, 46 agents represented six to ten players; that number is up to 62 agents this season—an increase of more than one-third. At the same time, the number of agents with eleven and up clients has dropped 10%--from 77 to 69—even though the percentage remains the same. While the percentage of self-represented players remained the same, the number decreased from 48 in 2002 to 39 this year.

# 2003 Agents With Clients

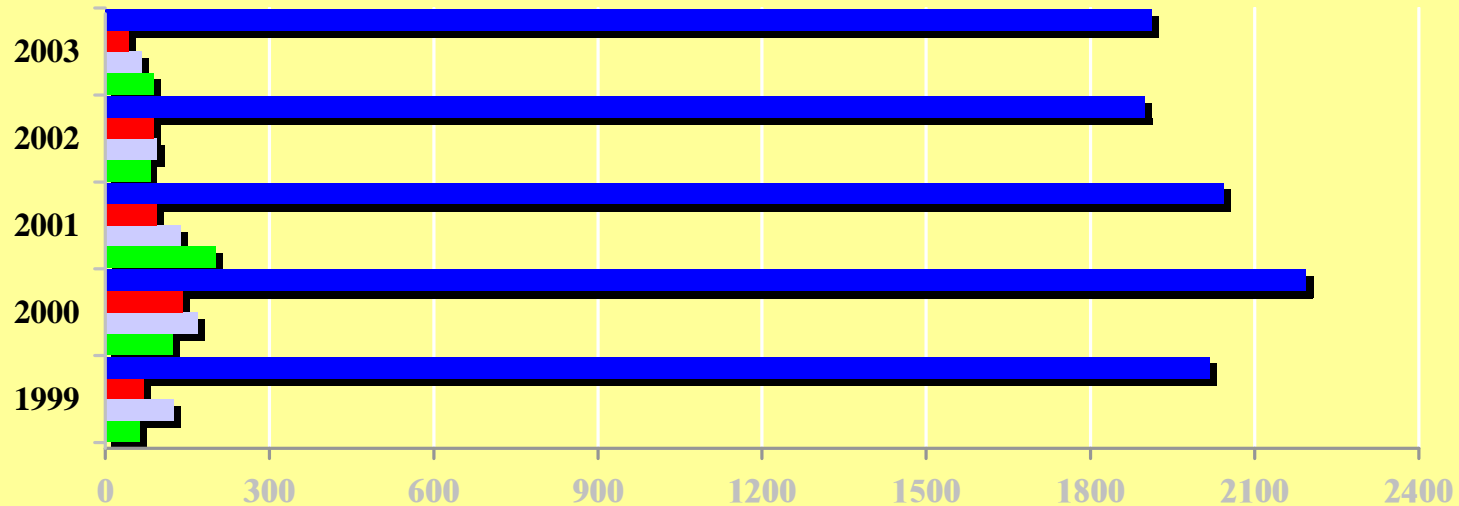


Eliminating agents without active clients brings us back to this chart and another way of depicting what the first chart in this series shows. And what it shows is somewhat of a paradox: Less than 15% of the group represent the majority of players, while the majority of agents had an average of just over two clients on a roster.



Changes from 2002 to 2003: A 40% increase in the percentage of agents with six to ten clients and a 10% drop in the percentage of players representing themselves.

# Agent Fees 1999-2003 Actual Numbers

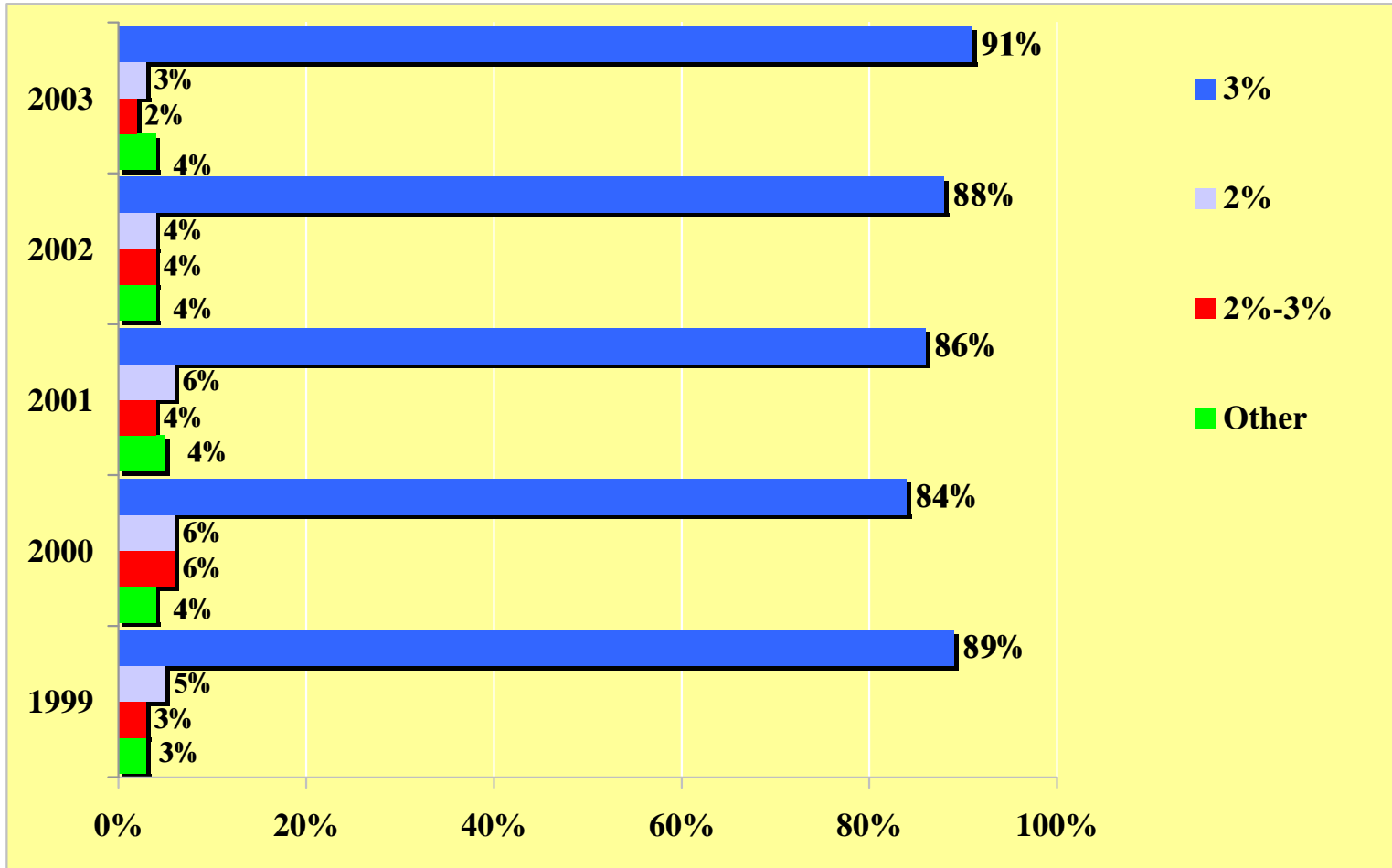


	1999	2000	2001	2002	2003
■ 3%	2018	2194	2043	1900	1911
■ 2%-3%	70	142	94	90	43
■ 2%	125	168	139	95	66
■ Other	64	124	201	82	89

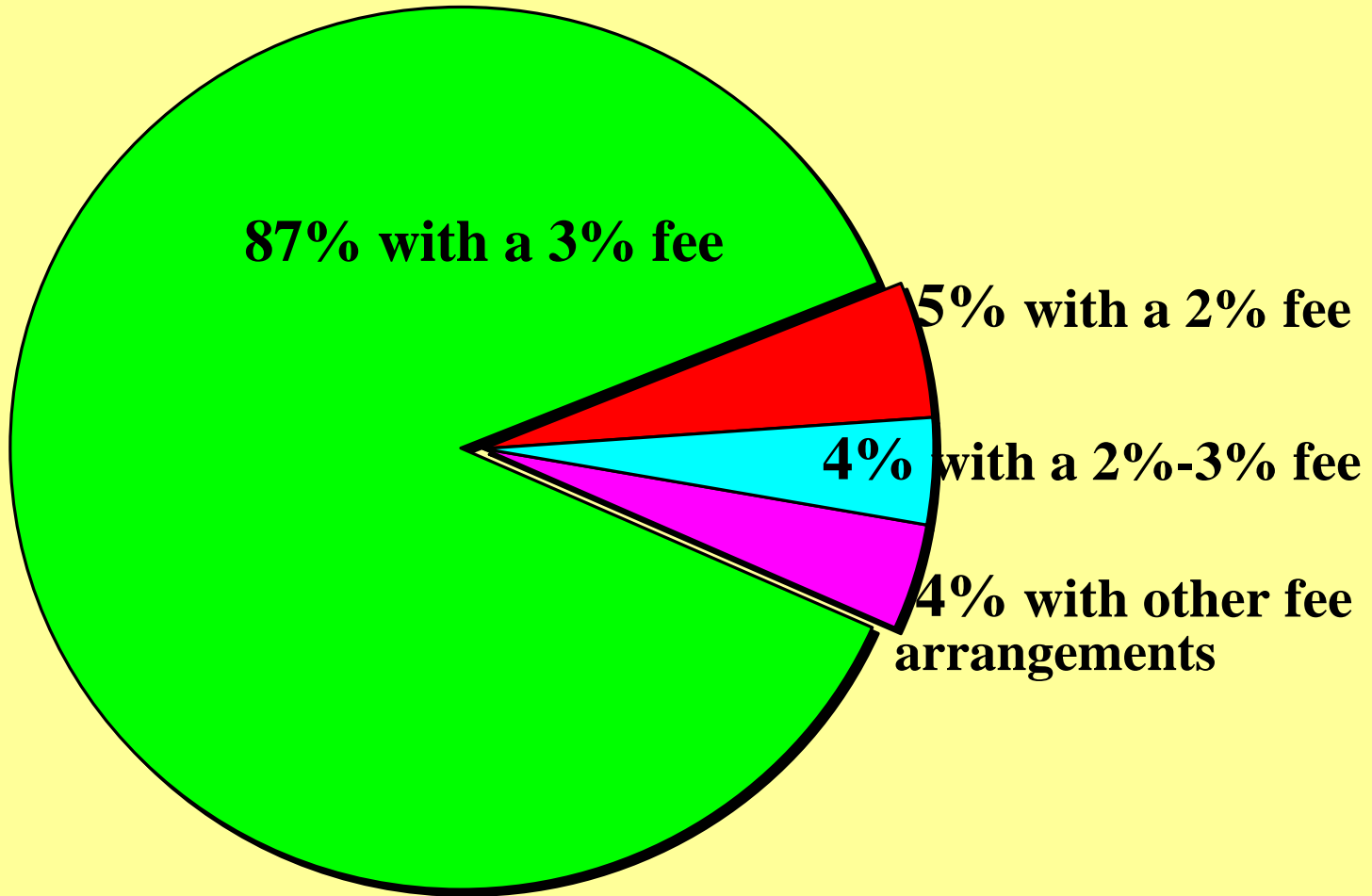
From late 1999 through mid-2003, the NFLPA received over 11,500 SRAs between players and agents. Nearly nine of every ten was for the maximum 3% fee. Fees range from below 1% to arrangements under which players agree to pay a set flat fee. Since the 2000 season when 16% of the SRAs were for a fee other than 3%, the trend has swung towards the maximum; there's been an 3% annual average increase in the percentage of total SRAs charging 3% since 2000.



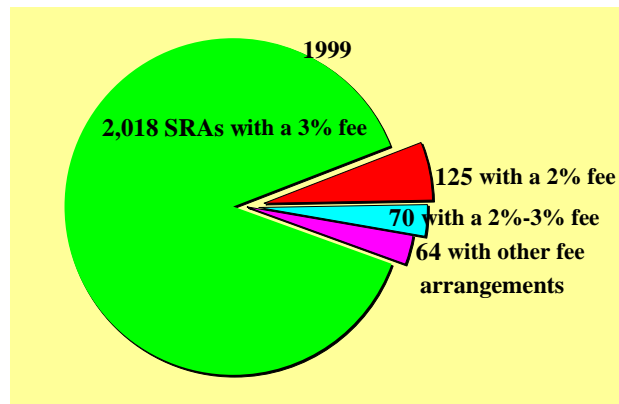
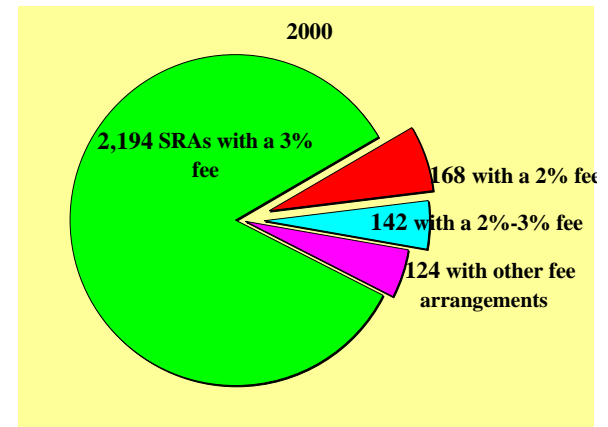
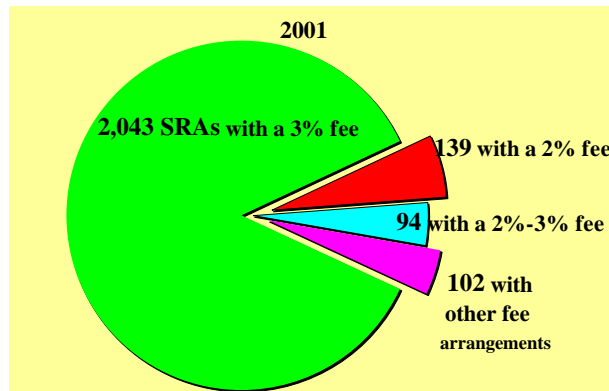
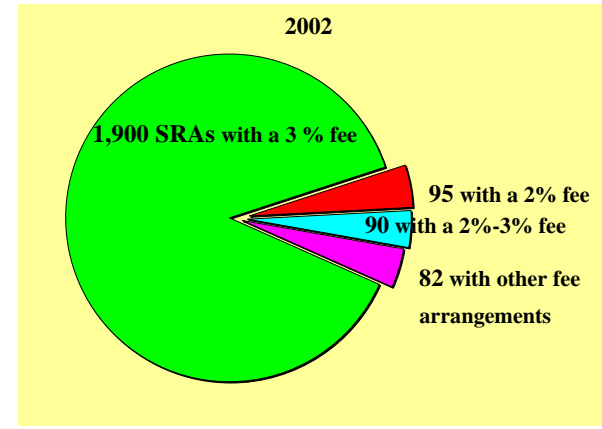
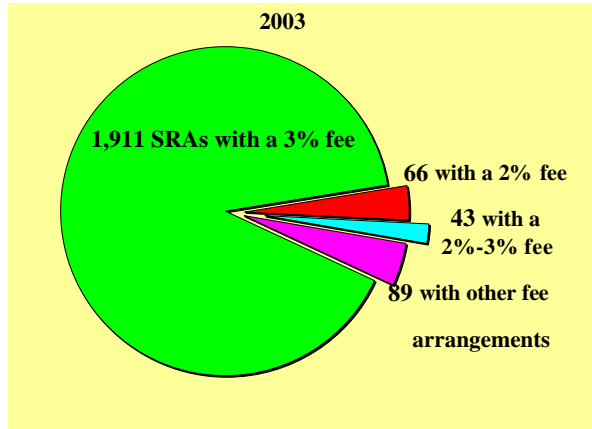
# Agent Fees 1999-2003 By Percentage



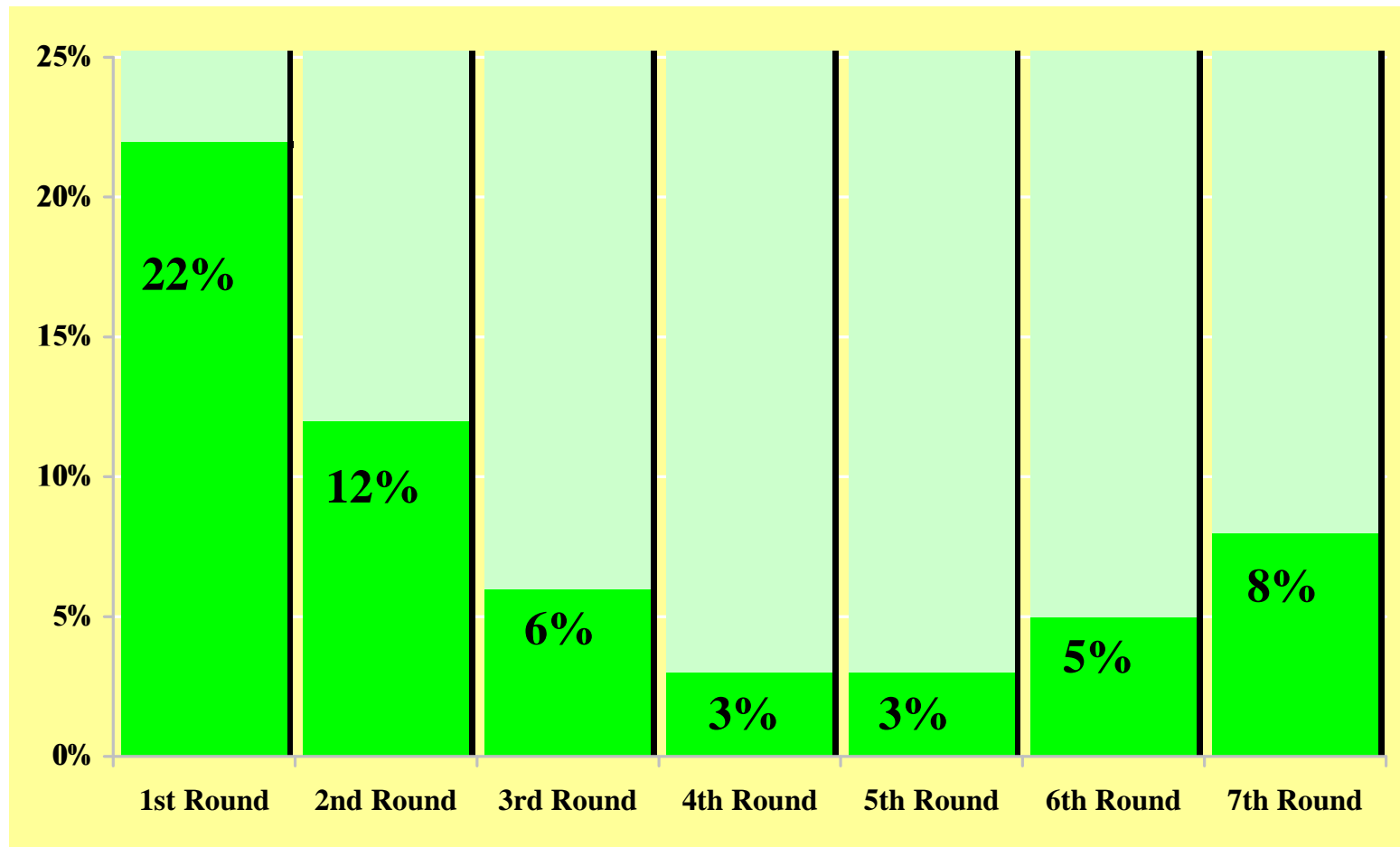
## 1999-2003 Combined Seasons Agent Fees



# SRA Fee Structure 1999-2003 by Season

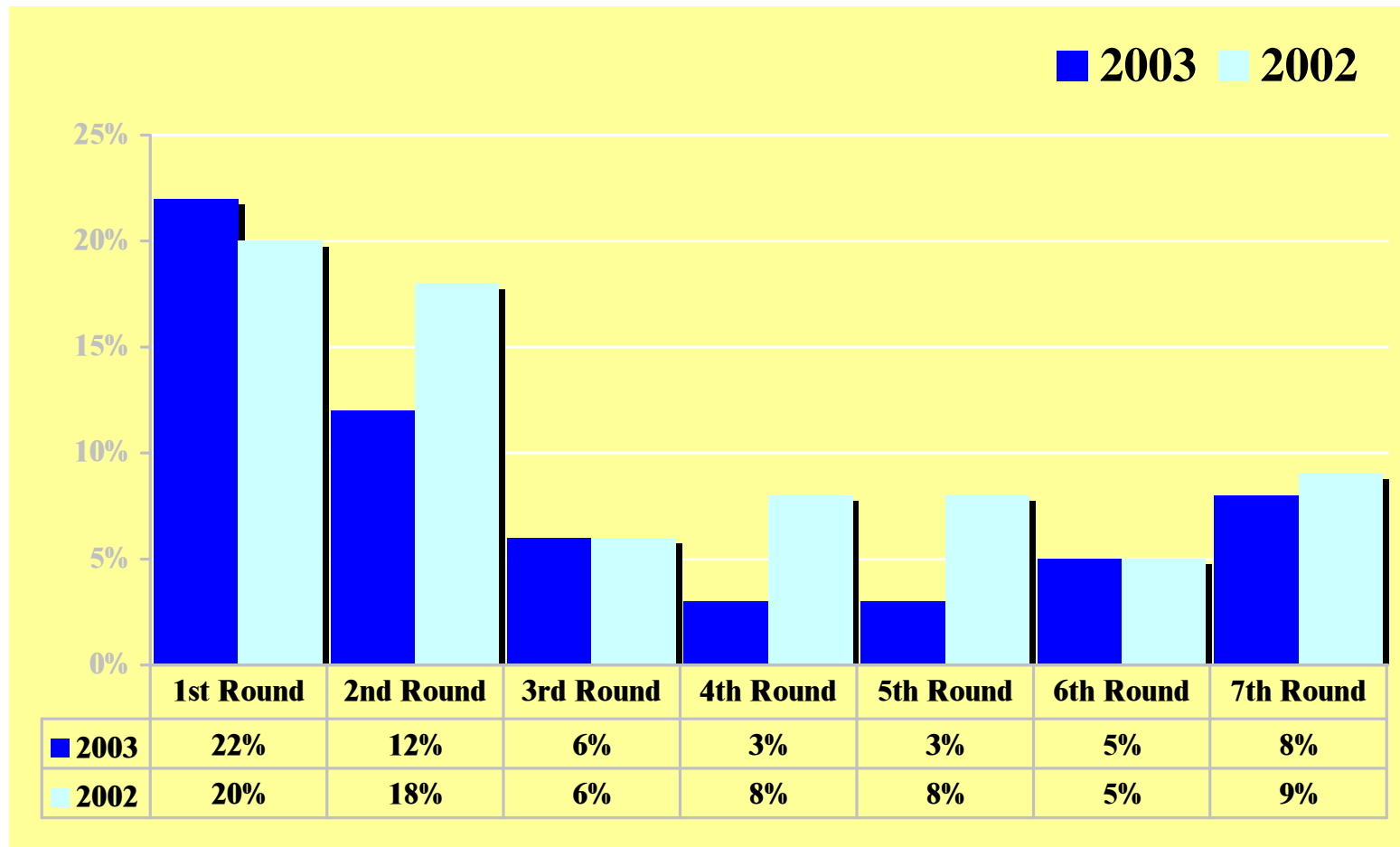


## A Closer Look at Fees Lower Than 3% - 2003 Draft



Competition between agents for clients is at its highest intensity when it comes to snagging potential draft choices and we looked specifically at rates below the 3% maximum charged the combined 650-plus draftees over the past two seasons. The percentage of 2003 draftees paying below 3% fell rapidly after the first two rounds—from an average 17% for the top 65 picks—to only an average 5% for the remaining five rounds. And since just about all draftees have selected agents by the draft, it raises an interesting conundrum: Are players who expect to go high in the draft able to negotiate fees below the maximum, or are the lower rates offered by agents as an incentive to represent a potential first rounder?

# Fewer 2003 Draftees Paying Less Than Maximum Fee



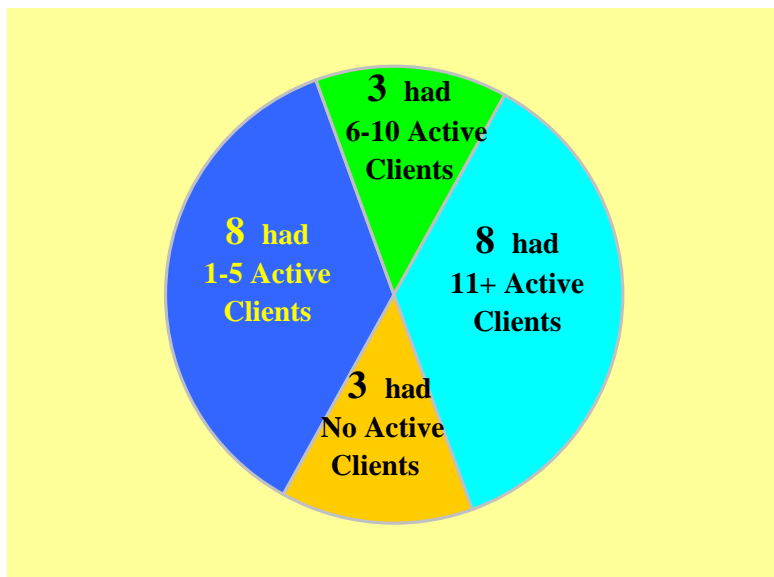
Compared to 2002 draftees, far fewer—more than an average 25% per round—2003 draftees signed SRAs for fees below the 3% maximum. Indeed, the only round where more draftees paid under 3% was the first round where there were seven compared to six last season. In rounds two through seven the percentage either was even—rounds three and six—or from 11% to 63% below 2002 percentages.

# A Closer Look at Fees Lower Than 3%

A broader look at agent/player relationships when less than the maximum fee is being charged found that:

## AGENT PROFILE

Agents who signed *more than three clients in 2003* to SRAs with fees less than 3% represented a median value of 6.5 clients. Eight of the agents represented one to five players and the same number of agents represented more than ten players.



## PLAYER PROFILE

Using a criteria of being represented by *an agent who had signed more than three clients in 2003 to SRAs with fees less than 3%*, just over 10% of the players entered the league prior to 2003.

Four of these players did not have a current contract. However, one of the four had been tendered as a franchise player for close to \$6 million.

The average salary for those who did have an active contract was \$2.35 million.

Half of the players had seven or more accrued seasons and entered the league prior to 1997.

Three of the four players without an active contract (excluding the one tendered player) were represented by agents with just that one active client.

Two-thirds signed with agents who charged a range of fees while one-third signed with agents who maintained a consistent fee percentage for *all clients* signed in 2003.

# Fees Lower Than 3%: Some Agent Comments

Agents charging the maximum 3% often say to potential clients that agents offering lesser fees also negotiate inferior contracts. And our own report, *Pipeline to the Pros*, notes that “Agent fees are negotiable. The majority range between 2% and 3% a season. Remember, though, you only get what you pay for.”

However, we never use the term “inferior” and many experienced agents charge less than 3%. In preparing this report we spoke with a mixed group of agents, some of whom charged fees under 3% that varied by player and others who charged all clients the same under 3% fee. We agreed to keep names confidential. From those conversations:

An agent charging clients a constant *hourly rate* noted that that rate provides services ranging from contract negotiations to legal advice and house hunting. He said that only twice have his hourly fees exceeded what he would receive if he charged, for example, 2% of the contract, and both instances were due to extenuating off the field circumstances.

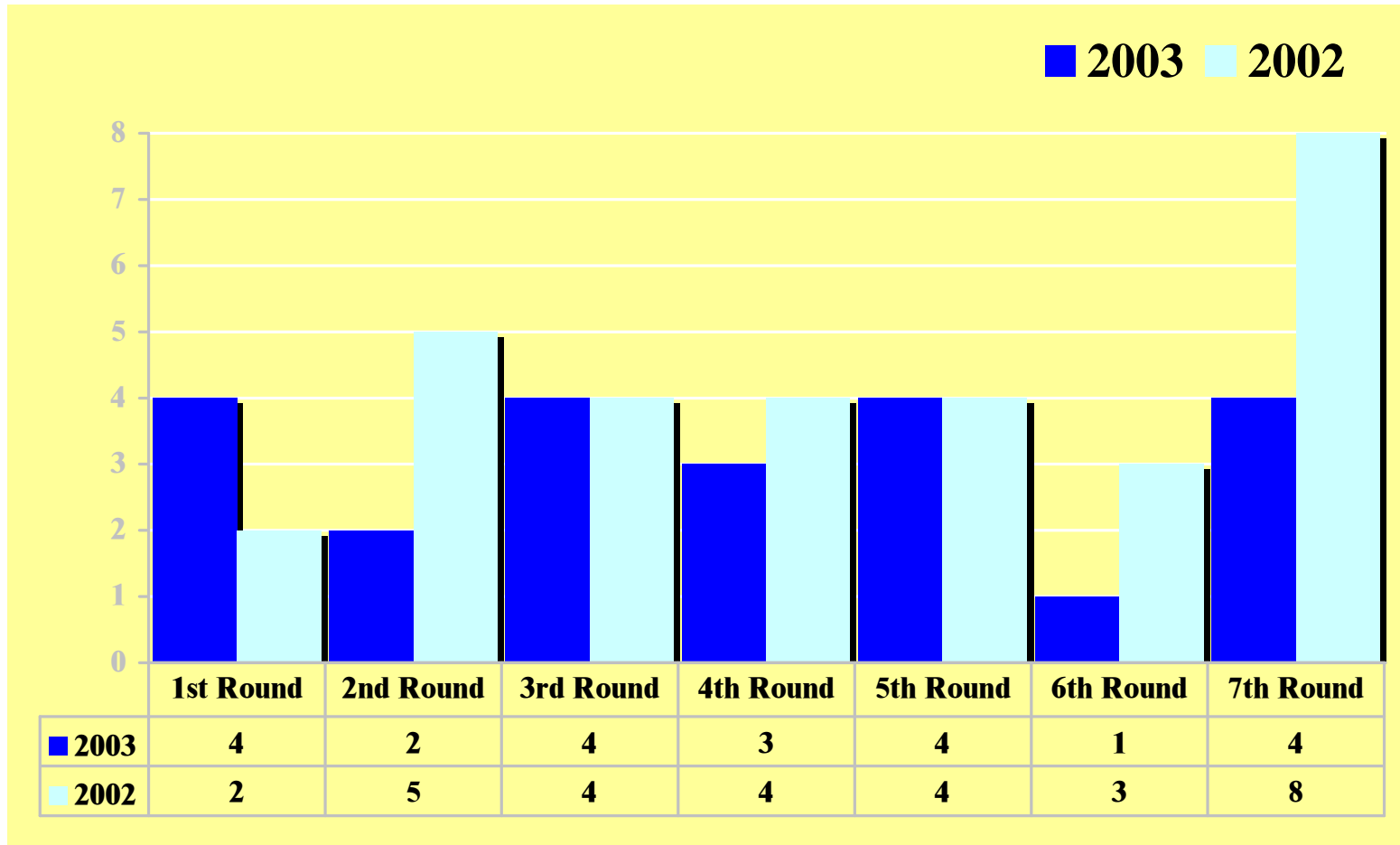
A few agents utilize a tiered system linked to the round in which a player is drafted. While these agents use different fee structures, they all stated that “fairness” and/or the “need to stay competitive in such a saturated market” motivated them. One agent stated that he charges his higher round draft picks the lower fee because he felt that “3% of a first round contract is simply too much money”. Another agent sees the method as a tool for both client retention and recruitment of rookie clients. Most of the agents utilizing a tiered system lowered fees for draftees’ second contracts after they had charged the maximum for original negotiations; they noted they could lower fees because of significant increases in the value of succeeding contracts and/or of changes in care levels that a client might need at that point in his career.

While the goal of client retention and recruitment of new clientele top the list of reasons for charging less than maximum fees, a few agents said that they didn’t feel or didn’t know yet that it actually worked. Most mentioned having to deal with arguments that their deals were accused of being “inferior” by competing agents. Furthermore, as one agent put it, many rookies seem to be “more concerned with the perks” [“first class” training facilities, etc.] they might receive than with the fees they’re charged. The result—and it may be borne out by reduction in 2003 draftees with below maximum rates as shown on page 13—is that some of these agents plan to go charge future players higher fees and are looking to expand and compete in other areas.

The one trend that seems to hold true for *all* agents who were contacted is that lower fee structures come not because more players are attempting to negotiate lower fees but rather as a function of the competitive nature of the agent business.



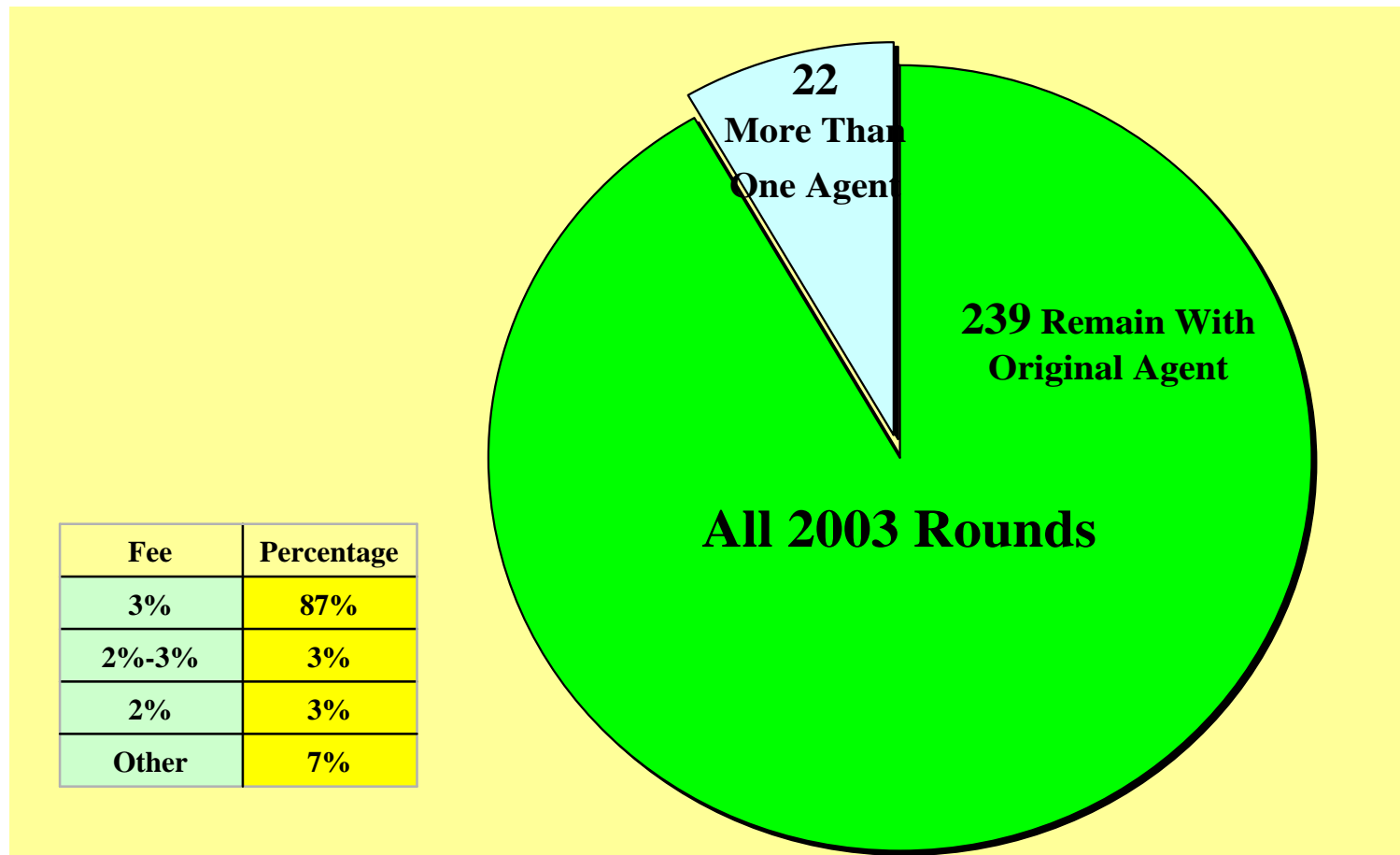
# Draftees Changing Agents Drops in 2003



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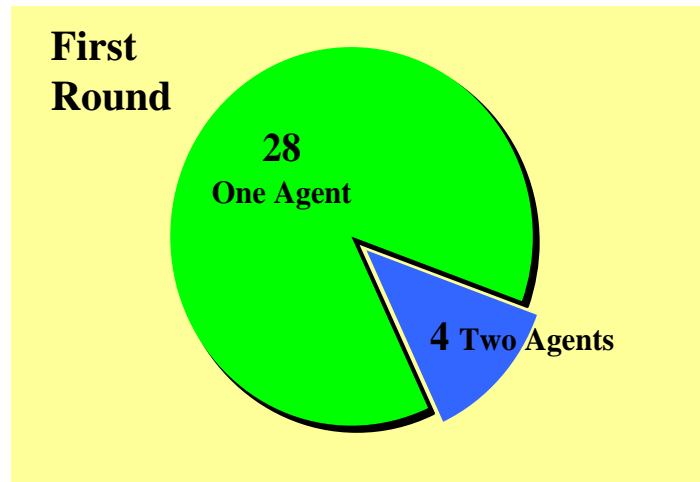
# 2003 Draftees, Their Agents & Fee Structure



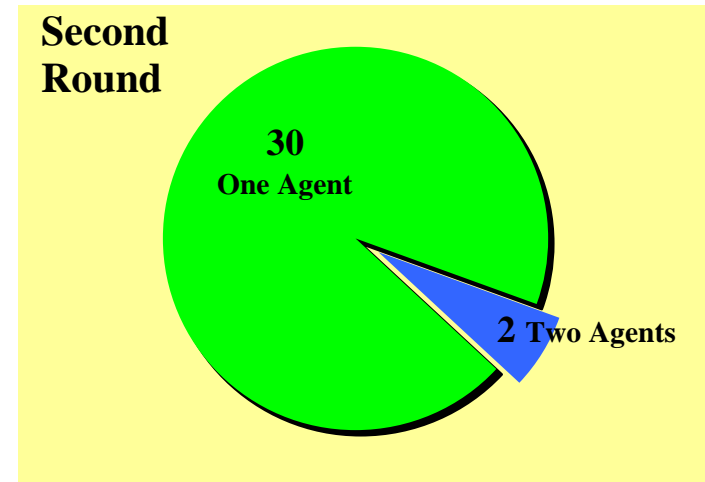
Fee	Percentage
3%	87%
2%-3%	3%
2%	3%
Other	7%

In last year's report—and in response to (1) complaints from agents about client poaching and to (2) steps taken by the NFLPA Player Representatives—we looked at the actual number of 2002 draftees who had signed with more than one agent. Despite the furor, it turned out that in response to those complaints, only 30 of the 259 2002 draftees—12%--had more than one agent. This year, both that number and percentage is even lower—22 draftees out of the total 262. How much of the reduction can be attributed to the regulation changes and how much is due to the increased attention placed on the issue isn't known.

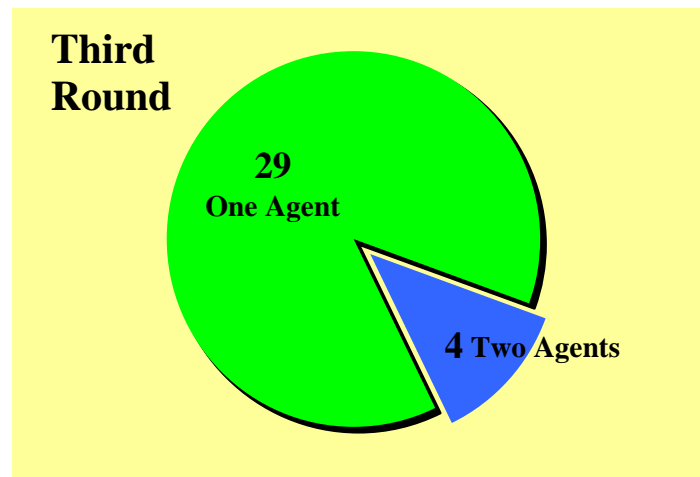
# 2003 Draftees, Their Agents & Fee Structure by Round



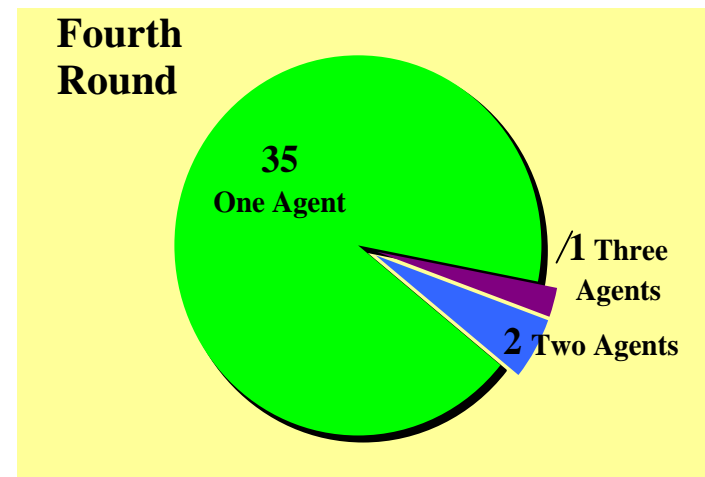
78% with fees of 3%



88% with fees of 3%

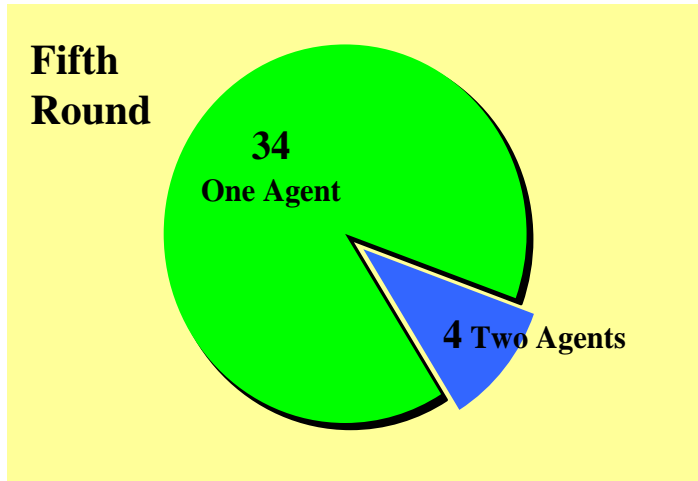


94% with fees of 3%

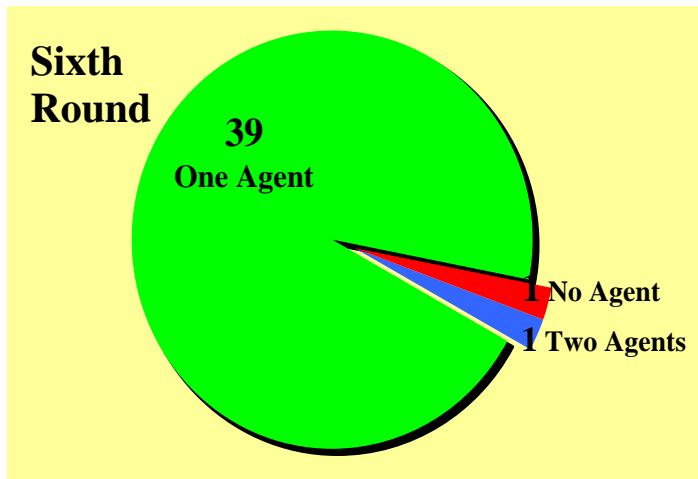


97% with fees of 3%

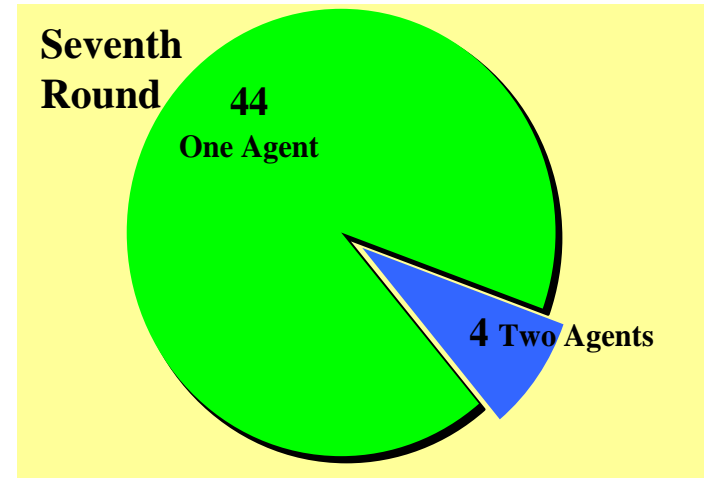
# 2003 Draftees, Their Agents & Fee Structure by Round



97% with fees of 3%



95% with fees of 3%



92% with fees of 3%

