



Inside the RedHawks: 'We Are Profitable'

By Eric Peterson
The Forum

The Montgomery Gentry hit song "My Town" blared over the public address system at Newman Outdoor Field, home of the [Fargo-Moorhead RedHawks](#) minor-league baseball team. "This is my favorite part of the day," said Lee Schwartz, general manager of the RedHawks.

The song is this summer's theme for the RedHawks' marketing campaign. The concept awoke Schwartz at 3 o'clock in the morning one day. The inspiration prompted Schwartz to drive to his office at Newman so he could record his thoughts on paper - ideas for a commercial, billboards and a charitable foundation.

"The song kind of reminded me of Fargo," said Schwartz, whose idea spawned a commercial in which RedHawk manager Doug Simunic blurts out "This is my town."

Nearing the end of their eighth season, the RedHawks have indeed found a home - drawing more than 1.5 million fans, reaching the Northern League playoffs seven of eight times and being named Baseball America's independent league team of the decade in 1998.

In addition, proving wrong skeptics who thought minor-league baseball could not survive in Fargo-Moorhead, the RedHawks are financially stable. "We are profitable," said RedHawks president Bruce Thom said. "It's not a huge amount."

Thom is a senior vice president for Otter Tail Corporation, whose subsidiary Fargo Baseball LLC owns the RedHawks. Otter Tail also owns 14 other non-sports related businesses that, including the RedHawks, employ nearly 4,000 in five different states.

Thom would not release financial information. As part of its corporate policy, Otter Tail does not disclose specific financial information for the individual operating companies. Otter Tail's quarterly earnings releases provide financial results by business segments, not company by company.

"The amount of profit we make at the RedHawks is not proportionate to what we would expect from our other businesses," Thom said. "It's been a great PR (public relations) investment for Otter Tail Corporation."

However, the challenge to keep the RedHawks a success has increased as the franchise has matured. The team's per game attendance dipped below 4,000 fans last season for the first time since 1996, which was F-M's first year in the league. More and more, the franchise has come to rely on advertising sales, suite lease revenue and special concerts to maintain a profit.

"We depend heavily on that income for financial stability," Schwartz said. "Minor league baseball is an expensive business and we need to work very hard to make sure we're meeting expectations. But our first priority is always maintaining an affordable, family atmosphere here at Newman Outdoor Field."

Dancing in the seats

Drawing fans to Newman is a top priority for Schwartz. He orchestrates the non-baseball product at Newman - promotions, giveaways, contests and entertainment acts.

"If we could get 5,000 fans here every night to watch just baseball, that's what we'd be doing," Schwartz said. "You wouldn't last very long if you didn't try to appeal to more than just hardcore baseball fans."

Attendance is crucial to financial success. The more fans the RedHawks move through the turnstiles, the more revenue the team generates. "It's got to start with attendance," Thom said.

In their first seven seasons, the RedHawks per game attendance has ranged between 3,782 (in 1996) to 4,388 (in 1999). Last season, the RedHawks averaged 3,867 fans per game in 50 dates. F-M played to 84 percent capacity and had eight sellouts, both franchise lows. Entering this season, the average attendance had declined each year since 1999.

"It's tough to accept the slight decline in attendance," Schwartz said. "It's hard to not take it personal if no one comes to the games." Attendance appears to be on the rebound this summer. The team averaged 4,023 fans through 34 dates, entering the current final 10-game homestand of the regular season.

Thom said he thinks two stadium upgrades have helped spike attendance this summer. The RedHawks built a new deck area down the left-field line and added a new playground area down the right-field line. Both projects combined cost the team \$80,000. "I think we've made the stadium more fan-friendly," Thom said. "That is something we review every year. We've got to continue to freshen up everything we do."

That is especially true when it come to promotions. "We've got to do something new to get people out here," Schwartz said. "They've got their seventh baseball and their seventh pennant."

This summer the team has handed out thunder sticks, made popular during the Anaheim Angels World Series run last fall. There has been a "Fans Run the Game" night and the team has handed out mini radios. The mix of the between inning promotions has been tweaked.

However, Schwartz can't control one important factor. "Weather is huge," Schwartz said. "There isn't any promotion we can do that is better than a 70-degree sunny day."

Three-way partnership

The venue, Newman Outdoor Field has played a key role in F-M's success. The 4,513-seat facility, completed in 1996, had a total price of just over \$5.7 million. The city of Fargo paid \$5,244,933 for initial construction. The RedHawks paid an additional \$500,000 for locker rooms and offices under the stadium and lights and scoreboard for the field. "We have the best value in the league," Thom said, pointing out Northern League franchises have recently paid up to \$45 million for new stadiums.

The RedHawks, city of Fargo and North Dakota State combined to make Newman a reality. The city agreed to pay the money for the stadium up front. The RedHawks part in the agreement was to pay back 85-percent of their suite revenue on a yearly basis until the city recouped its funds. NDSU donated the land on which the stadium was built and sold naming rights to the stadium at a price tag of \$1.5 million.

The city has recouped \$3,078,388 of their initial investment or 59-percent. The RedHawks have paid the city more than \$1.5 million in suite revenues and seat licensing through their first seven seasons.

"The stadium is working and the financial model hasn't changed," said City Finance Director Kent Costin. "It's pretty much right on target." If revenues from the suites hold steady, Costin said the city is expected to be paid off in 12 years.

"It's been a good partnership," said City Commissioner John Cosgriff said. "It's a three-way partnership that has worked really well."

Fargo Mayor Bruce Furness, one of the early backers of building Newman, said the RedHawks have exceeded his expectations. "When we started out we thought we'd need to average 2,500 people a night to make it," Furness said. "It's been more successful than what I envisioned. There obviously was a pent up desire for people to see baseball."

The RedHawks' impact has extended past the playing field. F-M attracted 1,356,076 fans in 335 home dates in its first seven seasons. The team's media exposure has included: 60 Minutes, Wall Street Journal, USA Today, L.A. Times, Chicago Tribune and Minneapolis Star Tribune. "It heightens the visibility of Fargo in the other communities," Cosgriff said.

"It's worked out great," Furness added. "We get lots of compliments about the family nature of the entertainment." Furness has season tickets and regularly attends games. Cosgriff said he attends between 10-20 games per summer. Costin is the exception. He said he attends just a few games a season. "This is another venue of entertainment," Furness said. "The more types of entertainment you can have is good for the community."

Otter Tail in for long haul

Thom, who has served as Fargo Baseball LLC president from the start, said the RedHawks have stayed in the black financially despite rising expenses. To enhance the bottom line, the RedHawks have held concerts at Newman when the team has been on the road, including a blues festival.

Willie Nelson played at the stadium this summer. Bob Dylan performed last summer. The team is also working on producing a "Beer, Wine and Music Festival" in the fall of each year, similar to Oktoberfest.

"We generated as much revenue for the Dylan concert as we do for a three-game homestand," Schwartz said. On the average, a three-game homestand generates \$60,000 in revenue.

Despite the financial challenges, Thom said he expects the RedHawks to be part of Otter Tail for years to come. "We are satisfied with our investment and we are not looking to sell anytime in the future," Thom said.

'General' is good

Dreaming up the idea for the team's marketing campaign is one of the many roles Schwartz fills for the RedHawks. He is not a typical baseball general manager. He does not sign players or make trades. "This position has always been kind of the business thing here, which is good," Schwartz said. "I'm certainly not qualified to make judgments about players."

Simunic and his assistant coach Jeff Bittiger - who have been with the team from the start - make those decisions. It's common for the manager and coaches to make player personnel decisions in the Northern League. "We don't get in his business and he doesn't get in ours," Bittiger said. "It's a smooth working relationship."

Schwartz deals with issues seemingly as minor as the serving size of the hot roasted peanuts sold at the concession stands on the concourse. When the RedHawks made the peanut bags smaller at the start of this season, some fans immediately noticed the change. Schwartz heard about it. He said he received about 50 complaints in the first five games. The bags were quickly switched back to the larger size.

Schwartz is part manager, part salesman, part promoter, part public relations liaison, part entertainment director, part ticket runner, part travel coordinator, part stadium patrol, part tarp crew. "General is good because I have to cover a wide variety of things," Schwartz said, referring to his title. "My goal is to go home without having something to keep me up all night."

Unless, of course, early-morning inspiration causes the restlessness.

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