

Is European Entrepreneurship on "Life Support?"

Michael Becker

Attorney at Law, Ph.D., Entrepreneur, and Sports Agent in Luxembourg

Born in 1953 and raised in Kaiserslautern, Germany, Michael Becker decided early on that he wanted to be a lawyer. Not talented enough to become a professional football (soccer in the United States) player, something every male youngster in his hometown dreamed of, he decided after military service to attend college and law school where he obtained his law degree from Gutenberg Mainz University at age 25. He then spent the next two and a half years clerking in the German courts and promptly passed the bar exam on his first attempt in 1980.

Over a period of 18 years, Michael Becker worked for the European Union (EU) in the Legal Services Department of the new Court of Auditors, located in Luxembourg. He took time out to obtain the Ph.D. degree in law because he felt he wanted at some point to teach at the university level. He also spent time at the Kennedy School of Government at Harvard obtaining the M.P.A. degree on a full fellowship. With a generous salary, full benefits (including tax-free income for being employed at the EU headquarters), extensive worldwide travel, and a liberal vacation policy, Dr. Becker had achieved solid financial success by age 42. Yet something was gnawing away at him. He had visited and lived in the United States numerous times and had left intoxicated with the vibrancy and openness of American entrepreneurship. Could he one day emulate his American counterparts?

The interview took place over breakfast near the Centre Ville section of Luxembourg City.

NEJE: *There is a perception shared by some in the United States that Europe is far behind in entrepreneurial activities, especially in key areas like medical research and development of the Internet.*

Dr. Becker: That clearly is the case. Part of the problem is that European tax and labor laws make it difficult for entrepreneurs to get started and take marketing and capital risks.

NEJE: *Yet here you are, an example of how entrepreneurs can make it in the heart of the continent. Working for the European Union, you had seniority, job security, a wonderful lifestyle, to say the least, and you gave it all up in 1992 for the insecurities and risks of starting your own sports agency business. Why?*

Dr. Becker: My family and friends all asked me the same thing. "Michael, are you crazy?" "Michael, why are you doing this?" "Michael, have you lost your mind?" But I knew someday I just had to take the plunge and go into my own business, so the decision was actually easier for me than others in my position. I had carefully laid the groundwork years ago during my Ph.D. program.

NEJE: *How was that accomplished?*

Dr. Becker: My doctoral thesis was entitled "The Constitutional Problems of German Football Players."

NEJE: *Sounds esoteric.*

Dr. Becker: To the person not aware of how football is organized around the world by the Federation of International Football Associations (FIFA), it certainly is esoteric, but to German football athletes, it was about their basic rights as employees to negotiate and receive fair treatment.

NEJE: *But don't professional-level European football players receive the same star treatment that U.S. professional baseball, basketball, and American-style football players regularly expect—and get?*

Dr. Becker: The problem was based, in part, on the German legal system and the fact that football players were not considered "employees." Thus, the usual laws governing employer-employee relations did not protect them. It also had to do with the players' contracts. You have "free agency" in the United States, but that did not exist within the European Football Association at that time.

NEJE: *When did all that change?*

Dr. Becker: In 1995 with a ruling of the European Court of Justice in the so-called "Bosman" case. I had studied how football was run while I was a Ph.D. student. I interned for German television and got access to sports archives by passing off myself as a TV sports reporter. I studied the restrictive contract and transfer system that was good for the clubs, but terrible for the players. The Bosman ruling changed all that dramatically.

NEJE: *And now you were able to position yourself as a lawyer to explain all the arcane rules to the players.*

Dr. Becker: Yes, but we're getting ahead of ourselves. We need to go all the way back to 1982. I went to the United States and contacted several sports agency groups while I

was on holiday. I knew that I wanted somehow to have my avocational interests in football become my vocation. But I didn't have any idea back then how to make it happen.

Frankly, I met a stone wall. No one wanted to talk to me. Football in the States was just getting organized on a professional level; the people I met were focusing only on their local interests in America. They told me my background did not present them with any particular value as a European-based lawyer with a deep knowledge of how the sport was organized and played on the Continent. They were not interested in Europe, South America, Africa, or any other area where football was already well established.

NEJE: So what did you do then?

Dr. Becker: What else could I do? I returned to Germany and joined a local law firm.

NEJE: And . . . ?

Dr. Becker: I was very fortunate. A local politician suggested I work for him at the new Court of Auditors for the EU. It was a temporary two-year contract. After that period was over, I decided to apply for a permanent position.

NEJE: So you were on your way.

Dr. Becker: In a manner of speaking, yes, I was. I was appointed a legal advisor to the president of the Court of Auditors. After two years of service, I became the department head for Legal Services within the court. At that time I was 33 years of age, and it was 1986. But this was not what I wanted. I applied to Harvard, got accepted into their MPA program, and went to school in Cambridge. I spent whatever free time in the United States meeting more soccer owners, agents, and players. I sent a letter to the U.S. Soccer Federation and again expressed my interest in working with them. The Federation suggested I get in touch with a group called U.S. Soccer Partners located in New York. That was a break for me. I invited several owners of the sports firm to come to Germany to take a look at the sport from a European perspective.

However, nothing really happened for another three years.

I had to return to Europe, but fortunately a new position was offered to me upon graduation to join the audit team overseeing EU monetary aid to Eastern European countries, including Russia. I traveled extensively throughout that region. In the meantime, I kept up my contacts with the United States.

Finally, in 1991, I sensed a sea-change in the United States towards world football activities. Along with U.S. Soccer Partners, I organized a tour to promote soccer in the United States by getting the team from my home town in Kaiserslautern to travel to Dallas and San Francisco. Kaiserslautern had won the German football championship, so we were invited to come to the United States to play. It

was a great trip and a lot of fun for everyone.

Jennifer Hemmer from U.S. Soccer Partners followed up by coming to Germany and it was there we met Tom Dooley, who was playing for Kaiserslautern. Tom's father was stationed in Germany for the U.S. military, and Tom was the top defender of the best German team in the early 1990s.

To make a long story short, Tom qualified in 1992 for the U.S. national team, and I became his agent. Tom was my first real client. He went on to play in 80 international games and in two World Cups for America. He captained the team in one of those World Cups. My experience with German football and my contacts with U.S. soccer put me in a perfect position to represent Tom. Finally, my persistence and patience had paid off.

NEJE: Sports agents are continually negotiating contracts for their clients. You haven't mentioned anything about how you picked up those skills.

Dr. Becker: There weren't too many people here in Europe who could mentor me so I became self-taught. My law background helped, but what I know about negotiating I picked up from reading and on-the-job training. Books like *You Can Negotiate Anything* and *Getting to Yes* were my "bibles." I read about Phil Knight at Nike and Bill Gates at MicroSoft. They were my idols. I also carefully followed the career of Leigh Steinberg, perhaps the most successful agent ever in the United States.

NEJE: Have you emulated Steinberg in the way you run your business?

Dr. Becker: In some ways, yes, in others, no. Steinberg has a big organization. I have my secretary and myself.

NEJE: That's it?

Dr. Becker: Yes, that's it.

NEJE: But who does all the negotiating, the travelling, making new contacts, keeping up contacts with all the players you represent, schmoozing the coaches, owners, etc.? What about all the details about the players' contracts? Who does that for you?

Dr. Becker: (Pointing a finger at his head) No one. Just me. It's all up here.

NEJE: We don't want to sound incredulous, but is this the best way to run your business?

Dr. Becker: It has worked fine so far, and I am right on the cusp of getting rights to represent the two best football players in Germany. My business will really begin to pick up then.

NEJE: Going back to Tom Dooley, who was your next client?

Dr. Becker: After I had signed on as Tom's agent, I had to make some critical decisions. Was I ready to quit the EU and go into the sports agency full time? I had to think that over carefully.

However, I did have bank savings that would last a year so that I could try my wings and not have to worry about my finances for 12 months. I have never been married. I was not tied down to children or other kinds of family responsibilities. This was something I thought about a lot, about deciding on a focus in my life. There is no such thing as "having it all." I don't believe in that.

My goal was to put together a group of 10 to 12 core athletes whom I could trust and who would trust me. I wanted to count on handshakes and people's oral promises rather than mounds of contracts. I believed I could build a business based on loyalty and the intelligence of athletes.

It took an additional three or four years while I was still working full time at the EU for me to build up my concept and continue to add to my core group. I had found a niche for myself: I represented U.S. soccer players who wanted to come to the Continent and play at a much higher level with European football. They came to me because Tom Dooley was kind enough to refer me to them based on our close relationship.

I did not go full time into the business until 1998. I made sure I had built the right foundation. Now I am beginning to attract European players who want either to stay here or possibly play in the United States. My area of competence is expanding and so is my reputation for playing it straight.

NEJE: Have you ever lost a player to another agent?

Dr. Becker: Yes, it happened once. He was a very good player who I considered a friend. However, he followed the advice of someone else and ended our relationship.

NEJE: It's a free marketplace.

Dr. Becker: Yes, it is. However, when you represent someone and work as hard as I did for this guy, it's not pleasant to get stabbed in the back.

This sort of stuff may happen to other agents regularly. I don't know. But for me, it was difficult to accept. You see, European players do not go to college first. We do not offer the maturation experience for our players of four or five years of college before they turn pro. That's strictly in the United States.

Here in Europe, if you are good enough after you turn 18 and finish your schooling, you begin to play football full time.

That means some of our players are pretty immature when they come into some real money. There are all sorts of levels, something like the U.S. "farm system," where players are brought up through the various ability levels until they are ready to play for the "A" and "B" teams within each country, which comprise the very best players in European football.

NEJE: So you are on the verge of making it big. Entrepreneurship in Europe may not seem alive and well to us in the United States, but it sure seems to have appealed to you.

Dr. Becker: Yes, it seems like I'll be okay. But don't thank the business environment in Europe for any of that. The bureaucracy in Germany makes me crazy. I have continued to live in Luxembourg rather than go back to my home country because at least in Luxembourg the tax authorities are somewhat sensible.

For example, if I take a player out to dinner and report it as a business expense, a typical German tax auditor would ask me: "Why did you take the player out to dinner? Why did you choose that particular restaurant? What did you discuss? How much money did his part of the total meal cost?" The tax people are invasive. Entrepreneurs like me are perceived as some type of enemy by the tax authorities.

The income tax rate for me in Germany would be more than 50 percent. So the motivation for me would not be to build up my revenues if I operated out of Germany, but to create as many expenses as possible to reduce my tax liabilities.

I could not stand that nonsense, so here I am in Luxembourg, where the authorities have a much more realistic view of your tax liabilities. And at least I'm not considered some sort of threat to the state. I want to grow my business, not get taxed to death.

Let me give you some other examples.

I have hired a cleaning lady to help keep my home tidy. When she used to get sick, I had to fill out eight different forms so she could get reimbursed by the national employment office for her missed time. I have said to her, "Please, if you get sick don't report it because I have to fill out so many forms. I will pay you just like you had actually come to work." She has agreed. This has saved me so much time and aggravation!

In Europe, if you start a business, it typically can take two or even three generations to get the company established. Businesses here are like dynasties. It's tough to make it from scratch because it is so hard to break into the establishment. You need a lot of money, and you absolutely have to know the right people. Ordinarily, a local company will only deal with other firms when they have known the firm's personnel for years; they simply refuse to try new ideas from untried sources.

In the United States, when do you fix your roads? Mostly at night. Here in Central Europe, they only fix the roads during the day, causing massive backups. Why? Because the labor laws stipulate that workers cannot repair roads at night. Period. No flexibility. And it seems to take forever for new construction or repairs to take place. No one's in a hurry.

Another example. Our national phone system is a monopoly. It is terribly expensive to make long-distance calls. That discourages people from trying to increase busi-

ness outside of their immediate physical location because telephone "cold calling" is prohibitively costly.

My secretary is only part time. If I were to hire her full time—something I'd really like to do—and then things got slow, perhaps over the winter, I could not lay her off or fire her unless I released all my financial information to the government. I could not change her job status until I defended my reasons for doing so to the labor authorities and proved to them my business revenues were down. I don't want anyone poking around my personal finances. I will not hire anyone full time for now.

NEJE: Do you have any special plans for the future?

Dr. Becker: Yes, now that my sports agency has grown beyond my initial goals to some 40 players, I feel it is about as big as I want it to be. My next challenge is to get U.S. corporations that want to build up their brand names in Europe to understand how to use football here to do it. Since so many Europeans avidly follow football, it makes sense for U.S. companies to promote themselves on the shirts, pants, and even shoes of the players while also buy-

ing space in the stadiums.

That's my next challenge. I'd like to consult for a company like Nike and show them how to do it right. They've tried and failed to do a good job.

And I will continue teaching. I enjoy being associated with Sacred Heart University's MBA program here in Luxembourg because it gives me a chance to give something back to the community. I like challenging the students and getting them to think differently.

NEJE: Any advice for aspiring young entrepreneurs?

Dr. Becker: Know what you want, and stay absolutely focused. Don't get sidetracked. Study, learn, and know more than your competition. Be patient. No one got to where they wanted to be by being impulsive. Acquire your own knowledge, but also learn from the masters. Know yourself inside and out. Know what you can and what you cannot do. Follow your passion. Take prudent risks, and then don't look back.

Finally, even if no one else does, believe in yourself! That's essential.