

# Being True to Atlanta

An Interview with Thad Sheely, Chief Operating Officer, Atlanta Hawks and State Farm Arena and Brett Stefansson, Executive Vice President and General Manager, State Farm Arena

**EDITORS' NOTE** Thad Sheely oversees all aspects of team and arena business operations and real estate development. He managed the operations and planning for the re-imagination of State Farm Arena which was upgraded with almost \$200M of improvements. Sheely was also the point person for the design and construction of the team's 90,000 square-foot new practice facility, the Emory Sports Medicine Complex. The complex combines sports, medicine and science with three industry-leading tenants; the Atlanta Hawks, Emory Orthopedics and the Peak Performance Project (P3), the leader in athlete training and analysis. This partnership is designed to provide world-class medical and training to the Hawks and the Atlanta community. Sheely also oversees business operations for the team including accounting and finance, analytics, IT and human resources. Joining the Atlanta Hawks and State Farm Arena in 2015 with over 20 years of sports and real estate experience, his previous projects included the development of Hudson Yards for the Related Companies, a 28-acre mixed-use property on Manhattan's West Side. Prior to Hudson Yards, he led stadium development and financing for major sports facilities including MetLife Stadium for the New York Jets and Giants, and American Airlines Arena for the Miami Heat. His professional contributions have distinguished him in the industry as SportsBusiness Journal selected him for their Forty under 40 Award in 2010, and Billboard Magazine recognized MetLife Stadium, while under his direction, as the #1 top-grossing stadium in the world in 2010 and 2011. Sheely holds an M.B.A. from Stanford Graduate School of Business and an undergraduate degree in urban studies from Columbia College.

Brett Stefansson has more than 20 years of experience in the sports industry in professional (NBA, WNBA and NHL) and minor league sports (IHL, indoor soccer and arena football). In his career, he has worked more than 5,000 events. Prior to joining the Hawks, he served as Vice President and General Manager of the AT&T Center (San Antonio, Texas) which is home to the San Antonio Spurs (NBA), San Antonio Rampage (AHL), San Antonio Stars (WNBA), and the San Antonio Stock Show & Rodeo. Stefansson's experience there concluded with a \$110-million renovation of the AT&T Center. During his leadership, he also oversaw other facilities including the Spurs practice facility (now known as Medistar Training Facility) and



Thad Sheely



Brett Stefansson

Toyota Field, (now known as the home of San Antonio FC of the USL). Earlier in his career, he served as the General Manager of BB&T Center located in Sunrise, Florida. This 19,000-seat arena earned consistent top-15 rankings in Pollstar throughout his tenure. Stefansson spent a combined 15 years of his career at this venue in South Florida. He started his career in sports as the event coordinator at The Summit in Houston, Texas – then, the home of the Rockets (NBA), Comets (WNBA), Aeros (AHL) and Thunderbears (AFL). Stefansson received his master's and bachelor's degrees from Eastern Illinois University.

**ORGANIZATION BRIEF** Home to the NBA's Atlanta Hawks Basketball Club, State Farm Arena ([statefarmarena.com](http://statefarmarena.com)) opened its doors in October 2018 following the second-largest renovation in NBA history. Inspired by the fans, State Farm Arena is a next-generation venue focused on experience, service and entertainment. With the NBA's third-largest center-hung scoreboard and an immersive video experience, fan-friendly food pricing and premium restaurant options, Topgolf Swing Suites, Killer Mike's S.W.A.G. Shop (a four-chair barber shop) and celebrity-inspired spaces accessible to every fan, the downtown Atlanta arena stakes its claim as the city's best sports and live entertainment venue. Consistently ranked among the top 10 concert and event venues in the world by Pollstar, State Farm Arena hosts approximately 200 events and nearly 2 million guests annually.

The Atlanta Hawks ([hawks.com](http://hawks.com)) is an American professional basketball team based in Atlanta, Georgia. The Hawks compete in the National Basketball Association (NBA) as a member of the league's Eastern Conference Southeast Division. The team plays its home games at State Farm Arena. The Hawks have been a fixture of Atlanta since the team moved from Milwaukee in 1968.



The exterior of Atlanta's State Farm Arena

## Will you discuss your roles with the Atlanta Hawks and State Farm Arena?

*Stefansson:* I am the Executive Vice President and General Manager and I've been with the organization for two-and-a-half years and in sports entertainment for more than 20 years on both the facility and team side.

The day-to-day focus for me is making sure we are providing the best service to fans coming into the building as well as to our tenants, the Hawks, and to local promoters for concerts and shows.

We want everyone that enters our doors to have the ultimate in-arena experience.

That is managed through several different entities: operations, front of house, guest services, the food and beverage program, security, and managing all of our content in the form of which shows we're delivering to the city of Atlanta.

*Sheely:* I have been the Chief Operating Officer here for about three years. When Principal Owner Tony Ressler bought the team, he wanted to create a world-class organization.

My role is overseeing that transformation, working closely with our CEO, Steve Koonin, on day-to-day operations and leading our major real estate projects.

## On the basketball side, are you happy with the product that the Hawks provide to its fans and the community?

*Sheely:* From a fan perspective, the product is basically viewed in two pieces: one is wins and losses – are we winning or losing as we compete for a championship, which is basically the only reason we got into this game. That metric is fickle. If there are 30 teams in the NBA, by that metric, 29 are losers every year. We're in the losing business whether we like it or not.

The other part of the product is the experience of coming to a game and connecting with the brand. NBA brands are big, but they are sometimes small businesses in the grand scheme of things, at least in relation to the size and scale and scope of the brand.

The year the new ownership came onboard, the Hawks won 60 games and its coach won Coach of the Year, but they did it by putting together a team comprised of second- and third-time contract players in Atlanta; their next contracts would be second or third contracts and, if they were successful, they were going to be super successful but also aging. That is not a great combination.

Basketball leaders decided that, in order to get better, we had to acquire assets to build for the long-term success of the team. It was really difficult to rebuild with the tenured contract players we had at that time, so they developed a new strategy for building the brand.

## Will you discuss what you hoped to accomplish with the reimagining of State Farm Arena and have you achieved this goal?

*Sheely:* One of the key factors of the reimagining was transformation, although it's still a renovation, and that was critical because of the scope of the renovation. This was one of the reasons behind its success.



*A view of the court at State Farm Arena*

We looked at what it would cost to build a new arena in downtown Atlanta and the contractors developed these models and pricing formulas that added up to about \$550 million.

When we looked at the price of renovating each portion – the foundation, the structure, the roof, the curtain wall and the mechanical systems – it came to around \$350 million.

That left about \$200 million for everything that the fan touches – all the fun stuff that drives the fan experience and the revenue opportunities in the building. That is really what we had to spend.

We rebuilt the arena from the inside out. We didn't change any of the exterior of the building, but we were able to add 100,000 square feet on a 650,000-square-foot building to make the building more customer-centric and customer-focused.

What was our mission and vision? It was two things: the first was about being "True to Atlanta" and this fan base.

Steve Koonin, our CEO, has built unbelievable brands at Turner and Coca-Cola. When we thought about what our brand attributes are, those relating to a local sports team being true to the local market are obvious, but Atlanta is such a unique and growing city and being "True to Atlanta" really means something special because there is a pride in being here.

We felt that, if the arena can be a reflection of the city it calls home, it develops an even stronger connection to the city.

As a result, that pointed to some of the programmatic elements that we added to the building from the food venues to a barbershop to a social club.

We put in two Topgolf Swing Suites – not only is Topgolf here but Georgia is the home of the PGA and the Masters.

The other test was, if we took the building out of the city of Atlanta, would the building make

sense? We want it to be so identified by the city that there is a real connection between the two and we think that, if we do that, we built a successful building that feels as if it is a part of the city we're in.

It's a home-court advantage taken to another level.

*Stefansson:* Adding to the identity of the building, I always say, yes, we underwent a physical transformation of the building, but it was more than that. It was an organizational transition into operational excellence. Creating a building that was going to be successful at many different levels was our goal.

We also have to provide world-class guest services and food and beverage. We had to elevate the level of experience of all of those different elements that fans want when they go out for a great night.

It was an organization-wide focus on how to provide a great night out and enhance every component to make sure we hit all the touch points.

## How important is it to have a hospitality culture to enhance the interaction of your employees with the guest?

*Stefansson:* I will start with two of the team members we recently brought onboard to help with this transformation.

It starts with our Vice President, Guest Experience, David Garcia, and he comes with a background from Amazon and Disney – two of the leading companies internationally in hospitality and service. He came in with a different vantage point from someone in sports.

Then we added Geoffrey Stiles, who is our Vice President, Facilities and Building Operations. He came from Marriott, which has a really rich culture, and he also brings in a different mindset.

The employee experience is also helping to shore up how we're going to become great.

Creating a great back-of-house employee experience is important. We want our employees to know that we care about them. When they're interacting with guests, that translates to the guest experience in a positive way.

We have worked hard on recruiting A-level talent and have raised the bar relative to our pay rates. We want to make sure we get the best employees for the various jobs we have available.

We spend a lot of time not just recruiting, but training them as well. We have developed an important on-boarding and training process for our part-time staff and full-time staff. It's about starting the culture early on in the process. Successful teams have great cultures.

That is no different than the business side of things as we have to create great teams to create success.

### **Will you discuss your success in attracting top concerts and other types of A-level programming to the venue?**

*Stefansson:* Atlanta's geographical location in the Southeast is a primary driver for tours as they travel across the country.

The experience entertainers have when they're in the building is critical, so building a great back-of-house experience is just as important as the front-of-house experience.

We made significant investments to enhancing the building as part of the transformation, and we have improved things like the sound quality dramatically.

We have done a lot of things that, to the normal eye, fans won't recognize but that are important elements to touring acts and shows to make their lives much easier when they're in the building.

We are constantly trying to drive a variety of talent and a variety of programming through the arena from Country to Latin to Hip-Hop to Rock. The city is so diverse, and there are so many great opportunities to reach a diverse audience here.

*Sheely:* Atlanta, over the past 10 years, is probably number three overall in the rankings for attendees at concerts. It's a great concert town.

We're always thinking about ways to make the experience better for concerts, not only for artists, but for the fans. We think we have been able to do that and it's a real competitive advantage for us in this marketplace.

### **How did you approach the food and beverage offerings at the arena?**

*Sheely:* We take food and beverage seriously. Food is really important.

Before we started the renovation, we did a survey and talked to our fans and there were a few things that had the biggest gap between expectation and reality: one of them was WiFi and network connectivity. These buildings are so important for fans to be able to come in and then connect and propagate their digital lives, be it via Instagram, Facebook, or Twitter.

The second issue was food and beverage, and comments didn't just address the quality, the variety, or expectation. Our offerings were compromised for a lot of reasons. Our second biggest line item in the renovation after technology was the kitchen equipment.

The further that food has to travel in an arena, the worse that it tastes, so we wanted to make sure that our kitchens were adjacent to all the areas where we were serving food and that we were doing live prep for the cooking in lots of areas to make it more interactive.

This is an important part of the social experience that we're trying to create. We look at food halls and the rise of celebrity chefs and all of the current trends and recognize that food is such a critical component to our lives today, and that should not stop when someone goes to an arena.

Rather than go to a hotel or an institutional setting to bring in a chef, we mined what is a great food scene in Atlanta and pulled Joe Schafer, Executive Chef of Bacchanalia, which is probably one of the longest-running and highest-rated restaurants in Atlanta.

Chef Joe brings a completely different perspective and, through his leadership, we have been able to connect to a bunch of great local food talents. These aren't just the folks that everyone knows and it's not based on the sponsored dollars that we can get; it's also the up-and-coming food vendors and the chefs that have now become some of the favorites throughout our building.

For instance, barbecue and the south go together, and Atlanta represents all different kinds of barbecue. One of the most decorated barbecue chefs (Bryan Furman of B's Cracklin' Barbecue) in the south relocated to Atlanta where he was setting up shop, and we connected to him through some contacts, and now, we have his barbecue in the arena. More people probably know him from the arena than from his restaurant because his restaurant is small and just got going.

To partner with someone and pick a winner before he was highly decorated is great.

*Stefansson:* We reached out to Old Lady Gang, who was started by Kandi Burruss, a former singer, who has a great local shop here with great southern comfort food that comes from a series of different recipes that her mom and her two aunts have developed over the years. They have been great partners and have blown our socks off with what they have been able to deliver. We have great quality and great variety inside the arena.

Going out on a Friday or Saturday means drinks and food and the experience and, for us, that is a concert or a basketball game. We wanted to make sure that we focused on maximizing everything we could to enhance that experience.

Speed of service was a big focus for us – getting people through the lines quickly. We took soda off the concession stand line to help with speed of service and offer free refills for fans.

We worked to get the distribution right on alcohol and food – we sell 50/50 at a Hawks game and we're about 75/25 in favor of alcohol at concerts. We wanted to make sure that the stands in the arena could convert to bars so we could meet that need and demand.

We have also done a lot on the analytics side to analyze what people want when they come into the venue. We want to ensure we offer a variety of local and other great quality food items that Chef Joe has developed, as well as fan-friendly items for

folks who may just want a hot dog, a beer, and some popcorn and don't want to spend a lot of money on that. We have 12 items under \$5.

We have created an opportunity for fans at all levels to come in and have a great night on the food side.

### **How important has it been to ensure State Farm Arena has an impact on the community in Atlanta?**

*Sheely:* It's really important to us. Many team owners recognize that they aren't just owners, but are stewards of a community asset.

There have been a number of big projects we have done around the city. In 2015, we committed to building 25 basketball courts throughout the city by 2020. We just unveiled our 23rd court in partnership with State Farm and UPS. We're adding programs for everything from after-school activities to youth camps to partnering with Vision To Learn who provides free eye exams and free eyeglasses to students in low-income communities.

Changing kids' lives through that direct connection is really valuable, and we use the basketball courts as a way to do that.

In terms of just job creation, we have employees that come from all over Atlanta to fill our great part-time jobs. There are more than 1,000 part-time employees who are part of the State Farm Arena family and, with our focus on creating a great employee experience, they are an important part of delivering a great fan experience to all of our guests.

### **Have you had moments to appreciate and celebrate what the arena has become or are you always looking ahead?**

*Stefansson:* We're always looking at what is next, but it's important that we take a break through this process and celebrate some wins.

We did that when we finished construction, as well as throughout various phases of construction. Recognizing folks for their efforts is an important part of building a good culture.

As far as the overall vision, I've been blown away from the experience. We had an incredible design team on this project that has exceeded my expectations.

We have a product that not just the NBA but facilities around the world are going to want to see so they can understand what we have done here, not just from a physical perspective, but also with the operational components.

Looking at the recent surveys we get from our season ticket holders, our scores are blowing scores from last year out of the water.

*Sheely:* Brett really led the design and construction team and process, and without exception, everyone who has been involved in that has come away feeling this might be the proudest project they have ever been a part of.

We held a closing dinner for the design and construction team, which normally doesn't happen. They were all blown away and felt that they were appreciated for having been able to create something special here because they were given the challenge, the opportunity, and leadership by Brett.

That speaks volumes. ●