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Graziadio School of Business and Management

Dean's Executive Leadership Series - 2006-2007

Transcript of Interview with Kawanna Brown, Managing Partner and Chief Operating Officer of Magic Johnson Enterprises

About DELS: The Dean's Executive Leadership Series at the [Graziadio School of Business and Management](#) features in-depth audio or video interviews with today's top business practitioners and thought leaders. [Listen](#) or [subscribe](#) to the podcast to hear their views and insight on the current challenges and opportunities facing the business community.

Start

Announcer: The Graziadio School of Business and management at Pepperdine University proudly presents the Dean's Executive Leadership Series. This podcast invites top business practitioners and thought leaders to share their view on the real world of business.

Rick Gibson: Hello and welcome. My name is Rick Gibson and I'm the Associate Vice President for Public Affairs here at Pepperdine University. And I'm joined today by Dr. Linda Livingstone who's the Dean of the Graziadio School of Business and Management. Welcome Linda.

Linda Livingstone: Thank you Rick, it's a pleasure to be here today.

Rick Gibson: Well, we have come to the final guest in our Dean's Executive Leadership series, how has the series gone so far this year?

Linda Livingstone: We have had a fabulous series for the year. We've had people all the way from the editor-at-large of Fortune Magazine, Patty Sellers, to our most recent speaker, Bill George, who's the former CEO of Medtronics who spoke on authentic leadership. So it's been quite diverse and very interesting.

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Rick Gibson: Well, that's terrific. And today you are speaking with Kawanna Brown. Tell us a little bit about your guest.

Linda Livingstone: Kawanna is the Managing Partner and Chief Operating Officer of Magic Johnson Enterprises, which oversees not only Magic Johnson's Foundation but also Johnson Development Corporation, and they focus very explicitly on building businesses in underserved areas. So it will be quite fascinating as she talks about the amazing work that they're doing.

Rick Gibson: And probably like the others there will be a full house. Well, I'm glad that our listeners have an opportunity to hear the interview that you have now. So let me invite them just to sit back and listen to this interview with Kawanna Brown who's the Managing Partner and Chief Operating Officer of Magic Johnson Enterprises.

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Linda Livingstone: Well it's my pleasure today to welcome to our podcast, Kawanna Brown, and this is quite a treat to have Kawanna with us. She is the Managing Partner and Chief Operating Officer of Magic Johnson Enterprises. And that means that she's responsible for the overall leadership of the organization and handles all aspects of business development, negotiations, licensing and so on for the entire organization. So Kawanna, it is a pleasure to have you with us today.

Kawanna Brown: I'm happy to be here today.

Linda Livingstone: You might start off by telling us kind of how you got started with Magic Johnson Enterprises and got into the position of being their Chief Operating Officer.

Kawanna Brown: Sure, sure. I've been with the company now for 11 years and I started in an entry-level position. A mentor of mine-- I truly, firmly believe in mentors. A mentor of mine while in college actually went over to work for Mr. Johnson at the very first onset of the Magic Johnson Theaters. At that time I believe I was-- I maybe had graduated less than year. And I had requested that if there was any position available I wanted to come and work for him primarily because of what I saw him doing in the community. I grew up in South Central Los Angeles maybe 10 minutes away from where the theater is open today and for me that meant empowerment—that meant change. And my major in college was sociology so I really wanted to give back, my primary focus. And I saw what he was doing to effect change in the

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community so that's how I started with the company. And from there the history, you know, has written itself.

Linda Livingstone: It's an amazing climb with the company, I mean the success in all. One of the things you talked about, it's really interesting because our mission at the business school is to develop value-centered leaders and we talk a lot about wanting our students to not only add value, create value for the businesses they're a part of, but also to create value for society. And one of the things I love about Magic Johnson Enterprises is that you have so wonderfully melded those two pieces together: adding business value while adding value to society. Talk a little bit about how you do that and why that's such an important part of what you do.

Kawanna Brown: Well, adding value is such a tremendous part about what we do. The first thing I would definitely say is we have connected with the communities that we serve. And connecting with the communities creates value not only from the business side but also from the philanthropic side. We give back to the same communities that we do business in. We provide jobs from one standpoint and we also provide scholarships, internships through our Foundation. That adds value and it creates value to our overall mission of empowering those same communities.

Linda Livingstone: It's a wonderful combination and adds great value in the community. Well, one of the other things about the organization you're a part is just the brand.

Kawanna Brown: Right.

Linda Livingstone: And Magic Johnson was a wonderful brand as a basketball player and he's also a wonderful brand as a businessperson. Talk about the importance of building that brand and how you do that, certainly with a person like that in that role but even kind of beyond that.

Kawanna Brown: Right. A brand is so important to build in any type of business. And being with the company for as long as I have been I was able to see a lot. Running the Foundation I truly saw the element of building a brand. I ran the Foundation for five years while I was there. But being there I also saw that we had other entities: our Johnson Development Corporation as well as the enterprises, which is the hub. But internally we were not connected as a brand but externally the consumer saw Magic Johnson as a brand. So from that point I really had to alert Mr. Johnson and say hey, we internally have to identify ourselves as one brand, one voice, having one mission in order to continue to embody what the

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consumer in the community saw us as. So the importance of building a brand came from that point I would say. We now have one mission, we now have one vision although we have clear focuses depending upon the entity. But there is one voice to the Magic brand: that is we are the communities we serve and empowering that urban market.

Linda Livingstone: So when you have a person like Magic Johnson that that brand is built around, how do you use him in a way to sort of leverage that brand and to build that brand, particularly in the urban communities that you're serving?

Kawanna Brown: That's a great question. To use him, because he is an individual, and he's also a brand as well, the great thing is he stands for so much outside of the individual. He stands for community, he stands for empowerment, he stands for trust and loyalty. So to take him away from- take the physical person away from having to be present at everything that we do is a great thing because the brand- the impact of the brand is still there. When you go into any one of our businesses they recognize that Magic Johnson is a part of it. If it's a Starbucks or a technology center, whatever it may be, the consumer or the customer knows that this is Magic's and he doesn't necessarily have to be there. Now, in a sense that we use the actual physical presence of Magic is just an added plus, an added value because he brings so much character, he brings so much passion into what he does. So it just creates an added value and an added plus for what the brand stands for.

Linda Livingstone: Well, we had the good fortune of having Mr. Johnson speak to one of our executive MBA classes a few weeks ago and I was there for part of it, I didn't get to here all of it. But I can affirm that he is just such a genuine charismatic personality and was just so connected with our students and so willing to answer their questions and everything. So I can see how you certainly want to use him as much as you can but certainly as your enterprises grow there's no way to use him everywhere that you'd like to.

Kawanna Brown: Correct. And that's one thing I would say. You know, obviously we are building a legacy and that legacy needs to stand-alone, it needs to stand on its own far after he's gone, we're all gone. So that's where the company is headed. The company is headed in the direction where Magic Johnson, the physical person, doesn't necessarily have to be there.

Linda Livingstone: And that's an important strategic direction for a company to go particularly when they're so embedded in a person. You know, one of the other things about your organization is that you have made a concerted effort to invest in urban markets, that's what you do, and really did that very early on when there was really an aversion to doing that and people thinking that you couldn't run a profitable

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company investing in urban markets. So, what was the impetus for doing that and what have you done uniquely at Magic Johnson Enterprise that has made that so successful?

Kawanna Brown: Yeah. It all has stemmed from the vision of Mr. Earvin Johnson. He- from 25 years ago when he first had his first business, which was a radio station in the community, he wanted to just invest in that. But it was focused on I wouldn't say development but, of course, the radio station was primarily focused on the urban listener. Outside of that came our theaters and that was the first big business investment that he did. But it didn't matter what the business opportunity was, the focus remained the same and that was investing in that community. It was very hard at first and you may have even heard him say this but in his speeches he always talks about the 20 doors that were closed before that one opened up. So he had to go in and he had to put on a show and sign autographs, he got the meeting with the CEO, the president or whomever it was to potentially a partner of his but the door was always closed. But he didn't give up because he had the passion, he had the dream of becoming this entrepreneur that primarily invested in communities that he came from. So from that it just continued to- he just continued to thrive. And once that one door opened he was able to prove that you can make- you can do great business in the community. So now we have a proven track record with Starbucks, we have a proven track record with our theaters, and now corporate America is calling us which is a very great thing. A great feeling especially for him, of course, having this vision and, of course, for me in having to execute that plan.

Linda Livingstone: Well, he's an amazing example of someone who's transitioned from a very successful sports career into a business career, and really translated those skills very effectively and nurtured that in a way that's really adding great value. You've had great successes but I expect there have been some very difficult times along the way and setbacks. Are there any specific examples of difficult experiences that you've gone through at the organization that you've learned a lot from that you might be able to share kind of maybe the learnings from that?

Kawanna Brown: Yes, I would definitely say that the setbacks have come from the beginning, from trying to convince partners to partner with our company, to try and convince corporations to invest in the urban market because there wasn't a proven track record once- when we first started. The misconception of crime being at the forefront and crippling the minds of-- you know, this is a huge spending power that's right here in these urban markets. That was the most difficult part of doing business in urban America or in the minority communities that we serve and convincing the partners to invest with us. That- I would say that was the most difficult. And, of course, it could be discouraging but we had to continue to persevere.

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Linda Livingstone: So you've been with the company for about 11 years now. You talked about the challenges. If you had to look back on the things you've been involved with in those 11 years, what's the one thing you're maybe most proud of or that you feel the best about that you were a part of that's happened while you've been there?

Kawanna Brown: I would have to say that that would be the establishment of the Taylor Michael Scholarship Program. And I would say that because obviously I mentioned Taylor as a mentor of mine but she actually passed away only a year and a half after I started with the company. And at that time we also expanded the mission of our foundation to education, to scholarships, and primarily educating those in the communities that we were serving. And so that- being able to name a scholarship in her honor, the passion that she had for being a part of Earvin- Mr. Johnson's company, a part of the passion that she also had for youth and to be able to now- you know, 11 years later we've been able to send hundreds, thousands actually, of students to college and some actually here to Pepperdine. So that I would definitely say has been the greatest thing that has happened since I've been here.

Linda Livingstone: It's wonderful to be a part of something like that that leaves such a great legacy because those young people will remember that education forever and hopefully will give back at another point in a similar way that will benefit others as they move forward. Well, you talked a little bit about the challenges early on in sort of getting corporate America to respond. And my understanding, particularly from what Mr. Johnson said when he talked to our students, is there's an awful lot of interest now in investing in what you all are doing. How do you work with some of the larger companies that you partner with and how do you structure the deals to make it work in an urban setting?

Kawanna Brown: One thing that we make sure that we do is we partner with companies that truly want to do business in urban communities and that aren't just talking the talk, but actually walking the walk. It's important for that to be, you know, the first thing that we identify. The second, in structuring our deals, every one of our deals is structured very differently. But for the most part, our added value is understanding that market and understanding who the customer is. So with that piece of the business being our responsibility, us tweaking the existing business that already- you know, that's already operating to focus on those customers, pretty much all of our deal structures are aligned in that sense. So by way of example, Starbucks. If you walk into a Magic Johnson Starbucks the music is a little different, the colors are a little different, the pastries are different and they really resonate with that customer. We make sure that we engage the community leaders, the politicians, the clergy. We have a strong relationship in most of the cities- actually all of the cities that our businesses are in but we go into those communities ahead of time to ensure that the community knows that Magic Johnson has partnered with this corporation and we're bringing these opportunities to these communities.

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Linda Livingstone: How do you determine which urban communities to target for your investments in your businesses?

Kawanna Brown: Each- that criteria varies per partnership and per establishment. But they have all- I would say they have all- the common thing has been the population, the minority population of each one of our businesses. So Starbucks looks at a certain density, the theaters as well, our Burger Kings. They have to be primarily in those urban markets but each one has a specific criteria that we look for.

Linda Livingstone: Well, as you look at the wonderful growth and success that you've had in the past and as you look to the future, what do you anticipate kind of from a strategic perspective the direction that you'll go in the future? And kind of what do you anticipate in terms of growth?

Kawanna Brown: In terms of growth, we actually just left a company retreat which was fantastic and that was primarily part of our discussions was where are we heading? You know, what is our growth plan? And of course we want to continue to grow, to- in the United States, of course, to identify more urban markets that we haven't touched yet. Of course, we're in all the major urban markets: Los Angeles of course, New York and Chicago and Washington DC, and Atlanta. But there are more cities in the southern region that we really want to focus on, the northwest as well and internationally. We have created some strong partnerships that have international presence and Magic Johnson is known worldwide so we want to be able to expand what we're doing here into international areas as well.

Linda Livingstone: Well, it will be interesting to see how it works as you move into the international setting and determine how those urban markets work internationally versus domestically. You were at the Foundation and now you're at the company, what is that relationship between the Foundation and the company? How closely do they work together and do they share resources? Obviously you said there's an overarching mission that covers both of those.

Kawanna Brown: Right. The Foundation actually follows the businesses. And what I mean by that is the Foundation and I have provided scholarships in the communities that the businesses are already in or if we have identified a city that we are going into, the Foundation will go ahead and provide grants or scholarships in those same communities. So we're very much in line. And I would also add that each partnership that we have, or each new partnership that we form, also supports our Foundation in a number of ways from sponsorships to co-branding scholarships and funding in a number of different ways and also aligning the same missions because a lot of our corporations have their own mission for the

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community that they are serving. So we align ourselves together to ensure that our Foundation and our partner's foundation are doing good for the community.

Linda Livingstone: We talked a little bit earlier about sort of this blending of adding business value and value for society. The audience that's listening to this podcast is some of our alumni, people from the business community, what have you learned in your experience at Magic Johnson Enterprises? You know, maybe two or three sort of bits of wisdom or advice just for people who are out there that are really trying to think about how to blend those two parts of what they do: both the business value and the value that's sort of more broadly more impacting society.

Kawanna Brown: I would say to- what I've learned is to stay focused on the mission of the company and not to deviate from that too much to where you get outside of the focus. That has truly been a key learning for our company, especially being one that is focused on the urban community. There is a lot of need but we can't do it all. But we definitely will focus on what we can do and do that very, very well.

Linda Livingstone: And I think that's a wonderful insight and it really does talk about being really clear on what your strategic direction and strategic purpose is as an organization and really sticking to that and doing that extremely well. You've all shown that you can do that effectively and add a lot of value along the way. So it has been such a pleasure visiting with you Kawanna. We appreciate so much you taking the time to be here and wish you all the best as you continue the wonderful work that you're doing at Magic Johnson Enterprises.

Kawanna Brown: Well, great. Well, thank you so much, I'm glad to be here.

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Rick Gibson: Well, Linda, that was a fascinating interview with Kawanna. Any last thoughts about your time with her?

Linda Livingstone: Well, it was just really a fascinating evening and a fascinating interview as she talked to us about the amazing work that Magic Johnson Enterprises is doing in underserved communities all across America. So I encourage people to take full advantage of listening to what she had to say, to enjoy this more than once.

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Rick Gibson: Yes. Well, this is the final in what has been a terrific and tremendous season of guests. Any final thoughts about the series?

Linda Livingstone: Well, we've had a wonderful year this year and we encourage people to look forward to our speaker series next year, which will begin in September or October. And also encourage everyone to go to our website at bschool.pepperdine.edu to keep up with the latest activities and events going on in the business school. And that's also where we'll have announcements about our speakers for next year.

Rick Gibson: Well very good. Until next time thanks for listening.

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