

# PEPPERDINE UNIVERSITY

## Graziadio School of Business and Management

### Dean's Executive Leadership Series - 2006-2007

### Transcript of Presentation by 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.

**Dean Linda Livingstone:** Kawanna is a managing partner and she's Operating Officer of Magic Johnson Enterprises. She is responsible for the overall leadership of the organization, handling all aspects of the business development, negotiations, licensing, securing endorsements and asset acquisition. She's played a critical part in partnering Magic Johnson Enterprises with top businesses such as Lincoln Mercury, Burger King, Cadbury Schweppes and many others. She also reviews and facilitates all deals on behalf of Magic Johnson companies which includes the Magic Johnson Foundation, Incorporated, and Johnson Development Corporation. She's facilitated new opportunities and collaborative, built the brand into over 21 states and 86 cities nationwide and has really been credited with making Magic Johnson Enterprises the number one urban brand in America and really a pioneer in business development in urban communities around the country. Prior to becoming the Chief Operating Officer, Mrs. Brown served as president of the Magic Johnson Foundation, which is recognized today as one of the leading philanthropic organizations in the nation and she still serves as president of the board for Magic Johnson's foundation. So it is with a great pleasure that I introduce to you Kawanna Brown.

**Kawanna Brown:** Thank you. Thank you so much for that fantastic introduction. Good evening to everybody here tonight. I'm so honored to be here and I definitely want to send a thank-you to Dean Livingstone. From the time that I got here you welcomed me with open arms and just our visit and our trip

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over to the podcast was fantastic so thank you for that. Again I wanted to thank Miss Amber Johns who of course is one of our team members and is the primary reason why I'm here tonight. Thank you to the staff that's here, Stephanie, Shane and Claudia, my assistant. Shane actually runs our foundation's programs and Stephanie handles all of our marketing and our PR and was instrumental in preparing me for tonight so thank you for being here.

I wanted to share a few stories with everyone. Of course, you know who Magic Johnson is and what he embodies and his career on the court, but I want to share some stories about Mr. Johnson, about the businessman that he is today and who he has become. Additionally, I want to share my story and how I was led to Magic Johnson companies and what I do on a day-to-day basis, and where our company is going and the impact that we've made in the urban community and urban America in general. By way of introduction, of course I am Chief Operating Officer of Magic Johnson Enterprises and my primary job is to forge that vision and the vision of Mr. Earvin Magic Johnson. He runs the company, and a lot of people have always come up to me and asked, "Does Magic Johnson-- Is it just his name on the door? Is he in the office every day? What type of advice does he give?" And he runs the company from day-to-day operations to every bit of the company from our foundation he's involved in to our enterprises he's involved in to the development company.

The overall Magic Johnson overarching umbrella is the enterprises and our enterprises is the hub of our brand, and that meaning he primarily involve-- the Magic Johnson Enterprises is primarily the brand loyalty. It stems from all of our endorsements. Our enterprises is- also embodies the foundation and the Johnson Development Corporation. Our Johnson Development Corp. is the entity that is working order of business so our Starbucks relationship-- If you haven't heard, we have a joint venture partnership with Starbucks as well as brick and mortar real estate investments that we have a partnership with, Canyon-Johnson Realty. We have over 13 of these real estate investments all across the U.S. and that is our Johnson Development Corporation, and our foundation primarily focuses on youth, inner city youth all across the U.S., and it is focused on education, technology, and HIV/AIDS. Mr. Johnson of course is the visionary as I mentioned. He is a smart entrepreneur. He is very detailed. He is extremely organized and it is through his vision that he embodies what we have become and we have become a legacy builder.

We have become trusted in the urban market and he is definitely a control freak I would say and he would say that as well, but I mentioned how he's involved in every element of our company to interviewing the receptionists to signing every check that comes across our doors. He is involved in every element of our company. The way that I came to the company 11 years ago-- And a lot of people look at me and say, "Eleven years? You've been with Magic Johnson Enterprises for 11 years?" I've been there for 11 years, and it was a mentor of mine that actually brought me to the company. Eleven years ago we had- the

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Magic Johnson Theater was- there was a rumble of the establishment of the theaters and I wanted to be a part of the community. I wanted to be a part of change. I wanted to be a part of empowerment and I saw what Magic Johnson was doing in the Los Angeles community and primarily the south central community of L.A. I was born and raised there and I really wanted to be a part of whatever was going on there to empower that community.

A mentor of mine, her name was Taylor Michaels, she went to work for Magic Johnson and actually invited me to come on board to work for him. All that-- the only position available was an entry-level receptionist position so I had to leap out on faith and take this position, but in taking that position the only way that I could move was up and at that time there were only four people in the entire company. It was myself, Mr. Johnson included, Taylor Michaels and at that point his name was Ken Lombard. He was the president of the Johnson Development Corporation. So I worked hard and I would say my very first day was the only day that I actually took a lunch break. The second day of course I had to stay late. There were no more lunch breaks because we were at a time we were really trying to prove that doing business in urban America was smart and it could be profitable. So although I had an entry-level position, I was able to handle every aspect of the company, and as you know in small business you wear lots of hats and at that time I had to wear lots of hats.

So only three weeks after joining the company I was doing PR, I was doing marketing, I was trying to establish strategy and open up a theater in Atlanta, but I still held this position. Shortly thereafter I was promoted to assistant for Mr. Johnson. Then I was promoted to the Vice President of Programs for the Magic Johnson Foundation, and there I truly came into my own. I had a passion for youth, I had a passion for the communities that we serve as I mentioned, and at that point our foundation was expanding from a single-disease foundation to focus on education and we established a scholarship program in the name of Taylor Michaels. As I mentioned, she was my mentor and she actually had passed away only a year after I had started with the company, but I would say that the- one of the greatest moments in my life and one of the greatest elements of me being a part of this company was to be able to establish that legacy in her name and under the umbrella of Magic Johnson. Now too actually Amber actually went through that program and she actually knew Taylor very personally so we're very proud to be able to say that we have scholars that are succeeding, scholars that have only- that not only have Magic Johnson's name but also has Taylor Michaels' name and that are doing very well in community- in the community. The other thing that I would say is that my story doesn't-- my story isn't the only story in our entire company. One of the things that Mr. Johnson prides himself on is identifying elements of individuals and pushing them towards goals that are unimaginable. So if there's anybody in this room that mirrors my story, continue to dream and dream big because those dreams do come true. Me, not only being from the inner city of Los Angeles, I am also one that was the first graduate in my entire family of college.

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So with that I'm able to instill all of those same goals and those same dreams into the students that we primarily target for our scholarship program. If you followed the story, I led you to me being Vice President of the programs at the foundation. I was then promoted to president of the foundation and there is where I also led the entire vision and the impact of where our foundation is today. We were able to also establish technology centers all over the U.S. and we primarily focused on following our businesses. Because Magic Johnson stands for community, he stands for trust, he stands for loyalty, our foundation stood for the same thing, but it was there at the foundation that I realized that although we had a lot, we had a lot going on, we had our Johnson Development Corporation, we had our foundation and we also had the enterprises, what we didn't have was a brand. We didn't have a brand internally. Externally our consumers recognized Magic Johnson as being a part of the community, but internally being a part of the foundation we were very separate.

We did not have cohesive meetings internally so I went to Mr. Johnson, and if anyone has heard him speak he always tells the story of me being this five foot three woman coming in there and sitting him down and he being six-nine and me telling him, "Listen. You have a lot going on but you really have nothing," and it opened up his eyes and it opened up his mind. "What do you mean I have nothing? I'm Magic Johnson. I have a lot and I've built a lot over 20 years." But being in the streets every day and hearing the customers not differentiating any element of Magic Johnson from the for-profit to a nonprofit side internally we did not have one mission; we didn't have one vision; we didn't have one voice. Externally the public thought we did we really didn't so from that I continued to tell him, "We need to truly build a brand and building a brand we have to become one, and the stronger-- the more we become one the stronger we become externally." Little did I know that he was going to turn to me in a year's time and tell me that my new job was to be the Chief Operating Officer of Magic Johnson Enterprises and what I needed to do was to prepare a strategic plan and implement that plan to create a brand and a legacy that lasts forever. And one thing I didn't mention was in all of this time span I got married and I also had a child. I don't know how I was able to do all of that but I did.

But as I think about the benefits of a brand and what I have been able to do in my leadership at the company I had to first identify what a brand was, and of course everyone knows what a brand is. It's a name, it's a sign, it's a symbol, it's a logo, but a brand is so much more than that. We had to identify ourselves of course by establishing a logo, but at the same time we had to establish a mission and that mission is to answer the demands of underserved communities by producing and making available high-quality products and services to those urban communities that we serve every day. We also had to identify a model and that model is we are the communities we serve, so if you walk into our offices, if you walk into any one of our conference rooms, that's what you see. You see that we are the communities we serve. The other common voice, common theme, that we have is it doesn't matter what company you work for internally within the Magic Johnson system. You still understand that we are the communities we

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serve, so the foundation's mission is the community, the enterprise's mission is the community, our development company is the community, and we do great business in the community and we give back at the same time. We provide jobs. We also put people to work of course but we also provide scholarships to those same families. We provide grants to those same community so we are constantly building loyalty amongst those communities. No matter what city, it's all the same and it's all the same feel so with my constant I guess beating Mr. Johnson in the head by telling him, "We have to integrate what we do from every level," he then empowered me and made me strategize and come up with the plan to build a legacy and to cohesively build the brand of what we know today as the Magic Johnson brand. Of course, it takes strong leadership and it takes teamwork to maintain a quality brand, and of course Mr. Johnson is that strong leader. He over-delivers on everything that he does.

I think it wasn't that long ago that he was here to speak at Pepperdine and actually he only spoke to a small class of about 20 and he was only asked to be here for 30 minutes, but I believe we had to end up dragging him out of that classroom because he is one that over-delivers every time he comes into any situation whether it's speaking or whether it's partnering. And I would definitely add that the impact of the brand is simply that. Because he over-delivers our consumers embrace our brand, they consume our brand, they champion our brand, they know that our brand is one that truly speaks to the community, and they believe in our brand. So for us it gives me great pride to work for a man and for a brand that believes in what he does every single day. The difficult part I would say is because the brand that I work for is also an individual it is a little difficult in separating that, and when we think about building a legacy how do we separate the man from the brand? As we forge new businesses and we forge new partnerships, that-- one thing that he cannot do is he can't be everywhere although he thinks he can; he definitely thinks he can. He speaks over a hundred times a year and-- but now he's beginning to slow down a bit so as we form new partnerships and new ventures our focus is to ensure that those partners know that Magic Johnson is not going to be at every opening, he's not going to be there to speak at everything, but what he has built lasts forever and that is that loyalty, that trust that our partners truly see as added value.

The impact that we have created in urban America has been tremendous. Of course, Magic Johnson Enterprises has been at the forefront of urban investment and urban redevelopment since the early nineties. We have laid the groundwork to establish a credible track record in urban America and we did this all during a time when few did not even believe in investing in those urban markets. We were the first to go into Harlem. We were one of the first to really create change in the Los Angeles Crenshaw community. We overcame those misperceptions about these communities could not be profitable. We partnered with great companies like Starbucks to tweak the business and to focus on elements that spoke directly to the community so if you've been in to any of our businesses you would hear different music, music that resonates with the community, you would taste different pastries that resonate with those communities, you see different colors, brighter colors, and you would see a community wall because the

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urban market is really focused on speaking directly to that community. You can't go in to a urban market and speak 30,000 feet in the air. You have to speak directly to the community. We recognize that investors should be aware that the collective spending power in the urban communities is up six times more than that of the suburban areas, and investors should also know that the minority population is growing so rapidly, is growing at seven times the rate of the general population. So if we look at where America is going and where corporations are going, it's going towards investing in the urban market and growing that market share in urban market.

So I would say that Mr. Johnson was definitely ahead of the curve and now we have corporations calling us wanting to partner, but it wasn't always like that. We had a difficult time of overcoming those obstacles, and one of the stories that Mr. Johnson always says is although he's very successful today in the urban market at the time 12, 15 years ago when he was trying to open up those doors they would open, he was able to get the meetings, but in the meetings they would ask for the autograph and of course at the end of the meeting he would say, "Okay. Will you invest with me? Will you partner with me?" And these corporations would say, "No, I'm not going to give you my money. I don't believe in what you're saying. I will definitely give you-- I will definitely take your autograph." So it was 20 times of those doors being opened and those doors closing but he had the dream. He had the dream of investing in those communities and he had a dream of empowering them, so by that 21<sup>st</sup> door that was open he walked straight through it and was able to provide that proven legacy, that track record.

And so today we have partnerships like Starbucks, we have partnerships that ended up being six Magic Johnson theaters, and first it started with Sony and now it's AMC today. We have strong real estate developments. Mixed use properties all over the U.S. We have 24-Hour Fitness' and Burger Kings, but these are all corporations that believed in Magic and believed in investing in that urban community. One of the examples that I give, and I really like to talk about this, is Starbucks. That is a great brand and to study that brand is-- it really is tremendous. Howard Schultz started with nothing but built an incredible brand and a worldwide known brand, and it's a brand that we strive to be, and Mr. Johnson always talk about how Howard Schultz is a mentor of his but that was one of our first major partnerships as well. And Howard believed in Mr. Johnson and believed in the legacy and believed in investing on a community that we formed a partnership that no other company has done. If you look at Starbucks, you can't get a franchise. We are the only partner of Starbucks so if you look at our businesses we form very unique partnerships that are only focused on the companies per se. So Starbucks we are the only partner, Burger King we are a partner in that, 24-Hour Fitness we are a partner, and what we try and do is own at least 51% of that entity because it is strong to be a minority owner of these corporations and it is strong to play a role in your businesses. So for us we play our role, we provide that added value in tweaking the business to focus on the communities we serve, but we allow our partners to handle the operations and to not overstep our bounds and tell them how to do their business.

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The other element that is very key to us is the future of our company. We're proud to announce that today we employ over 20,000 employees. We also have served over 30 million customers, and for me starting 11 years ago with five employees and not-- and one Magic Johnson theater it's tremendous just to see the growth of our business and to see the growth of this visionary who had a vision, who had a plan, and to see it come to fruition. It's amazing, and to see just his trust in every single employee, his trust in the community, and his- he laid his foundation by saying that this is a community that you should invest in and I will continue to expand that. The future of the Magic Johnson Enterprises comes in so many ways. Where we see ourselves, and if Mr. Johnson was sitting here he would say the future is everything. He wants to touch everything, he wants to be everything to the urban market, but we can't be everything of course. We're just one entity so we invite those corporations, we invite others like us, to help with empowering the community.

We do plan to expand beyond the United States. We do plan to expand internationally. If Magic Johnson is in any country, he is known as Magic. He's known as Magic off the court and he's also known as Magic on the court. We want to continue to reinvent ourselves. The one thing that you can do is you can ask a five-year-old or a six-year-old who Magic Johnson is and they know who Magic Johnson is. They know him more so as the businessman, which is fantastic. The older community knows him as both, the businessman and the entrepreneur. So we plan to continue to expand in the areas that we are not currently in the United States as well as expand in those areas internationally and to continue to reinvent ourselves and to be able to stand before you saying that Magic Johnson has built a legacy that lasts beyond him and his physical presence but we have built a legacy that lasts forever. When all of us are gone there will still be our brick and mortar businesses in the communities that we serve. I wanted to leave everyone with a quote of course from Mr. Johnson himself, but the one thing that he has taught me and the one thing that he has taught everybody that works for him is to dream, is to dream big and to go after it, to work very hard to over-deliver, to command the respect and to be knowledgeable about what you are doing. One thing he has always said is, "You are the only one who can make a difference and whatever you dream or whatever your dream is go for it; challenge yourself and go for it." So thank you all for having me here, and I believe we're going to do all right.

**Dean Linda Livingstone:** As I think about Magic Johnson Enterprises and what you're trying to accomplish, it's a wonderful vision and in the business school our mission is to develop value-centered leaders. And we talk about doing that in a way that as our students develop as leaders they're really creating value both for business and for society, and there's a lot of different ways to do that but talk a little bit about sort of that vision for Magic Johnson Enterprises because I really see you all doing that so intimately in everything you do. And so talk a little bit more about that vision and that integration of not only being successful from a business perspective but also contributing more broadly to society.

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**Kawanna Brown:** Well, the great thing about just creating value is knowing the community that you are serving, and I believe that the value that we have created is one that started with Magic Johnson being on the court to what he's been able to do off the court. The very element of our company that focuses on business as well as not profit creates value. We are investing in the communities that we're serving. We're also creating value by empowering those communities, providing those jobs as I mentioned as well as providing scholarships and grants to those communities. That creates value and then of course Mr. Johnson being who he is as an extra value. He brings that added value to every element of the community that we serve.

**Dean Linda Livingstone:** Now you noted, and certainly this is the case particularly when Mr. Johnson first started this enterprise, that people just weren't investing in urban America and they didn't think you could make money investing in urban America and he clearly had a vision for that, but how do you decide what urban areas to go in to? Are there certain characteristics that you look for in an urban area that you think will allow you to be successful there?

**Kawanna Brown:** Every partnership is very different and there's different criteria for each one, but the overarching point of similarity that we look for is the density of each one of those urban markets so the major urban cities of course, Los Angeles and New York and Chicago, but we really try and focus on those areas that have a large minority population and then each criteria will be different based on the partnership. Of course, Starbucks looks for something a little bit differently and our theaters does as well, but it is primarily that urban population, that minority population.

**Dean Linda Livingstone:** Do you find that you have to function differently in- 'cause there are certainly different minority population even within urban centers so how do you manage that difference and do you see if you're- if you have a Starbucks in one part of town with a certain minority population versus another part of town how do you manage that and do you see different business models that work in those settings?

**Kawanna Brown:** We do see different business models that work. The primary minority populations that we serve are the African American population, the Hispanic population, and in a number of cases we have the Asian populations that are in the bay area, but it all depends on the business. We have Washington Mutuals that are focused in the bay area that are primarily Asian and the business model works there, and we make sure that we tweak our businesses to focus on that community that we're serving. We hire people that look like that community, that speak the language of that community. We

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change the music that resonates with that community and it all depends on that particular partnership and that particular business.

**Dean Linda Livingstone:** And so if you move into international settings, how do you see that playing out, sort of that learning that you've had here with different ethnic populations playing out as you go internationally? And I don't know how far down that path you are in your strategy to go international or not but--

**Kawanna Brown:** Yes. That plan is still being developed. We have established certain partnerships that will allow us to focus on different- in different areas. We just formed a great relationship with Sodexo and I understand Sodexo is actually- they provide—

**Dean Linda Livingstone:** They provide...

**Kawanna Brown:** Right, but Sodexo is one of our partners and we have formed that relationship and we are the majority owner in that food service entity, but we have already talked about establishing food service opportunities in other countries as well as we've talked about South Africa. So in a number of different ways of course we will focus on what that community needs and what the partnership actually is, and you hear me about partnerships 'cause we truly are a company that partners. We do not believe in reinventing the wheel but what we do believe in is providing equal access to communities- urban communities worldwide.

**Dean Linda Livingstone:** So as you look to the future what do you think the biggest business opportunities in urban markets are in the United States particularly since that's what you're most familiar with right now? You all have done food service, you've done entertainment kinds of things, but are there sort of niches in urban markets that businesses haven't tapped into that you think could be really successful in the future?

**Kawanna Brown:** I think there are so many. Even if we were to just look at just where the economy is going now or where corporations are headed or what's hot right now, which is new media, the media is one that is on fire. Using your cell phone to do any and everything with is truly one that resonates with a lot of communities, and one in particular, definitely the urban market, but even outside of that there's still areas that, if you look at development, the urban market still does not have. We still I would say, just

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driving down the street there's still businesses that still aren't there. You know, obviously pointing anything out, but there's still businesses that still are not in the communities that we see every day.

**Dean Linda Livingstone:** When we were visiting in the podcast, we talked a lot about the branding and you mentioned that a lot. And the piece of that that to me is really fascinating is this idea of the brand of course is built around Magic Johnson, as you talked about, who is a brand in of himself. I'd like to hear just a little bit more about maybe specific strategies that you all are implementing to be able to build that brand even beyond him, because as we know, he's there now but he will always be associated with the organization. And as you said, it's grown and so he can't be everywhere. But what are specific things that you were doing to really take full advantage of him but also build that brand independent of Mr. Johnson so it does kind of carry its own weight over time?

**Kawanna Brown:** Right. Well, some of the specific strategies that we have put in place have really started with our new partnerships. Obviously the old partnerships are already in existence, but they quickly realized that the more Starbucks we open, of course he can't be at every single one. And although he tries to visit every Starbucks, he can't be at every single one. But our new partnerships, we have established them to last five and 10 years and beyond, but in the elements that we've created are those same elements that embodied the image the Magic, that trust of Magic, that loyalty that everybody in the community really gravitates to. So if you walk into any of our businesses, we create that community feel. We create a lifestyle that is there without the actual presence of Magic, so it's new joint venture partnerships. The food service is much different because that is, of course, he doesn't necessarily have to be there, but the restaurants that we are creating or the marketplaces or the cafeterias that we are creating embody what Magic Johnson stands for. So the community element is there, the images of him are in there, so the customers know that this is Magic Johnson's and they can trust that the food will be, you know, perfect and the food will resonate with what they are used to. So those elements have already been established and we have just added to that.

**Dean Linda Livingstone:** In your talk, you talked a little bit about when you started working with the company and then you got married, you had a family along the way. So if we can transition a little bit and talk on a little bit more personal level, you shared with me earlier that you have a sort of bi-coastal marriage. Talk a little bit about your family and how you manage that, given the responsibilities that you have.

**Kawanna Brown:** Sure.

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**Dean Linda Livingstone:** I'm sure many people in the audience try to figure out how to make all that work, and it's very challenging.

**Kawanna Brown:** Yes. Well, to add on to the plate, I didn't mention that my husband also lives in New York and I live in L.A. but we've been able to make it work and I have a four year old who loves to travel. He loves to travel, so that makes it much, much easier. But it is a challenge balancing family, balancing being a wife, being a Mom and having to run an entity. And Earvin always talks about how he's my third child. My husband, my child, my son and Mr. Johnson, he says he's my third child, which is true in a lot of ways, but I'm able to balance them all. The good thing is one week out of a month, I work from New York, and my son is four right now so it's easier to take him out of school, but of course next year it may become even more challenging. But there's a lot of business that I do in New York that leads me there, that takes me there. My husband travels to Los Angeles, so we're able to see each other then. And of course my boss is extremely understanding, and of course he's a Dad and he's a husband, so recognizes that you still have to have family time in order to balance your everyday life. If times are miserable at home, it would be difficult to have a good time at work or to be able to successful at work or implement great strategy, because your mind is somewhere else.

**Dean Linda Livingstone:** So have you found as the Chief Operating Officer that because of the way you have to kind of manage your family, that it changes or has influenced the way you run the organization, and maybe some of the policies that you've put in place in the organization?

**Kawanna Brown:** Actually, no. One of the goals of mine, of course, is to have an office in New York. I would say that would be one of the great changes, but also having an office on the East Coast is an element that needs to exist in our company. A lot of our businesses are located on the East Coast, so that would have to be one that we would need to implement. But I wouldn't say that I've changed a policy based on my personal life. I would say that I am one that they always call me "superwoman" because I, of course, had the baby and came right back to work and worked a while; from the hospital, so that in itself wasn't normal. It's not normal at all but I did it, and that was just based on who I am, just being extremely driven. Sometimes I didn't shut it off, but I've been able to truly balance it in a great way.

**Dean Linda Livingstone:** Well, you are to be commended for doing that and I'm sure your husband contributes a lot.

**Kawanna Brown:** Right.

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**Dean Linda Livingstone:** I mean, keeping it all working as it can. But I'm going to kind of transition and open the floor to the audience and see who has questions out there that they would like to ask of Kawanna that would expand on things she's talked about, or touch on things that she hasn't. So Michael, we'll start with you and then we'll go right here.

**Michael:** You started with a fellow that arguably has the top Q Scores of all Q Scores in history.

**Kawanna Brown:** Correct, correct.

**Michael:** Now, here you are, a young woman starting with a company, and probably at that point, the Q Score was a big piece of the sale. But just like when we use examples of McDonalds and Starbucks and whatever, these are companies that started in coffee and hamburgers and ultimately became real estate places--

**Kawanna Brown:** Correct.

**Michael:** --but never had to lose sight of what the inherent drama was of what they were doing. When you now target a new partnership and now we've come fast forward here to a moment in time where it's not just Magic Johnson; it's a solid bricks and mortar business with a heavy growth profile, how much now do you build in Magic, the Q Score, and how much do you try to walk a little bit away from that as you realize that the Q Score is going to have to become less and less important as time goes by and it's going to have to be more about how you really build businesses? And obviously you have a real talent for doing that because you can't just rely on the Q Score.

**Kawanna Brown:** That's very true. That's a great question.

**Dean Linda Livingstone:** Does everybody in the audience know what a Q Score is?

**Everyone:** No.

**Dean Linda Livingstone:** No? Okay, won't you define that first and then answer the question.

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**Kawanna Brown:** Okay. The Q Score is the score that shows how popular a celebrity is for endorsements, for advertisements, how well known he is in different arenas. He has a different Q Score for business, he has a different Q Score for entertainment, he has a different Q Score for him being an athlete. His Q Score for being recognized as an athlete, of course, is almost at 100. His Q Score for being recognized as a businessman is very high. The great thing is there was a study that just came out two weeks where he was voted number one, his Q Score was very, very high. It was 99.5, I believe Stephanie, right? Amongst other athletes that resonated with corporate America. So there's a different Q Score for every business, but it's how well you are recognized and how well you are known in these different arenas and these different markets. We do go in, and we definitely have to utilize that as part of who Magic is, because he is definitely well known. Whether it's his presence or whether it is-- or he's, you know, not there, whether it's something that we've created. But over the course of time and over the course of the years, we have been able to build a business and we know how to do business in these urban markets. So from our first business being the theaters, we had to really understand that customer and really know how to do business well in that community. So we had to learn over the course of, I think it was about five years, before we established our next partnership, which was Starbucks. Now, with the Starbucks relationship, we also had to tweak the business, focus on the communities that we were serving and that also is relating to the bottom line. So we've created that track record that stands beyond the Q Score. The Q Score got us there, absolutely, but we had to prove that we knew business and that we knew how to focus on the communities that we were serving to affect the bottom line, and that's simply it.

**Woman 1:** Okay, I actually have two questions, and you so eloquently described the way the Magic Johnson Foundation is in its present day, but I wanted to know, what do you see for the future of the foundation? Let's say 10 years from now, where do you see the Magic Johnson Foundation going?

**Kawanna Brown:** We see the Foundation, actually, having an endowment and lasting forever. The Foundation currently is in a mode of continuing to raise funds to be able to effect change all across the U.S. and all across the markets that we currently serve, but the Foundation is in need of building an endowment so that it can last forever and stand on its own. A lot of our partnerships now provide funds to our Foundation. Actually, mostly all of our partnerships provide funds to our Foundation, so no matter what business it is, they carve out a certain element or certain percentage of dollars that goes to our Foundation. At the same time, the Foundation is establishing an endowment, and that is the future of where we're headed. So the Foundation could just live off of that interest and continue to do good overall and not have to primarily focus on the fundraising element, but can focus on the programs and expanding those scholarships that I talked about, expanding the technology centers into other countries who have obviously been reached out to on a number of occasions about providing service in other areas outside of the U.S., so I see that as part of the future growth of our Foundation as well.

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**Woman 1:** Okay, and my second question is does the Magic Johnson Foundation have a specific strategy in implementing the four Ps of marketing, price, placement, promotion and product, in a business venture?

**Kawanna Brown:** I would say the Foundation doesn't necessarily have a strategy in that sense currently, although we are working on that. The Foundation is still growing in a number of ways. We are still establishing our mission beyond just the single disease and the scholarships and technology. We still want to expand in the social needs, but from the HIV perspective, we have done a number of great partnerships, one being with Abbott Pharmaceuticals and that we have a strong marketing campaign, and that is the "I Stand With Magic" campaign. So in that sense, we have strategized, but in a number of ways we still have to grow our scholarship program and really put together a strategic marketing plan for that growth of every element of our Foundation.

**Woman 1:** Thank you so much.

**Daniel:** Hi, how are you doing?

**Kawanna Brown:** Good, how are you?

**Daniel:** My name's Daniel.

**Kawanna Brown:** Great to meet you.

**Daniel:** I'm extremely passionate about the education of those living in inner city communities that go to schools that aren't up to par, let's say. And one of the things that I didn't hear discussed too much was the Magic Johnson Community Empowerment Centers.

**Kawanna Brown:** Yes.

**Daniel:** And one of the things that I'd like to do is do great things for the community, you know. Regardless of race, regardless of the kind of money you're bringing in, just those kids that don't have the education that they really need. And also, providing the belief in those kids that they can achieve,

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because many of the kids that I mentor in the inner city, they don't believe in themselves, they don't believe in their ability, they don't see themselves with a suit on.

**Kawanna Brown:** That's correct.

**Daniel:** And I'm extremely passionate about that, and I'm just curious, how do you take all the retail commercial properties, all the money you're making, how is that invested into empowering the kids that you're concerned about?

**Kawanna Brown:** Well, to answer the first question about the Empowerment Centers, when I say "technology centers", we actually renamed them to the Magic Johnson Empowerment Centers and we have 23 of those centers all across the U.S. We have implemented a strategy that really focuses on the residents and the students that go through our Empowerment Centers to provide scholarships to them. And of course, if I've mentioned, each one of our partners provides funding to all of our Foundation programs, and one of those programs being the Empowerment Centers. It is our focus and it is our mission to instill every element of education to these scholars and to the individuals that go through our Empowerment Centers. And a lot of our Empowerment Centers are based on housing developments, so we have a technology partners and those students and kids are able to go and get on a computer, and those families are able to go and get on a computer, to study after school, which did not exist prior to us putting it there. The parents are able to actually get online, search for jobs. Their grandparents are able to search the net and we also provide educational materials for each one of our Empowerment Centers. So we're constantly coming up with new concepts and new ideas to ensure that we empower those communities, but it is through those Empowerment Centers that we're doing it. And when I say "technology centers", they're one and the same.

**Man 1:** Hi, Kawanna. I want to thank you for being here today.

**Kawanna Brown:** Thank you, okay.

**Man 1:** My question is in regards to corporate responsibility trends that you spoke about. I am a student currently and most of the time I spend is studying, attending classes and things to this nature, and the only real connection to the corporate world I have is attending annual shareholders meetings where I am able to connect with the directors. However, you are actively working in the corporate America and I want to understand what you know about the trends about bringing businesses, like Magic Johnson has, to the

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urban communities, because a lot of people don't know this, but I also emerged from the same community of south L.A. And I'd like to see more building up of that neighborhood and neighborhoods across the country where we have, you know-- I come from an entertainment background and until I saw you were going to be here, I didn't realize that Magic Johnson is the one celebrity from the L.A. area that has actually done something to that community, where he's built it up with Starbucks, with the theaters, the 24 Hour Fitness'. All the celebrities that I've worked with, Magic Johnson is the only one that I see that actually has done something. Do you see that as a trend?

**Kawanna Brown:** I wouldn't say it's a trend, but I will say that he has opened up the eyes of a lot of individuals. He has provided a proven track record that corporate America is now looking at, and obviously a number of corporations have reached out to us to say that their growth, the growth of their market share, is in these urban areas. They recognize the growth of the minority community, they recognize the growth of the African Americans and Hispanics and Asians, they recognize that the spending power of African Americans is \$700 billion and the spending power for Hispanics is \$700 billion and it's growing. The spending power for the Asian market is really \$400 billion, so they've recognized the growth of these communities. And over the next 20 years, they have to do business in these markets in order to be profitable, in order to continue to grow their own business. So I wouldn't say it's a trend, because a trend is just for that time; I would say that the growth in urban America is just the way that corporations will just have to do business. That's just the way that America is.

**Dean Linda Livingstone:** Do you see other celebrities coming to Magic Johnson to learn from him and how he's done it, to really think about how they can give back in some way that's that significant?

**Kawanna Brown:** Yeah, we have a huge list of celebrities, of entertainers, of athletes that, you know-- even for us and for Mr. Johnson himself, it's surprising because he's like, "Wow, these people, they just signed this incredible contract. They have all this money, but they're coming to me to ask me what to do with it." So for him, it's exciting to be able to be recognized as one that has started the investment in either of the markets, and these individuals also have recognized that Magic Johnson has the answers. He has cracked the code, I guess, for investing in these other markets and having a profitable business at the same time. So absolutely, we have a huge list of entertainers and athletes and celebrities that call on him constantly.

**Dean Linda Livingstone:** Well, there's certainly a way he can influence even beyond the work he's doing in his own enterprises, but to really have a broader impact on, you know, helping others with those kinds of contributions.

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**Kawanna Brown:** Right, very good. Let's see, we've got one back here with the microphone and then several over here. Okay, we'll go to this microphone back here and then we'll come to you right here in the center.

**Shawnee:** Good evening. Shawnee Harris, nice to meet you.

**Kawanna Brown:** Nice to meet you too.

**Shawnee:** I actually have hopefully a quick two-part question and both of them are kind of piggy-backing off of what other people have said. The first thing with the philanthropic efforts of Magic Johnson and other people wanting to invest their money or do other things, has there ever been any strategy in kind of having, like, a dumpster of all the ideas to really concentrate those efforts within the community so you don't have, like, all these various organizations with the same effort, pulling money from the same resources, trying to accomplish the same goal. It seems like with Magic Johnson's popularity, that might be one of the resources of kind of pulling that all together to have a stronger impact on the community.

**Kawanna Brown:** Mm-hm.

**Shawnee:** I'll give you both questions. And then with the welcoming of more people to do joint ventures in the certain communities and invest in those communities, do you then have advice for those people, kind of smaller businesses who want to grow and be more effective in the community? And if so, with that advice, do you also have the strategic plan to then compete with them?

**Kawanna Brown:** Okay, I'm going to answer the first question, and I may have you repeat the second one. But the first question, as far as there being a strategy towards identifying areas to empower the community or categories to ensure that corporations aren't all going towards the same thing, for us, what we have done is we have held several town hall meetings in a number of different urban markets with those community leaders, with the clergy. Because one thing that we've recognized, especially in the African American community, the pastors of those communities are extremely powerful and they reach just the vast majority of that population, so we definitely meet with the clergy. I know Mr. Nate Holden is here and I know he's definitely been a part of some of the town hall meetings that Mr. Johnson has conducted. But in these meetings with the community leaders as well, we identify the areas that are in need of empowerment for the urban markets in that particular city now sparks an overall strategy. I mean, there's several conferences that are going on that are focused on urban redevelopment etc, but

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outside of that, I wouldn't say that we have been a part of an overall strategy with a number of different community leaders that look at the world from a broad perspective, but definitely a regional perspective we have. And what was the second question?

**Shawnee:** The second question was just with-- I guess a lot of us here are probably hearing this and want to start our own businesses. Do you have advice how to project your small businesses into bigger organizations so that you can have more of an impact? So your advice for that, and then if there's any strategies so they can compete as more businesses kind of try to do what you do, so to speak.

**Kawanna Brown:** Okay. I would definitely say that a strategy for small business is to create your mission and your focus and stick to that, and definitely don't start out with trying to do anything more. Focus on one thing and be great at it, and from there you can grow your business. A lot of small businesses start out-- and even for us, I would say some of the challenges that we faced early on was starting out with this core focus, but quickly trying to do so many other things and with a lot of balls in the air, some of those balls were dropped. So stay focused and do what you sought out to do very well, and your business will grow from there.

**Dean Linda Livingstone:** Great. We've got a microphone here and then I'm going to take one more question after that, so I'm going to come right down here and take one more so we can sort of wrap up and be true to our time. So we'll go here and then we'll end with your question, okay?

**Man 2:** Thank you, Mrs. Brown.

**Kawanna Brown:** Thank you.

**Man 2:** I was really interested in your international expansion strategy and one of the things, like when you're going into minority and urban communities internationally, they have an exceedingly low purchase power and spending capabilities in comparison to these types of communities in the U.S. and I wanted to know-- well, could you talk about a couple of your marketing strategies for entering and sustaining in those markets?

**Kawanna Brown:** Well, actually I can't <laughs> and I would say I can't because they are currently being put together. The strategy is not completed, so I can't elaborate on them. And actually, the strategy is focused on different partnerships and I, of course, can't speak about those elements right now.

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**Man 2:** Have you been tasked for putting together a timeframe? Or what is the timeframe for a--

**Kawanna Brown:** The timeframe is definitely over the next 10 years.

**Man 2:** Ten years, okay. All right, thank you.

**Kawanna Brown:** You're welcome.

**Dean Linda Livingstone:** Great, and we'll come right down here. If you can pass the mic down this direction or speak really loud.

**Man 3:** I can speak loud.

**Dean Linda Livingstone:** Okay.

**Man 3:** Hi, thank you for being here.

**Kawanna Brown:** Hi, good to meet you.

**Man 3:** I just wondered, you mentioned that one of the keys to success is basically staying focused on the original mission. Now, you started off with three people on your team and now you're over 20,000. Do you find any challenges maintaining that focus?

**Kawanna Brown:** Well, no, because the great thing is we allow our partners to do what they do. We allow our partners to handle the operations of that business, so when I say 20,000, if you go into the Starbucks, those are the partners of Starbucks, the baristas at Starbucks, those are the attendants at our 24 Hour Fitness', the associates at Burger Kings. So those are all of the employees that embody the Magic Johnson brand, so if you look at our map, the tentacles are everywhere. The brand touches so many different areas, but the great thing is it doesn't matter where you work or what partnership you work for; each employee recognizes that they are part of that unique partnership and that they work under that Magic Johnson umbrella. So that's definitely the one thing that we've been able to do in managing those

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20,000 employees. Of course we have an annual company retreat, and one of the things we said was one day, we'll be able to invite everybody to the company retreat, but I don't know how likely that will be.

**Kawanna Brown:** <laughs> But that's one of Mr. Johnson's visions; he may take over a small island or something. But I guess I'll be able to answer that question at another time.

**Man 3:** Thank you.

**Dean Linda Livingstone:** Well, I know we've got other questions in the audience that you'd love to ask, but we're going to, I think, break it right there. But I want to conclude with one, because you talked about Mr. Johnson encourages people to dream and to dream big and that that's really, in part, what influenced you to want to work there. What is your dream for Magic Johnson Enterprises as you look 10 years down the road? From where you are now, what do you dream that it looks like 10 years from now that's different than what it is now?

**Kawanna Brown:** For one, my dream is that Mr. Johnson can relax at home and, like I mentioned, he is definitely into-- not control, but he really is one that wants to have his pulse on every element of what his brand embodies, which is very admirable. But my dream is that he could one day sit at home and relax and know that the business is being accomplished in a great way. So to be able to truly separate the Q Score from the business is where we're headed, so in 10 years, that legacy would have been built. We would no longer be sitting here asking the question of how do you separate the brand from the business; it will be separated, and that business will be able to last forever.

**Dean Linda Livingstone:** Well, we really appreciate you being here and wish you wonderful success at your continued efforts in all urban centers. It's a wonderful vision and mission for the company and certainly resonates with kind of our values based here as well, so thank you for being here. We really appreciate you being a part of our Dean's Executive Leadership Series.

**Kawanna Brown:** Thank you.

#### End ####