Ken White
From the College of William & Mary in Williamsburg, Virginia, this is Leadership & Business. The podcast that brings you the latest and best thinking from today’s business leaders from across the world. We share the strategies, tactics, and information that can make you a more effective leader, communicator, and professional. I’m your host Ken White. Thanks for listening. While many professionals become successful by focusing on one business or one sector, Todd Boehly has taken another route to success. He seems to be into everything an entrepreneur, philanthropist, businessman, and investor. Boehly has been active in a variety of sectors, including media, professional sports, insurance, real estate development, and entertainment, to name a few. He’s involved in organizations like the Los Angeles Dodgers, Pizza Hut, and Dick Clark Productions. Boehly is the co-founder chairman and CEO of Eldridge Industries, a private investment firm founded in 2015. He recently visited William & Mary to take part in the annual Women's Stock Pitch and Leadership Summit. He took a break from the event to sit down with us. To talk about his experience building businesses, his investment philosophy, and how he sees the parallels between leadership, business, and baseball. Here’s our conversation with the chairman and CEO of Eldridge Industries, Todd Boehly.

Ken White
Todd, thanks for taking the time to do the podcast with us. It is a pleasure to finally meet you.

Todd Boehly
It's nice to be here. Thank you very much.

Ken White
Now you’re here for the Women's Stock Pitch Leadership event. This is something that you've been involved with from the get-go. What is it about the event that attracts you?

Todd Boehly
Listen, I think it’s a unique opportunity for us to continuously bring the real world into the business school. And one of my frustrations going through the business school and really
with academia generally when I was a student was not really understanding how that experience would connect with the real world. So our ability to continue to educate the students on what to expect when you get out of college to have a little bit of a leg up, or an edge, or at least a comfort level with the next step is really what we’ve been trying to do. And I think by having multiple teams compete in an environment where they’re presenting their presentation skills are being observed, their knowledge for the facts are being observed, how much work did they put into the product upfront is pretty clear. And you know as you start to realize you need to continuously be evaluating these things from lots of different perspectives. When you’re thinking about an investment to see the teams start to be able to come together and you know you can really tell which teams have put the hours in and which teams haven’t.

Ken White
Right. So you know students today you interact with them you see them. How, in general, are business school students, college students today versus you and your peers when you were in school?

Todd Boehly
I think broadly defined, the sophistication level of the student has gone up dramatically. I think if you ask yourself why you have a world where for us and the Class of 96 here at William & Mary when really e-mail didn’t really start till 95 or 96. You know we were in a world where communication was not fully distributed the way it is today. And because it’s so distributed, the knowledge and the information that you know people can access is completely different. And you know I remember my term papers in high school or really whatever my three sources said, one of which would have been an encyclopedia.

Ken White
Yeah.

Todd Boehly
And the idea that that was what we were working with versus the abundance of information that people have today. I think that that’s seeped its way into the younger ages, so people are getting sophisticated more specifically or more early in their lives. You know, because all of that is right available at their fingertips, and I think that expresses itself in universities and students as well.

Ken White
A great point. I haven’t heard it, that’s a great point. When you were in school, did you know what you wanted to do professionally?
Todd Boehly
No.

Ken White
How did you find your way?

Todd Boehly
Trial and error.

Ken White
Yeah. Did you have mentors?

Todd Boehly
You know I had a William & Mary student who was a fraternity brother of mine named Scott Mackesy, and I think one of the things that Scott was very successful at was getting a lot of us interested in finance and Wall Street. And so if you look at how many Lambda Chi Alphas who were at William & Mary that ended up coming to New York, which was kind of a uniquer place to go if you’re at William & Mary. A lot of us really followed on the path that Scott charted, and then he was super supportive of helping us transition to New York such that you know he was able to get four or five of us employed early on or job offers early on and then help you know another four or five of us. So Scott was really instrumental in helping us navigate out of Williamsburg into New York City.

Ken White
Tell us about Eldridge Industries.

Todd Boehly
Diversified portfolio of businesses, you know, and one of my goals is to own businesses that when some do better, some do worse and when do some do worse, some do better. So, for example, one of the themes that you’re seeing right now real-time Eldridge owns an insurance company called Security Benefit when rates go up. Financial institutions do better. So you know rates were rising last year, and Security Benefit had a record year. Now with rates coming back down, Security Benefit also owns a very large stake, and Eldridge own a large stake in something called Essential Properties, and Essential Properties is a publicly-traded triple net leasing REIT. And so when rates are going down. Essential Property stock price has been going up. So the idea is to have a portfolio of businesses that you know can continuously outperform as a group. Recognizing that some of the businesses are going to help the other businesses in environments where those businesses might be doing not as well as other businesses. Because we’re trying to set up a long term platform that you know continues to grow regardless of economic cycles. By
being you know very well diversified and in multiple businesses today, we’re about twenty-five hundred employees at all the businesses about a hundred at Eldridge itself. We also operate twelve hundred Pizza Huts and 400 Wendys. So if you look at all the employees, including the ones you know within the store environment, we’re closer to 40,000.

Ken White
Wow. Some of the guests we’ve had on the podcast some are subject matter experts, leaders, entrepreneurs some of them have said you know my philosophy is I want to know one thing I’m going to put my eggs in that basket and be that expert and I feel good that way. That’s not you; you’re you’ve a wide range. How do you balance that?

Todd Boehly
The key is to have good teams and you know one of the things if you look at you know in the 70s, for example, the Los Angeles Dodgers had you know Ron Cey at Third, and Russell at short, and Lopes, and Garvey and you know you knew that those guys were going to perform at a certain level night in and night out. My team a lot of which has been with me for decades now I know that they’re going to perform day in and day out. So it allows me to then have the flexibility to go investigate new areas, and generally, when we’re looking at something where we don’t have any exposure, you know we recognize that we’re the outside looking in. So one of the things we like to do is to make small investments to get to know something know and understand the environment to become more of an insider through our original investment. And then if we continue to like what we see, then we feel like okay, our odds are better now because we have all this new knowledge you know, and if we see opportunities, then we can move more aggressively to continue to grow. You know, with a little strategy that you know, we kind of think about as feeding the stars and because investing is really just about finding probabilities that have better risk-reward profiles than average. And if you can find a better probability, then you’re certainly interested in putting more capital behind it because you know again it’s all in my opinion very much an odds game because you can’t predict what’s going to happen day in and day out.

Ken White
Right.

Todd Boehly
And if you start assuming that you can, you know, then that’s a challenge. The other thing that we’re very active in is in secured lending across different asset classes.

Ken White
Hmm-mmm.
Todd Boehly
Whether it’s intellectual property or triple net real estate or equipment leases or secured
loans that are broadly syndicated to corporates throughout the U.S., you know those are
asset classes that we like because they’re all contractual rate of return they become very
predictable.

Ken White
Right.

Todd Boehly
So they help you kind of plan for the future.

Ken White
We’ll continue our discussion with Todd Boehly in just a minute. Our podcast is brought to
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visit our website at wmleadership.com. Now back to our conversation with the co-founder,
chairman, and CEO of Eldridge Industries, Todd Boehly.

Ken White
You’ve mentioned baseball a couple times opening day. Here we are. This is one of the
greatest weeks of the year, right. We’ve got the NCAA tournament going on. Baseball
opens up. You’re involved with the Dodgers. How’d you get involved with baseball why

Todd Boehly
So we had looked at various investment opportunities within sports, and you know when it
came available, we became very interested in the idea that the Dodgers were something
that were could be very valuable. And I think if you look at kind of the themes that
historically you know we’ve been interested in as investors you know we know media very
well. We know real estate very well. We understand you know what a team dynamic in a
human capital business is and when you really break down what is a baseball team in light
of what how the MLB works because one of the things that the Dodgers have is you own
your national excuse me your local broadcasting. So each major league baseball team
negotiates their own media deal. And of course, L.A. is the second-largest media market
in the world and are in the US, and we thought that that would be a good opportunity
because the media contract was coming up for renewal the year after we bought it. So we thought people were underpricing the media value that was embedded in the renewal of that contract. You know, at the same time, we have our own stadium, which is one of the larger in baseball and has more sell-outs now than probably any other team, and we have the highest home attendance and the highest road attendance. So you know by getting really good energy back in the team when we bought the team and then by having the media contract come up the next year we were well-positioned to set the team up and now what we've done is really build up our farm system and really what we do is we're trying to put together the 25 person team that has the best probability to win. And again, it's another portfolio. And if you look at it, you say okay I have somewhere between 12 and 13 pitchers on the roster I have 12 or 13 position players. You know I need to be able to handle lefties. I need to be able to handle righties I need to be able to handle this. I need to be able to handle that that ultimately comes down to is your portfolio deep enough to deliver on the various things that might get presented to you. So you know to us it's a it's another kind of portfolio business. You know obviously, we're also super passionate about it because which is why we wanted to get into it anyway.

Ken White
Sure.

Todd Boehly
But we also think kind of very systematically about what it is that you need to do in order to win over long periods of time.

Ken White
Yeah.

Todd Boehly
And you know a nice thing about the Dodgers is they're in a major market. So our odds of being able to be set up to win over long periods of time the market affords us better odds than average.

Ken White
One of the guests we had on recently was Thomas Tull. He leads Telco, and he much like you. He's part-owner of the Pittsburgh Steelers, he was in Legendary Entertainment so movies, and we talked a little bit about what's what are they. What are the similarities between dealing with athletes and artists and actors, and he felt there really were some? He said these are different types of people, and it puts you in a people business, which is very different.
Todd Boehly
Yeah.

Ken White
How do you see those because you've been in both?

Todd Boehly
Listen, I think that that's can be extended to finance, it can be extended into movie and film production, that can extended into anything that's a human capital industry where you have to motivate talented, educated people to get from point A to Point B you know and try to do it in the most efficient way possible and recognize that it's all just people getting along. So you have to be able to set a tone to how you want that kind of engagement to be. And for example one of the things that Dave Roberts has done very well is owned the clubhouse right, and he's gotten the team to believe that you know he's all in on them right and when he they believe he's all in on them they're going to give him everything they got.

Ken White
Right.

Todd Boehly
And that's no different than any human capital business with a manager who is trying to lead a team from point A to Point B in a environment where nothing certain.

Ken White
No doubt. What's the next best thing in baseball? Next big thing coming down the road?

Todd Boehly
Next big thing in baseball. There's obviously a lot of talk about pitch clocks and speeding up the game, and I think the number one thing that baseball is thinking about and should be thinking about is how do we continue to be the family sport and you know I think one of the things that we have is a really unique environment where you can take your family to a game, and it's relaxed, it's mellow, it's calm, it's also energetic, and there's massive spikes of energy when things go well, and there's horrible feelings of despair when things go wrong which starts to sound a lot like life right. So if you're in a position where you can start getting more and more families engaged because what we find is that the younger someone goes to a game, the more likely they are to be a fan. So we're spending time thinking about how do we continue to really engage with the community, engage with the children of the community. We've built tons of dream fields in L.A., so we have lots of this whole building of Little League fields and fields across L.A. through our during field
program and our Dodger foundation. You also have gonna be the advent of a whole new era with sports betting. So you have an environment where you know three, three and a half hours at a baseball game sometimes can feel very long, and one of the things that we've done for children is there's a lot of play areas around so you can move out of the seats and engage them and have them have activities that don't just entail sitting there which is important but then for others for you know adults who are at the game the ability to really engage with you know in time betting on whether that's going gonna be a ball or a strike or a curveball or a fastball or who's going to hit the next home run or all of this stuff. The potential is unlimited.

Ken White
Hmm-mmm.

Todd Boehly
In an environment like baseball, where you have very precise things that are measured that can be agreed on with great certainty, which I think is going to great make for even great engagement. So hopefully you know what we'll do is a really good job of engaging the family and the kids and the and the camaraderie of going to a baseball game at the same time engaging the hardcore fans and oh my gosh is Kershaw going to throw a ball, or I mean a ball or strike here and will be a curve or will it be a slider and I think that will lead to more and more engagement for the sport. So I would say those are the two things we see is you know the things we need to do in order to continue to keep the game fresh and young, and you know right now one of the things we're grappling with is the average age of our fan continues to age.

Ken White
Yeah.

Todd Boehly
So how do we continue to get, and I think that's through the family.

Ken White
Success passion in a number of areas for someone who wants to pursue a career and a life like that. What kind of advice do you have? How do you embrace a larger portfolio and succeed?

Todd Boehly
Well, again I guess I would say that the first thing you need in order to transition from one environment to another is to know that the team in the environment that you're transitioning from is strong and ready to lead and able to handle complicated
environments and moving around too quickly I think is a challenge from being able to become an expert in one area. I mean, I spent you know 15 years almost at Guggenheim doing kind of the same things generally day in and day out of course across a portfolio of businesses and building different teams within Guggenheim. And I think I’ve been able to now take that and apply it across different industries and you know always think about how to calculate your risk so you don’t take event risk where it wipes you outright because I don’t want to be able to say oh that one thing could happen and I’m toast right. That means I shouldn’t do that one thing right. So continuously you know as we get into new industries, we’re looking at okay let’s make a 20 million dollar investment in order to understand the dynamic or let’s make a loan to this industry not in an equity investment because a loan comes with less risk generally.

Ken White
Right.

Todd Boehly
And by the way, if you don’t like what you’re in, it’s easy to get paid off on a loan to unwind Partnerships becomes complicated. So one of our businesses early on was big lending business. And that gave us a really good front-row seat into lots of different industries. So by lending across industry, you know because the lender proposition is you know when it goes really well you get your money back when it doesn’t go so well you still get your money back right. So if you’re thinking about the trades, you’re making one has cushion in it. And the other you’re kind of chins more on the line. So you certainly want to have more knowledge when your chins on the line than when there’s equity cushion to ensure you get your capital back.

Ken White
That’s our conversation with Todd Boehly chairman and CEO of Eldridge Industries, and that’s our podcast for this week. Leadership & Business is brought to you by the Center for Corporate Education at the William & Mary School of Business. The Center for Corporate Education can help you, and your organization get to the next level with business and leadership development programs taught by the William & Mary MBA faculty. The faculty ranked number one in the nation by Bloomberg Businessweek magazine. If you’re interested in learning more, visit our website at wmleadership.com. Finally, we’d love to hear from you regarding the podcast. We invite you to share your ideas, questions, and thoughts with us by email at podcast@wm.edu. Thanks to our guest this week, Todd Boehly, and thanks to you for joining us. I’m Ken White. Till next time have a safe, happy, and productive week.