Spring training has begun for baseball. It is the time of year when, if you live in Northern climates, you begin to believe that the cold will go away, and summer will come. Growing up in New York, we did not pay attention to the groundhog's shadow, but rather the certainty that with the continued cold of March came Spring Training and the warmth of summer. Now living in Miami, the weather circumstances and baseball circumstances are different.

In NYC, every year there was hope and the expectation that your local team would be playing in the World Series. That expectation does not exist in Miami. Instead, they are about the unanimous pick to achieve the highest number of losses in 2019. (They were close in 2018.) Since moving to Miami two years ago, the team’s most promising pitcher killed himself in a cocaine-fueled boat crash, the team traded away the three members of one of the best outfields in baseball (Stanton, Yelich, Ozuna), as well as of its catcher (Realmuto), first baseman (Boar), second baseman (Gordon), third baseman (Dietrich) and exited others, including Ichiro Suzuki and some coaches and scouts who were members of the team when it won the World Series.

In the name of “rebuilding”, the new ownership, whose front man is Derek Jeter, blew up the team. (Some term it tanking.) But baseball excellence was not his or his co-owners plan. A confidential document, Project Wolverine, given to potential investors, tells a different story. The focus of that doc was not on baseball excellence, but profits now. Slashing salaries, increasing ticket sales, increasing sponsorships, and charging more for TV and stadium naming rights was the focus of this plan. Apparently, every team was set to make a profit in 2018 because of a one-time payout of $50 million as a result of MLB’s sale of digital media company BAMTech to Disney. The profit may not have been as large as expected, however, because the Marlins suffered the lowest attendance in baseball last year.

Since the 2018 season ended, during the off season when teams sign on free agents and make trades to improve, this bad team may have become worse. They did make some changes during the winter: They eliminated a Red Grooms sculpture that exploded with noise, water cannons and light when a Marlin hit a home run (an increasingly rare event); they encouraged Latino fans to bring noisemakers to the park; they changed some of the food options; they changed their uniforms' color scheme and logo. And, to be fair, they added a few players and proclaimed the arrival of some players who, over time, could turn the team around.

What is management’s view? Despite it miserable prospects, Derek Jeter has been quoted as being impatient with the Marlins and wanting to win now. But the local paper, the Miami Herald, sees through this: “It is amusing to hear Miami Marlins boss Derek Jeter note he is not a patient man, when patience is what he is asking of the team’s fans, along with blind faith, of course...Jeter is preaching that rebuilding
from the farm system up will produce sustainable winning. Someday. Maybe. The only guarantee in all this is that in the long meantime his and majority owner Bruce Sherman's profit margin will be robustly healthy while the youthful, bargain rosters grow up by degrees.”

Some lessons for bankers:

1. **Peter Principle.** Just because you are a great player like Jeter does not mean you are a great owner. Company management is full of examples of the Peter Principle, defined as a person who receives promotions based on success in prior jobs until he/she reaches a level of job at which they are no longer competent or not as competent as in their prior position. Great line bankers want to be managers when some should stay directly on the line. The road to traditional business success is often tied to have more direct reports. In a digital world, that will change.

2. **PR needs to align with reality.** Too often corporate PR is way ahead of reality. For example, I have seen billboards for banks that proclaim their love of small businesses when the reality is the opposite.

3. **Customers are not that stupid.** Bank (and baseball) customers are increasingly sophisticated, media savvy, and have multiple options of where to put their dollars. Changing the logo and messaging will have minimal impact on customers if something more substantial has not changed.

4. **The strategy may be wrong.** Without digressing too much, many sports teams are now following the approach of “tanking,” giving up on the near term in the expectation of building a sustainable and lower cost long-term franchise. In recent years some teams have succeeded in doing so. One problem is that there six or more teams now pursuing the same approach. A lemming-like strategy is going to fail. Banks face the same concern: is your bank pursuing a distinct strategy that can distinguish it from others or are you deceiving yourself?

5. **Maintain core values.** Today, bank management faces the challenge of moving to the digital age while retaining its culture; that’s not easy. The Marlins deliberately cut ties to their baseball past, even firing a coach who was lying in a hospital bed recovering from cancer surgery. (Imagine the bad publicity on that one.) Tone deaf to say the least.

Banks need to both preserve the best of the past while letting go of those elements that will hold it back, managing a delicate balance. Developing a multi-year strategy will create a roadmap to do that.