



HOME COUNTDOWN

**WHY THE PHILADELPHIA 76ERS
ARE HOSTING STARTUPS
AT THEIR TRAINING COMPLEX
BY KELSEY ALPAIO**

Innovation
Leader



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Advantage



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HEN IT COMES TO launching an initiative to attract startups, Seth Berger of the Philadelphia 76ers Innovation Lab has one piece of advice: “Be unique.”

For Berger, creating a stand-out environment for promising startups and talented entrepreneurs was his main goal when he signed on as managing director of the Sixers Lab in November 2016. Berger felt there were three things that would help differentiate the lab:

- ▶ Opening up his and the Sixers’ networks to the startup founders.
- ▶ Providing founders with amenities like free workspace, housing, meals, marketing, PR, and legal advice—as well as funding.
- ▶ Helping the businesses on an operational, day-to-day basis.

The lab accepted its first participant, Monster Roster, in August 2016, and has since brought in three other companies. These companies work together in an 8,000-square-foot coworking space located in the Sixers’ Training Complex in Camden, N.J., which was completed in July 2017. And Berger’s vision for a “unique” space truly feels fulfilled there. The lab is tucked away from the bustle of Philadelphia, but it has a buzz of its own. Outfitted with Kimball Office furniture, the mix of industrial modern design creates a high-energy space. As part of the largest training complex in the NBA, you may bump into a Sixers squad member at any moment. And with 250 front-office Sixers employees just one floor up, the knowledge of the entire organization is easily accessible.

We spoke with Berger and Rhyen Truett, the Lab’s Director of Operations, to hear more about the importance of physical space



and design; how they work alongside the startups; and how they’ll gauge success.

ATTRACTING A DIVERSE PORTFOLIO

The lab is open to hosting all kinds of early-stage consumer product companies and some B2B concepts—not just sports or fitness-related startups.

“The sports category, although it’s really big, is pretty limiting,” says Berger. “The Sixers’ network is so broad across so many





different industries—to limit ourselves to sports didn’t make sense.” He adds that the leaders of the Sixers franchise aim to build not only a great sports organization, but a broad business that impacts a variety of industries. Sixers owner Joshua Harris is an investor who co-founded the private equity firm Apollo Global Management.

Applications are open on a rolling basis, and every company that applies to the lab is evaluated by Berger and Truett. Truett says they get an influx of applications between January and May, when entrepreneurs finishing college

or grad school are hunting for their next home. The normal evaluation process lasts between two to six weeks, starting with a 30-60 minute phone call. If the company passes that screen, it’s then onto the Sixers “shark tank.” This group of seven or eight individuals from across the organization gives the final thumbs up or thumbs down.

“For us, a great challenge is finding a company that is the right fit,” says Truett. “We have these four companies, and now we are looking for the right fit for the lab, but also for them to coexist alongside these companies.”

The Innovation Lab, which is part of the Sixers Training Complex in Camden, NJ, is outfitted with furniture from Kimball Office.



Startups selected by Sixers Innovation Lab receive access to free coworking space, along with housing, food, legal services, and more.

Once a company is accepted, the founders are invited to move into the lab space. Truett says the lab is looking to bring in two to four more companies in 2018.

WHAT PARTICIPANTS GET

Getting into the Sixers Innovation Lab solves more than just the office space problem for founders. Participants are provided with free housing, food, legal services, marketing and branding, and around-the-clock support from Berger and Truett.

“I’m not a finance guy. I’m not an investor. I’m an operator,” Berger says. “In [the accelerator] space, there are a lot of financial-based models where people do [investing] really well. There are not a lot of day-to-day, hour-by-hour models in the accelerator space.”

With Monster Roster, a fantasy sports lineup recommender, this has meant close collaboration between Berger and its co-founders. Berger says, “With Monster Roster, a lot of their business happens on the weekend [before football], because that’s when our Facebook advertising goes out... Dylan [Elder, the founder of Monster Roster] and I not only work Monday to Friday together, we work Saturdays and Sundays together.”

Elder, age 20, says that “having the chance to work with and learn from someone as

experienced as [Berger] on a daily basis has been a tremendous opportunity... I can’t imagine myself and the company in a better situation.”

There’s a financial component to being a participant in the lab, but it’s based on needs of a given company. The Sixers take an equity stake in each participating company, but the deal varies on a case-by-case basis. There are no set deadlines for when a company needs to leave the lab, and many participants will be provided with financial support and advice throughout the life of their companies.

“We want to recruit good companies into the lab, we want to help them grow while they’re here, and we want to help finance their growth throughout their life,” Berger explains.

Participants are also given access to the broad network of partners that the Sixers franchise has cultivated—including StubHub, DraftKings, Disney Accelerator, IBM Watson, furniture-maker Kimball Office, and the Wharton School of the University of Pennsylvania. Berger says that these partnerships stemmed from existing relationships with the Sixers franchise.

“We’re essentially one call away from anyone in the world,” says Truett. “We have our small innovation lab family, but [these startups] have access to everyone [at the Sixers]... Most of our teams are one to three people, and so this access to all of these other

‘coworkers’ that you get by being in the innovation lab, and the Sixers front-office staff being upstairs, has been really great.”

The Sixers are part of Harris Blitzer Sports & Entertainment, giving the startups access to brands like the New Jersey Devils, the Prudential Center, and Crystal Palace F.C.

THE IMPORTANCE OF PHYSICAL SPACE

Located downstairs from Sixers’ corporate offices, the physical lab space is meant to be a home base for participating startups. The entire space is outfitted with Kimball furniture designed to foster openness and collaboration. Kimball Office is a founding partner in the lab and also uses the space as a testing ground and “showroom” for its products. Truett says that the startups provide feedback to Kimball on the pieces they use the most, and Kimball will continue to rotate in different furniture to optimize the space.

“I wouldn’t have anticipated before we started the lab how collaborative the companies are among each other,” says Truett. “Being able to all be in one spot really lets them collaborate... We have a weekly standup meeting where we’ll go through ‘Here’s an update, here’s what’s going on with my company, here are some challenges I’m facing...’ We’ve found that they [often] have challenges that we’ve tackled with other companies, and then they get to work together to share [perspectives].”

Truett says the space is very flexible, and startups are encouraged to alter it to fit their needs. For instance, Doc and Phoebe’s Cat Co., a pet products startup that joined the lab in 2017, used counter space to pack and fulfill orders for its Indoor Hunting Feeder product.

“You come to work not just with these incredible people, but the physical space is so exhilarating,” says Liz Bales, founder of Doc and Phoebe’s. “From my background [as a veterinarian], I don’t have other startup people in my life, so being surrounded by these [other startups] has been incredible to exchange ideas about our companies... Just to metabolize the process of being a startup CEO, having the support of each other has been very special.”

Doc and Phoebe’s entered the lab in an atypical way. One of its team members met Berger to discuss a different project, only to realize that Doc and Phoebe’s was a “perfect fit” for the lab. Truett says the company fit the three criteria she sees as most significant for successful ventures: a great team, product, and scalable business.

MEASURING SUCCESS AND GROWING THE LAB

One way the lab will track how it’s doing is through the success of companies over time—and not just in fundraising. “Raising money doesn’t define success,” Berger says. “Building a business defines success... It’s too early in the lab accelerator space to know what metrics will determine success and failure.” But, he adds, “Our owners are really big on return on investment, as am I.”

Truett says that part of their focus in 2018 is on how to foster the lab’s community—even after startups leave.

“[Our goal] is to bring in more companies,” she says. “These companies will transition out, so identifying how they’ll work as an ‘alumni chapter’ of the Sixers Innovation Lab will be really interesting, because they’ve learned so much from each other that the opportunity to mentor new companies will be really interesting.”

In reflecting on what has helped the lab build momentum since its 2016 launch, Berger says: “[Running an innovation lab] is no different than any business. Every business that succeeds is meeting a consumer or business need in a unique way... For any other labs coming into the space, how can they be unique and be different and help entrepreneurs in a way that other labs aren’t?” ●

Current Companies in the Sixers Innovation Lab

- ▶ **Monster Roster** Monster Roster, the first company to join the Sixers Innovation Lab, is a fantasy sports lineup recommender that employs an algorithm to determine optimized lineups for participants in fantasy football, basketball, and baseball. According to the The Fantasy Sports Trade Association, 59 million people played fantasy sports in 2017, with each player spending an average of \$653 annually.
- ▶ **Doc and Phoebe’s Cat Co.** Doc and Phoebe’s Cat Co. is a cat wellness company dedicated improving the lives of felines and their owners. Its first product, the Indoor Hunting Feeder, emulates natural hunting for cats using mouse-shaped feeders, which leads to improved health, weight, and behavior.
- ▶ **Live Life Nice** is a digital media company with the goal of introducing more positive news into society and promoting the message of “Be Nice, Do Nice.” The company will produce original content, and partner with “cause-minded brands” to create positive stories.
- ▶ **U GIT GUD** U GIT GUD is an analytics and training platform for esports players. The company currently offers data feedback, personalized recommendations, and videos from top players for people looking to improve their skills at the game League of Legends.