

BETWEEN THE LINES

June 15, 2018

BIA Calls LeBron for Traveling (Finally!)

Introduction

LeBron James, the greatest NBA player of his generation, just led a ragtag Cleveland Cavaliers team to the finals, marking his eighth straight appearance. Alas, as has been the case in three of the past four years, he was vanquished by a stacked Golden State Warriors team, who completed a four-game sweep of the Cavs last Friday night. Despite reaching the finals, the Cavaliers' inconsistencies and internal issues have made for a turbulent season, on and off the court. This, along with James's suspiciously noncommittal comments over the course of the year, has fueled intense speculation about whether he will opt out of the last year of his contract and leave his hometown Cleveland Cavaliers. The ignominious end to the Cavs' season has only heightened this speculation—reporters wasted no time in broaching the subject to James, peppering him with questions in his post-game press conference following the Game 4 loss.

At BIA, we typically apply our proprietary Tactical Behavioral Assessment[®] (TBA[™]) methodology to analyze management teams' statements and provide insight into the completeness, transparency and confidence surrounding all types of business issues. However, we sometimes take the opportunity to focus our behavioral lens on issues and stories outside of the business world, especially when there are direct implications for our Boston Celtics' championship aspirations. In this piece, BIA crosses over to examine this press conference and weigh in on whether LeBron James will don another team's jersey next year.

Reporters Get in the Lane Early After Game 4

With LeBron at the podium for his <u>post-game press conference</u>, a reporter asks if he feels like he has played his last game for the Cavaliers. James fails to give a direct answer, responding that he has "no idea at this point." He goes on to emphasize repeatedly that a big part of his considerations will be his family, particularly given the age of his children, saying that "my family is a huge part of whatever I've decided to do."

However, just seconds into his response, James begins to nod continuously, as if nonverbally responding in the affirmative. He continues this nodding for almost the entire duration of his response. This stark contrast between the verbal message James is trying to convey—that he does not know—and the nonverbal response he is giving, a gesture indicating an affirmative answer, signals a psychological disconnect which suggests that he does think it is more likely than implied that he has played his final game with the Cavs.

LeBron Not Anticipating "The Decision" Reboot

A few questions later James is asked if he anticipates that this summer will be the toughest in terms of deciding what the right path for him is. He quickly responds, "no, I feel like 2010 was the toughest," and says nothing more. The quickness and directness with which James answers suggests that he does not feel that this is a difficult decision, and that his mind is likely already made up. It appears as though we are not in for a sequel to the "Decision" PR debacle, which as some may recall was the 2010 TV Special in which James infamously announced that he was leaving the Cavs and "taking my talents to South Beach."

Consider the Business Finished

NOTICE ©2018 BIA. All rights reserved. All rights to the content of this report are strictly reserved to BIA. No portion of this report may be reproduced, published or circulated externally to your firm without the express written consent of BIA. See "About this Report" for additional restrictions.

At one point during the press conference, a reporter follows up on a previous comment that James made about coming back to Cleveland because he had "unfinished business." He asks James if one championship finishes that business. James refuses to give an answer, lightheartedly complaining that "that's a trick guestion at the end of the day, and I'm not falling for that." He goes on to emphasize that winning that championship in 2016 only made him want more, saying that "I still have so much to give to the game" and "I still want to be in championship mode." In the context of James's failure to address the question, these comments suggest that he is looking to go to a team that can compete for championships. Notably, rewinding a couple weeks, when we went back to look at James's on-court interview right after the Cavaliers won the Eastern Conference Finals, he begins by saving that he has "a lot on my mind." which raises the possibility that he is thinking about more than just his team's victory minutes before. He adds that "whether we made a trade or not" earlier in the year, "I" became determined to "squeeze this orange until there is no more juice left." The specific mention of "I" instead of "we" signals that this comment is referring more to him getting as much out of his time in Cleveland as possible, rather than the team getting as much out of their talent as possible. This would seem to be an implicit acknowledgement that James was approaching the final months of this season as if it marked the end of his time in Cleveland. James also refuses during the Game 7 post-game press conference to answer if he ever thought there was a moment when the team's situation was "not salvageable." This signals that he did think there was a point where the team's situation could not be salvaged to make a successful championship run. Moreover, after the Cavs' Game 3 loss, James bluntly admitted that they have less talent than the Warriors. Rewinding even further, he also stated in the Game 4 press conference that it remains his priority to play with "talented" and "cerebral" players, which reveals a subtle justification for leaving Cleveland to find different players to play with.

With all this behavioral evidence, it is fair to conclude that James does not think Cleveland has the players he needs to put himself in position to compete for championships.

LeBron Going for the LA-oop?

The behavioral indicators suggest it is likely that James is currently planning to leave the Cavaliers and join another team this summer, but which team will it be? Using some non-behavioral analysis and a bit of basketball internet research, we tried to shed light on James's destination. Toward the end of the press conference, James is asked what the free agency process is like. James returns to emphasizing the importance of his family, saying that "at the end of the day, when I decide what I'm going to do with my future, my family... will have a say-so, and then it will ultimately come down to me." It may be reasonable to assume at first blush that James's family would prefer to stay in their hometown of Cleveland. However, when you consider that James recently purchased a <u>second home</u> in Los Angeles, that he was spotted with his wife <u>visiting LA-area schools</u>, and that he has aspirations of expanding his <u>presence in business and media</u>, you start to wonder whether James's former teammates and closest friends, Dwyane Wade, is asked on the <u>Chris and Caron</u> radio show what he thinks makes the most sense for James. Wade fails to directly answer, but responds that it is "more of a lifestyle thing" of "where is [his] family going to be most comfortable" and where he'll be happiest, adding that he can "bring along" whoever in terms of other basketball players. Wade saying that James could "bring along" other players seems to inadvertently imply that he would leave the Cavaliers. Given all this, we can surmise that if and when he does move his family from Cleveland, Los Angeles is a good bet for a destination that would align with the lifestyle James is looking for, both for himself and his family.

From here in Boston, we have only one thing left to say about James's potential career move: "Beat LA!"

About this Report:

This report represents the application of BIA's Tactical Behavior Assessment[®] methodology and reflects BIA's assessment of the completeness and responsiveness of statements made during earnings conference calls, television press conferences and other presentations. In each case, our assessment represents the opinion of BIA applying the Tactical Behavior Assessment[®] methodology and does not purport to indicate that any individual is in any specific instance being truthful or deceptive. BIA does not make stock recommendations. Under no circumstances is BIA's analysis intended to be a recommendation to buy or sell the securities of the company which is the subject of this report.

About BIA:

Business Intelligence Advisors (BIA) is the leading Intelligence Solutions research and advisory firm. Founded in 2001 on the principle that Intelligence techniques originally developed for the national intelligence community could be powerfully applied to the private sector, BIA has developed a ground-breaking suite of service offerings to provide clients with an edge in collecting and evaluating information critical to their success – whether that means making a more informed investment decision, identifying hidden risks, or enhancing due diligence efforts. BIA's services, which include proprietary Behavioral Intelligence Research, Expert Advisory, Investment Intelligence, and Learning & Development Solutions, are delivered by a team of in-house experts from the national intelligence and finance fields.

www.biadvisors.com