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Former NFL player Eugene Profit talks lockout, investments, and weathering the financial crisis.

By **Jenny Ivy** | July 11, 2011 at 04:39 PM | Originally published on [Benefitspro.Com](#)



Yale grad Eugene Profit was on the road to Wall Street when the NFL came knocking.

Like so many, Profit had a few good years (three seasons with the Patriots and three with the Redskins) before an injury — hamstring to be exact — forced him to retire in 1989. "I got the opportunity to play in the NFL for a couple years then got injured. A lot of us do," Profit remarks as if saying, that's just the way things go.

But not a lot of players can claim the same success Profit has seen since his NFL departure. A few weeks ago, Profit, who founded [Profit Investment Management](#) in 1996, was recognized at a Reginald F. Lewis Foundation gala.

Reginald F. Lewis, who passed away in 1993, was a prominent businessman and the first African American to build a billion-dollar company. "I was absolutely thrilled," Profit says of the honor. "I read stories on [Reginald F. Lewis] success back in the 1988 time period when I was still NFL, and it gave me inspiration to head towards Wall Street and try to repeat similar levels of success."

Profit's not quite there, he modestly admits, but his firm has seen some enviable success. Based in D.C., Profit Investment Management has more than \$2 billion in assets under management and a client roster that includes the New York State Retirement Fund, Chicago Teachers' Pension, and the Boeing Company among others.

BenefitsPro recently spoke with Profit on how he's been able to carry his firm through some of the darkest days known in financial history and why there's reason to see both sides of the contentious NFL labor dispute.

BenefitsPro: When your NFL career ended, what was it that made you take a turn toward financial consulting?

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EP: When I went into Yale I knew nothing about Wall Street. But I did an internship in my junior year at Chase Manhattan and I made a determination that you know I wanted to go along the path of investment banking and financial management.

Then the [New England] Patriots called. I ended up playing NFL for five seasons with the full intention [that] if I never made it in the NFL, I would just go back to business school and get back on track with my colleagues from the economics department.

After I retired [from the NFL] I started at Legg Mason as a retail stock broker. I decided after two years there that really I wanted to run investment portfolios, and this was a time when retail brokers were beginning to be pushed towards selling package products, meaning mutual funds to turn the money over to the manager.

Chip Mason said that he thought the retail broker was a dinosaur back in '94 or '95. And it would take 15 years for them to die off. So the handwriting was on the wall. I wanted to be the stock selector and so I launched the firm in '96 and been running it since.

BP: What have been the latest trends and developments for Profit Investment Management and its investment philosophy?

EP: Our investment philosophy has stayed intact the entire time that we've been managing money, which is that we could buy effectively a higher earnings growth company at discount evaluation due to some temporary problem within that particular company. So other investors are under-appreciating the total value of that firm. And so we select them, whether it's large cap or small cap, the same company profile if you will, over and over again, and that's really what has led to our performance over an extended time period. We started in the mutual fund business and decided the mutual fund business is really the distribution business. You have to have massive scale and it's very competitive in the markets, and we really have had success selling into the public fund institutional space.

Our overall business strategy is something we've seen as is especially strong after the 2008 banking crisis. Underfunding in pension portfolios are really starting to press those plans towards looking more and more at index product as a means of reducing fees that they have to pay out. They also are looking at a lot more alternative products because the actual returns have been somewhat negative with interest rates being where they've been.

BP: What's your take on what's going on currently with the NFL labor negotiations?

EP: It's improved, at least. You're starting to see both management and the players are back at the table and you're starting to hear a little bit about some progress made with respect to reaching a new collective bargaining agreement.

That being said it's all about labor costs for the most part. And the percentage of the share of the total revenue from gates receipts and TV contracts that's in dispute. And it's really something that's been brewing going all the way back to the '80s.

It's the of course management [that] wants to lower their labor costs and that's been happening over the past five years. Players sort of want to stop that now. From what we can see the players have had a better strategy this time than some of their other periods when collective bargaining agreements had expired. Some of the focus has been — and appropriately so — that this isn't just an issue of millionaires versus billionaires. There are municipalities that are going to be harmed if the games aren't played in terms of taxes, receipts, concessions, and money to finance the stadiums.

A lot of small businesses really rely on football season and games for a major part of their revenue. But I think most importantly the basic fan is a little bit tired of seeing this type of discord.

But it's a business, right? And there are considerations on both sides, but I think it's important to reach a resolution and get as much of the season played as possible.

BP: Can you relate to other NFL retirees who talk of wanting better benefits and pensions?

EP: Absolutely, and I think one problem really is that collective bargaining can only be done with current players or current beneficiaries of the bargaining, so it's always been a contention for the retired players who made the game.

If you go back and look at NFL labor history, every time there's been a collective bargaining agreement the older players have gotten a small bit. It started with the pre-59ers and then all the way through to the '90s players. But the benefits between the groups are just very, very different. And so I understand why there's a lot of contention around retired player benefits.

You've also got to look at the fact that it's a tough game. In some cases, the injuries don't really come to the forefront beyond the time that statute of limitations is expired.

BP: Can you describe maybe some comparisons, maybe some attitudes that you have back 1989 during the NFL strike?

EP: The PR is a little bit different. I think that this time the fans and the media is supporting a little bit more evenly about the fact that the owners are just as responsible for the games being played and not played as the players. In '87, the environment seemed to be, "greedy players, they should have played the games." But they play a game they love. They make a lot of money, and go back to work.

BP: What do the NFL and investments have in common?

EP: Performance matters. I went to Yale University and I played in the NFL. I was a small guy — I played at 175 lbs, but you have to perform. Investing is the same way especially, certainly equity investing. There are no excuses and nowhere to hide. I mean there are reasons that different performance happens at different times but there are no concessions in terms of being a smaller firm or you don't have as many analysts, or you should get a handicap for your investment performance, it just doesn't happen. So I think those two things are very similar I'm okay with that.

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