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Despite last month's exciting playoffs, National Basketball Assn. Commissioner David J. Stern shouldn't be smiling too much. Even as attendance bounces back from this past season's six-month NBA shutdown over players' salaries and the league's gross revenues rise steadily (up to $1.7 billion in 1998), operating profits have declined from $195 million in 1993 to a loss of $25 million last year. The new contracts capping players' pay will definitely help, but Stern has to do something more, and his biggest moneymaking opportunities could lie abroad.

Only 10% of gross NBA revenues currently come from overseas. Stern says basketball sells itself, but interest in countries such as Spain and Argentina is actually waning, according to sports reporters, who worry about the game's appeal without Michael Jordan on the scene. Nor should the competition be underestimated. Soccer is the world's most popular sport--the last World Cup series drew more than 3 billion viewers. Vying for the attention of young male TV viewers are local sports, MTV, and computer games.

Other formulas for making money from sports exist, too. For example, the NBA owns the teams--``content''-- but Rupert Murdoch is making a bid for both content and distribution by buying teams, TV stations, cable networks, and satellites. These days, moreover, few companies can sew up foreign markets only by distributing their products from a U.S. base, as the league is trying to do.

The NBA is not just sports but entertainment and consumer products. It should therefore take a look at Walt Disney Co., which has been building theme parks abroad; or Sony Pictures Entertainment, which doesn't just sell Hollywood movies but is setting up studios for European film production in Berlin; or Procter & Gamble Co., which manufactures toothpaste and shampoo overseas.

For the NBA to devise the right global strategy, it should learn from companies that are defining themselves not just by what they do now but by how they can tap into the full range of their customers' desires using multiple distribution channels. Wal-Mart Stores Inc. is preparing to provide low-cost banking to its budget-conscious customers. Amazon.com Inc. is offering its book buyers everything from music to Sotheby's cyberauctions. Martha Stewart offers her loyal female audience cooking, gardening, and other lifestyle products through books, magazines, catalogues, Kmart, TV, and the Internet.

To be sure, Stern hasn't been idle. He had an early triumph in 1992, when a U.S. Olympic team that included Michael Jordan, Magic Johnson, and Larry Bird won the gold medal. The league's franchises have expanded into Canada; played games in Mexico, Italy, Japan, and elsewhere; and sponsored basketball clinics in Africa and Asia. The NBA employs more than 100 people in nine countries who license everything from TV programming to T-shirts. Through relationships with 105 broadcasters around the world, it has beamed games to 650 million households in 199 countries. And the NBA is promoted everywhere by world-class companies like McDonald's, Nike, and AT&T.

HOT STREAK. But the NBA's approach to globalization is conservative, requiring little capital and incurring few risks. It needs to be more aggressive, especially while it is still hot. In the first instance, that would entail direct support for basketball teams abroad. But the league should also capture the broader lucrative market for male teenagers around the globe who relish the speed and combative nature of the game, not to mention the minimal requirements for space, equipment, and teammates.

Stern & Co. could buy and better commercialize teams in such places as Mexico or China (where 100 million young men play basketball). They could make NBA.com a cyberspace network, not just for basketball but for all sports. They could join forces with Madison Square Garden and Bechtel Group Inc. to build and run state-of-the-art sports arenas abroad. They could work with Time Warner Inc. to produce sports videos in multiple languages, or with Nintendo Co. to create computer sports games. They could run for-profit summer camps for kids from Kansas City to Kuala Lumpur.

During Stern's 15 years at the helm of the NBA, the average value of a team franchise increased from $12 million to $200 million, and the NBA has become a global brand. But even the commissioner says, ``Our biggest challenge now is to figure out who we are." If Stern recognizes that a successful global strategy requires bold moves, he will heed the advice of Napoleon: ``If you are going to take Vienna, take Vienna."

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