

## **MOR 579: The Business of Sports**

Fall 2015

6:30-9:30 Thursdays

JKP 102

#16708

This course offers a unique perspective about the business of sport by exposing students to specific managerial challenges and issues facing industry leaders.

It does so by combining case studies with current developments in the sports-business industry. Numerous guest speakers complement course work.

In order to address the flow of funds in the sports industry, the course examines the six most critical entities influencing the business of sport: (1) Professional sports franchises and leagues; (2) Amateur athletics, including collegiate sports; (3) Major special events such as the Olympics and World Cup; (4) Corporate America; (5) The media; and (6) The public sector.

This examination of the flow of funds requires close consideration of numerous industry stakeholders, ranging from network television and corporate marketing executives to collegiate athletic department administrators, sports economists, and public policy officials.

With the domestic sports business industry estimated at \$500 billion dollars annually, and the global sports business industry estimated at \$1.5 trillion annually, qualified professionals are required to manage this growing industry.

This course provides prospective sports management professionals with the insight necessary to establish successful careers in the sports business by applying the knowledge gained from the GSBA core curriculum to this industry. Completing the GSBA core will enable students to examine sports industry accounting methods, its financial and marketing strategies, as well as planning concerns and managerial philosophies.

Recommended Preparation: Completion of all GSBA core classes

**Instructor:** David M. Carter

**Office:** BRI 307G

**Hours:** 5:30-6:30 Thursdays; and by appointment

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**E-Mail:** david.carter@sportsbusinessgroup.com

## COURSE MATERIALS

Required: *USC custom publishing package* of selected readings; and  
*The Sports Business Journal*

## LEARNING OBJECTIVES

After successfully completing this course, students should be able to:

- 1) Comprehend the process involved in making managerial decisions in the sports management industry; requires knowledge of industry stakeholders as well as understanding of industry terms and concepts;
- 2) Analyze, evaluate, and critique the strategic decisions of key industry participants;
- 3) Devise a comprehensive strategy, including realistic recommendations, for an industry participant; and
- 4) Demonstrate orally and in written form the ability to analyze the sports management industry and provide strategic direction for industry participants.

## GRADING

Students will be evaluated and course grades determined in accordance with the GSBA Dean's standard for graduate elective courses. This standard dictates a maximum grade point average of 3.50.

Note: Students are expected to conform to all university policies regarding academic integrity. Indiscretions and/or excuses will not be tolerated.

## GRADE COMPONENTS

1)	<b>Term Project</b>		
	5 page proposal	50	
	Written report	150	
	Oral presentation	<u>150</u>	
			<b>350</b>
2)	<b>Stakeholder Analyses</b>		
	Analysis #1	200	
	Analysis #2	<u>200</u>	
			<b>400</b>
3)	<b>Class Participation</b>		
	In-class contribution	125	
	Attendance	<u>125</u>	
			<b><u>250</u></b>
			<b>1000</b>

## **EXPLANATION OF COMPONENTS**

### **1) Group Project: Due Date – December 3<sup>rd</sup>**

Each group of five will be responsible for researching, analyzing, and presenting -- both orally and in writing -- a sports business issue which presently influences the sports management industry.

The written portion of the report is not to exceed twenty double-spaced pages. Oral presentations, in which every group member is expected to participate, will be limited to twenty minutes. Additional details will be provided in class.

### **2) Stakeholder Analyses: Due Dates – October 1<sup>st</sup> and November 12<sup>th</sup>**

Students -- *working in pairs* -- must, in five or fewer double-spaced pages, briefly analyze and outline the financial, marketing, and planning components in response to the issue posed. Consider both the tangible and intangible implications when describing the effects on industry participants.

This assignment will be graded based upon the following:

- Grasp of Assigned Issue (10%)
- Identification of Primary, Secondary, & Tertiary Industry Stakeholders (20%)
- Potential Marketing Impacts (20%)
- Financial Considerations (20%)
- Strategic Planning Issues (20%)
- Organization of the Analysis (10%)

### **3) Class Participation: Ongoing**

Class will begin and end on time. Students are expected to be prepared to discuss and respond to questions pertaining to any and all assigned readings. As participation represents 25% of the course grade, students are encouraged to be involved in the discussion. Students should notify me in advance should they be forced to miss class.

This part of your grade will be based on effective contributions to class discussions. These include input that is relevant to the course content and the topic of discussion. Students are expected to be prepared to discuss and respond to questions pertaining to any and all assigned readings.

Effective class comments may address questions raised by others, integrate material from this and other courses, draw upon real-world experiences and observations, or pose new questions to the class.

Notably, it is difficult to demonstrate a high degree of participation given multiple absences from class.

## **STATEMENT FOR STUDENTS WITH DISABILITIES**

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m. Monday through Friday. The phone number for DSP is (213) 740-0776.

## **STATEMENT ON ACADEMIC INTEGRITY**

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own. All students are expected to understand and abide by these principles. *Scampus*, the Student Guidebook, contains the Student Conduct Code in Section 11.00, while the recommended sanctions are located in Appendix A.  
<http://www.usc.edu/dept/publications/SCAMPUS/gov/>

Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at <http://www.usc.edu/student-affairs/SJACS/>

## **STATEMENT ON TECHNOLOGY USE**

Please note that communication devices such as iPads, iPhones, etc. capable of sending and or receiving electronic communication and all entertainment devices such as iPods or other MP3 players are to be turned off and kept off throughout the class session. Receiving or sending communication or entertainment during class disrupts the learning environment and is rude to those around you. Laptops can be used only with the express permission of the professor. When you are permitted to use your laptop for note-taking purposes, Internet connections are prohibited unless otherwise stated by the professor. There will be no use of laptops during examinations.

## **RETURN OF GRADED MATERIAL**

Returned paperwork, unclaimed by a student, will be discarded after 4 weeks and hence, will not be available should a grade appeal be pursued by a student following receipt of his/her course grade.

## ASSIGNED READINGS

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
01	08/27	<u>COURSE INTRODUCTION:</u> <u>STAKEHOLDER OVERVIEW:</u>		Industry Silos  Concentration of Power	
02	09/03	<u>NO CLASS -- SPECIAL EVENT:</u>			
03	09/10	<u>PRO SPORTS:</u>	<u><b>The Business of Sports</b></u> <u>Chapter 11: "Sports Franchise Valuation"</u>  <i>Forbes</i> <i>Franchise Values</i>	Sources of Revenue & Expenses  Trends in Revenue & Expenses  Impacts of Rising/Falling Player Costs  Role & Importance of Operating Incomes  Determinants of Economic Viability  Tax Implications of Franchise Ownership  League/Sports Credit Ratings	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
04	09/17	<u>PRO SPORTS:</u>  <b>PROJECT PROPOSALS DUE</b>  <b>ASSIGN STAKEHOLDER ANALYSIS #1</b>	<b><u>The Business of Sports</u></b> Chapter 10: "Labor Matters..."  <b><u>National Pastime</u></b> Chapter 5: "Fans, Franchises..."  <b><u>National Pastime</u></b> Chapter 7: "Uncertain Prospects"  <b><u>Golf Digest</u></b> "Making Big Bucks, Spending Big Bucks"  <b><u>The Fields of Green</u></b> "The WNBA: Sports vs. Cause Marketing"	Components of Salary Determination  Domestic vs. Int'l League Structures  Impact of Ownership Fractionalization  Assessing MRP across Portfolio  Exporting the U.S Business Model  Strategic Positioning	
05	09/24	<u>PRO SPORTS:</u>			
06	10/01	<u>COLLEGE SPORTS:</u>  <b>STAKEHOLDER ANALYSIS #1 DUE</b>	<b><u>The Business of Sports</u></b> Chapter 13: "A Brief History of the The NCAA's Role in Regulating Intercollegiate Athletics"  <b><i>USA Today</i></b> "Court Victory in '84 Changed Playing Field Forever"	Differences between College & Pro  Critical Dates in NCAA History  NCAA Funding  Landmark Legal Rulings	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
06	10/01	<u>COLLEGE SPORTS:</u> <i>(CONTINUED)</i>	<p><b><u>The Fields of Green</u></b> “College Football and University Branding”</p> <p><b><u>The Fields of Green</u></b> “Large Market, Highly Branded College Teams Win Over Time”</p> <p><b><u>Washington Post</u></b> “Fund &amp; Games”</p> <p><b><u>LexisNexis Litigation Resource</u></b> “Gender Participation Issues Related to Sport: Title IX”</p> <p><b><u>Moody’s Investors Service</u></b> “Eye on the Ball: Big-Time Sports Pose Growing Risk for Universities”</p> <p><b><u>2015 State of the NCAA Address</u></b></p>	<p>Sports as a Branding Tool</p> <p>Revenue Distribution</p> <p>Title IX: Defined &amp; Applied</p> <p>Impact of Title IX on other Sports</p> <p>Financial &amp; Reputational Risks</p> <p>Current State of the NCAA</p>	
07	10/8	<i>NO CLASS – USC/Washington Game</i>			

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
08	10/15	<u>THE OLYMPICS:</u>	<p><b><u>The Business of Sports</u></b> Chapter 12:“Olympics”</p> <p><b><u>The Olympic Marketing Fact File</u></b></p> <p><b><u>The Olympic Games Effect</u></b> Chapter 4: “<i>The Sports &amp; Political Cocktail</i>”</p> <p><b><u>Circus Maximus</u></b> Chapter 3:“Short Run Economic Impact”</p> <p><b><u>The New York Times</u></b> “Does Hosting the Olympics Pay Off?”</p>	<p>Games’ Management Structure</p> <p>Revenue Stream Reliance</p> <p>Role of Television</p> <p>Global Non-Business Considerations</p> <p>Economic Impact</p> <p>Future Challenges</p>	
09	10/22	<u>CORPORATE AMERICA:</u>	<p><b><u>The Business of Sports</u></b> “Moody’s Methodology for Rating Sports-Related Enterprises”</p> <p><i>Moody’s Investor Services</i> "L.A. Arena Funding, LLC"</p> <p><b><u>The Business of Sports</u></b> “The Name is the Game in Facility Naming Rights”</p> <p><b><u>Money Games</u></b> Chapter 9: “Corporate Marketing”</p>	<p>Variables Impacting Valuation</p> <p>Contractually Obligated Income</p> <p>Rationale for Acquiring Naming Rights</p> <p>Pros &amp; Cons of Sponsorship</p> <p>Conflicts of Interest</p> <p>Vertical Marketing &amp; Branding</p> <p>Horizontal Marketing &amp; Branding</p>	



<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
10	10/29	<u>CORPORATE AMERICA:</u>  <b>ASSIGN STAKEHOLDER ANALYSIS #2</b>			
11	11/05	<u>MEDIA:</u>	<b><u>The Business of Sports</u></b> Chapter 8: “Media”  <b><u>Money Games</u></b> Chapter 1: “TV Content”	History of Sports in Primetime  Alliance vs. Transaction Model  Audience Fragmentation  Location-Based TV	
12	11/12	<u>PUBLIC SECTOR:</u>  <u>COURSE WRAP UP:</u>  <b>STAKEHOLDER ANALYSIS #2 DUE</b>	<b><u>Major League Winners</u></b> Chapter 1: “Urban Change...”  <b><u>Hard Ball</u></b> Chapter 7: “State & Local Politics”  <b><u>Money Games</u></b> Chapter 7: “Sports Anchored Development”  <b><u>Major League Winners</u></b> Chapter 5: “A White Elephant...”  <b><u>The Atlantic</u></b> “If You Build It, They Might Come”	Direct vs. Indirect Revenue  Economic Impact vs. Activity  The Multiplier Effect  Importance of Externalities  Sports Anchored Development	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
13	11/19	<i>NO CLASS</i>			
14	11/26	<i>NO CLASS – Thanksgiving</i>			
15	12/03	<b><u>PRESENTATIONS</u></b>			