

MOR 579: The Business of Sports

Spring 2016

12:30-1:50 MW, JKP 104

#16725

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 blending assigned readings, current developments in the sports-business industry, and guest speakers.

In order to address the flow of funds in the sports industry, the course examines the five most critical entities influencing the business of sport: Professional sports franchises and leagues; amateur athletics, including collegiate sports and the Olympics; corporate America; the media; and 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 and sports economists.

With the gross national sports product (GNSP) surpassing \$400 billion, the sports business industry continues to grow rapidly, requiring qualified professionals to manage its growth.

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: 12:00-12:30 MW; and by appointment

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

EXPLANATION OF COMPONENTS

1) Term Project: Due Date – April 18th, 20th, 25th, or 27th

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 – February 22nd and March 30th

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 Exam (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 ON ACADEMIC CONDUCT & SUPPORT SYSTEMS

ACADEMIC CONDUCT

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Section 11, *Behavior Violating University Standards* <https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions>. Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct>.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the *Office of Equity and Diversity* <http://equity.usc.edu> or to the *Department of Public Safety* <http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us>. This is important for the safety of the whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. *The Center for Women and Men* <http://www.usc.edu/student-affairs/cwm/> provides 24/7 confidential support, and the sexual assault resource center webpage <http://sarc.usc.edu> describes reporting options and other resources.

SUPPORT SYSTEMS

Students whose primary language is not English should check with the American Language Institute <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students. The Office of Disability Services and Programs www.usc.edu/disability provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, USC Emergency Information <http://emergency.usc.edu> will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.

STATEMENT ON TECHNOLOGY USE

Please note that communication devices such as cell phones, Blackberries, 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>
1.1	01/11	<u>COURSE INTRODUCTION:</u>			
1.2	01/13	<u>OVERVIEW OF INDUSTRY STAKEHOLDERS:</u>			
2.1	01/18	<i>No Class – MLK Holiday</i>			
2.2	01/20	<u>PRO SPORTS:</u>	<u>The Business of Sports</u> <u>Chapter 11: “Sports Franchise Valuation”</u> <i>Forbes 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>
3.1	01/25	<u>PRO SPORTS:</u> PROJECT PROPOSALS DUE	<u>The Business of Sports</u> Chapter 11: “Sports Franchise Valuation” (continued)	See Above	
3.2	01/27	<u>PRO SPORTS:</u>	<u>The Business of Sports</u> Chapter 10: “Labor Matters” <u>National Pastime</u> Chapter 5: “Fans, Franchises, and Financial Failures” <u>National Pastime</u> Chapter 7: “Uncertain Prospects”	Components of Salary Determination Benefits of Promotion & Relegation Detriments of Promotion & Relegation Stakeholder Perspective on this Model Could it Work in the U.S? Impact of Ownership Fractionalization Assessing MRP across Portfolio	
4.1	02.01	<u>PRO SPORTS:</u>	<u>Golf Digest</u> “Making Big Bucks, Spending Big Bucks” <u>The Fields of Green</u> “The WNBA: Sports vs. Cause Marketing”	Strategic Positioning	
4.2	02/03	<u>PRO SPORTS:</u>			<i>Guest Speaker #1</i>

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
5.1	02/08	<i>No Class</i>			
5.2	02/10	COLLEGE SPORTS: ASSIGN STAKEHOLDER ANALYSIS #1	<p><u>The Business of Sports</u> Chapter 13: “A Brief History of the NCAA’s Role in Regulating Intercollegiate Athletics”</p> <p><i>USA Today</i> “Court Victory in ’84 Changed Playing Field Forever”</p> <p><u>The Fields of Green</u> “College Football and University Branding”</p> <p><u>The Fields of Green</u> “Large Market, Highly Branded College Teams Win Over Time”</p>	<p>Differences between College & Pro</p> <p>Critical Dates in NCAA History</p> <p>NCAA Funding/Revenue Distribution</p> <p>Landmark Legal Rulings</p> <p>Sports as a Branding Tool</p> <p>Title IX: Defined & Applied</p> <p>Impact of Title IX on other Sports</p> <p>Financial & Reputational Risks</p> <p>Current State of the NCAA</p>	
6.1	02/15	<i>No Class – Presidents’ Day</i>			

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
6.2	02/17	<u>COLLEGE SPORTS:</u>	<p><u>LexisNexis Litigation Resource</u> “Gender Participation Issues Related to Sport: Title IX”</p> <p><u>Moody’s Investors Service</u> “Eye on the Ball: Big-Time Sports Pose Growing Risk for Universities”</p> <p><u>2016 State of the NCAA Address</u></p>	See Above	
7.1	02/22	<u>COLLEGE SPORTS:</u> STAKEHOLDER ANALYSIS #1 DUE			<i>Guest Speaker #2</i>
7.2	02/24	<u>THE OLYMPICS:</u>	<p><u>The Business of Sports</u> Chapter 12: “Olympics”</p> <p><u>The Olympic Marketing Fact File</u></p> <p><u>The Olympic Games Effect</u> Chapter 4: “<i>The Sports & Political Cocktail</i>”</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>	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
8.1	02/29	<u>THE OLYMPICS:</u>	<u>Circus Maximus</u> Chapter 3: "Short Run Economic Impact" <u>The New York Times</u> "Does Hosting the Olympics Pay Off?"	See Above	
8.2	03/02	<i>No Class -- Group Project Working Session</i>			
9.1	03/07	<u>CORPORATE AMERICA:</u>	<u>The Business of Sports</u> "Moody's Methodology for Rating Sports-Related Enterprises" <i>Moody's Investor Services</i> "L.A. Arena Funding, LLC" <u>The Business of Sports</u> "The Name is the Game in Facility Naming Rights" <u>Money Games</u> Chapter 9: "Corporate Marketing"	Variables Impacting Valuation Contractually Obligated Income Rationale for Acquiring Naming Rights Pros & Cons of Sponsorship Conflicts of Interest Vertical Marketing & Branding Horizontal Marketing & Branding	
9.2	03/09	<i>No Class – Commissioners' Series Event</i>			

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
10.1	03/14	<i>No Class – Spring Break</i>			
10.2	03/16	<i>No Class – Spring Break</i>			
11.1	03/21	<u>CORPORATE AMERICA</u> ASSIGN STAKEHOLDER ANALYSIS #2			<i>Guest Speaker #3</i>
11.2	03/23	<u>MEDIA:</u>	<u>The Business of Sports</u> Chapter 8: “Media” <u>Money Games</u> Chapter 1: “TV Content”	History of Sports in Primetime Alliance vs. Transaction Models Audience Fragmentation Location-Based TV	
12.1	03/28	<u>PUBLIC SECTOR:</u> STAKEHOLDER ANALYSIS #2 DUE	<u>Major League Winners</u> Chapter 1: “Urban Change...” <u>Hard Ball</u> Chapter 7: “State & Local Politics”	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>
12.2	03/30			<i>Guest Speaker #4</i>	
		STAKEHOLDER ANALYSIS #2 DUE			
13.1	04/04	<i>No Class</i>			
13.2	04/06	<u>PUBLIC SECTOR:</u>	<u>Money Games</u> Chapter 7: “Sports Anchored Development” See Above <u>Major League Winners</u> Chapter 5: “A White Elephant...” <u>The Atlantic</u> “If You Build It, They Might Come”		
14.1	04/11	<u>COURSE WRAP-UP & CAREER OPPORTUNITIES:</u>			
14.2	04/13	<i>No Class -- Group Project Working Session</i>			

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
15.1	04/18	<u>PRESENTATIONS</u>			
15.2	04/20	<u>PRESENTATIONS</u>			
16.1	04/25	<u>PRESENTATIONS</u>			
16.2	04/27	<u>PRESENTATIONS</u>			