

MOR 479: The Business of Sports

Spring 2017

8:00-9:50 AM, MW, JFF 241

#16684

This course offers a unique perspective about the business of sports 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 sports business: 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 BUAD core curriculum to this industry. Completing the BUAD core will enable students to examine sports industry accounting methods, and its financial and marketing strategies, as well as planning concerns, and its managerial philosophies.

Required Preparation: BUAD 304;

Recommended Preparation: Completion of all BUAD core classes

Professor: David M. Carter

Office: HOH 419

Hours: 7:35 AM-7:45 AM Monday & Wednesdays; and by appointment

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COURSE MATERIALS

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

COURSE 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

The initial and recommended target GPA for this course will be 3.30. This target is meant as guideline, not a mandate. Each individual grade must be awarded on the basis of student performance.

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

GRADE COMPONENTS

1)	Attendance	50
2)	Class Participation	150
3)	Article Submission	100
4)	Two Quizzes	200
5)	Mid-Term Exam	200
6)	Final Exam	<u>300</u>
		1000

EXPLANATION OF COMPONENTS

1) Attendance: Ongoing

Class will begin and end on time. Further, students should notify me in advance should they be forced to miss class; each missed class will result in a five-point deduction.

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

2) Class Participation: Ongoing

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.

3) Article Submission: Individual Dates TBD

Each student will be responsible for submitting a one-page analysis of a current sports business issue. Additionally, most will also informally present the sports business issue selected to the class by describing its sports business implications and impacted stakeholders.

4) Quizzes: February 8th and March 27th

Each quiz requires students to identify and briefly describe the relevant sports business issues contained in the question posed. Quiz topics will be directly linked to current sports business events.

These assignments will be graded based upon the following:

- Grasp of Assigned Issue (20%)
- Identification of Critical Issues (30%)
- Identification of Stakeholders (30%)
- Organization of the Exam (20%)

5) Mid-Term Exam: February 27th

The mid-term exam requires students to briefly analyze and outline the financial, marketing, and planning components in response to the question 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%)

6) Final Exam: TBD

The final exam requires students to briefly analyze and outline the financial, marketing, and planning components in response to the question 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%)

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>
1.1	01/09	<u>COURSE INTRODUCTION:</u>		
1.2	01/11	<u>OVERVIEW OF INDUSTRY STAKEHOLDERS:</u>	<i>In-Class Group Exercise #1</i>	
2.1	01/16	<i>No Class – MLK Holiday</i>		
2.2	01/18	<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>
3.1	01/23	<u>PRO SPORTS:</u>	<u>The Business of Sports</u> Chapter 11: “Sports Franchise Valuation” (continued)	See Above
3.2	01/25	<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” <u>Golf Digest</u> “Making Big Bucks, Spending Big Bucks” <u>The Fields of Green</u> “The WNBA: Sports vs. Cause Marketing”	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 Strategic Positioning
4.1	01/30	<u>PRO SPORTS:</u>	<i>In-Class Group Exercise #2</i>	See Above
4.2	02/01	<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>
5.1	02/06	<u>COLLEGE SPORTS:</u>	<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>
5.2	02/08	<u>QUIZ #1</u>		
6.1	02/13	<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>	See Above

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>
6.1	02/13	<u>COLLEGE SPORTS:</u> <i>(CONTINUED)</i>	<u>Knight Commission White Paper</u> “The NCAA and ‘Non-Game Related’ Student Athlete NIL Restrictions” <u>2017 State of the NCAA Address</u>	
6.2	02/15	<u>COLLEGE SPORTS:</u>		<i>Guest Speaker #2</i>
7.1	02/20	<i>No Class – Presidents’ Day</i>		
7.2	02/22	<i>No Class – Mid-Term Preparation</i>		
8.1	02/27	<u>MID-TERM EXAMINATION</u>		
8.2	03/01	<i>No Class</i>		
9.1	03/06	<i>No Class</i>		

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>
9.2	03/08	<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><u>Circus Maximus</u> Chapter 3: "Short Run Economic Impact"</p> <p><u>The New York Times</u> "Does Hosting the Olympics Pay Off?"</p> <p><u>The Conversation</u> "Hard Evidence: What is the World Cup Worth?"</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>
10.1	03/13	<i>No Class – Spring Break</i>		
10.2	03/15	<i>No Class – Spring Break</i>		
11.1	03/20	<u>CORPORATE AMERICA:</u>	<p><u>The Business of Sports</u> "Moody's Methodology for Rating Sports-Related Enterprises"</p> <p><i>Moody's Investor Services</i> "L.A. Arena Funding, LLC"</p>	<p>Variables Impacting Valuation</p> <p>Contractually Obligated Income</p> <p>Rationale for Acquiring Naming Rights</p> <p>Pros & Cons of Sponsorship</p>

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>
11.1	03/20	<u>CORPORATE AMERICA:</u> <i>(CONTINUED)</i>	<p><u>The Business of Sports</u> “The Name is the Game in Facility Naming Rights”</p> <p><u>Money Games</u> Chapter 9: “Corporate Marketing”</p> <p><u>Bloomberg News</u> “Why Staples Has Olympics Fever”</p>	<p>Conflicts of Interest</p> <p>Vertical Marketing & Branding</p> <p>Horizontal Marketing & Branding</p>
11.2	03/22	<u>CORPORATE AMERICA</u>		<i>Guest Speaker #3</i>
12.1	03/27	<u>QUIZ #2</u>		
12.2	03/29	<u>MEDIA:</u>	<p><u>The Business of Sports</u> Chapter 8: “Media”</p> <p><u>Money Games</u> Chapter 1: “TV Content”</p>	<p>History of Sports in Primetime</p> <p>Alliance vs. Transaction Models</p> <p>Audience Fragmentation</p> <p>Location-Based TV</p>
13.1	04/03	<i>No Class</i>		
13.2	04/05	<u>MEDIA:</u>		<i>Guest Speaker #4</i>

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY</u>
14.1	04/10	<u>PUBLIC SECTOR:</u>	<p><u>Major League Winners</u> Chapter 1: “Urban Change...”</p> <p><u>Hard Ball</u> Chapter 7: “State & Local Politics”</p>	<p>Direct vs. Indirect Revenue</p> <p>Economic Impact vs. Activity</p> <p>The Multiplier Effect</p> <p>Importance of Externalities</p> <p>Sports Anchored Development</p>
14.2	04/12	<u>PUBLIC SECTOR:</u>	<p><u>Money Games</u> Chapter 7: “Sports Anchored Development” See Above</p> <p><u>Major League Winners</u> Chapter 5: “A White Elephant...”</p> <p><u>The Atlantic</u> “If You Build It, They Might Come”</p>	
15.1	04/17	<u>PUBLIC SECTOR:</u>		<i>Guest Speaker #5</i>
15.2	04/19	<u>PUBLIC SECTOR:</u>	<i>In-Class Group Exercise #3</i>	
16.1	04/24	<u>COURSE WRAP-UP & CAREER OPPORTUNITIES:</u>		

WK. DATE TOPIC

READING

KEY

16.2 04/26 HOLD/AS-NEEDED

N/A TBD *FINAL EXAM*

DRAFT