

MOR 579: The Business of Sports

Fall 2018

12:30-1:50 MW, JKP 212

#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 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: HOH 419

Hours: 11:45-12:15 MW; and by appointment

Phone: (213) 434-1070

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)	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 – November 14th, 19th, 26th, or 28th

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 – September 24th and October 22nd

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.

STATEMENTS REGARDING ACADEMIC CONDUCT & SUPPORT SYSTEMS

Retention of Graded Coursework

Final exams and all other graded work which affected the course grade will be retained for 90 days after the end of the course *if* the graded work has not been returned to the student. If a graded paper is returned to you, it is your responsibility to file it.

Technology Policy

Laptop and Internet usage is not permitted during academic or professional sessions unless otherwise stated by the respective professor and/or staff. Use of other personal communication devices, such as cell phones, is considered unprofessional and is not permitted during academic or professional sessions. ANY e-devices (cell phones, iPads, other texting devices, laptops, I-pods) must be completely turned off during class time. Upon request, you must comply and put your device on the table in off mode and FACE DOWN. You might also be asked to deposit your devices in a designated area in the classroom. Videotaping faculty lectures is not permitted due to copyright infringement regulations. Audiotaping may be permitted if approved by the professor. Use of any recorded or distributed material is reserved exclusively for the USC students registered in this class.

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 Part B, Section 11, “Behavior Violating University Standards” <https://policy.usc.edu/scampus-part-b/>. 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>.

Support Systems

Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. <https://engemannshc.usc.edu/counseling/>

National Suicide Prevention Lifeline - 1-800-273-8255

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

Sexual Assault Resource Center

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

Office of Equity and Diversity (OED)/Title IX compliance – (213) 740-5086

Works with faculty, staff, visitors, applicants, and students around issues of protected class.

<https://equity.usc.edu/>

Bias Assessment Response and Support

Incidents of bias, hate crimes and microaggressions need to be reported allowing for appropriate investigation and response. <https://studentaffairs.usc.edu/bias-assessment-response-support/>

Student Support & Advocacy – (213) 821-4710

Assists students and families in resolving complex issues adversely affecting their success as a student

EX: personal, financial, and academic. <https://studentaffairs.usc.edu/ssa/>

Diversity at USC – <https://diversity.usc.edu/>

Tab for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students

Students with Disabilities

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs (www.usc.edu/disability). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. 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 (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: ability@usc.edu.

Emergency Preparedness/Course Continuity

In case of a declared emergency if travel to campus is not feasible, the *USC Emergency Information* web site (<http://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC's Blackboard learning management system (blackboard.usc.edu), teleconferencing, and other technologies.

ASSIGNED READINGS

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
1.1	08/20	<u>COURSE INTRODUCTION:</u>			
1.2	08/22	<u>OVERVIEW OF INDUSTRY STAKEHOLDERS:</u>			
2.1	08/27	<u>PRO SPORTS:</u>	PWC Sports Outlook “At the Gate and Beyond”	Sources of Revenue & Expense Trends in Revenue & Expense	
2.2	08/29	<u>PRO SPORTS:</u>	<u>The Business of Sports</u> <u>Chapter 11: “Sports Franchise Valuation”</u> <i>Forbes Franchise Values</i>	Role & Importance of Operating Incomes Determinants of Economic Viability Tax Implications of Franchise Ownership League/Sports Credit Ratings Impacts of Rising/Falling Player Costs	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
3.1	09/03	<i>No Class – Labor Day</i>			
3.2	09/05	<u>PRO SPORTS:</u> PROJECT PROPOSALS DUE	<u>The Business of Sports</u> <u>Chapter 11: “Sports Franchise Valuation”</u> (continued)	See Above	
4.1	09/10	<u>PRO SPORTS:</u>	<u>The Business of Sports</u> <u>Chapter 10: “Labor Matters”</u> <u>Golf Digest</u> “Making Big Bucks, Spending Big Bucks”	Components of Salary Determination Ownership Fractionalization Assessing MRP across Portfolio Alternate Business Models	
4.2	09/12	<u>PRO SPORTS:</u> ASSIGN STAKEHOLDER ANALYSIS #1			<i>Guest Speaker #1</i>
5.1	09/17	<i>No Class</i>			

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
5.2	09/19	<u>COLLEGE SPORTS:</u>	<p><u>The Business of Sports</u> Chapter 13: “History and Structure”</p> <p><u>Unwinding Madness</u> Chapter 2: “How College Sports Lost Its Way”</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>Sports as a Branding Tool</p> <p>Financial & Reputational Risks</p> <p>Title IX: Defined, Applied, & Impacts</p> <p>Potential for Reform</p> <p>Current State of the NCAA</p>	
6.1	09/24	<u>COLLEGE SPORTS:</u> STAKEHOLDER ANALYSIS #1 DUE	<p><u>Knight Commission White Paper</u> “The NCAA and ‘Non-Game Related’ Student Athlete NIL Restrictions”</p> <p><u>Moody’s Investors Service</u> “Eye on the Ball: Big-Time Sports Pose Growing Risk for Universities”</p> <p><u>Unwinding Madness</u> Chapter 8: “Two Paths to Meaningful Reform”</p>	See Above	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
6.2	09/26	<u>COLLEGE SPORTS:</u>			<i>Guest Speaker #2</i>
7.1	10/01	<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>	
7.2	10/03	<u>THE OLYMPICS:</u>			<i>Guest Speaker #3</i>
8.1	10/08	<u>THE OLYMPICS:</u>	<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>	See Above	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
8.2	10/10	<u>CORPORATE AMERICA:</u> ASSIGN STAKEHOLDER ANALYSIS #2	<u>The Business of Sports</u> “Moody’s Methodology for Rating Sports-Related Enterprises” <u>Money Games</u> Chapter 9: “Corporate Marketing” <u>Bloomberg News</u> “Why Staples Has Olympics Fever”	Variables Impacting Valuation Contractually Obligated Income Rationale for Acquiring Naming Rights Pros & Cons of Sponsorship Conflicts of Interest Vertical Marketing & Branding Horizontal Marketing & Branding	
9.1	10/15	<u>CORPORATE AMERICA:</u>	<u>Athletic Director U.</u> “Why Naming Rights Deals in College Athletics are Complicated Business” <u>The New York Times</u> “Seattle Storm Take Progressive Tack” <u>The New York Times</u> “WNBA’s Seattle Storm Embrace a Role...” <u>Sports Business Journal</u> “Creating a Storm for Social Justice”	Strategic Positioning Brand Management (Social) Cause vs. Sports Marketing	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
9.2	10/17	<u>CORPORATE AMERICA:</u>			<i>Guest Speaker #4</i>
10.1	10/22	<u>CURRENT EVENTS:</u> STAKEHOLDER ANALYSIS #2 DUE			
10.2	10/24	MEDIA:	<u>Money Games</u> Chapter 1: “TV Content” <u>Variety</u> “Big Media, Silicon Valley Battle for Multibillion-Dollar Sports TV Rights” <u>Sports Illustrated</u> “With Upheaval in Cable Market, Power 5 Bet on Silicon Valley”	Alliance vs. Transaction Models Location-Based TV Audience Fragmentation Platform Development FANG Group Impacts	
11.1	10/29	<u>MEDIA:</u>			<i>Guest Speaker #5</i>
11.2	10/31	<u>PUBLIC SECTOR:</u>	<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	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>KEY TOPICS</u>	<u>SPEAKER</u>
12.1	11/05	<u>PUBLIC SECTOR:</u>	<u>Money Games</u> Chapter 7: “Sports Anchored Development” <u>Major League Winners</u> Chapter 5: “A White Elephant...”	Sports Anchored Development Importance of Externalities	
12.2	11/07	<u>COURSE WRAP-UP & CAREER OPPORTUNITIES:</u>			
13.1	11/12	<i>No Class -- Group Project Working Session</i>			
13.2	11/14	<u>PRESENTATIONS</u>			
14.1	11/19	<u>PRESENTATIONS</u>			
14.2	11/21	<i>No Class – Thanksgiving</i>			
15.1	11/26	<u>PRESENTATIONS</u>			
15.2	11/28	<u>PRESENTATIONS</u>			