

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

Spring 2019

6:30-9:30 PM Thursdays

JKP 210

#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 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:** Hoffman Hall 419

**Hours:** 5:30-6:00 Thursdays; and by appointment

**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 Engagement</b>		
	In-class contribution	125	
	Attendance	<u>125</u>	
			<b><u>250</u></b>
			<b>1000</b>

## **EXPLANATION OF COMPONENTS**

### **1) Term Project/Group Presentations: Due Date – April 25<sup>th</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.

Oral presentations, in which every group member is required to participate, will be limited to fifteen minutes. The written portion of the report is not to exceed fifteen double-spaced pages and is due no later than 6:30 PM on December 11<sup>th</sup>.

### **2) Stakeholder Analyses: Due Dates – February 7<sup>th</sup> and April 4<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 Engagement: 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 engagement 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 engagement 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>SUB TOPICS</u>	<u>SPEAKER</u>
01	01/10	<u>COURSE INTRODUCTION:</u> <u>STAKEHOLDER OVERVIEW:</u>		Industry Silos  Concentration of Power	
02	01/17	<u>PRO SPORTS:</u>	<b><u>PWC Sports Outlook (2017 Edition)</u></b> <b>At the Gate and Beyond:</b> Outlook for the N.A. Sports Market through 2021  <b><u>PWC Sports Outlook (2018 Edition)</u></b> <b>At the Gate and Beyond:</b> Outlook for the N.A. Sports Market through 2022  <b><u>The Business of Sports</u></b> <b>Chapter 11: “Sports Franchise Valuation”</b>  <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	
03	01/24	<u>PRO SPORTS:</u>  <b>ASSIGN STAKEHOLDER ANALYSIS #1</b>  IN CLASS GROUP EXERCISE	<b><u>The Business of Sports</u></b> <b>Chapter 10: “Labor Matters...”</b>  <b><u>Golf Digest</u></b> <b>“Making Big Bucks, Spending Big Bucks”</b>	Components of Salary Determination  Impact of Ownership Fractionalization  Assessing MRP across Portfolio  Strategic Positioning	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>SUB TOPICS</u>	<u>SPEAKER</u>
04	01/31	<u>PRO SPORTS:</u>  <b>PROJECT PROPOSALS DUE</b>			<i>Guest Speaker #1</i>
05	02/07	<u>COLLEGE SPORTS:</u>  <b>STAKEHOLDER ANALYSIS #1 DUE</b>	<p><b><u>The Business of Sports</u></b> Chapter 13: “A Brief History of the NCAA’s Role in Regulating Intercollegiate Athletics”</p> <p>“<b><u>The NCAA Cartel:</u></b> Why it Exists, How it Works, and What it Does”</p> <p><b><u>Unwinding Madness</u></b> Chapter 2: “How College Sports Lost Its Way”</p> <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>Differences between College &amp; Pro</p> <p>Critical Dates in NCAA History</p> <p>NCAA Structure &amp; Funding</p> <p>Revenue Distribution</p> <p>Sports as a Branding Tool</p> <p>Title IX: Defined &amp; Applied</p> <p>Financial &amp; Reputational Risks</p> <p>Potential for Reform</p> <p>Current State of the NCAA</p>	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>SUB TOPICS</u>	<u>SPEAKER</u>
05	02/07	<u>COLLEGE SPORTS:</u> (CONTINUED)	<u><b>Knight Commission White Paper</b></u> “The NCAA and ‘Non-Game Related’ Student Athlete NIL Restrictions”  <u><b>Moody’s Investors Service</b></u> “Eye on the Ball: Big-Time Sports Pose Growing Risk for Universities”  <u><b>Unwinding Madness</b></u> Chapter 8: “Two Paths to Meaningful Reform”		
06	02/14	<u>NO CLASS/SPECIAL EVENT</u>			
07	02/21	<u>NO CLASS</u>			
08	02/28	<u>COLLEGE SPORTS:</u>			<i>Guest Speaker #2</i>
09	03/07	<u>THE OLYMPICS &amp; WORLD CUP:</u>  IN CLASS GROUP EXERCISE	<u><b>The 2018 Olympic Marketing Fact File</b></u>  <u><b>Journal of Economic Perspectives</b></u> “Going for the Gold: The Economics Of the Olympics”  <u><b>“Corruption in the Bidding, Construction and Organization of Mega-Events: An Analysis of the Olympics and World Cup”</b></u>	Games’ Management Structure  Revenue Stream Reliance  Role of Television  Global Non-Business Considerations  Economic Impact  Future Challenges	

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>SUB TOPICS</u>	<u>SPEAKER</u>
10	03/14	<u>NO CLASS/SPRING BREAK</u>			
11	03/21	<u>CORPORATE AMERICA:</u>  <b>ASSIGN STAKEHOLDER ANALYSIS #2</b>  IN CLASS GROUP EXERCISE	<b><u>The Business of Sports</u></b> “The Name is the Game in Facility Naming Rights”  <b><u>Athletic Director U.</u></b> “Why Naming Rights Deals in College Athletics are Complicated Business”  <b><u>Bloomberg News</u></b> “Why Staples Has Olympic Fever”  <b><u>The New York Times</u></b> “Seattle Storm Take Progressive Tack”  <b><u>The New York Times</u></b> “WNBA’s Seattle Storm Embrace a Role...”  <b><u>Sports Business Journal</u></b> “Creating a Storm for Social Justice”	Rationale for Acquiring Naming Rights  Contractually Obligated Income  Strategic Positioning  Pros & Cons of Sponsorship  Conflicts of Interest  Brand Management  Cause vs. Sports Marketing  Activism & Sports Marketing	
12	03/28	<u>NO CLASS</u>			
13	04/04	<u>CORPORATE AMERICA:</u>  <b>STAKEHOLDER ANALYSIS #2 DUE</b>			<i>Guest Speaker #3</i>

<u>WK.</u>	<u>DATE</u>	<u>TOPIC</u>	<u>READING</u>	<u>SUB TOPICS</u>	<u>SPEAKER</u>
14	04/11	<u>MEDIA:</u>	<p><b><u>Barrons</u></b> “TV’s Sports Problem”</p> <p><b><u>Variety</u></b> “Big Media, Silicon Valley Battle for Multibillion-Dollar Sports TV Rights”</p> <p><b><u>Sports Illustrated</u></b> “With Upheaval in Cable Market, Power 5 Bet on Silicon Valley”</p> <p><b><u>IHS Markit</u></b> “New Frontiers for Distribution of Sports Content” <i>pages 1-18</i></p>	<p>Audience Fragmentation</p> <p>Platform Development</p> <p>FAANG Group Impacts</p> <p>Alliance vs. Transaction Model</p> <p>Viewership Migration &amp; Monetization</p>	<i>Guest Speaker #4</i>
15	04/18	<u>PUBLIC SECTOR &amp; COURSE WRAP UP:</u>	<p><b><u>Major League Winners</u></b> Chapter 1: “Urban Change...”</p> <p><b><u>Hard Ball</u></b> Chapter 7: “State &amp; Local Politics”</p> <p><b><u>Money Games</u></b> Chapter 7: “Sports Anchored Development”</p> <p><b><u>Major League Winners</u></b> Chapter 5: “A White Elephant...”</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>	
16	04/25	<u>GROUP PRESENTATIONS</u>			