

# USC Marshall

School of Business

## FBE 599

### Media and Entertainment Finance: Concepts and Applications

Fall 2023

Units - 3.0, Tues/Thurs – 11 AM - 12:20 PM – BRI 8

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#### COURSE DESCRIPTION

This course is designed for graduate students considering initiating or advancing their careers in media and entertainment industry as investors, bankers, management consultants, or executives in corporate/operating financial management. We will cover applications of economic frameworks for evaluating investment and expected returns in the fast-evolving global dynamics of the entertainment industry across all platforms and outlets including movies, television, streaming, music, sports, video games, performing arts, and advertising. The course will discuss, debate, and apply 34 real-life short and full-length cases and address four principal considerations and applications:

1. Allocation of capital allocation across individual or portfolios of projects with high outlays and short “shelf lives”
2. Measurement and management of idiosyncratic returns with enormous tail risks
3. Financial and contractual management of creative talent – both at individual and team levels (for sports)
4. Navigating through the impact of fast-evolving digital technologies and new media on capital investment and returns.

The course format is 20% lecture and 80% discussion/debate on short and long cases involving actual situations/transactions across all media platforms and outlets. Several guest speakers from the industry will address the class over the semester.

## COURSE OBJECTIVES

At the end of this course, students will be able to:

1. Explain and analyze the underlying dynamics that drive the business models and activities of media and entertainment industry participants ranging from small producers to large conglomerates.
2. Measure and manage feasibility and performance of capital investments across all media and entertainment sectors.
3. Analyze and select contracting frameworks for projects and investments at organization and individual creative and athletic talent and stars.
4. Describe and apply the construct, functioning and challenges of managing individual sport and athletic talent, teams, and tournaments.
5. Describe and compare budgets (including production, marketing, and distribution) for small and large investments in creative projects and platforms.
6. Form executive decisions in the context of emerging technologies for media consumption including the confluence of gaming and streaming, short-form video, within the context of established outlets and channels.

## COURSE MATERIALS

- **Required Readings**

- A. Industry dynamics and practices**

Class presentations prepared by instructor for each week provided in advance.

- B. Companies, landmark media productions and transactions, and mini cases**

Provided by instructor in advance for class discussions.

- C. Cases**

Listed below – four case packs will be referenced for students to procure cases from Harvard Business School case library – this is a one step process. Weblink for the first part of the course Movies): <https://hbsp.harvard.edu/import/1085607>

Movies
1. The Walt Disney Company: The Entertainment King
2. Jason Blum's Blumhouse Productions
3. MGM and Tom Cruise
4. The Walt Disney Company
5. The Walt Disney Company and Pixar Inc.: To Acquire or Not to Acquire

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| <ol style="list-style-type: none"><li>6. The Walt Disney Company: The 21st Century Fox Acquisition and Digital Distribution</li><li>7. Bankruptcy and Restructuring at Marvel Entertainment Group</li><li>8. Tax-Motivated Film Financing at Rexford Studios</li><li>9. Universal During COVID: The Future of Theatrical Windows</li><li>10. The Hunger Games: Catching Fire</li></ol> |
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<b>Equity Portfolio Management</b>
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| <ol style="list-style-type: none"><li>11. The Walt Disney Company's Stock: Buy, Hold or Sell?</li><li>12. Bear to Bull: An Analyst's Journey with Netflix</li></ol> |
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<b>Television</b>
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| <ol style="list-style-type: none"><li>13. Chip and Joanna Gaines' Magnolia Network</li><li>14. Hulu: An Evil Plot to Destroy the World?</li><li>15. Quibi: The Failure of Hollywood's "Next Big Thing"</li><li>16. TikTok and Kuaishou</li></ol> |
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<b>Streaming</b>
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| <ol style="list-style-type: none"><li>17. Is Netflix Building a House of Cards?</li><li>18. How should Netflix Add an Ad-Supported Tier?</li></ol> |
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<b>Music</b>
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| <ol style="list-style-type: none"><li>19. Octane Records</li><li>20. Apple and the Music Industry</li><li>21. Spotify: Face the Music</li><li>22. Beyonce</li><li>23. Lady Gaga</li><li>24. Live Nation and Pharrell Williams</li></ol> |
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<b>Sports and Betting</b>
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| <ol style="list-style-type: none"><li>25. The Chicago Blackhawks</li><li>26. Anaheim Ducks</li><li>27. The NFL's \$100 Billion Media Rights Deals</li><li>28. Orlando Magic: The Free Agency Decision</li><li>29. Betting on Draftkings</li></ol> |
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<b>Video Games</b>
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| <ol style="list-style-type: none"><li>30. Epic Games</li><li>31. Google Launches Stadia</li><li>32. Microsoft Acquires Activision Blizzard</li><li>33. Roblox: Virtual Commerce in the Metaverse</li><li>34. Roblox: The Path to Going Public</li></ol> |
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<b>Book Publishing</b>
35. Droga5: Launching Jay-Z's Decoded

<b>Broadway and Live Performance</b>
36. Hamilton: An American Musical
37. Metropolitan Opera

- **Suggested Readings and Online Resources**

D. Students will be expected to keep current on topical areas that will be discussed in class. Specific current articles will be cited and discussed. The following list of publications is suggested:

Textbooks:

1. The Movie Business Handbook – edited by Jason Squire, Routledge
2. Entertainment Industry Economics – Harold L. Vogel, Cambridge University Press
3. Entertainment Science – Thorsten Hennig-Thurau, Mark B. Houston, Springer

News and Other Media:

1. Wall Street Journal, New York Times, LA Times, Financial Times
2. Bloomberg.com
3. Business Insider
4. Hollywood Reporter, Variety
5. Wired Magazine, The Wrap
6. Videonuze
7. On The Media (podcast)

- **Supplementary Materials**

Several internal and public company presentations (in public domain) will be posted and discussed in class.

All materials will be posted on Blackboard. If you have any questions or need assistance with the Blackboard Course Pages, please contact the Marshall HelpDesk at 213-740-3000 (option 2) or HelpDesk@marshall.usc.edu.” Alternatively, (213) 740-5555 will get you the USC ITS Help Desk.

## **GRADING**

<b>Assignments</b>	<b>Points</b>	<b>% of Overall Grade</b>
Class Participation	20	20%
Individual Case Assignments	20	20%
Group Equity Portfolio Management	15	15%
Group Company Analysis	15	15%
Final Exam	30	30%
<b>TOTAL</b>	<b>100</b>	<b>100%</b>

### **EQUITY PORTFOLIO CREATION AND MANGEMENT**

From week 6 till the end of semester, student groups (selected by instructor) will run market-neutral equity portfolios with \$10 million long and short positions of 5-10 positions on each side in publicly listed media and entertainment companies on Marketwatch. Portfolio management groups will trade on a weekly basis. Portfolio Group performance will be graded based on stock selection approach, portfolio factsheet, and performance. Detailed instructions will be provided in week 5.

### **INDIVIDUAL CASE ASSIGNMENTS**

10 selected cases will be assigned for a written analysis that addresses questions discussed in the class. Students can choose and submit no less than 5 cases for submission. The guidance for the length of written analysis is 5-7 single-spaced pages in 11 font size. Case submissions can supplement class participation grade. Late submissions will not be accepted.

It is expected that case analysis submissions will identify problems and issues in a scenario, to demonstrate students' knowledge of theories and professional policies and to make decisions and recommendations based on these to either prevent or solve some of the issues in that scenario.

### **GROUP COMPANY ANALYSES**

Groups of four students each will be formed in the class through a selection process after week 4. Case groups will prepare a comprehensive analysis of a media company picked by them. These analyses should examine the situation and strategic options for the company and associated pros and cons. This will be followed by a class presentation in the last class session.

### **OPTIONAL STUDIO TOUR**

We will visit one of the working movie studios in LA and the Academy of Motion Pictures Museum over one weekend. These tours will cost around \$100-150 with transportation and will be optional.

### **CLASS PARTICIPATION**

This course is oriented from practitioners' perspectives and decisions in real life situations, and thus class participation is an extremely important part of the learning experience. The challenges and opportunities faced by firms/individuals in the cases will be discussed in a "boardroom" setting, with debates on options and decisions. The ability to present one's ideas concisely and persuasively and to respond effectively to the ideas of others is a key business skill. You will be expected to provide their opinions in group settings in their professional careers and thus, class participation is integrated in this course to prepare you for this experience.

One of the primary goals of this course is to help you develop the ability to clarify your own position on an issue, and to be able to articulate and defend it clearly. Sharing your perceptions and ideas with others is crucial for learning and for understanding how the diverse opinions that you are likely to encounter in an organization are debated. You will find yourself presenting and testing new ideas that are not wholly formulated and assisting others in shaping their ideas as well. You should be prepared to take some risks.

The richness of the learning experience will largely depend upon the degree of preparation by all students prior to each class session. My expectation (and that of your classmates) will be that you are prepared for all classes and will actively participate in and meaningfully contribute to class discussions. Cold calling may take place to encourage active participation and to gain multiple perspectives and points of view.

In-class participation grading will be based on students' demonstrated willingness to participate, and critical thinking of the comments expressed, rather than the quantity. While some students are far more comfortable than others with class participation, all students should make an effort to contribute meaningfully and be supportive of the efforts of others.

Effective class participation consists of analyzing, commenting, questioning, discussing, and building on others' contributions; it is not repeating facts or monopolizing class time. One of the goals of this course is to help you sharpen that ability.

- **Outstanding Contribution:** Your contributions reflect considerable preparation; they are substantive and supported by evidence from the case, readings, and logic. Your comments or questions create a springboard for discussion by making a critical insight. You synthesize and build upon what has already been said in the discussion. The class learns from you when you speak; in your absence, the discussions would suffer.
- **Good Contribution.** You come prepared with substantiated comments. You demonstrate good insight and clear thinking. You are able to make some connection to what has been said in prior discussion. The class notices when you're not part of the discussion.
- **Minimal Contribution.** You participate but are unprepared. You rarely offer interesting insights into the discussion. It appears that you are not listening to what others are saying during discussion.
- **No Contribution.** You say little or nothing in class. If you were not in the class, the discussion would not suffer.

The evaluating of in-class participation is based on the following:

1. Relevance – Does the comment or question meaningfully bear on the subject at hand? Irrelevant or inappropriate comments can detract from the learning experience.
2. Responsiveness – Does the comment or question connect to what someone else has said?
3. Analysis – Is the reasoning employed consistent and logical? Has data from course materials, personal experience, or general knowledge been employed to support the assertions/findings?
4. Value – Does the contribution further the understanding of the issues at hand?
5. Clarity – Is the comment concise and understandable?

During case discussions, the instructor will be the facilitator to encourage a discussion that includes perspectives from a variety of viewpoints and, secondly, to pull together prevailing analyses and recommendations. The direction and quality of a discussion will be the collective responsibility of the class.

Grading for each in class-session:

1. Two (2) points will be awarded to a student for relevant and meaningful participation,
2. One (1) point for modest contributions to the class
3. Zero (0) points for no participation or absence.

To underscore the importance of participation, 20% of the course grade is allocated to the assessment component.

## **FINAL EXAM**

The final exam will be a 90-minute open book multiple choice quiz with approximately 110 questions. The final exam will be conducted in class on Blackboard. Final exam time may be adjusted for students with special circumstances if approved by USC Administration.

In case of a declared emergency if travel to campus is not feasible, the USC Emergency Information web site (<https://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.

**COURSE SCHEDULE**

	<b>Topics/ Daily Activities</b>	<b>Readings and Homework</b>	<b>Deliverables with Due Dates</b>
<i>Week 1</i> <b>8/22 - 24</b>	<p><b>The Business of Entertainment - Industry Overview and Dynamics</b></p> <p><u>Learning Objectives:</u></p> <ul style="list-style-type: none"> <li>i. Understand and delineate the unique dynamics of media and entertainment industries.</li> <li>ii. Review and analyze industry financing revenue, and profitability trends.</li> <li>iii. Assess how "content owners" including stars and sports personalities, distributors, and capital/financing providers analyze projects and transactions.</li> <li>iv. Review potential responses to industry disruptions.</li> </ul>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <ul style="list-style-type: none"> <li>1. Class presentation provided by the instructor in advance.</li> </ul> <p><b>Cases</b></p> <ul style="list-style-type: none"> <li><b>1. The Walt Disney Company: The Entertainment King</b> Learning Areas: A. Corporate strategy B. Organizational structure C. M&amp;A</li> </ul>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>
<i>Week 2</i> <b>8/29 - 31</b>	<p><b>Movies I – Production and the Studio System</b></p> <p><u>Learning Objectives:</u></p> <ul style="list-style-type: none"> <li>i. Examine hit-making and risk-taking in the context of the Hollywood film industry.</li> <li>ii. Illustrate how a relatively small content producer might be able to compete with major studios.</li> <li>iii. Analyze product - portfolio management strategies in the context of diversification vs. tail risks.</li> <li>iv. Understand the economics of "micro -budget" product strategies.</li> <li>v. Explore best practices in contracting and management of creative talent.</li> </ul>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <ul style="list-style-type: none"> <li>1. Instructor presentation</li> </ul> <p><b>Cases</b></p> <ul style="list-style-type: none"> <li><b>2. Jason Blum's Blumhouse Productions</b> Learning Areas: A. Managing a smaller studio B. Company valuation</li> <li><b>3. MGM and Tom Cruise</b> Learning Areas: A. Movie and studio economics B. Star contracts and compensation structure</li> </ul>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>



<p><i>Week 3</i> <b>9/5 - 7</b></p>	<p><b>Movies II – The Studio System</b> <u>Learning Objectives:</u></p> <ul style="list-style-type: none"> <li>i. Illustrate the complexities of managing risks and selecting projects in environments characterized by high uncertainty.</li> <li>ii. Understand the use of Game Theory in business overconfidence and competitor neglect.</li> <li>iii. Develop budget for a movie launch including financial projections of breakeven ticket revenue with possible release dates.</li> <li>iv. Understand the typical chain of value-creating activities in entertainment industries.</li> <li>v. Illustrate a best practice example of an intellectual property licensing model.</li> </ul>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <ul style="list-style-type: none"> <li>1. Instructor presentation</li> </ul> <p><b>Cases</b></p> <ul style="list-style-type: none"> <li><b>4. The Walt Disney Company</b> Learning Areas: A. Corporate strategy B. Organizational structure C. M&amp;A</li> <li><b>5. The Walt Disney Company and Pixar Inc.: To Acquire or Not to Acquire</b> Learning Areas: A. M&amp;A B. Company valuation C. Negotiation</li> <li><b>6. The Walt Disney Company: The 21st Century Fox Acquisition and Digital Distribution</b> Learning Areas: A. Strategy B. M&amp;A C. Valuation</li> </ul>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>
<p><i>Week 4</i> <b>9/12 - 14</b></p>	<p><b>Movies III – Movie and Studio Financing Distribution – Exhibition</b> <u>Learning Objectives:</u></p> <ul style="list-style-type: none"> <li>i. Understand and illustrate single movie project financing.</li> <li>ii. Understand how tax-oriented financing is structured.</li> <li>iii. Explore media company financial structure.</li> </ul>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <ul style="list-style-type: none"> <li>1. Instructor presentation</li> </ul> <p><b>Cases</b></p> <ul style="list-style-type: none"> <li><b>7. Bankruptcy and Restructuring at Marvel Entertainment Group</b> Learning Areas:</li> </ul>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>

	<p>iv. Illustrate media company financial company distress and financial restructuring.</p>	<p>A. Financial Management  B. Financial Distress  C. Corporate Restructuring  D. Negotiation</p> <p><b>8. Tax-Motivated Film Financing at Rexford Studios</b>  Learning Areas:  A. Movie Financing  B. Financial Structure  C. Global Finance</p>	
<p><i>Week 4</i>  <b>9/12 - 14</b></p>	<p><b>Movies IV – Licensing and Distribution</b>  <u>Learning Objectives:</u>  v. Understand and illustrate the seven principles of movie distribution.  vi. Understand how industry ecosystem and economics inform strategic choices in the movie industry.  vii. Assess the positive and negative impacts of digital technologies.  i. Understand the financial risks of focused differentiation.</p>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b>  1. Instructor presentation</p> <p><b>Cases</b>  <b>9. Universal During COVID: The Future of Theatrical Windows</b>  Learning Areas:  A. Strategy  B. Operations</p> <p><b>10. The Hunger Games: Catching Fire</b>  Learning Areas:  A. Strategy  B. Branding and Distribution</p>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>
<p><i>Week 6</i>  <b>9/19 - 21</b></p>	<p><b>Equity Portfolio Management Project</b>  <b>Television I – Structure and Functioning</b>  <u>Learning Objectives:</u>    <b>Equity Portfolio Management</b>  i. Understand apply stock selection process.</p>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b>  1. Instructor presentation</p> <p><b>Cases</b>  <b>11. The Walt Disney Company’s Stock: Buy, Hold or Sell?</b></p>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>

	<p>ii. Understand and apply portfolio management.</p> <p><b>Television I</b></p> <p>i. Analyze content portfolio management challenges vis-à-vis viewers, distributors and advertisers.</p> <p>ii. Understand the evolving role of star power in the television industry and its impact on economic models.</p> <p>iii. Assess best practices in launching/re-branding television networks and platforms and the underlying economics.</p> <p>iv. Analyze how media conglomerates create and capture value the importance of superstar talents.</p>	<p><b>12. Bear to Bull: An Analyst’s Journey with Netflix</b> Learning Areas: A. Stock selection B. Portfolio management</p> <p><b>13. Chip and Joanna Gaines' Magnolia Network</b> Learning Areas: A. Creating a TV franchise B. Contracts C. Negotiation</p>	
<p><i>Week 2</i> <b>9/26 - 28</b></p>	<p><b>Television II – A Medium Challenged</b> <u>Learning Objectives:</u></p> <p>ii. Understand factors that drive success for content aggregators in general and specifically for projects.</p> <p>iii. Explore financial dynamics of content selection, scheduling and pricing.</p> <p>iv. Analyze content portfolio management challenges vis-à-vis viewers, distributors and advertisers.</p> <p>i. Explore how cable industry is changing and how it impacts the financial outlays executives have to decide upon.</p>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b> 1. Instructor presentation</p> <p><b>Cases</b> <b>14. Hulu: An Evil Plot to Destroy the World?</b> Learning Areas: A. Strategy B. Distribution C. Pricing</p> <p><b>15. Quibi: The Failure of Hollywood’s “Next Big Thing”</b> Learning Areas: A. Business failure analysis</p> <p><b>16. TikTok and Kuaishou</b> Learning Areas:</p>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>

		<p>A. Economic logic assessment</p> <p>B. Creating a global media platform</p>	
<p><i>Week 7</i> <b>10/3 - 5</b></p>	<p><b>Streaming</b> <u>Learning Objectives:</u></p> <ul style="list-style-type: none"> <li>i. Explore competitive dynamics in the rapidly evolving video streaming market.</li> <li>ii. Assess how first-mover advantage may translate into a sustainable advantage.</li> <li>iii. Explore and enumerate how online platforms seek control and leverage in the video industry.</li> <li>iv. Understand and analyze the underlying forces are driving decisions by industry leaders.</li> <li>v. Explore the limits of Netflix’s revenue model as it changes its value creation process and pricing as competition intensifies.</li> </ul>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <ul style="list-style-type: none"> <li>1. Instructor presentation</li> <li>2. Investment note – Video Streaming Service Industry</li> </ul> <p><b>Cases</b></p> <p><b>17. Is Netflix Building a House of Cards?</b> Learning Areas: A. Economic Logic Assessment B. Growth Strategy</p> <p><b>18. How should Netflix Add an Ad-Supported Tier?</b> Learning Areas: A. Demand Forecasting B. Conjoint Analysis C. Profitability and ROI Analysis</p>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>
<p><i>Week 8</i> <b>10/10 - 12</b></p>	<p><b>Music I – Industry Dynamics and Streaming</b> <u>Learning Objectives:</u></p> <ul style="list-style-type: none"> <li>i. Understand and elaborate the economics of artists discovery, production, branding, marketing and distribution.</li> </ul>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <ul style="list-style-type: none"> <li>1. Instructor presentation</li> <li>2. Music Industry in the 2020s</li> </ul>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>

	<ul style="list-style-type: none"> <li>ii. Understand industry structure and contract, rights and revenue.</li> <li>iii. Explore industry dynamics and trends over the last two decades.</li> <li>iv. Analyze the impact of online/digital formats and streaming an industry revenue and profitability.</li> <li>v. Explore the likely future of the music industry and how “streaming wars” will evolve.</li> </ul>	<p><b>Cases</b></p> <p><b>19. Octane Records</b> Learning Areas: A. Running a start-up music label B. Music contracts</p> <p><b>20. Apple and the Music Industry</b> Learning Areas: A. Corporate strategy B. Technology impact C. Profitability analysis</p> <p><b>21. Spotify: Face the Music</b> Learning Areas: A. Profitability analysis B. Growth strategies C. Financial sustainability</p>	
<p><i>Week 9</i> <b>10/17 - 19</b></p>	<p><b>Music II – Stars, Live Performances and Catalog Securitization</b> <u>Learning Objectives:</u></p> <ul style="list-style-type: none"> <li>i. Explore how artists are launched and branded vis-à-vis size of investment and potential.</li> <li>ii. Understand the economics of creating and building new artists and capitalizing on established ones.</li> <li>iii. Assess how superstars and their distributors/channel partners evaluate and negotiate the capturing vs. sharing their “entertainment value”.</li> <li>iv. Understand and analyze the process of music catalog securitization.</li> </ul>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b> 1. Instructor presentation</p> <p><b>Cases</b></p> <p><b>22. Beyonce</b> Learning Areas: A. Star power B. Record launch strategy</p> <p><b>23. Lady Gaga</b> Learning Areas: A. Creation of a star B. Live performance economics</p> <p><b>24. Live Nation and Pharrell Williams</b> Learning Areas: A. Risk/reward analysis</p>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>

		<p>B. Talent positioning C. Balance of power between artists and companies</p>	
<p><i>Week 10</i> <b>10/24 - 26</b></p>	<p><b>Sports I – Teams, Tournaments and Stadiums</b> <u>Learning Objectives:</u> i. Understand and analyze the financial structures of professional sports teams. ii. Recommend strategic and financial consideration and actions for main sports team. iii. Propose durable and reliable revenue generation mechanisms. iv. Analyze increasing financial imbalance between block buster and smaller sporting events. v. Assess how content promoters are investing in new media and financial risk/reward.</p>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b> 1. Instructor presentation</p> <p><b>Cases</b> <b>25. The Chicago Blackhawks</b> Learning Areas: A. Professional team economics B. Managing a team</p> <p><b>26. Anaheim Ducks</b> Learning Areas: A. Stadium economics B. Team failures C. Team restructuring</p>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>
<p><i>Week 11</i> <b>10/31 – 11/2</b></p>	<p><b>Sports II – Media Rights, Player Selection, and Team Valuation</b> <u>Learning Objectives:</u> i. Analyze the impact of globalization across industry stakeholders, owners, teams, players, leagues, and fans. ii. Understand the tradeoffs for sports leagues and clubs in the era of extreme commercialization in global markets. iii. Assess the financial tradeoffs between developing and acquiring sports talent. iv. Analyze the financial risk/reward of attracting and paying for sports superstars. v. Assess how organizations/corporates can build infrastructure around</p>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b> 1. Instructor presentation</p> <p><b>Cases</b> <b>27. The NFL’s \$100 Billion Media Rights Deals Orlando Magic</b></p>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>

	<p>“Super-Star” acquisition model and diversify revenues.</p>		
<p><i>Week 12</i> 11/7 – 11/9</p>	<p><b>Sports III – Sports Stars – Valuation and Management, and Sports Betting</b> <u>Learning Objectives:</u></p> <ol style="list-style-type: none"> <li>i. Explore financial dynamics of athlete endorsements.</li> <li>ii. Understand the practice of managing an athlete/celebrity endorsement portfolio.</li> <li>iii. Understand the motivations of superstars, agents and business partners in financial decision-making.</li> <li>iv. Understand the sports betting industry.</li> </ol>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <ol style="list-style-type: none"> <li>1. Instructor presentation</li> </ol> <p><b>Cases</b></p> <p><b>28. Orlando Magic: The Free Agency Decision</b> Learning Areas:</p> <ol style="list-style-type: none"> <li>A. Analyzing individual player performance</li> <li>B. Making team decisions</li> </ol> <p><b>29. Betting on Draftkings</b> Learning Areas:</p> <ol style="list-style-type: none"> <li>A. Structure of sports betting industry</li> <li>B. Investment management</li> </ol>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>
<p><i>Week 13</i> 11/14 – 11/16</p>	<p><b>Video Games – Industry Structure and Platforms</b> <u>Learning Objectives:</u></p> <ol style="list-style-type: none"> <li>i. Examine the evolution and structure of the video-gaming industry.</li> <li>ii. Evaluate financing of product development and launch strategies for games and platforms.</li> <li>iii. Explore unique aspects of video gaming in the context of capital returns vs. passion of creators and players.</li> </ol>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <ol style="list-style-type: none"> <li>1. Instructor presentation</li> </ol> <p><b>Cases</b></p> <p><b>30. Epic Games</b> Learning Areas:</p> <ol style="list-style-type: none"> <li>A. Video game development strategy and financing</li> <li>B. Video game distribution platforms</li> <li>C. Video game development platforms</li> </ol> <p><b>31. Google Launches Stadia</b></p>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>

		<p>Learning Areas:</p> <p>A. Launching a video game platform</p> <p>B. Corporate failure</p>	
<p><i>Week 14</i>  <b>11/21 – 11/23</b></p>	<p><b>Video Games – Industry Consolidation and Innovation</b>  <u>Learning Objectives:</u></p> <p>i. Explore the economics and valuation of video games and platforms.</p> <p>ii. Understand the dynamics of industry M&amp;A and anti-trust issues.</p> <p>iii. Explore the potential of Metaverse on video games and the industry.</p> <p>iv. Understand the dynamics of an IPO in the video-gaming industry</p>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <p>1. Instructor presentation</p> <p><b>Cases</b></p> <p><b>32. Microsoft Acquires Activision Blizzard</b>  Learning Areas:  A. Valuation  B. M&amp;A  C. Anti-trust challenges</p> <p><b>33. Roblox: Virtual Commerce in the Metaverse</b>  Learning Areas:  A. Creative developments in video games  B. Metaverse and its potential impact on video gaming</p> <p><b>34. Roblox: The Path to Going Public</b>  Learning Areas:  A. Valuation  B. IPO process</p>	<p>Advance reading of class material.</p> <p>Case write-up: TBD</p>
<p><i>Week 15</i>  <b>11/28 – 11/30</b></p>	<p><b>Book Publishing Student Presentations</b>  <u>Learning Objectives:</u></p> <p>v. Explore the economics of book publishing industry.</p> <p>vi. Understand the impact of external shocks on publishing industry economics.</p>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <p>1. Instructor presentation</p> <p><b>Cases</b></p> <p><b>35. Droga5: Launching Jay-Z’s Decoded</b>  Learning Areas:</p>	<p>Case 25 analysis submitted at start of class.</p> <p>Advance reading of class material.</p> <p>Case write-up: TBD</p>



	<ul style="list-style-type: none"> <li>vii. Assess management decisions-making at a publisher undergoing a cashflow crises.</li> <li>i. Understand financial valuation models for acquiring publishing content.</li> </ul>	<ul style="list-style-type: none"> <li>A. Innovation in a dull industry</li> <li>B. Product launch operations</li> <li>C. Cross-media creativity</li> </ul>	
<i>FINAL</i> Date	<p><b>90 minutes – open book with multiple choice questions.</b>  <b>Time/Day: as per USC Final Exam Schedule</b>  <b>Location - TBD</b></p>		

<i>Additional Session – Time Permitting</i>	<p><b>Broadway and Live Performance Learning Objectives:</b></p> <ul style="list-style-type: none"> <li>iv. Examine how hit-making and risk-taking in the context of Broadway theater industry.</li> <li>v. Evaluate financing of product development and launch strategies for theater production.</li> <li>vi. Explore unique prospects of live theater within the context of capital returns vs. passion of creators and performers.</li> <li>vii. Analyze how non-profit media and entertainment organizations achieve sustained success.</li> </ul>	<p><b>Slide presentation provided by instructor.</b></p> <p><b>Readings</b></p> <ul style="list-style-type: none"> <li>1. Instructor presentation</li> </ul> <p><b>Cases</b></p> <p><b>36. Hamilton: An American Musical</b>  Learning Areas:  <ul style="list-style-type: none"> <li>A. Economics of Broadway</li> <li>B. Creating a billion-dollar blockbuster</li> </ul> </p> <p><b>37. Metropolitan Opera</b>  Learning Areas:  <ul style="list-style-type: none"> <li>A. Transforming a medium</li> </ul> </p>	<p>Advance reading of class material.</p> <p>Case write-up:  TBD</p>
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## OPEN EXPRESSION AND RESPECT FOR ALL

An important goal of the educational experience at USC Marshall is to be exposed to and discuss diverse, thought-provoking, and sometimes controversial ideas that challenge one's beliefs. In this course we will support the values articulated in the USC Marshall "[Open Expression Statement](https://www.marshall.usc.edu/open-expression-statement)" (<https://www.marshall.usc.edu/open-expression-statement>).

## STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS

- **Academic Integrity:**

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, compromises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see the student handbook or the Office of Academic Integrity's website, and university policies on Research and Scholarship Misconduct.

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

- **Artificial Intelligence (AI) and ChatGPT.**

Students are expected to conduct their own analysis for written assignments and reports, not to rely on generative AI. Note that the acquisition of academic work in whole or in part from any source (from textbooks and journal articles to web resources to generative AI) and the subsequent presentation of those materials as the student's own work (whether that material is paraphrased or copied in verbatim or near-verbatim form) constitutes an academic integrity violation.

Since creating, analytical, and critical thinking skills are part of the learning outcomes of this course, all assignments should be prepared by the student working individually or in groups. Students may not have another person or entity complete any substantive portion of the assignment. Developing strong competencies in these areas will prepare you for a competitive workplace. Therefore, using AI-generated tools is prohibited in this course, will be identified as plagiarism, and will be reported to the Office of Academic Integrity.

- **Students and Disability Accommodations:**

USC welcomes students with disabilities into all of the University's educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at [osas.usc.edu](http://osas.usc.edu). You may contact OSAS at (213) 740-0776 or via email at [osasfrontdesk@usc.edu](mailto:osasfrontdesk@usc.edu).

- **Support Systems:**

Counseling and Mental Health - (213) 740-9355 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. 988 Suicide and Crisis Lifeline - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local

care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services

(though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis. Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

The Office of Student Accessibility Services (OSAS) - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

USC Campus Support and Intervention - (213) 740-0411

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity, Equity and Inclusion - (213) 740-2101

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call

Non-emergency assistance or information.

Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

Occupational Therapy Faculty Practice - (323) 442-2850 or [otfp@med.usc.edu](mailto:otfp@med.usc.edu)

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

#### **ADDITIONAL INFORMATION**

- **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 during academic or professional sessions is considered unprofessional and is not permitted. 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. Exceptions to this policy may be granted to individual students with appropriate documentation on a case-by-case basis.

- **Use of Recordings**

Pursuant to the USC Student Handbook ([www.usc.edu/scampus](http://www.usc.edu/scampus), Part B, 11.12), students may not record a university class without the express permission of the instructor and announcement to the class. In addition, students may not distribute or use notes or recordings based on University classes or lectures without the express permission of the instructor for purposes other than personal or class-related group study by individuals registered for the class. This restriction on unauthorized use applies to all information that is distributed or displayed for use in relationship to the class.

- **Open Expression and Respect for All**

An important goal of the educational experience at USC Marshall is to be exposed to and discuss diverse, thought-provoking, and sometimes controversial ideas that challenge one's beliefs. In this course we will support the values articulated in the USC Marshall "[Open Expression Statement](#)."

- **Emergencies**

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.

- **Incomplete Grades**

A mark of IN (incomplete) may be assigned when work is not completed because of a documented illness or other "emergency" that occurs after the 12<sup>th</sup> week of the semester (or the twelfth week equivalent for any course that is scheduled for less than 15 weeks).

An "emergency" is defined as a serious documented illness, or an unforeseen situation that is beyond the student's control, that prevents a student from completing the semester. Prior to the 12<sup>th</sup> week, the student still has the option of dropping the class. Arrangements for completing an IN must be initiated by the student and agreed to by the instructor prior to the final examination. If an Incomplete is assigned as the student's grade, the instructor is required to fill out an "**Assignment of an Incomplete (IN) and Requirements for Completion**" form which specifies to the student and to the department the work remaining to be done, the procedures for its completion, the grade in the course to date, and the weight to be assigned to work remaining to be done when the final grade is computed. Both the instructor and student must sign the form with a copy of the form filed in the department. Class work to complete the course must be completed within one calendar year from the date the IN was assigned. The IN mark will be converted to an F grade should the course not be completed within the time allowed.

- **Grade Disputes**

All grades assigned by faculty members are final. Students have the right to seek explanation, guidance, counsel and reasons for the assignment of a grade. Faculty may initiate a change in grade if there is an error in the calculation of a grade. Students may appeal a grade according to university policy as set forth in *SCampus*. A faculty member may not change a disputed grade outside the formal appeals process. In response to a disputed academic evaluation by an instructor, a student is entitled to two levels of appeal after review by the instructor: first to the chairperson of the department and then to the appropriate dean of the school. The full university policy can be found in *SCampus* under University Governance / Academic Policies at <https://policy.usc.edu/scampus-part-c/>.

## Appendix I. MARSHALL GRADUATE PROGRAMS LEARNING GOALS

### How FBE 599 Contributes to Marshall Graduate Program Learning Goals

Marshall Graduate Program Learning Goals	FBE 599 Objectives that support this goal	Assessment Method
<p><b><i>Learning Goal #1: Develop Personal Strengths.</i></b>  <b>Our graduates will develop a global and entrepreneurial mindset, lead with integrity, purpose, and ethical perspective, and draw value from diversity and inclusion.</b></p>	LO: 1-6	Quizzes, class participation, case assignment and final exam.
1.1 Possess personal integrity and a commitment to an organization's purpose and core values.		
1.2 Expand awareness with a global and entrepreneurial mindset, drawing value from diversity and inclusion.		
1.3 Exhibit awareness of ethical dimensions and professional standards in decision making.		
<p><b><i>Learning Goal #2: Gain Knowledge and Skills.</i></b>  <b>Our graduates will develop a deep understanding of the key functions of business enterprises and will be able to identify and take advantage of opportunities in a complex, uncertain and dynamic business environment using critical and analytical thinking skills.</b></p>	LO: 3,4,5,6	Same as above
2.1 Gain knowledge of the key functions of business enterprises.		
2.2 Acquire advanced skills to understand and analyze significant business opportunities, which can be complex, uncertain and dynamic.		
2.3 Use critical and analytical thinking to identify viable options that can create short-term and long-term value for organizations and their stakeholders.		
<p><b><i>Learning Goal #3: Motivate and Build High Performing Teams.</i></b>  <b>Our graduates will achieve results by fostering collaboration, communication and adaptability on individual, team, and organization levels.</b></p>	LO: 4,6	Same as above
3.1 Motivate and work with colleagues, partners, and other stakeholders to achieve organizational purposes.		
3.2 Help build and sustain high-performing teams by infusing teams with a variety of perspectives, talents, and skills and aligning individual success with team success and with overall organizational success.		
3.3 Foster collaboration, communication, and adaptability in helping organizations excel in a changing business landscape.		

## Appendix II

### Peer Input Forms

Grades for individual student contributions to team projects are assigned by me, based on my observations of the team's working dynamics, my assessment of the team's project quality, and thoughtful consideration of the information provided through your peer evaluations.

Please identify your team and team members for the \_\_\_\_ Project(s) that you worked on. Then rate all of your team members, *including yourself*, based on the contributions of each team member for the selected assignment according to the criteria listed below. On a scale of 0 – 2 with 0 equal to does not meet expectations, 1 meets expectations and 2 exceeds expectations, rate each person on each of the five criteria. Last, add up the points for each team member with the maximum number of points for each team member being 24.

**Team**

**Name** \_\_\_\_\_

<i>Assess your teammate's contributions on a scale of 1-5 (5 is excellent)</i>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Attended and was engaged in team meetings from beginning to end					
Asked important questions					
Listened to and acknowledged suggestions from every team member					
Made valuable suggestions					
Took initiative to lead discussions, organize and complete tasks					
Contributed to organizing the Assignment					
Contributed to writing the assignment					
Reliably completed tasks on time in a quality manner					
Demonstrated commitment to the team by quality of effort					
Was cooperative and worked well with others					
I would want to work with this team member again.					
Describe your teammate's (or your) contributions to the assignment:					
How might your teammate (or you) have made <b>more effective</b> contributions to the assignment?					
Your name: _____ Date: _____					