

Day Five

Introduction To Sport Management

Yunnan Normal University. June 2015

Dr Jason Harding (PhD)

Lecturer Jason Harding

Details

Name: Jason Harding (PhD)

Location: G27, 2.16A, Gold Coast Campus

Phone: (07) 555 27941

Email: j.harding@griffith.edu.au

Other Interests (Founder , Administrator, Lecturer)

Hype Media Lab www.hypemedialab.com

Anarchist Athlete www.anarchistathlete.com

The Undergrad Project www.undergradproject.com

7234hsl www.7234hsl.com

1220hsl www.1220hsl.com



What is Professional Sport

A theory (the thin theory) on the value of elite sport ...

‘The predominant ideal is the classical Olympic one: *citius, altius, fortius*. Sport is an arena for the testing out of human possibilities in competition. *The very core idea of sport is the improvement of human performance*

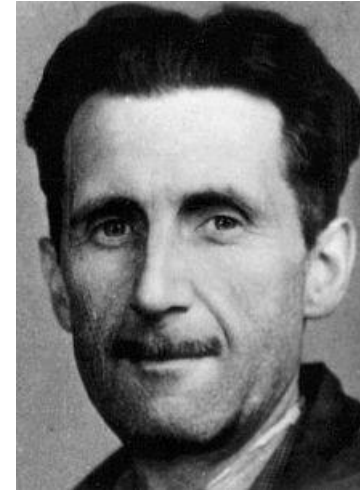
There is, however, often a trade off between standardisation and performance improvement that justifies all means

Source: Loland, S. (2002). Sport Technologies - A Moral View *Sport Technology: History, Philosophy and Policy* (Vol. 21, pp. 157-171). Bingley: Emerald Group Publishing Limited.

What is Professional Sport

*“Serious sport has nothing to do with fair play. It is bound up with hatred, jealousy, boastfulness, disregard of all rules and sadistic pleasure in witnessing violence. In other words, **it is war minus the shooting**”*

(George Orwell)



Source: Eric Arthur Blair (25 June 1903 – 21 January 1950), known by his pen name George Orwell. English novelist, essayist, journalist and critic. His work is marked by lucid prose, awareness of social injustice, opposition to totalitarianism, and commitment to democratic socialism.

What is Professional Sport

‘Professional sports (the leagues and their clubs) have become, for many fans, an essential way of **understanding and defining who they are**

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

What is Professional Sport

‘At its best professional sport is the **peak of the sports industry** that supports those organisations below it by generating financial resources and cultural [respect]. At its worst, it is **a [ravenous] commercial animal** with an insatiable appetite for financial, cultural, and social resources

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Defining Professional Sport

‘Professional sports organisations are **those in which competitive commercial revenue is used to sustain their operations**, as opposed to those organisations that are funded by the State, or almost exclusively through membership fees or subscriptions

There are two unique features that define professional sports:

- They **share a scale of operations** (particularly commercial and financial) that means they exist at the apex of the sports industry
- They players or athletes are ‘professional’ – sport is their job and **they are paid to train and play full time**

Interesting Point: **They can, however, be non-profit and not privately owned**

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Circuits of Promotion

Because competitive commercial revenue is used to sustain operations, **interconnections between sport, the media, advertisers, and business** have become a crucial component of professional sport

A concept developed to explain this interconnection is called, **'Circuits of Promotion'** (Whitely, 1998)

The underlying premise of this concept ...

The boundaries between these entities (which were originally definitive – i.e. the promotion of professional sports and the use of athletes and sports events to promote products) **have been dissolved**

So much so that it is becoming increasingly difficult to see where the sport organisation ends and where the sponsor, media, or advertiser begins

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Circuits of Promotion

‘Sporting circuits of promotion are of **continuous commercial benefit and endless leveraging opportunities** for the athletes, organisations, [and media and advertising professionals involved involved]

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Circuits of Promotion

“The Bulls, in my opinion, are set up really well. I really like the way we are organised. Jerry Reinsdorf gives his three vice presidents a great deal of leeway, a great deal of independence, responsibility, and jurisdiction

(Irwin Mandel, Vice President Financial, Legal, and Salary Cap Coordinator, Chicago Bulls)



The Chicago Bulls has a streamlined organizational structure that allows quick and responsive decision making and importantly, is aligned with the three primary tiers associated with the circuits of promotion (sport, media and marketing, and business).

- President and Chariman: Jerry Reinsdorf
- Vice President (Basketball Operations): Jerry Krause
- Vice President (Marketing and Broadcasting): Steve Schanwald
- Vice President (Financial and Legal Issues): Irwin Mandel

•Source: Gilson, C. H. (Ed.). (2000). *Peak Performance: Inspirational Business Lessons from the World's Top Sports Organizations*. WW Norton.

Circuits of Promotion

Circa 2000 ...

“The first thing I did was bring in David Stern, the NBA commissioner, who had been attending Michael’s retirement press conference, and I asked David if he wouldn’t mind speaking to our staff. We talked about the future and we talked about the future of the Bulls without Michael and we talked about the future of the NBA without Michael and we provided them with reasons for hope and optimism. This is the first thing we did, literally within 50 minutes of ending that momentous press conference

(Steve Schanwald, Vice President Marketing and Broadcasting, Chicago Bulls)



•Source: Gilson, C. H. (Ed.). (2000). *Peak Performance: Inspirational Business Lessons from the World's Top Sports Organizations*. WW Norton.

Professional Sports Circuits

‘Sports circuits involve a league or structured competition

The league model is essentially a sports circuit where teams play each other and are progressively knocked out until a winner is determined (can be local, regional, state, national, or global and are often managed or overseen by a governing body)

The biggest global sports circuits are the Olympics and the FIFA World Cup (occurring every four years and also the biggest events of any type staged in the world)

One of the main benefits of national leagues is that they allow the capitalization on corporate opportunities presented to sport

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Professional Sports Circuits

The main benefits of forming national leagues is

- They allow **linkage** between grass roots development and elite sport
- They generate **socio-economic impact** (employment, merchandising, facilities)
- They allow the **capitalization on corporate opportunities** presented to sport
- They provide **financial stability** (sponsorship, media relationships, and exposure)

Think of the NASCAR Example ...

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Professional Sports Circuits

‘Sporting leagues have also allowed specific sports to essentially become part of the national psyche and also dominate weekly media and social interests within the cities where they are popular, especially when they begin to organise themselves around seasons

This has been one of the biggest drivers of sporting league popularity

The other has been the relationship between sporting leagues and the media (and TV was the first technological opportunity)

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Professional Sport and the Media

‘Elite sport [has] moved increasingly into a commercialised, highly scientised domain, where the **basis for progress has [often] been associated with technological change** (Miah & Eassom, 2002)

With televised sport came broadcasting rights associated with the advertising revenue that broadcasters could attract. With television coverage came sponsorship which was highly desirable to struggling sport organisations (Hoye et al., 2012)

Source: Miah, A., & Eassom, S. B. (2002). Preface *Sport Technology: History, Philosophy and Policy* (Vol. 21, pp. xvii-xxiv): JAI.

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). *Sport Management: Principles and Applications*. Third Edition

Professional Sport and the Media

‘Four years ago email was the most popular consumer use of the Internet, **now people use social network sites than email accounts** (Durie, 2012)

“*It took radio 38 years to reach 50 million users, however, television reached that milestone in 13 years, the iPod in four years, the Internet in three years, Facebook in one year, and Twitter in nine months* (Durie, 2012)

The trend is inherently linked to the concept of community

Source: Social Upheaval. John Durie. The Deal. The Australian Business Magazine. September 2012 Volume 5, Number 8.

Professional Sport and the Media

The media plays two important roles for sport:

- Information
- Entertainment ...

The breadth and depth of coverage that media organisations provide their professional sporting partners is of such significance **that it has the capacity to influence the social and commercial practices of millions**, if not billions of people

The scale and scope of the financial relationship they share generates a situation where they **(professional sport and the media) are often regarded as interdependent**

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

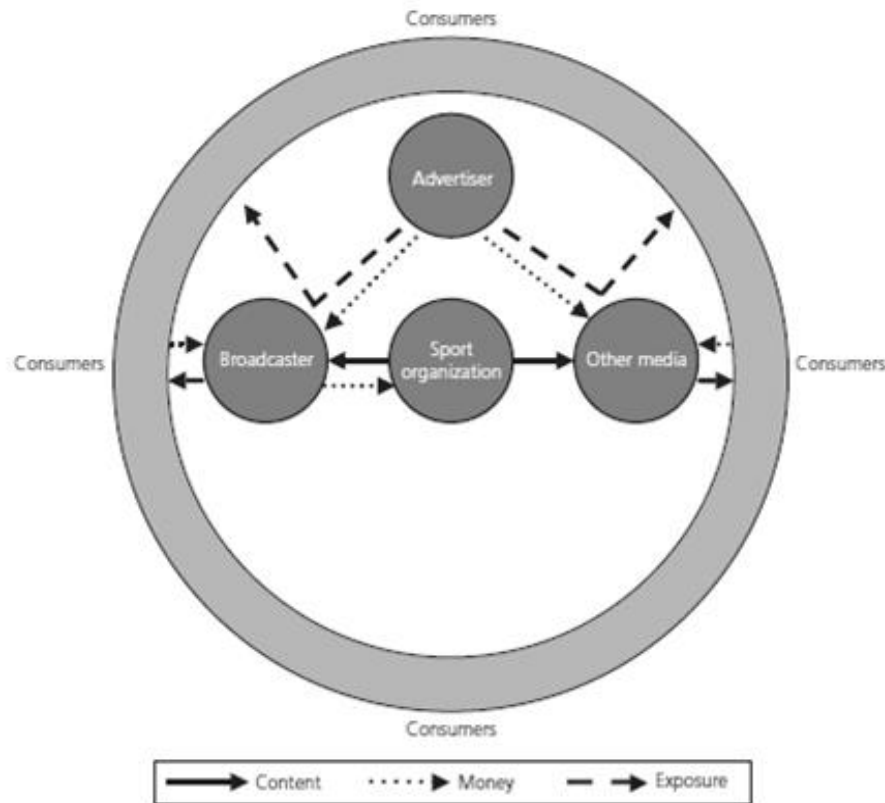
Professional Sport and the Media

‘Whilst some of the media coverage of sport is provided as ‘news’ an increasingly significant component of broadcast coverage is provided through **exclusive arrangements in which media organisations purchase the rights to broadcast an event or season**

- At the heart of these arrangements is **the concept of ‘return on investment’**

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Professional Sport and the Media

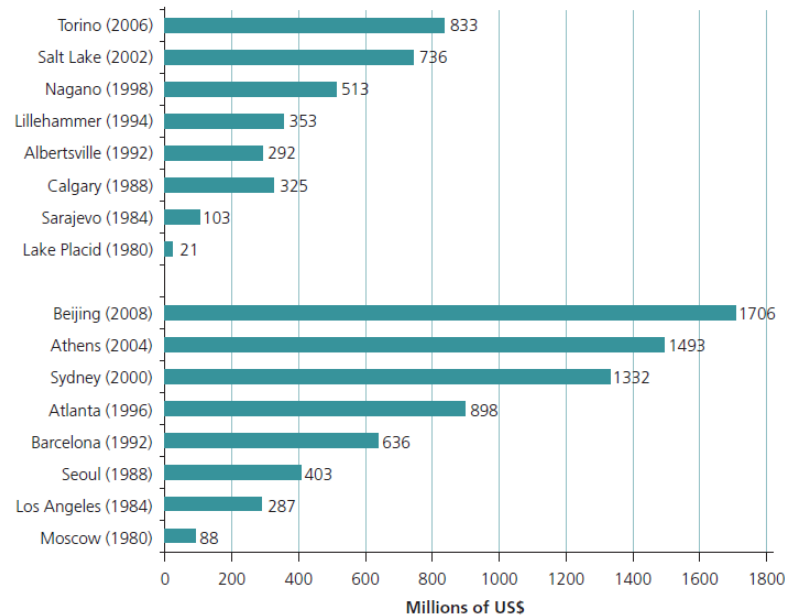


Source: adapted from Nicholson (2007)

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Professional Sport and the Media

‘Where sport organisations once relied on ticket sales as their primary source of income, they now rely on the sale of broadcast rights (and to a lesser extent, sponsorship revenue)



Source: www.olympic.org

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Professional Sport and the Media

‘The relationship between sport and the media has reached a point where professional sport would not be able to survive in its current form without the media

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Professional Sport and the Media

*“I want people to understand that **being able to market season tickets successfully is the lifeblood of any sports organisation**”*

(Steve Schanwald, Vice President Marketing and Broadcasting, Chicago Bulls)

Customer service begins with the administrative equivalent of the Bull's famed triangle offense – **intense marketing strategy to sell more than one million seats per season** is amplified with the development of long-term corporate partnerships and investment in the local community through community service function



•Source: Gilson, C. H. (Ed.). (2000). *Peak Performance: Inspirational Business Lessons from the World's Top Sports Organizations*. WW Norton.

What is Professional Sport

A theory (the non theory) of the value of sport ...

‘There is no real reason theorising about sport in general or athletic performance in particular. **It is what it is.** What counts is sport’s status as a means towards external goals (personal, political, ideological, profit). External goals justify all means. And commercial television is what it is – the business of selling audiences to advertises

*Sport is interesting **only because, and only as far as it has commercial potential***

Source: Loland, S. (2002). Sport Technologies - A Moral View *Sport Technology: History, Philosophy and Policy* (Vol. 21, pp. 157-171). Bingley: Emerald Group Publishing Limited.

Professional Sport and the Media

‘The Chicago Bulls organisation executes what Steve Schanwald calls, “*the revenue-generating fundamentals of sports marketing*”. The prospects of the team rely heavily on Schanwald’s ability to provide *outstanding customer service through an unparalleled entertaining game experience* and by literally identifying and growing new fans



•Source: Gilson, C. H. (Ed.). (2000). *Peak Performance: Inspirational Business Lessons from the World's Top Sports Organizations*. WW Norton.

Sponsorship

‘The **amount of money available** to professional sport organisations through sponsorship arrangements or deals **is connected to the amount of media coverage that the club or league receives** – and this depends on how attractive the sport, players, club or league is to the general public

Source: Hoyer, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Player Management

‘The **growth in player and athlete income** has been mirrored by a concurrent **rise in the expectations** of clubs and leagues, **an increase in the complexity of contract negotiations**, and **greater off-field commercial opportunities** for prominent sports stars

Enter player and athlete management ...

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Ownership Governance and Outcomes

‘We have devised strategies to destroy the competition, launched preemptive strikes, deployed sales forces to capture consumers, and fired staff in re-engineering, rightsizing, and restructuring exercises

Would managers and staff would prefer to go to work to have fun than to wage war?

Source: Gilson, C. H. (Ed.). (2000). *Peak Performance: Inspirational Business Lessons from the World's Top Sports Organizations*. WW Norton

Ownership Governance and Outcomes

*“One of the best things about our offices is that **everyone is good fun**. Everyone is comfortable and on a first name basis ...*

(Keith Brown, Senior Director of Sales, Chicago Bulls)

*“I walk into work everyday. **Its friendly, informal, and yet respectful**. You respect peoples questions and the jobs that they have. You’re generally curious about their lives, their family, and their children, as well as what’s going on with the bulls ...*

(Tim Hallman, Senior Director of Media Services, Chicago Bulls)



•“We feel like **we belong**.

•(Sara Salzman, Director of Community erVICES, Chicago Bulls)

•Source: Gilson, C. H. (Ed.). (2000). *Peak Performance: Inspirational Business Lessons from the World's Top Sports Organizations*. WW Norton.

Ownership Governance and Outcomes

‘Some of the ownership and governance models associated with professional sport have strong historical traditions, whilst others are adapted primarily for their utility

These models can be distinguished as either ‘**profit maximizers**’ or ‘**win maximizers**’

These terms are debatable

However they do **broadly categorize the operational and financial priorities** of professional teams and leagues

What are the **pros and cons of each** categorization model?

*When you get the chance check out the Forbes resources,
[the business of baseball](#) and the [business of basketball](#)*

And maybe also [this one](#)

Ownership Governance and Outcomes

*“Our mission is to **maximize the sales potential of the product** by attracting people who are not die-hard basketball fans. Our marketing **philosophy is to make winning and losing as moot an issue as it can possibly be** in terms of its impact on attendance and fan enjoyment*

(Keith Brown, Senior Director of Sales, Chicago Bulls)



*“The public and the press like to know what the Bulls are doing. But Jerry Krause (VP, Basketball Operations) doesn't inform the public of the press about his plans. **He cares about getting the best team, and he wont tell you about his anything** - on or off the record – even if you swear to him that you will tell nobody, he still wont tell you what his plans are ... It boils down to his. Who do we love? **We will do everything in our power to get the guy that we love***

•(Irwin Mandel, Vice President Financial, Legal, and Salary Cap Coordinator, Chicago Bulls)

Ownership Governance and Outcomes

‘Regardless of the ownership or governance model there is still an **inherent requirement for interdependency amongst teams**

What is, and what is the benefit, to the concept of **‘competitive balance’** within a professional sporting league?

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Ownership Governance and Outcomes

‘A league that is **not dominated by only a couple of teams** and which there is an **uncertainty of the outcome** (of a game or a season) is said to have a **competitive balance** (Hoye et al., 2012)

How do you obtain competitive balance?

‘A **desire for close competition evolves with the development of ‘testing families’**, where one tester recognizes another individual of similar experience and skill. The **desire to meet one’s match**, and the small differences by degree they produce, **is reflected in the general tendency to institutionalize testing families** in the form of league play, conferences, and **seeds** (Hardman, 2002)

Source: Hoye, R. S., Smith, A., Nicholson, M. G., Stewart, B., & Westerbeek, H. M. (2012). Sport Management: Principles and Applications. Third Edition

Source: Hardman, A. (2002). Evaluating changing sport technology: An ethnocentric approach *Sport Technology: History, Philosophy and Policy* (Vol. 21, pp. 135-156).

Ownership Governance and Outcomes

If you had to govern a professional sports league today, **what are the areas you would be focused on in order to create a high quality and sustainable product?**