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SMART BOOK REVIEW

THE BUSINESS OF SPORTS: TEXT & CASES ON STRATEGY & MANAGEMENT

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The Business of Sports provides readers insight pertaining to key decisions and directions made by managers in the sports business. The authors try to cover many aspects of sport environments to stress the diverse nature of the decisions and directions involved. Each section is accentuated by well updated and designed cases which introduce the readers to a broader and deeper understanding of the business side of sports.

The first section presents the views underlying “Business of Sports” courses built up at Stanford Business School and Harvard Business School. Specifically, section one introduces both areas of commonality and areas of differentiation between management in sports industry vis-à-vis other industries from Stanford. In addition, as a case study section one provides both a model of the world of the business of sports and the foundation of the business of sports world from a perspective of Harvard.

Throughout section two to section ten, specific topic areas (leagues, clubs, players, college sports, sponsorship, club marketing, broadcasting/media, stadiums, and valuation/profitability) are covered. A specific topic area of section two is about sporting leagues. In this section, the authors emphasize value creation and value sharing issues in the business of sports, including analysis of different models of ownership structure of leagues (i.e., single-entity ownership model, distributed club ownership model, and visible conflicts with alternative models). The concept of competitive balance, one of the biggest concerns of the sports administrators of many leagues, is defined at multiple levels - the league, game, and national team levels. This section briefly emphasizes some key strategies for understanding initiatives and challenges at the league level. This is strengthened by through the use of several related case studies under the topic of sporting leagues (e.g., NBA, MLS, WNBA, NRL) are introduced.

Section three discusses clubs in sports industry. The authors introduce the equity owners of a sporting club. Equity owners of sporting clubs have different objectives in their clubs. A valuable component of this section was the section that explained about the importance of working with the media for these organizations.
Players/Athletes and Agents are the subjects of section four. One of the issues is team sporting leagues differ in their reliance on “free market” (e.g., the English Premier League and the Spanish Primera Liga) versus structured constraints such as salary maximums or minimums on clubs or individuals as regards player salary determinations.

The authors address topics such as the assumption that clubs with the highest payrolls have a higher likelihood of on-field success, and historical considerations regarding strikes and lockouts in professional sport.

The focus of section five moves to collegiate sport. This section draws a selection of topics that stress some of the complexity of the issues on the business side of college sports. In the beginning of this section, the authors introduce the National College Athletics Association’s (NCAA) significant role in the administration of college sports. Moreover, Title IX is addressed as one of the explicit guidelines of the NCAA rules. One of the interesting topics in NCAA is about rules on compensation for student-athletes. Also, the NCAA rules on “amateur status” mean that individual star athletes who are major contributors to college revenue creation are not able to capture any meaningful amount of that revenue. This section details implications of revenue in the form of case studies on topics such as compensation for student-athletes (Jeremy Bloom) and issues relating to Title IX.

Section six highlights the issues of advertising, sponsorship, and endorsements in the area of sport marketing. The authors stress that sporting bodies need to recognize the economic impact of their marketing, sponsorship, and advertising (partners). Company sponsorship programs should articulate the objectives of their sporting sponsorships to facilitate both before-the-decision informed choice and after-the-event informed evaluation of success. Several case studies (e.g., Nextel’s NASCAR sponsorship decision, Volvo International Tennis Tournament’s event sponsorship, and Visa Olympic sponsorship marketing) are summarized to solidify the idea of advertising, sponsorship, and endorsements in sport marketing.

Section seven examines club marketing, branding, and fan avidity in the area of sport marketing. Clubs are exploring ways to capture additional rents from high demand events. In other words, club marketing covers the related challenges of local revenue enhancement and club brand management. This section includes three parts: (1) local revenue enhancement and ticket pricing, (2) promoting fan satisfaction, and (3) branding challenges at the club and player levels. The branding of clubs and players are identified as key elements of club management. Case studies coagulate the idea of ticket pricing (Minnesota Twins), fan satisfaction (Boston Red Sox), and branding challenges at the club (Atlanta Falcons).

The subjects of broadcasting, media, and sports are in the center of section eight. Broadcast, cable, radio, Internet, and print media play many roles in sports. Notably, media is part of the publicity machine promoting sports. Media also shapes sports and the analysis of the business side of the media/sports interface is essential to an understanding of the business of sports. Television coverage of sports, including considerations on television sports rating and alternative contacting models are
identified. Lastly, the authors address the meanings and significance of cable sports networks and regional sports networks. Case studies related to the television contract (e.g., NHL and NFL) and regional sport networks (e.g., YES network) are presented as well.

Section nine examines the issues on stadiums and arenas of the business of sports. Stadiums and arenas are an essential component of the business of sports, and they are a major revenue source. They also play an important role in the economic revival of cities and in attracting major events to those cities. To help the readers understand these issues, two cases (i.e., San Francisco Giants and PacBell/SBC Park, Dallas Cowboys and financing a new stadium) are properly added.

Section ten (the last section of the book) highlights the financial valuation and profitability issues in the business of sports. Financial valuation and profitability is a key goal of many parties in the business of sports. In this section, the authors examine topics related to how owners and investors have been able to capture part of that value creation.

In general, The Business of Sports: Text & Cases on Strategy & Management is well arranged and complemented with a variety of examples in the sports industry. Specific topic areas (leagues, clubs, players, college sports, sponsorship, club marketing, broadcasting/media, stadiums, and valuation/profitability) are thoroughly explicated throughout the text. One thing that the book needs to supplement is to add more information and examples on the international sports business. Overall, because the growing number of people in the many facets of the sports industry, The Business of Sports could be a wonderful resource and information for those who want to know/experience the many varied facets of the business side of sports.