

13-77
AP-10/22/13
Senate-Info-11/5/13

Undergraduate Distance Education Review Form

(Required for all courses taught by distance education for more than one-third of teaching contact hours.)

Existing and Special Topics Course

Course: HPED 351 Managing Budgets and Technology in Sport

Instructor(s) of Record: Dr. Richard Hsiao

Phone: 724-357-0123 Email: hsiao@iup.edu

Step Two: Departmental/Dean Approval

Recommendation: Positive (The objectives of this course can be met via distance education)

Negative

[Signature] 10/16/13
Signature of Department Designee Date

Endorsed: [Signature] 10.19.13
Signature of College Dean Date

Forward form and supporting materials to Liberal Studies Office for consideration by the University-wide Undergraduate Curriculum Committee. Dual-level courses also require review by the University-wide Graduate Committee for graduate-level section.

Step Three: University-wide Undergraduate Curriculum Committee Approval

Recommendation: Positive (The objectives of this course can be met via distance education)

Negative

[Signature] 10/25/13
Signature of Committee Co-Chair Date

Forward form and supporting materials to the Provost within 30 calendar days after received by committee.

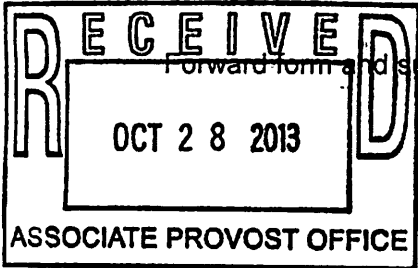
Step Four: Provost Approval

Approved as distance education course

Rejected as distance education course

[Signature] 10/30/13
Signature of Provost Date

Forward form and supporting materials to Associate Provost.



Received
OCT 25 2013
Liberal Studies

Received
OCT 22 2013
Liberal Studies

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Course: HPED351 Managing Budgets and Technology in Sport

Instructor(s) of Record: Dr. Richard Hsiao

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Provide a brief narrative rationale for each of the items, A1- A5.

1. How is/are the instructor(s) qualified in the distance education delivery method as well as the discipline?

Dr. Richard Hsiao has taught HPED 351 Managing Budgets and Technology in Sport (previously titled HPED 481 Sport Finance) at IUP for the past three years. Dr. Richard Hsiao has taught several required major courses in the Department of Health and Physical Education over the past 8 years. He has not only taught these courses using the traditional face-to-face format, but he has also taught other numerous sport management and health and physical education courses using distance education. He regularly teaches distance education courses during the fall, spring, summer and winter semesters. Dr. Richard Hsiao has integrated Moodle or Desire2Learn (D2L) online learning management systems (OLMS) each semester in face-to-face classes to deliver course-related information. Dr. Richard Hsiao has also completed an advanced Moodle and D2L workshop taught by the IUP IT Support Center.

2. How will each objective in the course be met using distance education technologies?
Objective #A - Explain financial terminology pertaining to sport and fitness management.
How Objective #A will be met - Assigned readings will broadly cover terminology in sport finance and financial management (Chapter 1 Introduction to Sport Finance; Chapter 5 Introduction to Financial Management; and Chapter 9 Facility Financing). Materials that relate to the definition and background of a variety of financial concepts related to sport and fitness management will also be introduced. In addition, module discussion questions will be posted to enhance students' interest, learning motivation and facilitate students' understanding of financial terminology in sport and fitness management. Students will be required to participate in module-related discussion forums weekly through the OLMS.

Objective #B - Demonstrate knowledge of general sport business financial concepts, including financial research.

How Objective #B will be met - Course-related readings will include a wide range of perspectives, including theories of elementary financial concepts and financial research examples from the discipline of sport business and management (Chapter 14 College Athletics; and Chapter 15 Professional Sport). Basic financial calculations and reports will be explained and introduced using Microsoft Excel 2010 software. Students will have opportunities to ask

questions and discuss financial research papers (assigned readings from the instructor) through the OLMS discussion board. In addition, questions related to sport business financial concepts will be included on problem exams to measure student understanding.

Objective #C - Demonstrate the application of financial analyses and forecast financial challenges facing the sport industry.

How Objective #C will be met - Financial analyses, forecasting and reports will be introduced (Chapter 2 Analyzing Financial Statements and Ratios; Chapter 6 Budgeting; Chapter 7 Debt and Equity Financing; and Chapter 8 Capital Budgeting). Report analysis related to financial management will be taught through course materials and specific assignments related to "how to" interpret and analyze financial reports to facilitate students' understanding and knowledge in sport finance. Then, students will be required to complete an assignment that requires them to conduct a forecasting financial report in sport industry and upload it to the Dropbox in the OLMS course.

Objective #D - Develop a fund-raising strategy used to generate revenues for sport enterprises.

How Objective #D will be met - A number of required readings related to fund-raising strategies in sport business industry will be highlighted and introduced to students (Chapter 3 Risk; and Chapter 11 Feasibility Studies). In addition, discussion on topics related to how to conduct a successful fund raising campaign will be introduced and students will have opportunities to further discuss the concepts related to this objective through OLMS discussion forum. Students will obtain a further understanding about the concepts and the importance of strategy related to fund-raising. In order to achieve this objective, questions related to fund raising strategies will be included on the final exam. Students' discussion board participation will also be evaluated by using the discussion board rubric (See Assignment section of syllabus).

Objective #E - Analyze economic principles that impact sport facilities and events.

How Objective #E will be met - A feasibility study assignment designed to developing students' understanding and critical thinking about economic principles and impact in sport business (Chapter 11 Feasibility Studies; and Chapter 12 Economic Impact Analysis) will be assigned as a final project. By completing this project, students will be able to apply all financial concepts and economic principles obtained from the course content to generate a computer report (Pro Forma) through Excel. Students also will be given an opportunity to discuss and present their feasibility study (PowerPoint Presentation with voice narration or slide note) through the discussion board so they can benefit from their peers. This evaluation technique will enhance students' knowledge and also receive feedback from the course instructor and their peers. A final feasibility study will also need to be submitted through the course dropbox through the OLMS.

Objective #F - Analyze revenue generation through ticket sales, merchandise and concession sales, and licensing.

How Objective #F will be met - Course readings will be assigned (Chapter 10 Valuation; and Chapter 4 Time Value of Money). Students will have an opportunity to demonstrate their knowledge and understanding related to revenue generation analysis through the feasibility study assignment. Students will understand different topics under revenue analysis, such as capital budgeting, short-term financial management and inventory and production control. Upon completion of the feasibility study, students will need to submit their study to the

dropbox and post their PowerPoint presentation to the module-related discussion forum with the OLMS so students can benefit from each other and concepts related to revenue generation analysis can be reinforced.

Objective #G - Demonstrate knowledge of current software packages used in managing and operation sport organizations.

How Objective #G will be met - The instructor will introduce different software packages commonly used by sport organizations to the class through course materials (Chapter 6 Budgeting) and students will have an opportunity to discuss these software packages, such as NCAA compliance software, ticketing software and integrated sport scheduling software, etc. through the module discussion forum. Students will be able to gain more understanding about pros and cons of these different software packages. In addition, questions on the both the problem exams and final exam will require students to list advantages and disadvantages of various software packages and demonstrate skills on how to use sport financial management software in sport industry through problem-solving activities.

Objective #H - Demonstrate hands-on knowledge of selected sport software packages.

How Objective #H will be met - Excel financial functions and reports will be introduced (Objective #B). A software package (Microsoft Excel) related to financial management will be taught through course materials (Chapter 6 Budgeting; Chapter 8 Capital Budgeting; and Chapter 11 Feasibility Studies) and specific assignments related to "how to" use, interpret and analyze financial findings to facilitate students' understanding and knowledge in sport finance will also be assigned. Then, students will be required to complete an assignment that requires them to interpret financial findings and apply their knowledge to analyze report and upload it to the Dropbox in the OLMS course. In addition, discussion on topics related to "how to" provide recommendations in terms of financial management and budgeting reports will be held using the OLMS discussion board. Students will obtain a further understanding about the concepts, the importance of recommendations and hands-on knowledge of selected software packages

In summary, the OLMS technologies for distance education will be applied to meet the above objectives. The design of this course will focus on student learning, motivation and satisfaction. The instructor will provide PowerPoint slides, implement use of modules, statistical and financial practice questions and discussion boards in this particular online course to facilitate teaching and student learning. Each student is required to submit his/her questions, opinions and comments at the end of each module and participate in module-related discussion forums. A feasibility study is also required for the completion of the course so students can apply knowledge of budgeting and technology in sport. These approaches are being used to foster learning efficiency and understanding of course concepts for each individual student through distance education and also encourage students' self-motivation.

3. How will instructor-student and student-student, if applicable, interaction take place?
The OLMS affords opportunities for students to be involved in the class with the instructor and other students via active online modules, discussion boards, e-mail, and assignment drop boxes. The discussion board function provides a variety of interactional opportunities between the instructor and the student. Instructor-provided prompts will encourage dialogue between the instructor and student as well as student-to-student. The discussion board feature also provides opportunities for students to ask questions to the instructor related to general course questions. OLMS also allows integration of the video sharing feature and posting of PowerPoint

presentations with voice narration. These OLMS functions will increase students' interest and motivation in learning and will increase the interaction between the instructor and students and between students and students. Assignments, such as Excel practice questions and the feasibility study assignment will prompt students to complete a self-test of their understanding of the text content and discuss results with the instructor. Instructional feedback will be provided through feedback section of the OLMS.

4. How will student achievement be evaluated?

The course is divided into 14 modules to cover lectures and materials in the area of Managing Budgets and Technology in Sport. A total of 8 homework assignments, a feasibility study, 2 problem exams, 2 concept exams and a final exam will be administered using the OLMS for the course. In addition, 5 assignments will be assigned to facilitate financial and budgeting knowledge and skills. Ten sections of discussion forum communications will be conducted to enhance the understanding of the course contents and enhance interests, motivation and satisfaction. Excel statistical and financial exercise questions also will be assigned to students as assignments/homework to facilitate students' learning and comprehension. The achievement and performance of students will be evaluated and measured using the aforementioned assignments and exams. Rubrics will be provided to the students and utilized by the instructor for all assignments.

5. How will academic honesty for tests and assignments be addressed?

All evaluation techniques will use all safe guards available. A wide variety of evaluation methods will be applied to prevent academic dishonesty, including five timed exams and discussion boards. Exams will be timed so that students have enough time to answer all the questions, however, they will not have enough time to read through their textbook to find all of the answers. Exam questions will be focused on comprehension and application of the material instead of just questions that focus on rote memorization. Additionally, OLMS will be used to randomly selected questions, so that each student is presented with a different set of exam questions. Also, a user password can be assigned one hour before the test time through the student's email account to increase academic honesty for tests. Lastly, the academic integrity policy will be addressed and all students' papers and assignments will be submitted to the Turnitin.com website to verify originality. All of the above examples are methods the instructor can instill to prevent academic dishonesty.

SYLLABUS OF RECORD

I. Catalog Description

HPED 351 Managing Budgets and Technology in Sport

3 class hours
0 lab hours
3 credits

Prerequisites: HPED 292, ECON 121, 122

(3c-01-3cr)

Provides the student with information concerning the application of finance and accounting principles to managerial control of sport organizations. Examines current economic and financial issues that impact the sports industry. Topics include budget development, funding, capital projects, financial analysis, licensing and economic impact studies related specifically to managing sport. Emphasizes specific software packages currently being used to manage sport organizations.

II. Course Outcomes:

Upon completion of this course the student will be able to:

1. Explain financial terminology pertaining to sport and fitness management.
2. Demonstrate knowledge of general sport business financial concepts, including financial research.
3. Demonstrate the application of financial analyses and forecast financial challenges facing the sport industry.
4. Develop a fund-raising strategy used to generate revenues for sport enterprises.
5. Analyze economic principles that impact sport facilities and events.
6. Analyze revenue generation through ticket sales, merchandise and concession sales, and licensing.
7. Demonstrate knowledge of current software packages used in managing and operating sport organizations.
8. Demonstrate hands-on knowledge of selected sport software packages.

III. Course Outline

A. The Principles of Sport Finance

9 hours

1. Overview of the sport industry from a financial perspective
 - a. Current financial status of sports
 - b. The value of sports teams
 - c. Sports sponsorship
 - d. Government funding of sports facilities
2. Calculating revenues and expenses
3. Budgeting strategies in sport
4. Financial systems

5. Business structure in sport organizations

- a. Sole proprietorship
 - b. Partnerships
 - c. Subchapter S corporations
 - d. C corporations
 - e. Limited liability corporations
 - f. Not-for-profit organizations
- B. Principals of Financial Analysis 9 hours**
- a. Financial statements
 - b. Budget forecasting in sports
 - c. Financial planning
 - d. Time value of money
 - i. Present value
 - ii. Future value
 - e. Approaches to financial planning
- C. Exam 1 hour**
- D. Capital Structuring in Sports Organizations 4 hours**
- a. Obtaining funding
 - b. Capital stocks
 - c. Bonds
- E. Managing Budgets in Sport 6 hours**
- a. Capital budgeting
 - b. Short-term financial management
 - c. Inventory and production control
- F. Managing Profits Specific to Sports Organizations 4 hours**
- a. Taxation
 - b. Legal issues
 - c. Spending earnings
- G. Financial Troubleshooting 3 hours**
- a. Auditing
 - b. Exit strategy
- H. Software Packages to Manage Sport Organizations 3 hours**
- a. NCAA compliance software
 - b. Ticketing software
 - c. Integrated sport scheduling software
- I. Software Packages to Operate Sport Organizations 3 hours**
- a. DV Sport scouting software
 - b. Integrated system software to operate sport facilities
 - c. Game analysis software

d. Technology for crowd control

J. Final Exam

2 hours

IV. Evaluation Methods

The final grade will be determined as follows:

1. 15% Weekly Quizzes
2. 15% Sport Franchise Finance Budget Project
Activity will include monthly spreadsheets, description of budget plan, and fundraising strategies.
3. 15% Stock Market Project
This activity involves two parts, a 3 page evaluation paper of the stock of three different sport-related companies. Spreadsheet ledgers will be completed throughout the quarter tracking the value of the stocks. Project will conclude with Part 2, an explanation of the reasons for the value of the stock
4. 15% Finance Expense Log Case Study
This activity involves keeping track of the expenditures for one month for a sport organization presented in a case study. Complete a spreadsheet of all expenditures, including totals for expenditures in categories as well as planned versus impulse purchases. Submit a written two-page evaluation and reflection of your financial management during the project.
5. 20% Exams
Student will take two examinations covering the materials in the course.
6. 20% Sport Software Project
Students will complete a project utilizing a select software package used to manage or operate a sport organization.

V. Grading Scale

≥ 90 = A; 80 – 89% = B; 70 – 79% = C; 60 – 69% = D; < 60% = F

VI. Attendance Policy

The course attendance policy will be consistent with the university undergraduate attendance policy included in the Undergraduate Catalog.

VII. Required Text

Brown, M., Rascher, D., Nagel, M., & McEvoy, C. (2010). *Financial Management in the Sport Industry*. Holcomb Hathaway, Publishers, Scottsdale, AZ.

VIII. Special Resource Requirements

None

IX. Bibliography

Fried, G., Shapiro, S.J., & Deschriver, T.D. (2008). *Sport finance*, 2nd ed. Champaign, IL: Human Kinetics.

- Journal of Sport Management.* (2000-2011). Champaign, IL: Human Kinetics.
- International Journal of Sport Management.* (2000-2011). Boston: American Press.
- Li, M., Hofacre, S., & Mahony, D. (2001). *Economics of sport.* Morgantown, WV: Fitness Information Technology.
- Miller, L., Shaad, S., Burch, D., & Turner, R. (1999). *Sales success in sports marketing.* Newton, KS: Mennonite Press.
- Milne, G.R. & McDonald, M.A. (1999). *Sport marketing: Managing the exchange process.* Boston: Jones and Bartlett Publishers.
- Parkhouse, B.L. (2005). *The management of sport (4th ed.).* New York: McGraw Hill.
- Pitts, B.G. & Stotlar, D.K. (2002). *Fundamentals of sport marketing (2nd ed.).* Morgantown, WV: Fitness Information Technology.
- Rosner, S.R. & Shropshire, K.L. (2010). *The business of sports.* Boston: Jones and Bartlett.
- Ruxin, R.H. (2004). *An athlete's guide to agents (4th ed.).* Boston: American Press.
- Sawyer, T.H., Hypes, M., & Hypes, J.A. (2004). *Financing the sport enterprise.* Champaign, IL: Sagamore.
- Street & Smith's Sports Business Journal* (2000-2011). Charlotte, NC. American City Business Journal.

**ONLINE SYLLABUS
FOR
HPED 351 MANAGING BUDGETS AND TECHNOLOGY IN SPORT**

**INDIANA UNIVERSITY OF PENNSYLVANIA
DEPARTMENT OF HEALTH & PHYSICAL EDUCATION
SPORT MANAGEMENT PROGRAM**

GENERAL INFORMATION

Instructor:	Richard Hsiao
Office:	114 Zink Hall
Office Phone:	724-357-0123
Office Email:	hsiao@iup.edu
Office Hours:	Through email
Day and Time:	Online
Location:	Online

COURSE DESCRIPTION

Provides the student with information concerning the application of finance and accounting principles to managerial control of sport organizations. Examines current economic and financial issues that impact the sports industry. Topics include budget development, funding, capital projects, financial analysis, licensing and economic impact studies related specifically to managing sport. Emphasizes specific software packages currently being used to manage sport organizations.

COURSE MATERIALS AND READINGS

Required textbook: Brown, M.T., Rascher, D.A., Nagel, M.S., McEvoy, C.D. (2010). *Financial Management in the Sport Industry*. Scottsdale, Arizona: Holcomb Hathaway, Publishers, Inc. ISBN: 978-1-934432-04-4

COURSE OBJECTIVES

1. Explain financial terminology pertaining to sport and fitness management.
2. Demonstrate knowledge of general sport business financial concepts, including financial research.
3. Demonstrate the application of financial analyzes and forecast financial challenges facing the sport industry.
4. Develop a fund-raising strategy used to generate revenues for sport enterprises.

5. Analyze economic principles that impact sport facilities and events.
6. Analyze revenue generation through ticket sales, merchandise and concession sales, and licensing.
7. Demonstrate knowledge of current software packages used in managing and operation sport organizations.
8. Demonstrate hands-on knowledge of selected sport software packages.

COURSE REQUIREMENTS

- Please make sure you login to the course and participate in module discussion at least three times per week.
- Completion of all homework, assignments and examinations.
- Assignments will be collected only on the due date at the designated time. Late assignments will not be accepted. Failure to login for an examination session without prior arrangements or approval from the instructor will result in a grade of zero for that examination.

GRADING

There will be two concept examinations, two problem examinations, a final exam, many homework assignments and a major project, the feasibility study. Foremost in the determination of the final grade is the quality of your work. The final grade will be based on the number of points earned out of the total number of points possible.

Grading Scale:

A = 90%+

B = 80%-89.9%

C = 70%-79.9%

D = 60%-69.9%

F = 0%-59.9%

Point System:

Concept Exams (2)	10%
Final Exam	15%
Problem Exams (2)	10%
Feasibility Study (3 parts)/Presentation	20%
Assignments	25%
<u>Discussions (10)</u>	<u>20%</u>
Total	100%

CLASS ASSIGNMENTS AND EXAM INFORMATION:

Feasibility Study (20%):

Introduction

According to your text, a feasibility study is a generic term for a study conducted to determine whether it is possible to create a facility in terms of the engineering, land use, financing, demand, and economic impact. Feasibility studies in sports are undertaken to determine whether or not to build a community recreation center, a professional sports stadium or arena, a public pool, whether it makes sense to lure a sports team to town and how it can be done, or whether a city should bid to host a major sports event. Some of the questions that need to be asked in feasibility studies include:

- How much will it cost to operate?
 - What are the historical costs?
 - What is spent on personnel, management, operations, etc...?
 - What direct/indirect costs exist?
- What are the current facility needs and costs associated with those needs?
- What revenue streams, if any, have existed over the past five years?
- What new revenue streams could be created?
- What is the economic impact on the region?
- What would it cost to build a new arena to be used by the local team?
- Where would we put it?
- How would we pay for it?
- Does it make sense for local government to help fund it?
- Would enough revenue be generated from arena events to justify building it?

In answering these and other similar questions, you can forecast the capacity to financially operate a facility. You also can recommend operational management based answers to these questions.

Learning Outcomes

Upon completing this module you should be able to:

1. Conduct a feasibility study in sport
2. Explain the strengths and weaknesses of economic impact analyses
3. Analyze sources of revenue, both public and private
4. Describe the relationship between bond financing and source of revenue
5. Analyze when public subsidy is needed and know how to form joint public-private partnerships

Your Challenge

On behalf of a client, conduct a Phase I Feasibility Study for a new or renovated sport or entertainment facility in your assigned city. You are to make a recommendation as to whether the client should move to a Phase II feasibility study. At a minimum, the Phase I study will include:

- Executive Summary
- Introduction
- Market Analysis
 - Overview of municipalities
 - Demographic/psychographic data
- Venue data
- Project Description (based upon market analysis)
- Key Project Assumptions
 - Financing Options
 - Revenue Sources
 - Growth Rates of Income and Expenses
- Economic and Fiscal Impacts
- Pro-Forma Financials (minimum of 5-years)
 - Balance Sheet
 - Income Statement
 - Statement of Cash Flows
- Conclusions/Recommendation

Learning Activities

To help you complete the Challenge, you should engage in the following learning activities:

- Review notes presented in class pertaining to feasibility studies.
- Review the readings in Course Documents on feasibility studies.
- Read sample plans in course documents.

You are NOT restricted to these resources. Feel free to consult other sources and other people.

Deliverables

1. Feasibility Study in Three Parts

- i. Part 1 –market analysis and project description
- ii. Part 2 – assumptions and financials
- iii. Part 3 – completed feasibility study incorporating corrections and changes to Parts 1-2

Assignments:

Throughout the semester, theory in the classroom will be applied to problems using several Excel homework assignments. By the end of the semester, you will become very familiar with the financial functions contained within Excel. The homework is designed to provide the financial tools needed when managing a sport business. Please note homework assignments are to be the student's original work. Duplicate work submitted for evaluation will result in a grade of zero (0) for the assignment. A second violation of this policy will result in a grade of "F" for the course.

Discussion board participation (20%) of the assessment criteria for this course will involve quality and quantity of your participation in the discussion forum. The following is an outline of my expectations for your discussion board postings and how they will be assessed.
Quantity of postings: A minimum of 2 postings per forum per week.

Each weekly discussion is graded on the following points:

	Unsatisfactory	Satisfactory	Exemplary
Number of postings as outlined in the syllabus	0	2	4
Contributions spread out over the duration of the module	0	2	4
Clear synthesis and inclusion of material	0	1	2
Evidence of "listening" to peer postings and responding	0	1	2
Grammar and Spelling	0	2	4
Taking the dialogue to a deeper level	0	2	4
Total			20 pts (2%)

Exams:

Two concept exams, two problem exams, and one comprehensive concept final will be held throughout the semester. The concept exams will cover class discussions and all assigned readings. Questions on the exam may be matching, short answer, essay, true/false or multiple choice. The problem exams will be based upon your Excel homework assignments and will focus on sport accounting, finance and economic problems.

Course Content and Readings

Week	Topics	Readings/Assignments/Exams/Due Dates
1	<i>Class Introduction, Introduction to Sport Finance</i>	<i>~Chapter 1 - Introduction to Sport Finance</i>
2	<i>Financial Statements</i>	<i>~Chapter 2 - Analyzing Financial Statement and Ratios</i>
3	<i>Feasibility Studies</i>	<i>~Chapter 11 - Feasibility Studies ~Due: Homework 1 ~Discussion board #1</i>
4	<i>Risk</i>	<i>~Chapter 3 - Risk ~Due: Homework 2 ~Exam: Problem 1</i>
5	<i>The Value of Money</i>	<i>~Chapter 4- Time Value of Money ~Exam: Concept 1 ~Discussion board #2</i>
6	<i>Financial Management</i>	<i>~Chapter 5- Introduction to Financial Management ~Homework 3 ~Discussion board #3</i>
7	<i>Budgeting</i>	<i>~Chapter 6 Budgeting ~Due: Homework 4 ~Discussion board #4</i>
8	<i>Financing</i>	<i>~Chapter 7 - Debt and Equity Financing ~Due: Feasibility Study Part I ~Due: Homework 5 ~Discussion # 5</i>
9	<i>Capital Budgeting</i>	<i>~ Chapter 8 - Capital Budgeting ~Exam: Problem II</i>
10	<i>Facilities</i>	<i>~Chapter 9 -Facility Financing ~Due: Homework 6 ~Discussion board #6</i>
11	<i>Economic Impact</i>	<i>~Chapter 12 - Economic Impact Analysis ~Exam: Concept II ~Due: Feasibility Study Part II ~Discussion board #7</i>
12	<i>Pro Sports</i>	<i>~Chapter 15 - Professional Sport ~ Feasibility Study Presentations ~Due: Homework 7 ~Discussion board #8</i>
13	<i>Parks and Recreation</i>	<i>~Chapter 13 - Park and Recreation Agencies ~Feasibility Study Presentations ~Due: Homework 8 ~Discussion board #9</i>
14	<i>Thanksgiving Recess</i>	<i>No Classes</i>

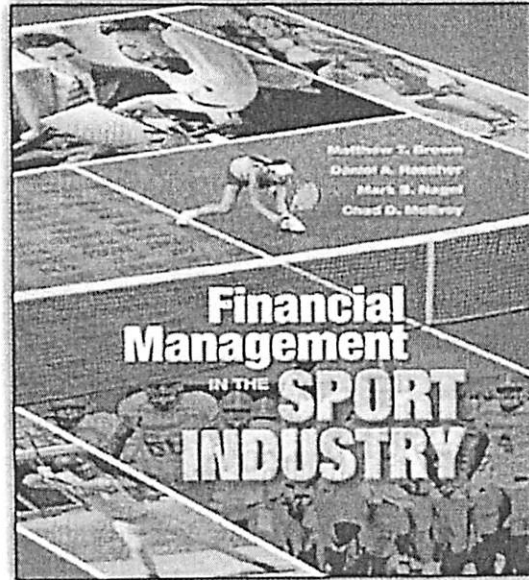
15	<i>College Sport</i>	<ul style="list-style-type: none"> ~Chapter 14 - College Athletics - Feasibility Study Presentations - Discussion board #10 ~Due: Final Feasibility Study
16	<i>Final exam</i>	

ACADEMIC HONESTY POLICY

Indiana University of Pennsylvania requires all students to adhere to high standards of integrity in their academic work. Academic dishonesty in any form will not be tolerated by the university. Students involved in such activities are subject to serious disciplinary action. This includes course failure, academic suspension, and expulsion from the university. It is the students' responsibility to understand what constitutes academic dishonesty, guidelines for proper citation, and that ignorance of plagiarism does not and will not constitute an excuse for the behavior. Please understand that in taking this course your assignments may be submitted to Turnitin.com or another plagiarism detection service, and reviewed for textual similarity suggestive of plagiarism. All submitted papers are subsequently included as source material in the Turnitin.com database for the purpose of detecting plagiarism in other submitted work. Please review Turnitin.com "terms of use agreement" should you have any questions.

MODULE 1

INTRODUCTION TO SPORT FINANCE



OBJECTIVES:

1. Define five forms of financing management. (Objective #A)
2. Understand the relationship between sport Industry and the size of the sport industry. (Objectives #A & B)
3. List and describe various impacts on the structure of a league and the structure of a team. (Objectives #C & D)
4. Understand the factors affect the economics of sport. (Objective #E)
5. Understand sustainability in the sport industry. (Objective #F & H)

ASSIGNMENTS:

1. Read Chapter 1 of the textbook "Introduction to Sport Finance".
2. Review the Key Concepts found on the Title page of Chapter 1.
3. Answer Week 1 Discussion forum question and respond to two of your peers' posts.
4. Look over the PowerPoint slides prepared by the Instructor. Post any questions about this module that you may have on the "Ask the Instructor" under Discussions section so that others in the class can benefit from your questions.
6. The information from this module will be included in the Concept Exam I.
7. All assignments and readings related to module 1 need to be completed by XX, XX, XXXX.

ADDITIONAL RESOURCES:

About the WNBPA. (2009). Retrieved July 20, 2009, from <http://www.wnbpa.com/about/>

Broughton, D. (2002, March 11-17). Methodology. *Sports Business Journal*, 4(47), 25-26.

Flood v. Kuhn, 407 U.S. 258 (1972).

Haywood v. National Basketball Association, 401 U.S. 1204 (1971).

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President's annual report: 2004-2005. (2005). Green Bay, WI: Green Bay Packers, Inc.

Roberts, J.L., & Murr, A. (2008, October 20). If you build it, will they pay? *Newsweek*, E6-E8.

Sandomir, R. (1988, November 14). The \$50-billion sports industry. *Sports Inc.*, 14-23.

Wolverton, B. (2009, January 23). For athletics, a billion dollar goal line. *The Chronicle of Higher Education*, A1, A12-A13, A16.

Chapter 1 PowerPoint outline, discussion forums, exam questions and PowerPoint slides

Chapter 1 PowerPoint outline

- I. Introduction
 - II. What is finance?
 - a. Money and capital markets
 - b. Investments
 - c. Financial management
 - III. Five ways to finance the operation of a sport organization
 - a. Debt
 - b. Equity
 - c. Retained earnings
 - d. Government funding
 - e. Gifts
 - IV. Overview of the industry- North American Industry Classification System (NAICS)
 - V. Financial size of the sport industry- Gross domestic sports product
 - VI. Structure of sport businesses
 - a. Franchise ownership models
 - i. Single owner/private investor model
 - ii. Multiple owners/private investment syndicate model
 - iii. Multiple owners/publicly traded corporation model
 - b. League structures
 - i. Single-entity ownership model
 - ii. Distributed club ownership model
 - VII. Financial and economic factors affecting sport
 - a. Economic cycle
 - i. USOC
 - ii. Collegiate athletics
 - iii. Women's professional sports
 - iv. NASCAR
 - b. Television revenue
 - c. Real estate
 - d. Sustainability
 - e. Politics
 - i. Proposed legislation affecting corporate sponsorships
 - ii. Proposed legislation related to the cable television industry
 - VIII. Conclusion
-

Discussion forums

1. What is financial management? How does financial management differ in the sport industry as compared to other industries?
2. What are the five forms of financing, and how is each used within sport?

Exam questions

Multiple Choice

1. Three interrelated sectors exist within finance. The focus of which sector is on security choices made by individual and institutional investors as portfolios are being built?
 - a. Money and capital markets
 - b. Investments
 - c. Financial management
 - d. Derivative trading
 - e. None of the above
2. When an organization borrows money that must be paid back over time, usually with interest, _____ financing is being used.
 - a. Debt
 - b. Equity
 - c. Retained earnings
 - d. Government
 - e. Gift
3. Three interrelated sectors exist within finance. The goal or outcome of those working in which of the following sectors is to acquire and secure funds to maximize shareholder wealth?
 - a. Money and capital markets
 - b. Investments
 - c. Financial management
 - d. Derivative trading
 - e. None of the above
4. This type of financing includes charitable donations, either cash or in-kind, made to an organization and is the primary source of operating and investing income for major collegiate sports programs.
 - a. Debt
 - b. Equity
 - c. Retained earnings
 - d. Government
 - e. Gift

5. Three interrelated sectors exist within finance. Which of the following includes securities markets, investment banking, insurance, and mutual fund management?
- Money and capital markets
 - Investments
 - Financial management
 - Derivative trading
 - None of the above
6. Typically, owners within an industry compete for wealth maximization. Owners in sport might not be interested in this goal. Rather, they may be interested in _____.
- Winning championships
 - Seeking celebrity status
 - Protecting a community asset
 - All of the above
 - None of the above
7. For all sport and entertainment organizations, _____ financing may include land use, tax abatements, direct facility financing, and infrastructure improvements.
- Debt
 - Equity
 - Retained earnings
 - Government
 - Gift
8. Of the following statements regarding the Arts, Entertainment, and Recreation segment (NAICS 71) of our economy, which of the following is true?
- The industry employs a large number of full-time workers and relatively few seasonal and part-time workers.
 - Those working in the industry tend to be older than those working in other industries.
 - Wages for those working in the industry tend to be higher than wages paid to those working in other industries.
 - Almost all leisure time activities, including watching movies, are a part of this sector.
 - Rising incomes and increasing leisure time over the next 10 years should lead to an increase in demand in this sector.
9. Under this sport franchise ownership model, _____ is the most common model of team ownership.
- Single Owner/Private Investor Model
 - Multiple Owners/Private Investment Syndicate Model
 - Multiple Owners/Publicly Traded Corporation Model
 - Single Entity Model
 - Distributed Club Ownership Model

10. Other than _____, sport leagues in the United States, are subject to the Sherman Act.
- a. The National Football League
 - b. The National Basketball League
 - c. Major League Baseball
 - d. The National Hockey League
 - e. Major League Soccer

True/False Questions

1. **T or F** The sport industry relies on the discretionary income of spectators and participants.
2. **T or F** The single entity structure is used by MLB, the NBA, the NHL, and the NFL.
3. **T or F** The single entity structure is used by Major League Soccer.
4. **T or F** Distributed club ownership model leagues are usually structured as non-profit organizations.
5. **T or F** Yankee Stadium was financed by the team using a form of equity financing.
6. **T or F** Gift financing is a minor source of operating income for major collegiate sports programs.
7. **T or F** The sport industry is classified as an industry by the U.S. Census Bureau.
8. **T or F** The largest grouping of sport businesses is within NAICS 71, the Arts, Entertainment, and Recreation segment.
9. **T or F** The Gross Domestic Sports Product (GDSP) is the market value of a nation's output of sport-related goods and services in a given year.
10. **T or F** Antitrust law applies to single-entity sport leagues.

Chapter 1 Introduction to Sport Finance

Why Is Understanding Financial Management Important?

- Consider the example of constructing new facilities.
- New arenas directly impact local residents, businesses, and governments.
- In 2008–2010:
 - New Yankee Stadium (New York City)
 - Cowboys Stadium (Arlington)
 - Target Field (Minneapolis)
 - Lucas Oil Stadium (Indianapolis)

Your Viewpoint

- What do you think of when you think of “sport finance”?
 - Do you think of revenue generation and ticket sales?
 - Or do you think about such things as player salaries, raising money to build a new stadium, and the effect that a sports team has on a local economy?

What Are Some of the Issues in Financial Management?

- Revenue generation is one very important issue
- Other issues:
 - Revenue sharing
 - Ongoing operating expenses
- Example: Lucas Oil Stadium

What Is Finance?

- Finance defined:
 - The science of fund management
- Financial sectors:
 - Money and capital markets
 - Investments
 - Financial management

Financial Management of Sport Organizations

- Commonalities with other industries:
 - Value creation
 - Revenue growth
- Differences from other industries:
 - Diverse objectives of owners
 - Imbalance in competition
 - Revenue sharing and other forms of cooperation

Size of the Industry

- Gross domestic product (GDP)
- Gross domestic sports product (GDSP)

Comparisons of Industry Size

INDUSTRY SIZE	ADJUSTED SIZE (2002 DOLLARS)	DEFINITION OF INDUSTRY	YEAR OF ESTIMATE	STUDY
\$17.0	\$17.15	None	1988	Sports Inc. (Goldman, 1988)
\$12.7	\$17.42	Sports entertainment and recreation, sport products and services, sport support organizations	1995	Mark, 1997
\$11.78	\$12.21	Organized sports	2001	SportsBusiness Journal (Bloomberg, 2002)
\$11.21	\$11.81	Individual participation in sport, attendance at live sport, sporting events, individual sport revenues	2002	Humphreys & Russell, 2002

Professional Sport Ownership Models

- Single owner/private investor model
- Multiple owners/private investment syndicate model
 - The most common for two reasons:
 - The value of franchises has risen so high that it is difficult for one individual to be able to afford to purchase a franchise on his or her own.
 - The multiple owners/publicly traded corporation model has many disadvantages versus the private investment model.

Professional Sport Ownership Models

- Multiple owners/publicly traded corporation model
 - Except Green Bay Packers, this model is not used in the United States.
 - It is employed by European professional soccer franchises, such as Manchester United.

League/Conference/Association Structure

- Single entity
 - A single group or an individual owns the league and all of the teams that compete within that league
- Distributed club ownership
 - Under this league structure, each individual franchise has its own ownership group. League-wide revenues, such as those from national TV contracts, are collected at the league level and distributed to each team to cover net costs.

Antitrust Law and Distributed Club Ownership

- Teams and leagues are separate legal entities and typically subject to Sherman
- Sherman Antitrust Act (1890) forbids contracts and other actions among businesses in restraint of trade
 - MLB largely exempt
 - *Federal Baseball* (1917), *Federal* (1917)
 - NFL subject to Sherman
 - *McNally* (1997) and *Sullivan* (1994)
 - NBA, subject to Sherman
 - *Haywood* (1977)

Financial and Economic Factors Affecting Sport

- Economic cycle
- Television revenue
- Real estate
- Sustainability
- Politics

Economic Cycle

- Rely on discretionary income
 - Growth
 - Contraction
- Jobs impacted

Job Growth in NAICS 71



Segments That Are Sensitive to Economic Change

- United States Olympic Committee (USOC)
- College Athletics
- Women's Professional Sports
- NASCAR

Other Factors Affecting Financial Management

- Television revenue
- Real estate
- Sustainability
- Politics

Political Impact on Financial Management

- Proposed legislation affecting sponsorships
 - TARP (*Troubled Asset Relief Program*) *Taxpayer Protection Corporate Responsibility Act*
 - Banks spent \$900 million on sports sponsorship fees in 2008 and \$122.3 million on sports advertising
- Proposed legislation related to cable TV
 - *Video Programming Choice and Decency Act of 2004*
 - ESPN charges average \$3.65/month

Atlanta Spirit, LLC Structure

- Purchased Phillips Arena, Atlanta Hawks (NBA), Atlanta Thrashers (NHL)
- Nine owners with five majority partners
 - Majority partners shared three controlling votes
- One partner (Belkin) represented group with NBA, another (Levenson) represented group with NHL.
 - Bound to act according to consensus according to partnership agreement

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Atlanta Spirit Problems

- Minor issues arose immediately
- Authority to trade players caused split among three voting groups
 - Lack of defined managing partner major issue
 - Belkin (NBA rep) vetoed a trade favored by other partners
 - Trade of Joe Johnson
 - Voted 2-0 to remove Belkin as NBA Governor
 - Decided to buy out Belkin at more than B5's premium

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Your Viewpoint

- What do you think of naming rights?
- Do you prefer a stadium be named for a city or a revered person (such as San Diego Stadium or Jack Murphy Stadium)?
- Or do you appreciate the money that can be raised by naming it for a local company (such as Qualcomm Stadium)?

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Questions?

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