

THE BUSINESS OF SPORTS

B8687 - Fall 2018

Monday 5:45pm – 9:00pm

Room: WJW 310

Professor Salvatore Galatioto
Adjunct Associate Professor
Hours: By Appointment
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Course Description

The course is designed to study the business dynamics of the four major sports leagues in North America (Major League Baseball, National Basketball Association, National Football League, National Hockey League). It will compare and contrast the different leagues and select franchises (e.g., large market vs. small market, National Football League vs. Major League Baseball, etc.). There will also be a discussion on leadership in the business of sports.

Among the topics the course will explore are league structure, valuation methodologies, labor relations and sports as media content. Grading will be through a combination of class project, class participation and a final.

Course Outline

Session 1	Overview
October 28th	<p>Topics:</p> <ol style="list-style-type: none">(1) An overview of the four major leagues describing the differences in cash flow dynamics, labor relations and value as media content.(2) Should the taxpayers subsidize stadiums and arenas? The moral and political positions.(3) Stadium Finance: Techniques used to finance the building of new venues. <p>Cases:</p> <ol style="list-style-type: none">(1) <i>San Diego Padres: PETCO Park as a Catalyst for Urban Redevelopment.</i>(2) <i>Dallas Cowboys: Financing a New Stadium</i>
Session 2	Professional Sports Franchise Valuation Methodology and Leadership Discussion
November 11th	<p>Topics:</p> <ol style="list-style-type: none">(1) What makes a successful franchise, manager, general manager, coach, etc.? <p>Cases:</p> <ol style="list-style-type: none">(1) <i>San Francisco Giants</i>(2) <i>Bill Belichick and the Cleveland Browns</i> <p>Guest: A Guest Speaker will give a presentation on the valuation of sports franchises.</p> <p>Class Project/M&A Exercise Begins on November 12th</p>
Session 3	National Football League
November 18th	<p>Topics:</p> <ol style="list-style-type: none">(1) NFL overview discussing the collective bargaining agreement, league economics, franchise values.(2) Issues facing the NFL. <p>Case: <i>The Globalization of the NFL</i></p> <p>Guest: A Guest Speaker will discuss the NFL and its future.</p>

Session 4 Major League Baseball

November 25th

Topics:

- (1) History and background of MLB.
- (2) Concentration on the economic issues and challenges facing baseball, specifically the disparity in revenues between large market and small market teams and labor issues.

Case:

The Texas Rangers Bankruptcy: "Limits to MLB's Power or The Object That Would Not Be Moved"

Guest: A Guest Speaker will discuss the challenges and opportunities in MLB.

Class Project/M&A Exercise Due on November 26th

Session 5 National Basketball Association

December 2nd

Topics:

- (1) Overview of the NBA, including labor relations, valuation and financing techniques.
- (2) Basketball as an expanding international sport. The increase of interest of foreign buyers in the NBA.

Guest: A Guest Speaker will discuss the collective bargaining agreement, labor negotiating, etc.

Session 6 National Hockey League

December 9th

Topics:

- (1) Overview of the NHL, including labor relations and opportunities and challenges facing the NHL, as well as valuation and franchise financing techniques.
- (2) Analysis of M&A exercise.

Cases:

- (1) *Negotiating on Thin Ice: The 2004-2005 NHL Dispute*
- (2) *The Chicago Blackhawks: Greatest Sports Business Turnaround Ever?*

Guest: A Guest Speaker will discuss the challenges and opportunities in the NHL.

Method of Evaluation

Class Project	50%
Class Participation	30%
Final	20%

Class Project: The class will be broken up into buy-side teams (6-7 members) that will negotiate the acquisition of a professional sports franchise. On November 12th (after Session 2), the teams will be assigned and provided with financial information for a sports team, as well as personal financial information for each member of the group and valuation data for the league. On November 26th, the teams will submit their first round bids and analysis in a PowerPoint presentation (due 5:00 p.m.), which will be graded based on the best reasoning and logic for their respective bids. After the submissions are reviewed, four semi-finalist teams will be chosen to move to the next round. The semifinalist teams will be given 48 hours to refresh their bids once they are notified of their selection. Two finalist bidder teams will be chosen to move to the final round. The two finalist teams will negotiate a final Purchase & Sale Agreement on a date to be agreed with the two finalist teams, and the winner will be determined.

Class Participation: Class participation will be monitored in collaboration with the TA throughout the semester.

Final: A final (20%) will be submitted through canvas and must be done independently. In addition to assigned readings, any outside materials can be used to answer questions, although the class materials should be sufficient to determine the correct answers.