

The business of sport

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Near the end of an American football game against the Indianapolis Colts in November, New England Patriots coach Bill Belichick ordered his team to run with the ball instead of kick it. His decision cost the Patriots the game.

Last night it was the Colts, not the Patriots, who played in the National Football League Super Bowl against the New Orleans Saints in Florida. The Super Bowl is the biggest sports business event of the year and virtually guarantees a \$500m windfall for the local economy of the host city. Brands are willing to pay \$3m for a 30-second television spot.

It is an event so commercially significant that Kellogg School of Management at Northwestern University conducts an annual advertising review. Marketing faculty and members of the Kellogg Marketing Club convened on campus last night to watch the event and to rate the advertisers using a set of strict academic criteria. This will be used to produce a ranking of the Super Bowl's most – and least – successful advertisers.

"Sports leagues and teams receive high media coverage but, aside from one or two exceptions like Manchester United [the UK soccer team], most aren't big businesses or organisations that employ a lot of people," says Stephen Greyser, marketing professor at Harvard Business School. "And many are still run as family businesses."

According to Prof Greyser, more sports teams and leagues need to apply the kind of management principles taught in business schools. At the same time, students show a voracious appetite for sports-related content. Why then do the top business schools keep sports at arm's length?

While schools such as the Lundquist College of Business at the University of Oregon and the College of Business Administration at University of Central Florida offer dedicated sports MBAs, few of the top-ranked US schools offer an MBA with any kind of sports business concentration.

At Stanford Graduate School of Business, professor of management George Foster points to the success of MBA graduates such as Wyc Grousbeck (Stanford), chief executive of basketball team Boston Celtics, and Larry Baer (Harvard), chief operating officer at the San Francisco Giants, as examples of how a general MBA serves sports best.

"Neither jumped . . . straight out of their MBA programmes into sports management," says Prof Foster. "Their non-sports years prior to their current positions gave them a tremendous platform to think clearly about the major decisions they make."

Wharton, at the University of Pennsylvania, seeks to satisfy students' curiosity with a sports-research approach, offering its professors and students the opportunity to act as consultants to sports businesses.

"We're funding 15 different sports research projects by professors who have not worked in the field of sports before," says Kenneth Shropshire, a sports lawyer who teaches negotiation technique to MBA students and runs the Wharton Sports Business Initiative. "After just two years, we're beginning to get some of those findings back, which we will publish in a Wharton sports business review."

At Harvard, the tack is to weave sports into the fabric of the MBA through case studies. "I have a colleague who has just written an interesting case study on pricing for a World Cup or Olympics event," says Prof Greyser. "Isn't the best way to expose a wider range of people to

sports businesses to have material based on it present in the curriculum, rather than under a special heading?”

However, critics believe the reason for the arm’s-length approach lies in the business school league tables published by magazines and newspapers – such as the Financial Times’ rankings of global MBA programmes . “The problem is that sports jobs are usually low-paying and they hurt a business school’s placement’s stats,” claims Wayne Winston, a professor of operations and decision technologies at Indiana’s Kelley School of Business.

“I do think more professors will start using sports examples to illustrate analytic concepts because the students love them. Sports has great examples of how being data-driven makes it easier to succeed,” says Prof Winston, who is also a consultant for the Dallas Mavericks basketball team.

Outside the US, sports management programmes are also few and far between. In the UK, Manchester Business School offers an MBA in sport and major events, while Liverpool University has a soccer-focused MBA. But even in sports-mad Australia, leading business schools such as Australia School of Business (AGSM), Macquarie Graduate School of Management and Melbourne Business School have yet to develop an MBA with a sports focus.

But among US schools less focused on rankings, there are growing opportunities for students to concentrate on sports modules once they have completed core MBA content. The School of Business at George Washington University and Georgetown University, Washington DC, are among the latest to launch sports management MBAs and masters programmes.

The MBA at Oregon’s Warsaw Sports Marketing Center was one of the first and entwines sports modules around a full two-year programme.

“We recognise that we will never compete with Harvard or Wharton on a strictly MBA basis, but to exploit a niche is sound business strategy,” says Paul Swangard, managing director of WSMC.

“We also have the benefit of having in our backyard a confluence of major apparel manufacturers such as Nike, Adidas and Columbia around which we can build our programme.”

Although a sports MBA programme at Arizona State University last year fell victim to budget cuts, Mr Swangard maintains the model is valid.

“What you get from programmes like ours is a 24/7 focus on the sports industry,” he says.

Fonte: Financial Times, London, Feb. 7th 2010, Business Education, online.