



FOOTBALL FORTUNES

The Business, Organization
and Strategy of the NFL

FRANK P. JOZSA, JR.

Foreword by JOHN MAXYMUKE

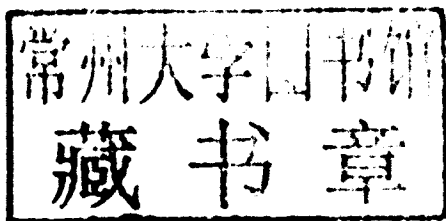


Football Fortunes

*The Business, Organization,
and Strategy of the NFL*

FRANK P. JOZSA, JR.

Foreword by JOHN MAXYMUK



McFarland & Company, Inc., Publishers
Jefferson, North Carolina, and London

LIBRARY OF CONGRESS CATALOGUING-IN-PUBLICATION DATA


Jozsa, Frank P., 1941–

Football fortunes : the business, organization and strategy of
the NFL / Frank P. Jozsa, Jr. ; foreword by John Maxymuk.

p. cm.

Includes bibliographical references and index.

ISBN 978-0-7864-4641-4

softcover : 50# alkaline paper 

1. National Football League. 2. Football — Economic aspects —
United States. I. Title.

GV955.5.N35J69 2010

796.332'64 — dc22

2010003175

British Library cataloguing data are available

©2010 Frank P. Jozsa, Jr. All rights reserved

*No part of this book may be reproduced or transmitted in any form
or by any means, electronic or mechanical, including photocopying
or recording, or by any information storage and retrieval system,
without permission in writing from the publisher.*

Cover photograph ©2010 Neustockimages

Manufactured in the United States of America

McFarland & Company, Inc., Publishers
Box 611, Jefferson, North Carolina 28640
www.mcfarlandpub.com

To my son Jeff,
an Indianapolis Colts fan

Acknowledgments

While studying the business of the National Football League (NFL), I have received expert advice and assistance from several people, some of whom had provided me with information in connection with the publication of my previous books and articles about the sports industry.

Among the employees at Pfeiffer University's campuses in Charlotte and Misenheimer, North Carolina, I am especially grateful to the director of information support services, Frank Chance, and his part-time evening librarian, Theresa Frady. The library director and assistant professor of library science, Lara Little, forwarded me the titles of numerous sports books and other readings. The administrative director of Pfeiffer's School of Graduate Studies, Michael Utsman, provided me with technical support, and also suggested that I discuss the change in broadcasting NFL games from the ABC, CBS, FOX, and NBC networks to cable outlets like ESPN and the NFL Network.

Others who contributed in some way to my research include Rutgers University reference librarian John Maxymuk, who wrote this book's foreword, and University of Michigan sport management professor and author Rodney Fort, who explained the differences between small, midsized, and large sports markets, and posted on his website the home attendances and other related business data of teams in each professional sport.

My friend Bill Focht suggested that I discuss such topics about the NFL as public finance and stadium development, player behavior, parity between teams, expansion in foreign countries, and the league's status as a non-profit corporation. Loras College professor of economics and diehard Chicago Cubs fan Laddie Sula offered comments about labor relations and the salaries of players within the sports industry. Former Pittsburgh Steelers strong safety Donnie Shell contacted some NFL officials for information that I needed about teams.

I had excellent cooperation from staff at the public library in Fort Mill, South Carolina, and from reference/interlibrary loan librarian Page Hendrix of the York County Library. Finally, my companion, Maureen Fogle, and I shared a computer, desk, and printer in an office of her house while our dog, Lucy, alerted me to feed her, take timeouts, and go for walks.

I appreciate and wholeheartedly thank those cited above, and acknowledge their contributions to the creation of this book.

Table of Contents

<i>Acknowledgments</i>	vi
<i>List of Tables</i>	ix
<i>Foreword by John Maxymuk</i>	1
<i>Preface</i>	3
<i>Introduction</i>	5
1. League Expansions and Mergers	13
2. Team Territories and Relocations	48
3. Franchise Organizations and Operations	83
4. Football Stadiums and Markets	120
5. NFL Domestic and Foreign Affairs	152
<i>Appendices (NFL Statistics)</i>	
<i>A. APFA-NFL Teams and Seasons, 1920–2008</i>	187
<i>B. Number of Seasons Played, 1922–2008</i>	190
<i>C. NFL Performances of Former AFL Franchises, 1970–2008</i>	192
<i>D. Paid Attendance, Selected Years</i>	193
<i>E. Team Home-Site Statistics, Selected Years</i>	194
<i>F. Ownership Characteristics, 2008</i>	196
<i>G. Coaching Staff Statistics, 2008</i>	198
<i>H. Average Ticket Price, Selected Years</i>	200
<i>I. Team Valuations, Selected Years</i>	202

<i>J. Stadium Rankings, by Category, 2008</i>	204
<i>K. Stadium Projects Characteristics, Selected Years</i>	206
<i>L. New, Proposed, or Renovated Stadiums, 2009</i>	208
<i>M. American Bowl Wins/Losses, by Team, 1986–2003, 2005</i>	209
<i>N. Pro Bowl Games and Results, 1971–2009</i>	211
<i>Chapter Notes</i>	213
<i>Bibliography</i>	223
<i>Index</i>	239

List of Tables

Table 1.1 American Professional Football Association Characteristics of Teams, 1920–1921	15
Table 1.2 National Football League Performance of Expansion Franchises, 1922–2008	18
Table 2.1 APFA-NFL Rank of Teams' Home Areas, Selected Years	49
Table 2.2 APFA-NFL Characteristics of Team Relocations, 1920–2008	53
Table 2.3 APFA-NFL Characteristics of Team Performances, 1920–2008	66
Table 3.1 National Football League Types of Franchise Officials, By Team, 2008	86
Table 3.2 NFL Franchises Selected Offices, By Types of Officials, 2008	97
Table 3.3 Four Professional Sports Leagues Fan Cost Index and Average Ticket Price, Selected Years	112
Table 3.4 National Football League Teams Fan Cost Index, Selected Years	114
Table 4.1 National Football League Characteristics of Team Stadiums, Selected Years	124
Table 4.2 NFL Stadiums: Average Attendance and Win–Loss of Home Teams, Selected Years	130
Table 4.3 NFL Teams Stadium Naming Rights, by Total Value, 2008	141

Table 4.4 Professional Sports Leagues Number of Teams, by NFL Metropolitan Areas, 2008	147
Table 5.1 National Football League Super Bowl Games and Results, 1966–2008 Seasons	168
Table 5.2 American Bowl Series — Country, City, Years, and Games, 1986–2003, 2005	183

Foreword

by John Maxymuk

When George Hals and the other founding members of the American Professional Football Association sat on the running boards in Ralph Hay's Canton Hupmobile showroom in 1920, it is doubtful that he or any of his fellow sports pioneers foresaw the day when the league they formed would grow to become the multibillion-dollar business empire the National Football League is today. At the time, not only was professional football dwarfed by major league baseball, it was also the poor, neglected stepchild of college football. While the game itself has changed dramatically in the ensuing decades in order to propagate its appeal as America's national game, today's NFL is also the product of lengthy progression of smart and innovative business decisions. In this book, economics professor Frank Jozsa examines these astute business practices in detail to determine how the NFL became such a financial and cultural success in this country as well as what the future holds for the league.

We have come a long way from the early days of myriad town teams dotted throughout very minor markets in the Midwest to the dominant position the NFL holds in the current sports industry. Indeed, even in recent years as the market shares and ratings of other major sports have declined — some due to various problems on and off the field — the NFL glides imperviously on. Jozsa, a former college baseball and basketball player, makes the point that perhaps one reason the NFL has adapted so well to change over time is that it has sharpened its edge against more competitor leagues (five different American Football Leagues, the Continental Football League, World Football League and United States Football League) than any other sport.

In this, his ninth book, Jozsa examines why and when the NFL decided to contract, expand or merge to better compete for market share and earnings. He explores why and when the league has relocated franchises in response to changes in local economies and other commercial factors. The author details

the sound business strategies that have allowed the NFL to continue to increase revenues and manage its expenses to steadily increase the financial value of its franchises, particularly regarding television contracts, revenue sharing and a salary cap. He points out the importance of the location, financing and benefits of team stadiums and the development of markets across ethnic groups and throughout economic hard times to ensure the continued growth of the league.

Finally, Jozsa looks at the success of several important subsidiaries to the league: NFL Properties, NFL Films, NFL Network, and the separate entity that is the Super Bowl, as well as estimating the league's prospects for international expansion. He also addresses the two most prominent missteps of the league — the failure of the NFL's World Football League in Europe and the inability to field a successful franchise in Los Angeles, the nation's second-largest market.

This work should appeal to several groups. The current and prospective owners of professional football franchises as well as officials of the NFL and other professional sports leagues will find a solid overview of effective business practices in the industry. Likewise, advertisers, marketers, promoters affiliated with the NFL and decision makers in the vital broadcast markets will find a thorough examination of what works in their field. College and university professors who teach either undergraduate or graduate classes in sports administration, management, and marketing or business organization and strategy should find it useful as a textbook or for reference.

Many people have commented that the NFL became such a capitalist success in large part due to the socialist practices of revenue sharing, but that is somewhat misguided. The NFL is an amalgamation of franchise operations of the same brand. The teams are not competing financially as much against each other as they are partners in competing against other sports and, at times, other football leagues. As the costs and revenue streams have expanded in recent years, there has been increasing pressure for teams to forego "league think" for a more individualistic approach. How the league responds to this challenge will be central to the success or failure of new commissioner Roger Goodell, particularly with the possibility of the disappearance of the salary cap in 2010. How that plays out may provide Professor Jozsa with enough material for another book.

John Maxymuk • Rutgers University, Camden, New Jersey

John Maxymuk is the author of *Uniform Numbers of the NFL: All-Time Rosters, Facts and Figures* (McFarland, 2005) and *Strong Arm Tactics: A History and Statistical Analysis of the Professional Quarterback* (McFarland, 2008).

Preface

Since completing a doctoral degree in 1977 at Georgia State University and while authoring eight books on the business and economics of professional team sports between the late 1990s and 2009, I continued to research topics about successful organizations such as the National Football League (NFL). Numerous readings have discussed different aspects of professional football and especially the problems of the NFL. Many of these publications, however, simply (if interestingly) describe the history of the league and thus provide data and other information about its regular seasons and postseasons, and the performances of teams, coaches and players. In other words, they focus on and report various NFL events, statistics, and years of play.

In contrast to — but respectful of— those volumes, the present work evaluates other factors to analyze the business, organization, and strategy of the NFL. There are no prior publications, for example, that focus upon the matters of league expansions and mergers, team territories and relocations, franchise organizations and operations, football stadiums and markets, and NFL domestic and foreign affairs. Indeed, according to my research of the sports literature, each of these has a major relationship to the development of the league in America and thus of professional football.

To examine the growth of the NFL and provide some reasons for its popularity between 1920 and the early 2000s, I constructed a number of tables that reflected something interesting with respect to each chapter's theme. These tables, for example, include such information as the names of new franchises in the league and those teams that had folded, or relocated and survived, and the administrative offices within NFL clubs and the titles of officials and their jobs. Other tables address professional football stadiums in metropolitan areas, existing and potential markets of current or expansion NFL teams, and the responsibilities of league and team vice presidents, managers, directors, and other executives.

Based on the variety of topics within, readers will learn how and why

the NFL has thrived as a professional league in the United States. That is, they will understand the business importance of leadership and management, organizational structure, and company strategy. Furthermore, this book provides a 14-part statistical appendix, detailed notes, an extensive bibliography, and an index.

In sum, this book is unique because it analyzes the business that is the NFL.

Introduction

Most of the successful organizations in American professional team sports emerged during the twentieth century. As of 2009, these different groups include the 109-year-old major league baseball (MLB), 93-year-old National Hockey League (NHL), 90-year-old National Football League (NFL), 61-year-old National Basketball Association (NBA), and 14-year-old Major League Soccer (MLS).

Despite such internal issues as franchise owner lockouts and player scandals and strikes, and such external problems as economic downturns and military conflicts, the teams within these leagues continued to perform in games during regular seasons and in various types of postseason tournaments. Consequently, at least four professional sports leagues and their teams have been important to American culture and the history of this nation during most of the past century.¹

The professional sports leagues have helped their teams to exploit local and regional consumer markets, to provide entertainment for spectators, and to secure sufficient cash flows. For various reasons, some leagues previously based in the United States ultimately folded because their clubs had financial difficulties or inadequate leadership — or just showed poor performances against opponents.

Since the late 1800s, some of these failures in each professional sport were the Union Association (1884), Players League (1890), and Federal League (1914–1915) in baseball; the World Hockey Association (1972–1979), National Hockey Association (1909–1917), and Western Professional Hockey League (1996–2001); the All-America Football Conference (1946–1949), American Football League (1960–1969), and World Football League (1974–1975); the United States Basketball League (1985–2007), American Basketball Association (1967–1976), and World Basketball League (1988–1992); and, the United Soccer Association (1967), North American Soccer League (1968–1975), and Women’s United Soccer Association (2001–2003). Because these leagues no

longer exist, the present work does not discuss the commercial aspects and histories of these former sports organizations.²

Between the 1970s and early 2000s the NFL gradually became the dominant professional sports league in America and almost in the world. Indeed, the majority of its teams surpassed those in MLB, NBA, NHL, and MLS, with thousands more fans in a majority of sports markets within metropolitan areas of the United States. Other leagues' decline in market shares, profits, and television ratings relative to the NFL resulted from a number of business, demographic, economic, and social factors.

Each of the professional sports leagues experienced to some degree short-term, intermediate, or long-term deficiencies or hardships. Within MLB, it was lockouts, strikes, and the cancellation of the 1994 baseball season and post-season, abuse of illegal substances by several popular ballplayers, and a lack of parity and competition among some teams in divisions of the American League (AL) and National League (NL). Within the NBA, it was excessive increases in ticket prices to home games, inflated salaries of players and their irresponsible and sometimes illegal behavior. Within the NHL, it was the players strike in 2004, low television ratings of teams' regular season and post-season games, and unpredictable changes in value of the Canadian dollar. And within MLS, it was some clubs' inability to attract more sponsors and establish partnerships, inadequate exposure of soccer matches on national television networks and local satellite and cable channels, and the inferior quality of teams' stadiums, which made it difficult to attract spectators.

In my opinion, unless these four U.S.-based professional leagues implement innovations and marketing reforms and thereby become significantly more efficient as organizations, the NFL will attract additional sports fans and thus increase its market share at the expense of the other leagues. As a result, football franchises should experience growth in revenues and profits.

Rather than discuss and predict the future of all professional team sports and the sports industry, this work focuses on the NFL, and analyzes when, why and how the league and various teams adapted to changing circumstances and challenged other leagues, and how it became the most well-respected and wealthiest organization in American sports history. (The Premier League in England is the only other professional sports organization in the world that rivals the NFL in power, prestige, and market value.)

National Football League

Readers, including but not limited to football fans, sports executives and students studying sports administration and marketing, will find interesting

business, cultural and historical insights into the emergence, growth and lasting success of the NFL. First, the book describes how the league has changed in composition since it began in 1920. Readers will understand why the organization occasionally adjusted the number of teams and agreed to their locations in order to compete for fans and revenue with MLB and the NHL, and then later with the NBA and MLS.

Second, readers learn that various consumer markets for professional sports changed throughout the twentieth century. Thus, the NFL expanded in a number of metropolitan areas in response to changes in local economies. Third, readers will realize that various qualitative factors — besides the adoption of a salary cap system and revenue-sharing agreement among the league's franchises — also contributed to the evolution of the NFL, including such intangibles as foresight, intuition and luck.

Fourth, the book reveals why football — rather than professional baseball, basketball, ice hockey, or outdoor soccer — has better met the entertainment demands of sports fans and therefore become increasingly popular, even during economic slowdowns and despite the demographic changes within American society. Fifth, readers will recognize the consequence of business matters in a sports organization's struggle to survive and thrive. In other words the NFL and its officials, including team owners and general managers, have interdependently made practical and prudent decisions based on realistic financial and managerial strategies.

Besides these five issues there are other interesting characteristics that distinguish the league's history, policies and structure from those of MLB, the NBA, the NHL, and MLS. The game itself had relatively upper-class origins, for example, developing from rugby played on campuses by college students in the eastern U.S. during the mid-1800s. In the 1890s, some amateur football teams organized and became the game's first professionals.

Another major difference between the NFL and other professional sports leagues is that since the early 1900s, the NFL faced more competitive and professional rival organizations than did other sports leagues. Indeed, baseball's Federal League, the American Basketball Association, the World Hockey Association, and National Professional Soccer League were relatively inferior organizations in comparison to the market power of the American Football League, which mounted a serious challenge during the 1960s.

As of early 2009, the NFL had successfully played 89 consecutive regular seasons and 43 Super Bowls, while MLB and the NHL had to cancel a season or more because of owner lockouts or player strikes. The NFL experienced its most serious labor-management troubles during two years: In 1982, a 57-day players' strike reduced the number of regular season games from 224 to 126, and in 1987, a 24-day players' strike resulted in 14 games being can-

celled. Moreover, the Super Bowl — unlike the World Series, NBA Championship, Stanley Cup, or MLS Cup — has become a national obsession and de facto holiday, and the premier event in American professional sports. The television and radio ratings for the four other major professional sports' championships have remained level or moderately declined in recent years while the number of viewers has expanded for the Super Bowl, played between winners of the NFL's American and National Football Conferences (respectively, the AFC and NFC).

The NFL's annual preseason, regular season, and postseason are distinct, making it easy for fans to keep up with a particular team as the season progresses and therefore maintain their interest. Although the lengths of these three periods are comparable with other professional sports, the fact that there are relatively few professional football games means fans have more time between games to discuss and measure team performances, and division rank, and standing in the league as a whole.

Baseball, basketball, ice hockey, and outdoor soccer are more popular sports than American-style football in the majority of foreign countries, and the NFL's opportunities for the placement of teams into metropolitan areas beyond North America is spatially limited. The failure in 2007 of NFL Europa (formerly the NFL Europe League), after competing in cities there for several years, suggests that the NFL must revise its international strategy. For example, the league may need to invest more financial capital and marketing resources into basic amateur programs to teach people in Asia, Europe, and elsewhere how to play the game. Otherwise, the league must locate any of its new teams within the U.S., or potentially, in Canada or Mexico.

In part, the NFL has prospered because it adopted a salary cap and implemented a revenue-sharing system for the benefit of all of the league's teams. Because of these policies, such small-market franchises as the Buffalo Bills, Cincinnati Bengals, and Kansas City Chiefs have a realistic chance each season of winning a division title, conference championship, and perhaps a Super Bowl. Among the other major sports leagues, there are advantages and greater opportunities for clubs located in large metropolitan areas. Some improvements in parity have occurred since the late 1990s among teams in MLB and somewhat between clubs in the NBA, NHL and MLS. It appeared, therefore, that aspects of the NFL's business model were copied and applied by officials in America's other professional sports leagues.

A number of books and articles that touch upon business aspects and the corporate history of the NFL are worthy of mention. Several titles merit brief summaries because they include one or more of the topics discussed in this book. The bibliography lists other books on professional football, the NFL, various seasons and specific teams.³