



MANAGING SPORT **ORGANIZATIONS**

RESPONSIBILITY FOR PERFORMANCE

DANIEL COVELL AND SHARIANNE WALKER



THIRD EDITION

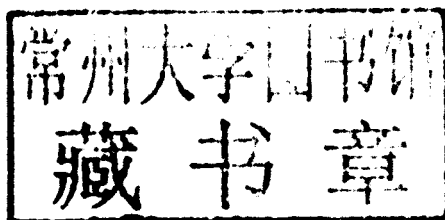


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performance

Third edition

**DANIEL COVELL AND
SHARIANNE WALKER**



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MANAGING SPORT ORGANIZATIONS

Now in a fully revised and updated third edition, *Managing Sport Organizations* is still the most interesting, challenging, and student-focused introduction to sport management currently available. Bridging the gap between theory and practice, this book explores every key topic, issue, and concept in contemporary sport management, including:

- understanding management and its relationship to sport
- the new sport management environment
- decision making
- strategy
- organizational design
- leadership
- human resource management
- managing change
- facility management
- innovation.

This new edition contains expanded coverage of current topics such as corporate responsibility and ethics, social media, career pathways in sport management, and international sport. Each chapter includes a full range of useful features, such as case studies, management exercises, study questions, and definitions of key terms and concepts.

Managing Sport Organizations is the only book to fully introduce the core concepts and principles of management theory and to demonstrate their application in the contemporary sport industry. No other textbook combines the rigor of the business school with the creativity and dynamism of modern sport business. This is the perfect foundation text for any course in sports management, sports administration, or sports organization.

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CHAPTER 1

THE SPORT MANAGEMENT CHALLENGE AND THE BRANDED AND LICENSED SPORT PRODUCT INDUSTRY

INTRODUCTION

So you want to work in sport? How's your brand?

Congratulations. You're reading this book because you've chosen to pursue a dream. You want to work in sport. Your parents or partner might be a bit wary of this. No problem. Have them consider the following: Nike, the leader in footwear and apparel sales, is estimated to be worth \$15 billion, while industry runner-up Adidas is valued at \$5 billion. In 2011, Nike's apparel sales reached \$5.4 billion, with overall sales topping \$18 billion (including \$7.6 billion in North America, \$3.8 billion in Western Europe, and \$4.8 billion from China and emerging markets). Nike also owned 38 percent of the branded footwear market. Next time you are in class, or in the dining hall on campus, take a moment and look at the footwear people are wearing. Unless you are near the beach or the North Pole, your observations will probably support that 38 percent figure (Oznian, 2011). So is Nike not a global brand? Are they not generating significant revenues from sport products? Now, if you told someone you planned on majoring in chemical or industrial engineering, they might be clueless about the content of the major, but there would be little question about the viability of those industries. Nor, given the kind of economic value generated by the sport industries, should there be with sport.

If there are still doubters about the significance of the sport industries, however, try responding with a series of questions of your own. Ask your concerned party whether they own a hat or jersey from a favorite team, or how many athletes or teams they follow on Twitter. Or if they work out regularly or play in an organized recreational sport league. Or if a sport blog or website is the first (or only) sites they visit daily. Or how many hours are spent managing their fantasy teams. These examples are indicators of the significant breadth of interest of sport in our society, and that interest is a major component in all societies around the world. Every culture

has some kind of sport activities. The road to success in sport careers, however, is full of challenges. For example, if you were to ask what their dream job might be, more than a few sport management majors would probably answer general manager of the Cincinnati Reds, the Chicago Bulls, the New York Red Bulls, Bayern Munich, or whatever their favorite pro team is. With such a crowded field, does this mean that these students can never get that dream job? Absolutely not.

There are four ways someone like you can enter and succeed in the sport industries. The first is to buy your way in. You watch National Football League (NFL) games and you make better play calls than Tom Brady, Drew Brees, or Eli Manning, and you have a better handle on the annual draft than Mel Kiper, Jr. “I can do this better than these guys,” you think, so you pony up the dough and buy a franchise. How much would you have to pay? It depends on the franchise, its facility, and its revenue streams. *Forbes* magazine estimates the value of the Major League Baseball’s (MLB) New York Yankees, with its revenues from its subsidiary YES Network and other sources, to be \$340 million. Soccer clubs Manchester United and Real Madrid are valued at \$269 million and \$264 million, respectively, and the NFL’s Dallas Cowboys check in at \$193 million. So you would need to start at, on average, probably \$200 million, and then the other league owners would need to approve you to join their club before you drop the cash. Do you have a quarter billion dollars handy? No? Okay, no sweat, there are three ways left.

The second is to inherit a team from your family. In the NFL, for example, league rules require individuals rather than corporations to own teams, and many of these teams will be taken over by family members rather than sold to outsiders when transitions are required. Does anyone in your immediate family own an NFL team or any other professional league franchise? No? Okay, that’s strike two, but in this game you still have two strikes left.

The third way to get into the game is to be an outstanding former player who moves from the playing field to the front office. There are athletic directors, general managers, coaches, and even some owners throughout sport who gained experience and connections from their on-field careers. How about you? Are you a blue-chip student-athlete on a National Collegiate Athletic Association (NCAA) Division I team looking to lead your squad to a national championship during the upcoming season? No? OK, are you a Division III standout? No? Not even the leading scorer on your intramural basketball team? Well, don’t despair. You have one more shot – and it’s a good one.

If you are reading this, you’ve already made a move toward the fourth step: education. In fact, more and more of the individuals who currently hold these positions have sport management academic backgrounds. But here’s the lesson from these successful sport managers: to get a job in this highly competitive job market, you must have a strong knowledge, not only of sport and the specific sport industries, but also of

2

The sport management challenge and the branded and licensed sport product industry