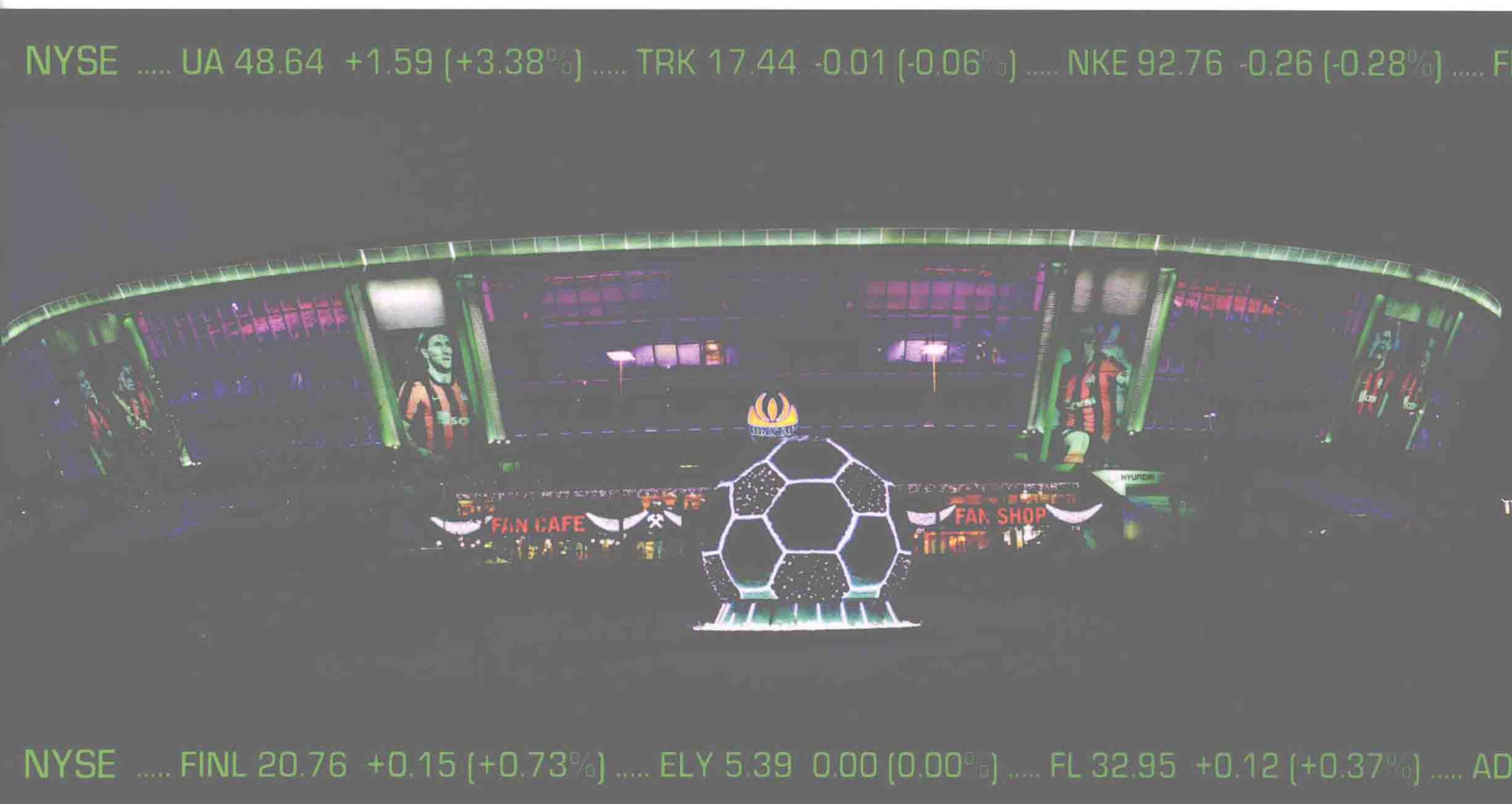
Third Edition

SPORT FINANCE



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Sport Finance

Third Edition

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Preface

If you saw the movie *Jerry Maguire*, you might have thought about studying sport law or becoming a players' agent. Similarly, if you have been tracking Tiger Woods' phenomenal success in endorsing various products from Nike to Buick, and then his subsequent demise, you might want to study sport marketing. If you enjoy watching Super Bowl advertisements more than the games themselves, you might want to enter the exciting field of sport advertising. Few students, however, contemplate studying sport management to prepare themselves to work in the area of sport finance. Sport finance can be more exciting than all these disciplines. Marketing, sponsorship, facility construction, sport law, and all the other sport management disciplines cannot be undertaken without knowledge of the financial position of the team, business, or organization. Thus, sport finance is the linchpin for all decisions and actions in sport business.

Students who believe that sport accounting and finance are not as exciting as sport law, marketing, or advertising are wrong. Some of the most interesting jobs in sport focus on finance-related issues. For example, National Football League and National Basketball Association teams normally have "capologists" who are directly responsible for ensuring that the team does not violate the salary cap for its players. Sport marketing has changed from being just a creative pursuit to being a financially driven field. No major sponsorship deal is completed without data and financial analysis leading the creative process. Financial numbers can tell us important facts about a business. So, although sport finance has never been considered an exciting component within any sport and fitness administration curriculum, it might be one of the most important topics that you study. Note also that although the competition for jobs in event management and sport marketing is fierce, the competition for jobs in sport finance areas is less intense. The primary reason for such job availability is the scarcity of trained people who have significant skills in finance and appreciation for how those skills can help a sport business grow.

No business, organization, or government entity can survive without money. The saying "Money makes the world go 'round" accurately reflects the sport industry. Some professional sports organizations are now worth more than a billion dollars, and television networks spend billions to air premier events. Sport finance analyzes where the money comes from, where the money goes, and how to use any remaining money to foster future growth. Thus, sport finance is the key for the decision-making process in any sport business. A thorough knowledge of sport finance is the key to making it into high-level managerial positions where the decisions are made.

The stock market skyrocketed several hundred percent in the 1980s and 1990s. Thereafter, it fell significantly, costing people millions of dollars in paper losses. But if you held on and kept investing in the market when it declined, you would have been rewarded when stocks increased from 2003 through 2007, when the stock markets again hit all-time highs. Investors who did not sell by 2007 might have lost their investment when the stock market again plunged because of the 2007-09 recession. The stock market is one of the best examples of how financial conditions can grow and shrink over time and why a company can be strong one day and file for bankruptcy the next. Sport businesses were not immune to this financial carnage. Some sport companies have had ups and downs during the past 20 years. If you had invested a small amount in 1980 in Nike stocks, you could have made a fortune. You could also have made a significant amount of money if you had invested in Nike shares in early 2006 when the price was as low as $75.52 per share had you sold those shares at the peak later that year when they were selling for $101.20. In 2011 the stock ranged in price from a high of $98 to a low of $69. Thus, depending on the day that a person sold the shares, she could have either made a profit or lost money. This example represents one of the most important issues associated with finance: It is all about timing. If a payment is received one day later, it can significantly change a company's financial position. A balance sheet examines a company's financial position on a specific day. An income statement examines a company over a one-year period. No matter what dates are used, all financial analysis is focused on a specific period so that the evaluation has value and relevance.

Stocks tend to increase and decrease based on multiple factors, from increased profits to the loss of a major account or the retirement of a major endorser. What factors drive the stock price down? Does such a decline represent market conditions alone, or can the company's board of directors develop policies that can reduce the value of the stock? Would any resulting turnaround in the company's performance significantly enhance the company's value? What can the company do to increase its stock value? Would a high stock value indicate corporate financial strength? If the company reduced overall salaries by $100 million per year, would the stock value increase because of the increased savings? If all shoe production was moved from Asia to America, would profits change and why? A thorough financial analysis can help answer these questions. This book is designed to help you understand the numerous financial issues faced by any sport or fitness business or entity.

PURPOSE OF THE TEXT

The need for a strict sport finance text has come to the fore over the past 20 years with the push to build new sports facilities and the financial projections made by the facilities' opponents and proponents. Similarly, fitness facilities have fueled significant career opportunities, and managers in this industry encounter numerous unique financial issues. Sport entrepreneurs have to deal with financial issues such as how to develop a business plan with a pro forma budget, what finance vehicle is most effective for raising start-up capital, and how to control inventory. With professional football teams selling for $800 million, a team owner or general manager will not trust financial decisions to anyone who does not have a strong background in finance. Last, with Title IX affecting many high school and college athletic programs, schools need to know how to work with the dollars that they have in order to comply with the law. These examples are just a few of the issues that you might face in your future career. One aim of this text is to give you a framework to help you deal with those issues.

Sport Finance is designed to walk the reader through the finance process. It provides you with the basic skills needed to help raise, manage, and spend money in sport settings. It covers a number of key financial concepts, such as the following:

- What a business needs to succeed
- What makes businesses operate
- Where businesses obtain necessary start-up capital
- How to determine how much money is available
- How to read newspaper business pages for meaning
- What typical expenses sports organizations incur
- Why sport businesses succeed
- Why sport businesses fail
- How sports organizations can grow

The purpose of this text is to give a broad overview so that the reader can understand what drives the financial success or failure of any entity in the sport industry.

INTENDED AUDIENCE

Our goal is to create an intermediate finance text that is ideal for business school–based sport and fitness administration programs, sport finance classes, and graduate programs in various other disciplines. The point of the designation is to emphasize that the book is comprehensive, but we believe it is also important to develop the text for people who have never previously read a finance or accounting text. With this book you will be able to grasp fundamental finance and accounting concepts regardless of your knowledge level. If you have some finance or accounting skills, this text will expand your knowledge and provide some real-world application of that knowledge. The text also provides a strong framework within which you will be able to apply financial principles in your future career.

If you are already an industry professional, you could rely on the text to help you understand financial markets, develop money-saving strategies, learn how to invest properly for future growth, and develop business finance strategies. With a significant discussion on budgeting, executives can refresh their knowledge and skills on a daily basis.

ORGANIZATION

Sport Finance is organized into seven parts that help the reader understand the influence of sport finance on a business. The chapters are arranged so that the reader can understand the elements that influence the financial world and then apply specific issues to the sport business world.

Part I deals with the importance of finance in the sport industry and includes a thorough analysis of the various issues composing sport finance and various financial skills. Through using several current trends the reader is exposed to examples of how finance transcends sport. One of the primary focuses of any financial analysis is to promote understanding of revenue and expenses, which is covered in this section. Because financial planning is impossible without an understanding of accounting basics, part I gives special attention to fundamental finance and accounting issues. Part I also stresses the key to financial planning, which is how to develop and analyze a budget.

Part II examines various environments that affect finance, ranging from business structures and financial markets to government entities that control taxes and interest rates. This section examines the markets where money is made and invested to help businesses grow. But its primary focus is on government regulations that affect everything from how stocks can be sold and appropriate business structures to tax and bankruptcy regulations that influence the financial success of businesses.

Part III addresses the information needed to answer questions or solve problems associated with the financial health and future direction of a sport business. By analyzing data contained in income statements and balance sheets, students will learn how to analyze a business' strengths and weaknesses. Industry ratios, financial statements, and the time value of money are highlighted in this section of the book.

Part IV examines where the money is located. These chapters look at how businesses find the capital that they need to operate. Discussions focus on funding options for various types of entities, ranging from a government entity that needs to raise more taxes to a business that is searching for venture capital, pursuing a public offering, or selling corporate bonds.

Part V discusses the outflow of money and basic financial management. What are typical expenses, and how do businesses budget for them? This part of the book also highlights short-term planning and ways to document monetary needs. An additional focus is on ways to manage the money that you obtain or owe as a sports manager. Finally, this part of the book provides a comprehensive overview of the inventory management and production control processes, which are critical for concession and sporting goods businesses. The failure to manage inventory and the production process properly can lead to significant financial losses.

Part VI centers on the profit distribution process, including retained earnings, dividends, and company growth through acquisition of additional businesses. The section then covers the tracking of money and details accounting techniques that you can implement to make sure that financial auditing is successful. The section ends with examining techniques to exit a business whether closing or selling a business.

Part VII covers current issues affecting the sport industry. This section is the newest one in the third edition. It provides a detailed analysis of the current recession and how various sport entities are dealing with these financial conditions. The section then provides an industry analysis to help show how financial issues are affecting various segments of the sport industry. The last part of this new section contains a significant case study for a Division II athletic department to examine the various revenues, expenses, and other financial issues occurring over the course of a year.

Each chapter ends with pertinent class discussion questions. These questions are designed to channel dialogue among students and to give instructors ideas for helping students engage with the material over and above just reading the text. Boldfaced words in the text are found in the glossary at the back of the book. Key points are highlighted throughout each chapter. In addition, an instructor guide is available providing more discussion topics and material.

INSTRUCTOR RESOURCES

As an added benefit to instructors, this new edition features several ancillaries to aid in your teaching of classes using this text. The authors appreciate that some sport finance instructors have training in other disciplines and might need additional assistance. Thus, these updated resources make it easier to develop and teach basic through advanced concepts.

- The instructor guide includes a student syllabus as well as chapter outlines for the instructor. The chapter outlines contain a summary, lecture aides, in- and out-of-class activities, additional readings, and teaching tips.
- The test package includes more than 300 multiple choice questions that the instructor can use to build tests.
- The PowerPoint presentation includes more than 300 slides that present the text information in an easy-to-follow format. Several tables from the book are included in the presentation package to help further student understanding.

Acknowledgments

I could not have asked for two better coauthors. They diligently wrote their chapters and assisted with the instructor guide, making this one of the best texts I have had the pleasure to work on. Tim was helpful throughout the entire process, and Mike, as someone who really understands sport finance, was a significant boost to the project. My two coauthors went beyond the call for this text, and I thank them for their effort. Each coauthor brought significant value and helped shape the text into one of the strongest in the sport management area.

I would like to extend a special thanks to Dr. Allen Sack, Dean Lawrence Flanagan, and the entire College of Business faculty and staff at the University of New Haven for all their assistance. They recognize the value of sport finance and are launching a sport finance based online Masters of Science program in 2013 to help share the value and need of sport finance to the entire world. I would also like to thank my graduate research assistant Kristen Sackett for her help in researching changes for this revised edition.

A special thanks also goes out to my wife and children (Gavriella, Arieh, and Rebecca) for their patience during the writing and revising of this text. It was a long process that took a significant amount of their time and understanding.

The folks at Human Kinetics were wonderful in helping us make this third edition that much stronger. Many subsequent editions contain just minor updates. The gang at HK, however, including Myles Schrag and Kevin Matz, challenged us to make the book fresh and improved.

Gil Fried

I would like to extend a special thanks to my two coauthors. Gil Fried has been the driving force behind this project since its inception. His guidance and persistence were critical for ensuring the successful completion of this book. The new member of our team, Mike Mondello, brought new energy and perspective to the project. His contribution has been invaluable, and he will be a pleasure to work with on future editions. I would be remiss not to mention past coauthor Steve Shapiro. Steve did a great job on the first two editions and his contributions are greatly appreciated. I would also like to thank Myles Schrag and the staff at Human Kinetics. Their efforts on each edition have been greatly appreciated.

I would also like to thank my colleagues in the sport management field whom I have worked with over the past years. Their encouragement and kind words have not gone unnoticed. People such as Dave Stotlar, Bill Sutton, Jay Gladden, Dan Mahony, Dennis Howard, Dan Rascher, Lisa Masteralexis, and Edgar Johnson (just to name a few) make me proud to be an academician in sport management. I would like to thank my parents, Richard and Jean DeSchriver, for loving and supporting me for all these years. They instilled within me a passion for education and teaching that will last forever. Last and most important, I would like to thank my wife, Kerry, for her patience and encouragement during the publication process.

Tim DeSchriver

I would like to thank both Gil Fried and Tim DeSchriver for having the confidence to extend an invitation to collaborate with them. As someone who has admired their work, I had an easy decision to make when they asked me to join them. My initial involvement allowed me to gain a greater appreciation for the significant roles that my colleagues fulfilled and the overall time commitment that a project of this magnitude requires. Gil and Tim both provided timely mentoring with questions and suggestions. Also, the Sport Management Program at Florida State University provided me with the necessary resources and time to complete the project. My colleagues at FSU represent some of the best scholars in our field, and working with them over the years has been a pleasure. In addition, I would like to acknowledge the professional approach that HK's Myles Schrag brought to the team. Finally, a special thanks goes to my family, whose support has always remained unwavering regardless of my limitations.

Mike Mondello

Contents

PART

I

Basics of Sport Finance

You cannot fully grasp sport finance without knowing the fundamentals. The information in part I will help you understand and apply financial concepts in later chapters.

Chapter 1, "Financial Issues in Sport," highlights the basics of sport finance by introducing various issues such as how sports teams have increased in value over the years, why sport broadcasting contracts continue to increase in value, whether the high cost of sports sponsorship is appropriate, and whether government funding of sports facilities produces a benefit to the local community or team.

Chapter 2, "Basic Financial Concepts," covers the basic component of financial analysis—revenue and expenses. Where do teams get money to pay huge player salaries? Where do college athletic departments obtain funds compared with high school athletic departments? Every sport organization obtains funds from various sources, such as ticket sales, sponsorship deals, and concession sales. Similarly, every sport organization has expenses, such as salaries, rent, taxes, and utilities. This chapter analyzes the various types of revenues and expenses and then describes how to track them and plan for them in the future. The chapter ends with an analysis of some accounting principles that help you understand how the revenue, expense, and budgetary numbers are calculated.

Chapter 3, "Budgeting 101," introduces students immediately to one of the most important tools for financial analysis—a budget. The authors would love to say that every sport business has a budget, but in reality many do not use this important tool. Some businesses operate from the seat of their pants without knowing where they are going or why they are constantly facing financial hardships. A budget helps guide a business or organization similar to the way that a road map or GPS helps a driver. Thus, a budget is a planning tool that will help the organization reach predetermined goals. This chapter examines the fundamentals of what a budget is, how to gather the data needed to prepare a budget, how the financial planning process works, and how a pro forma budget can set the direction for future growth.

chapter 1

Financial Issues in Sport

Chapter Objectives

After studying this chapter, you should be able to do the following:

- Understand how important managing money is for anyone in the sport industry.
- Understand how math, strategy, and managerial skills are crucial for financial decision making.
- Appreciate that some sport businesses are billion-dollar enterprises.
- Critically analyze the value of sport broadcasting contracts.
- Appreciate that sport sponsorship represents a strategic financial decision.
- Understand major developments in stadium construction trends.

A popular song has a line stating, "Money makes the world go 'round." Although many people might disagree with that statement, it is hard to undertake many things in life without money. Imagine if no one had any money. How would we obtain the items we need? How could businesses grow? How could we save for the future? These are typical questions that could arise if our society did not utilize money. More practically, what would happen to us if our checking accounts did not balance? What would happen to us if our cars broke down and we needed to buy new ones? Would we have a favorable credit history for obtaining a loan? Would we need someone to **cosign** a loan, agreeing to pay the balance if we defaulted on the loan? How would we balance our financial obligations with another obligation added to the mix? Would the new car increase our insurance costs to the point that we might not be able to afford the monthly payments? These questions typically arise when we make personal financial decisions.

Similar to all businesses, sport businesses raise similar financial questions with every decision they make. Should a new franchise join a league? Should an athlete be signed at $5 million or $6 million a year? How much should ticket prices rise in any given year? If someone wants to start her own sport business, where can she obtain the funds? Should a college cancel certain sports or add other sports to meet budgetary and legal obligations? These questions are asked and answered every day by means of financial analysis. Sometimes these issues are minor issues. Other times the issues can be complex. The 2011 National Football League (NFL) lockout focused on the best way to split the revenue pie between the owners and the players. Although many might think that wealthy owners and players can handle monetary loss associated with a missed or delayed season, numerous smaller businesses such as sports bars, concessionaires, and parking lots, as well as thousands of employees, could suffer significant financial harm during a lockout or strike. This one example highlights how interconnected the sport business world is and how a change affecting one entity can affect many others. Thus, monetary issues come up throughout a typical business day, and each business needs people who are trained to analyze where the money is or where to obtain additional funds if necessary.

Sport financial issues change on a regular basis. Stocks can shoot up one day and plummet the next in response to various news stories. As an example, in 2012 Jeremy Lin was not resigned by the New York Knicks and the next week the value of Madison Square Garden stocks dropped $93 million. New strategies and techniques can also change how businesses run. For example, in the 1990s gym equipment leasing started gaining in popularity. With equipment sometimes costing $2,000 each, it became expensive to outfit a complete health club. Leasing companies jumped into the fray and set monthly payments based on various factors such as credit rating, financial conditions, business experience, and the total cost of the items leased (Cohen, 1999). Leasing allows a club owner to use other people's money to generate revenue, and the leasing expenses can be deducted as a business expense. This scenario can help highlight a financial strategy that shows how important financial analysis is for a sport executive. Assume that a health club has a gross profit of $5,000 per month (income after expenses) and decides to lease $36,000 of commercial fitness equipment. The club will have to pay monthly payments of $843 for 60 months (five years of payments, which would total $50,580 in payments to lease the equipment). Because most companies pay roughly 30% of their gross income in taxes, $1,500 of their $5,000 profit would go to Uncle Sam. With a lease, however, the $843 paid to the lender could be deducted from the $5,000, leaving a taxable amount of $4,157. This reduces the total gross income and likewise reduces the total tax obligation. Using the same 30% tax rate the taxes owed drop from $1,500 to $1,247. This represents a savings of $253 because the lease payment is expensed. If the club owners multiply the effective payment (the true payment after reducing the tax obligation) by the lease term, the math would be $590 multiplied by 60 months for a total of $35,400. The $35,400 obligation is less than the original $36,000 cost of the equipment. Thus, even though the owner would have to pay $14,580 in interest for leasing the equipment, the end amount after taking into consideration tax savings generates a better deal for the owner.

Because of the attractive terms, leasing became a major enterprise and accounted for 25 to 40% of all fitness equipment sales in 1999 (Cohen, 1999). By 2011 the number of facilities using equipment leasing was significant, and leasing had even trickled down to home fitness equipment. Part of the push for leasing has come from the equipment manufacturers who are trying to drive sales; they would rather have equipment leased than lose a possible sale. The example of leasing fitness equipment highlights how financial issues can affect how

INDUSTRY SPOTLIGHT

As the 2011 National Basketball Association (NBA) season ended, the league was facing a major financial hurdle. The NFL was already in a lockout, and the NBA was facing a similar standoff with its players. The NBA is a $4 billion per year industry. During the 2011 season it notched its seventh consecutive season of achieving greater than 90% capacity at its arenas. It had strong television ratings and merchandise sales (McCarthy, 2011). This rosy picture masked a financial time bomb. The league was estimating losses of close to $300 million, and the commissioner, David Stern, predicted that 22 of 30 clubs would lose money in 2011. Part of the financial plea by the owners focused on changing the revenue-sharing model, which under the collective bargaining agreement paid the players 57% of the league's revenue and left the owners with the remaining 43%. With average salaries ranging around $5 million a year, management had little room for error because signing an underperforming player could saddle a team with millions of dollars in losses for years to come.

a sport executive makes decisions. This book was written to highlight the importance of financial decision making to the sport industry. By knowing how to apply appropriate financial decision making, a sport manager can become much more successful.

Sport finance entails numerous unique issues, but these nevertheless mirror the finance issues faced by all other businesses. For example, financial mistakes can be made by anyone, whether poor or wealthy. Numerous successful athletes have done well for themselves only to lose their fortune because of fraud or financial mismanagement. Some people might claim that these athletes did not know how to manage their money, but numerous "smart" people have been defrauded in highly publicized scandals or schemes as well. Two schemes snared a number of successful college and professional coaches who thought that they were investing wisely but lost their investment (Bohn, 2011).

This chapter presents tools that can help anyone more critically examine financial proposals and determine whether a deal is too good to be true or a solid investment. The chapter also focuses on current sport finance issues by first covering the basics of managing money and then turning to the skills needed to be effective as a financial manager. We then examine the valuation of sports teams, which can be valued at over a billion dollars, and consider why sports broadcasting contracts are sometimes worth over a billion dollars. We consider some of the changes that are affecting sports sponsorship and the financing of new stadiums and arenas. The background material in this chapter should give you a strong foundation in some of the basic concepts that you must understand to appreciate the complexities of sport finance.

MANAGING MONEY

Although **money** is important for making everyday decisions, it is not an end in itself for most people. We strive for personal financial independence, but we also normally realize that money only helps us enjoy our lives to the fullest. What good is a million dollars if we cannot enjoy spending the money? People traditionally work hard to earn money to enjoy the finer things in life (e.g., traveling, retiring, or spoiling family members). Businesses, however, traditionally do not have the same vision about the role that money plays in their existence. Businesses exist solely to make money for their owners and stockholders. If a company has other goals besides earning a profit, it still needs to focus on the bottom line to pay **bills** and meet its payroll. For example, even if a company's primary goal is to make ecologically friendly products to save the rain forest, the company will not be in business if it is unable to sell those products at a price sufficient to cover the costs of running the business. Nonprofit organizations also exist to make money so that they can further their primary goals. Special Olympics needs to sell products, sponsorship, and advertising to raise the funds necessary to offer programs for its athletes.

Besides paying the bills, making and managing money provide the framework for future growth. Finding, managing, tracking, and spending money refer to specific finance-related functions within a company or business. Failure to manage funds properly will cause a business to fail. Successful financial management results in business growth. The best product in the world would not survive if sound financial planning did not support the sales effort. Economic forecasts help determine potential sales patterns or the times when raw goods need to be purchased. If sales are expected to be phenomenal, then the business may need to borrow money from a lending institution or the public to finance new manufacturing facilities.

Sound financial planning is especially critical when the development process for a product is expected to be long. For example, new nutritional supplements typically require several years of development and testing on humans before they are approved by the Food and Drug Administration (FDA) for consumer distribution. Sport nutrition products, such as various muscle builders, are a good example. These products might have to go through the FDA review process (which is cumbersome and involves multiple hurdles that can take years to overcome) and then have to meet government guidelines concerning the health information on the label before they can be sold. A number of supplements have been shut down by the federal government for violating such regulations, and some players have unknowingly ingested supplements that ended up containing banned substances not listed in the ingredients label, which is in violation of FDA regulations. Most pharmaceuticals do not make it through the review process and do not get FDA approval to be sold. Other products might be pulled after being on the market for years because of new research highlighting a concern. During the FDA review process, a company might not have any income but still needs to pay bills, wages, and operating expenses. By managing money wisely and working with potential investors, such as venture capitalists, the company could generate the needed finances without jeopardizing product development. The key to financial success, as highlighted by this simple example, is financial planning.

All managerial decisions require a comprehensive review of internal and external constraints. Environmental factors, such as the cost of borrowing money, involve both types of constraints. **Internal constraints** can include a company's credit history, sales volume, product lines, accounts receivable, inventory balances, and management structure. **External constraints** can include inflationary conditions, significant competition, high interest rates, weak **economic indicators**, shrinking of the money supply by the government, and the political environment. Although it takes money to make money, you cannot make money unless you understand all the internal and external variables that affect your ability to manage your finances. Thus, a team owner cannot start budgeting for future growth after construction of a new stadium if the voters have not yet approved public funding for the stadium. Internal constraints, such as ticket prices, are moot issues until the external constraints—the votes—are finalized.

Financial principles apply to every business, nonprofit organization, and government entity. In the United States, people are concerned about the financial health of the Social Security system and the possibility that it might go bankrupt in the future. The United States government, as well as governments around the world, is struggling to repay significant financial obligations incurred when expenses far exceeded revenue. Some nonprofit organizations have suffered from scandals involving key executives who abused financial control to live a lavish lifestyle. Countless businesses have filed for bankruptcy protection because they failed to make required payments in a timely manner. All these scenarios are examples of poor financial planning. The sports world is not immune to such problems. From the building of a public stadium that sits nearly dormant for years to the folding of a new league because of the aggressive marketing efforts of a stronger rival league, problems in the sports world often result from the lack of critical financial planning. The common denominator in most professional sports strikes is financial planning. For example, some owners have raised the salary bar for other owners, and after the bar has been raised it becomes almost impossible, without violating antitrust laws, to lower the salaries. The result has been an environment of haves and have-nots. Some teams are able to survive and generate enough revenue to put forth a consistently strong product, but other teams flounder with low salaries. Some teams use strategic financial planning to help their bottom line. A recent example of such financial mismanagement was seen in the 2010 Commonwealth Games held in Delhi, India. The comptroller and auditor general report presented to the Indian government after the games highlighted that the games cost 16 times the original estimate of US$270 million. The report showed that the organizing committee was riddled with favoritism and bias, that the plan was ill conceived and ill planned, and that due diligence was lacking at all levels (Cutler, 2011). The games ended up costing $4.1 billion, and generated only