



COLLEGE of BUSINESS AND ECONOMICS

SCHOOL OF HOSPITALITY, FOOD
AND TOURISM MANAGEMENT

Impact of Business on Sport Industry HTM * 3020 [0.50 credits]

General Course Information

Instructor: Scott McRoberts

Email: mcrobert@uoguelph.ca

Office Location: Mitchell Building #208

Office Hours: TBD

Department/School: College of Business and Economics -MCKN 223

Class Schedule: Mondays 7:00 pm – 9:45 pm, Macdonald Stewart Hall (MACS) 121

Registration is restricted to students who have 9.0 credits and ECON*1050, ECON *1100

Course Description

This course provides a comprehensive synopsis of the application of economics and business management, an important sub-discipline of sport management used in the sport organization decision-making context from both a macro and micro level. In this regard, this course seeks to add rigor and structure to sport finance in an effort to provide the knowledge and skills necessary for a future career in sport.

Sport enterprise is a multi-billion-dollar industry, thus requiring sound financial guidelines and principles for a sport company or organization to maneuver successfully and with prosperity through the marketplace. Since financing is the source by which any sport company or organization functions, it is imperative that students understand and apply key concepts to the financial decision-making process to enable the company to maintain success.

This applied economics course explores various aspects of the economics of sports and sports leagues, with an emphasis on market structures, labour issues, and the factors that affect those areas. Specific topics will be deeply assessed and supported by case study, research and expert contribution.

It is important to note that this outline may change during the term as guests may be added to some classes. You will be updated by email of this.

We will consider a number of topics, including:

- The business and economics of professional team sports and sports broadcasting,
- Analysis of leagues' competitive balance policies,
- Player relations issues including analysis of the drivers of players' salaries,
- Analysis of stock portfolios
- Revenue and expenses categories for professional and collegiate sport teams
- Sources of capital and financial management in the complex industry of professional and college sports.
- Business environment of professional and college sports.

Course Learning Outcomes

Upon successfully completing this course, you will be able to:

1. **Identify** and **critically reflect** microeconomic theories to understand current financial issues in sport
2. **Compare** financial reports to identify a sports business' strengths and weaknesses and/or problems faced
3. **Explain** and use economic techniques, requirements and financial influences as they relate to business organizations and enterprises in sports markets
4. **Demonstrate** a clear understanding of financial terminology and theories, and apply this business framework to the sport industry
5. **Synthesize** financial management methods associated with professional and collegiate sport.

Knowledge and Understanding:

- 1) Understand economic concepts as they relate to sport, including definitions of economics, costs and benefits, supply and demand, and the theory of the firm.
- 2) Application of the concepts of demand, supply, pricing, and revenue to the sport industry.
- 3) Recognize several basic market structures, from perfect competition to monopolies and the distinguishing features associated to each of them.
- 4) To identify the critical importance of labour in the production of any form of economic activity, with particular emphasis on labour issues in the sport industry.
- 5) To understand the economics of the sports industry, the financial health of sports-related firms, and the factors that affect those areas.

Discipline/Professional and Transferable Skills:

- 6) Apply the concepts of and assess financial systems, markets, and basic business organizational structures in the sport context.
- 7) Analyze financial statements, formulas, and ratios pertinent to proper financial management.
- 8) Ability to present a budget proposal to an audience from a business context.
- 9) Utilize financial troubleshooting mechanisms for healthy strategic financial management.

Attitudes and Values

- 10) Demonstrated a critical understanding of how globalization efforts, technological advancements, and demographic changes are impacting the sport industry.

Indicative Content

- Stock Portfolio Analysis
- Case Studies
- Sports Franchises as Profit Maximizing Firms
- Costs and Benefits of a Franchise
- Labour Unions and Labour Relations
- Competitive Balance
- Monopoly and Antitrust

Course Assessment

			Associated Learning Outcomes	Due Date/ location
Assessment 1:	20%	Project & Presentation	<ul style="list-style-type: none"> • Applying concepts of financial systems, supply, demand, pricing, and revenue to the sport industry • Utilizing troubleshooting mechanisms • Understand the economics of the sports industry, the financial health of sports related fields, and the factors that affect those areas 	
Assessment 2:	20%	Stock Portfolio Analysis (2 x 10%)	<ul style="list-style-type: none"> • <i>Analyse financial statements, formulas, and ratios pertinent to proper financial management</i> • <i>Recognizing market structures and its distinguishing features</i> 	
Assessment 3:	25%	Mid –Term Exam		
Assessment 4:	35%	Final Exam		TBD
Total	100%			

1. Project & Presentation (20%)

Topics: To be circulated in class on **September 17th, 2018**. They will be applied in nature. Please note the following specifics carefully:

1. Group selection (3-5 members) is on your own.
2. The professor must be notified by email of your group before **September 17th, 2018**. If necessary, extra members may be assigned to groups by the professor.
3. The professor must receive (for approval) a 100-word (or less) synopsis of your project progress and plan by **September 24th, 2018**. Please submit by email.
4. The final hand-in should be a maximum of 20 pages (double-spaced) plus a maximum of 10 pages of exhibits. High quality exhibits are an important component of the hand-in. It is due prior to class **Nov 26st, 2018** by email to the professor.
5. At least seven (5) quality references (from a variety of sources), including a minimum of three (3) from peer-reviewed academic sources.

6. APA (American Psychological Association) referencing and formatting (including title page with student number, seminar leader and number, and date).
7. For all written assignments must be submitted via Course link Dropbox and hard copy to the professor at the beginning of the class period on the day the assignment is due.
8. The group is also required to present its project in a formal, professional presentation. Given the size of the class and content we must cover, these presentations will be limited in time, random and will take place on **Nov 26st, 2018**. More details to follow during the term.
9. The purpose of this group assignment is to create a budget report for a facility your company will be constructing over the next few years to welcome the new Canadian baseball team based in Guelph, Ontario! This report will include key elements of budget planning such as scenarios, stages, workflows, allocation schedules and a break-even plan. Students will think of themselves as Managers of the Finance department in the growing city of Guelph who have the authority to draft the master budget for their company's next major sporting facility. Think like the New Guelph Gryphons Athletic Centre!

The budget should include:

- The course of action that they would take to carry out this budget
- The type of budget the company would use
- The company will go about defending and justifying their budget, especially when resources are hit hard during the fiscal year, the group will come up with the problem and solution (i.e. why resources fell and what you'll do to either break even or maximize profits)
- Be sure to analyze projected sales, direct and fixed costs, income, expenses and any other performance indicators relative to the budget
- Consider how a corporation would communicate their concerns and corrective actions with their budget analysis to their constituents?

Prepare to present these findings in a short presentation, every member must present.

2. Stock Portfolio Analysis (20%)

- For all written assignments must be submitted via Course link Dropbox and hard copy to the professor at the beginning of the class period on the day the assignment is due.
- See attached page at back of syllabus for more information
- **Date: Paper #1 due September 24th, 2018 (10%)**
 - **Paper #2 due November 26th, 2018 (10%)**

3. Midterm Exam (25% Total)

- Students will be required to write one mid-term exam. Knowledge of course materials including lecture notes, reading, case studies, videos and guest speakers will provide the focus for these exams. The format of the exam will be multiple choice, short answers and a case study.
- **Date: Mid Term #1 – October 15th, 2018**
- **Location – In Class**

4. Final Exams (35%)

- The final exam will be comprehensive in that it will test the student's knowledge of course materials including lecture notes, readings, and guest speaker materials Only material past Week 5 will be considered for the final.
- Exam Date: TDB by Registrar
- Location: TBD by Registrar

Teaching and Learning Practices (as appropriate)

Method of Instruction

Teaching methods will include a blend of lectures, class discussions, presentations, group work and case studies. To gain the understanding required for a passing grade, a student must be prepared to take responsibility for his/her learning. The student accepts the full responsibility for attending classes, doing the assigned readings in preparation for classes and discussions, the completion of all assigned exercises, contributing actively to group work, and being prepared and present for the scheduled tests.

In the event of absence caused by illness or on compassionate grounds, documentation is required to be excused from classes or tests; the professor must be notified as soon as possible. Where possible, the professor should be notified ahead of time.

This course outline has been prepared indicating topics and the scheduled test dates; circumstances may occur which may affect the outline and every attempt will be made to discuss any changes prior to their occurrence.

Lectures	Weekly class meetings will be a mixture of lectures, discussions, individual problem solving, group activities, tasks and guest speakers.
Labs	N/A
Seminars	N/A
Workshops	N/A

Course Resources

Required Texts:	NOTE: This course does not use a specific text book, but will include a weekly reading posted by the instructor.
Recommended Texts:	Sport Business Journal
Lab Manual:	N/A
Other Resources:	Various readings will be posted on the Courselink site.
Field Trips:	TBD
Additional Costs:	N/A

Course Policies

Grading Policies

Unless you have discussed an extension well ahead of the due date with the instructor, late penalties of 5% of the total grade earned per day (including weekends) will be assigned (i.e. deducted from the total mark). Extensions will only be granted on the basis of valid medical (doctor's note) or personal (note from Counselling Services) reasons. Late assignments will not be accepted once graded assignments have been returned officially to the class at large, unless circumstances permit and alternative arrangements have been made.

Students who find themselves unable to meet course requirements by the deadlines or the criteria expected because of medical or personal reasons, should review the regulations on academic consideration in the Academic Calendar and discuss their situation with the instructor, program counselor or other academic counselor as appropriate.

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-grds.shtml>

Missed Exams:

A grade of zero will be assigned if you miss the mid-term exam, unless you are ill or have other compassionate reasons. Please read your Undergraduate Calendar for the regulations regarding illness and compassionate grounds. Any absence from an exam must be documented in order to avoid a grade of zero.

Please note, vacation travel, moving to a new house, or outside work commitments will not be accepted as valid reasons for missing scheduled exams.

Please be advised that the course instructor does not evaluate the suitability of an excuse or the severity of an illness. Rather, if Medical Services, Counselling Services or the Dean's office or Programme

Counsellor of your college verify your illness or compassionate grounds, they will provide notification in writing.

If, however, you had legitimate reason to miss an exam and it is possible to arrange a "make-up", the course instructor will do so. If you are, however, unable to take a make-up midterm, you will receive the weighted average of your other grades for the missing mid-term grade. You should contact by e-mail and/or telephone the course coordinator about any illness or family/personal situation dealt with under "compassionate reasons" in the Calendar, to find out the make-up exam time.

If you have religious observances which conflict with the course schedule or if you are registered with the Centre for Students with Disabilities, please contact the course instructor in order to make arrangements for your exam.

Mid-term Exam

The mid-term exam will be held during scheduled class time. The exam will consist of multiple choice and short answer questions based on the assigned readings and class content.

Final Exam

The final examination will consist of short-answer and multiple choice questions covering the course material following week 5: all assigned readings, lectures, and guest speakers. . It is important that you attend all lectures and participate in and take advantage of all the learning opportunities associated with this course.

Course Policy regarding use of electronic devices and recording of lectures

Electronic recording of classes is expressly forbidden without consent of the instructor. When recordings are permitted they are solely for the use of the authorized student and may not be reproduced, or transmitted to others, without the express written consent of the instructor.

Laptops and other electronic devices. The use of personal electronic devices in a constrained environment such as the lecture hall is intrusive and disturbing to others in the group. While you are permitted to use computers in the class, please do so only for note-taking purposes. The use of computers in class for playing games, web-surfing, or for social networking, or the use of cell-phones will not be tolerated and you will be asked to leave the class if you are caught doing so. This is in attempt to maintain a focused learning environment, and of course good-practice for when you enter the work force.

Please note: cell-phones, computers and other electronic devices will not be allowed in any examination rooms. Any student caught using such a device in the exam room (without express prior written consent from the instructor) will be referred to the Associate Dean (Academic) for academic misconduct.

University Policies

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for

Academic Consideration: <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08...>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact the Centre for Students with Disabilities as soon as possible.

For more information, contact CSD at 519-824-4120 ext. 56208 or email csd@uoguelph.ca or see the website: <http://www.csd.uoguelph.ca/csd/>

Course Evaluation Information

Please refer to the Course and Instructor Evaluation Website

Drop date

For regulations and procedures for Dropping Courses, see the Academic Calendar: <https://www.uoguelph.ca/registrar/calendars/undergraduate/2018-2019/index.shtml>

Additional Course Information

Course Communication

All announcements required and recommended readings, assignment information and course updates will be posted on Course Link (D2L). It is your responsibility to keep abreast of course materials and relevant communication through this means. Furthermore, the instructor may normally be contacted using email or telephone during regular business days and hours (Monday to Friday from 8:30 am-5:30 pm).

E-mail

As per university regulations, all students are required to check their <uoguelph.ca> e-mail account regularly: e-mail is the official route of communication between the university and its students.

Late Assignments/Missed Exams:

All assignments must be handed in on the due date. If assignments are handed in late, a 4% of the total grade for the assignment will be deducted for every day they are late (including the weekend). No extensions without late penalty will be offered and no exceptions will be made. You must make arrangements with the instructor on how to submit the assignment if you are submitting the assignment late. Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied. In such cases, students must notify the instructor on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. a medical certificate) to the Instructor within one week of the originally scheduled test or due date. Students who do not provide or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero). Note that the physician’s report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. The instructor will not accept a statement that merely confirms a report of illness made by the student and documented by the physician. Upon recovering from the illness the student should immediately contact the professor via email and set up a time to submit the assignment or arrangements for the missed text regardless of whether the medical documentation has been approved.

Guest Speakers

There will be professionals from the industry who have demonstrated exceptional success and challenges in their careers in relevant fields of study. Questions about guest speakers’ presentations will be on the exam and list of speakers are subject to change.

Tentative Course Calendar - (Topics and Reading Schedule):

Note that this schedule is subject to change at the discretion of the Instructor.

DATE	LECTURE TOPIC
<p>WEEK 1 Sept 10, 2018</p>	<p>Welcome / Introduction</p> <ul style="list-style-type: none"> • Who’s your instructor • Review of syllabus • Introduction to Sport Economics • Stock Portfolio Project Overview

WEEK 2 Sept 17, 2018	Basics of Economic Analysis <ul style="list-style-type: none"> • Classification of sport as an “Industry” • Economic Concepts and motives in Sport • Win maximization vs. profit maximization • Demand, pricing and revenue
WEEK 3 Sept 24, 2018	Market Structure In Sport <ul style="list-style-type: none"> • Types of markets and the impacts they have on sport production • Advantages/disadvantages of certain market structures specifically related to sport • Oligopoly • Revenue sharing • Stock Portfolio Paper #1 • Project Synopsis Due
WEEK 4 Oct 1, 2018	Sport Industry Delivery <ul style="list-style-type: none"> • Government and sport • Community and sport • Private groups and sport • Fundraising Fundamentals (Boosters, Grants, Volunteers, Committees) <ul style="list-style-type: none"> • Overview of Sport Philanthropy vs. Sponsorship • Mid Term Review • Guest Speaker - TBA
Oct 8, 2018	READING WEEK – NO CLASSES
WEEK 5 Oct 15, 2018	<ul style="list-style-type: none"> • Mid Term Exam (weeks 1-4)
WEEK 6 Oct 22, 2018	The Public Finance of Sports: The Market for Teams <ul style="list-style-type: none"> • Evaluating escalating salaries and salary caps • Understanding revenue sharing and league financial implications • Understanding publicly owned and privately-owned sports franchises • Projecting future profitability of franchises
WEEK 7 Oct 29, 2018	Labour Markets and Sport <ul style="list-style-type: none"> • Competitive balance in sport • Unions and labour relations • Strikes and lockouts • Financial Accountability & Development Guest Speaker – Dr. Norm O’Reilly, Assistant Dean of Executive Programs

WEEK 8 Nov 5, 2018	Regulation of Sports <ul style="list-style-type: none"> • Statutes • Exemptions • Monopolization • Mergers • Anti-trust • International Issues • Globalization • Government Involvement • International Expansion
WEEK 9 Nov 12, 2018	Future Direction of the Sport Industry <ul style="list-style-type: none"> • Economics and Finance Sermon: where the industry is going Term Project Due Beginning of Class
WEEK 10 Nov 19, 2018	Economic Impact of Sport <ul style="list-style-type: none"> • Gross Domestic Product • Economic Impact of Sport • Economic Impact Assessments Guest Speaker – Chris Charlebois – President & CEO, C2C Sports & Entertainment Inc.
WEEK 11 Nov 26, 2018	Discrimination <ul style="list-style-type: none"> • Discrimination and its affects • Paper #2 Stock Portfolio Analysis • Review – Project Presentation/ Last Day • Final Exam Review
WEEK 11 Nov 30 th , 2018	<ul style="list-style-type: none"> • Final Exam Review
Final Exam	TBD

Stock Portfolio Analysis

Purpose

1. The goal of this project is to familiarize yourself with one of the financing options (equity financing) available to sport enterprises (plus this may come in handy one day for your own personal finance). Moreover, the objective is to understand the economics of the sports industry, the financial health of sports-related firms, and the factors that affect those areas.
2. If you managed a mutual fund of sports related stocks, what stocks would you pick to be in your portfolio? Through careful analysis, you will learn how the stock market works and what are the important financial characteristics of a firm.

Procedure

1. Each student must defend their choices as if you were a mutual fund manager, by **writing a 2 page paper (text is 2 pages, relevant tables are expected and are additional pages, 1.5 spacing)**

analyzing their decision using financial analysis to be turned in on September 24th. We will discuss the areas to cover in class. All papers must contain the names of the three stocks chosen, their ticker symbol, and the amount of the \$1 million to be invested in each stock.

2. See the sample paper on Coureselink.

3. Beginning on September 10th, 2018, students must track their stock portfolio via **Virtual Stock Exchange**. This will allow us all to track each other AND you can even make trades during the time period. The end of the on-line stock tracking is November 26th, 2018. This is the day that I will record how everyone did.

Information on registration for Virtual Stock Exchange (VSE)

Go to www.virtualstockexchange.com. Unfortunately, you now must sign up for CBSMarketwatch before using VSE. Click "Register Now" in the upper middle part of the page. **Go through the registration process to create a username and password.** Once you have registered, click "Competitions" tab at the top of the page, click "find a new competition" and enter the competition ID and password. **(please make sure you read carefully caps and spaces below when logging in).**

Game Link: <https://www.marketwatch.com/game/htm-3020-fall-2018>

Game Name: Guelph HTM Fall 2018

Password: Guelph3020

The companies in your portfolio must either derive more than half of their revenues from the sports industry **or** be a significant enterprise within the sports industry. For instance, Anheuser-Busch spends upwards of \$100 million per year on sports-related sponsorship; hence it is a significant enterprise within sports.

Potential sources include, but are not limited to, Compact Disclosure, financial magazines (Fortune, Money, etc.), trade publications (Athletic Business, etc.), financial publications (Standard & Poor's, Moody's, Dunn & Bradstreet, etc.), WWW financial pages, company annual reports, www.yahoo.com (click finance), www.marketwatch.com, <http://www.msn.com/en-us/money/markets>, www.fool.com, www.morningstar.com.

Tip 1: Go to Yahoo.com, click Finance, type in a company stock. On that page on the left there is Key Statistics, Profile, Industry, Competitors.

At the end of the course, I will determine the net gains for each student.

Due **November 26th**, each student **will hand in a re-evaluation paper (2 pages, relevant tables are expected and are additional pages, 1.5 spacing)** examining the short history of their portfolio: (1) how did the portfolio perform? (2) Was your reasoning given in the first paper sound? (3) What would you have done differently, and (4) what would you do now if you were to continue with this project?

Grading

Grading will be 10 percentage points based on the 1st paper, 10 percentage points based on the 2nd paper (total is 20%). Writing quality is important