

Table of Contents

Module 1: Managing Clubs

Module 2: Leadership Development

Module 3: CSR & Professional Sport Organisations

MODULE 03: MANAGING CLUB

WHAT ARE THE FINANCIAL DRIVERS OF PROFESSIONAL CLUBS?

<p>First driver: scale & length of the league the club belongs</p> <ul style="list-style-type: none"> - Not all competitions are equal - Some have access to a much larger global & domestic consumer base & therefore commercial revenue - KEY: Consider the seasons & schedules 	<p>Second driver: the clubs' current performance level & the size of its supporter base</p> <ul style="list-style-type: none"> - On-field success: coaching & player quality, marquee players, football department, etc. - Off-field factors: membership base, sponsorship list, club culture, commercial revenue
<p>Third driver: the history & tradition of the club</p> <ul style="list-style-type: none"> - The development of its brand status/ reputation <ul style="list-style-type: none"> • Clubs with a rich history have the capacity to develop very strong brands • Collingwood & South Sydney compared with newer organisations i.e. GWS - Strong & rich traditions are created by: (EG of the St George Dragons) <ul style="list-style-type: none"> • Iconic players/ coaches i.e. Reg Gasiner, Norm Proven & Harry Bath • Iconic venues i.e. SCG • Winning 11 titles in a row • Creates widespread fan support within a broader state & national support 	<p>Fourth driver: the stadium – capacity, the quality of facilities, location & accessibility</p> <ul style="list-style-type: none"> - The SCG for cricket - ACER Dome for netball vs. State Sports Centre - MCG (i.e. Olympic history, CBD location, transport links, membership base, host of big events – AFL GF, Boxing Day Test Match & 2006 Commonwealth games) - Government funding i.e. state & federal → without this, infrastructure would not be built - Stakeholder funding i.e. AFL & the MCG have been instrumental with this
<p>Fifth driver: the city or region</p> <ul style="list-style-type: none"> - Sport as a cultural practice may be more ingrained in some places/ regions - One team towns also have advantages over clubs that are part of a region with many teams - EG: Brisbane Broncos great adv because: <ul style="list-style-type: none"> • TV & media coverage • Sponsorship capacity 	<p>Sixth driver: the attributes of the owner & the culture of the club</p> <ul style="list-style-type: none"> - Some owner will do whatever it takes to win a championship (i.e. Leeds United) while others will maintain cost discipline to ensure a long-term future for the entity (i.e. Oakland A's – have a limited budget but were able to develop significant value)

OWNERSHIP

- **Profit maximisers:** Strong history in North American sport/ Teams owned by individuals or businesses
- **Utility maximisers:** Strong history in Europe EG League United & Australia / Winning becomes the main aim & often overtakes the business rationale
- **Mixed orientation:** Winning is important but so is generating some profit or at breaking even

A MODEL FOR SPORT-TEAM OWNERSHIP (GERRARD 2005)

- Gerrard's model is more nuanced towards sport than the first framework
- This model supports the view that on & off-field performance is highly interdependent i.e. as Leeds United performance greatly diminished, so did all of its revenue streams
- Gerrard argues that on-field performance is shaped by the **availability of playing talent & coaching** while off-field performance is influenced by a **strong fan-base, corporate support & management competence**
- Playing talent is crucial to the performance trade-off: playing talent → costs → financial performance → revenue → sporting performance → playing talent (and it goes around it circles)
- The **"virtuous circle of success"**: Pro-team sports have an intense business dynamic – high-intensity performance circles: sporting success → player trading-up → increased revenues
- The **"virtuous circle of decline"**: sporting failure → reduced revenues → operating losses → excess debt burden → player trading-down

THE COMMERCIAL STRUCTURE OF PROFESSIONAL SPORTS