This syllabus is for informational purposes during bidding. It is subject to change.

Columbia University
Graduate School of Business Administration

The Management and Economics of Professional Team Sports

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General Course Information

This course is designed to offer students a working knowledge of the markets, institutions, and economic forces that shape the management decisions of professional sports organizations. The class sessions in the course will be informed by a combination of lectures, readings, case studies, guest speakers and student presentations.

All professional sports teams and leagues are confronted by a number of critical challenges. The decisions that teams and leagues make in response to those challenges will determine both on-field and financial success. The course considers distinctive features of sports at both the league and team levels that impact the success of professional sports and their franchises including: the nature of leagues, the demand for different sports by both fans and corporate sponsors, legal institutions including anti-trust case law and bargaining arrangements, and the personnel decisions involved in constructing the team itself.

There are three broad sections to the course concerning: the demand for sports and the determinants of sports revenues; league-level organization; and team-level decisions about players, rosters and coaches. The course considers how and why sports teams earn the revenues they do and reviews the key features of a league and team that serve to increase or decrease a team’s earning potential. The important roles of league-wide collective bargaining agreements in determining the cost structures of teams and the competitive balance across teams are reviewed in the section on professional sports leagues. Other league-level decisions considered are the decisions to expand existing leagues, to start rival leagues, or to start brand new leagues for a new professional sport. Given the importance of winning to increased financial success, the class considers team-level decisions about how franchises try to build winning teams. The determinants of free agent player compensation, the use of drafts to select new
professionals athletes, team composition, and role of coaches and general managers in leading teams are topics in the section of the course devoted to team-level decisions.

**Readings**

The majority of class readings are contained in:

Scott R. Rosner and Kenneth L. Shropshire (RS), *The Business of Sports*, (Jones and Bartlett), 2nd edition, 2011. The book has been ordered at the CU Bookstore and is available through standard online sources as well. Any assigned readings not in (RS) will be made available by the professors.

**Assignments and Grading**

1. Class Participation (10%)

2. Individual Assignment 1 (25%): Earning Revenues – Ticket Pricing Assignment (due class 4)

3. Individual Assignment 2 (25%): In-Class Exam (during class 8 or 9)

4. Group Assignment (40%): Final Project (due in class 12)

**Guest Speakers and the Schedule of Class Sessions**

Several leading practitioners with unique experience and insights in professional sports industries have been invited to participate as guest speakers in the class. The schedule of class sessions below is therefore subject to change depending on the schedules of guests who agree to participate in our class sessions. The professors will announce changes in the order and dates of certain class topics as soon as any such changes are made.
INTRODUCTION TO SPORTS ORGANIZATIONS AS BUSINESS CONCERNS

1. Course Introduction

A. Distinctive Features of Sports Businesses and Industries

(RS): Preface, pp. xi-xiii

B. An Introduction to the Value of a Sports Team – the Sale of the 76ers


I. DEMAND FOR SPORTS: REVENUES FROM A SPORT’S CUSTOMERS

2. Team Revenues and the Demand for Sports

A. Team and League Revenues – levels, sources, differences across teams


B. Ticket Revenues and Pricing Decisions


3. Media: Alternative Broadcast Models and Revenues, TV Rights

A. Alternative Broadcasting Models and Revenue Streams


B. National TV Contracts (NBC or Other Guest)


II. PROFESSIONAL SPORTS LEAGUES

5. League Topics 1
A. League Characteristics and Competitive Balance

B. Collective Bargaining Contracts: Key Clauses on Revenue Sharing and Payrolls


C. The Legal Framework: Anti-Trust Treatment of Key League Decisions


6. League Topics 2
A. Prospects for Rival Leagues

B. Expansion Decisions: How does an Existing League Decide When and Where to Expand

C. New Non-Rival Leagues: MLS; Prior and Current Women’s Soccer League

7(A). Leagues Topics 3
A. Payrolls and Franchise Purchase Prices: Legal Treatments and Tax Considerations

III. PROFESSIONAL SPORTS TEAMS

7(B). Player Selection: Make or Buy Decisions

A. Predicting Future Performance of Potential Draft Picks

Ichniowski and Preston, “Does March Madness Lead to Irrational Exuberance in the NBA Draft?”, NBER working paper.

8. Players and Rosters

A. Differences in payrolls by league and over time: Facts and Figures

B. The Buy Decision, But at What Price? Player Salary Determination for Free Agents

Case: A-Rod Case (HBS)


C. Assembling the Team and Roster


9. Running the Team

A. Coaches and Genera l Managers

B. In-Class Exam
IV. EMERGING TOPICS

10. International Events and Governance

   A. The U.S. World Cup Bid, FIFA

   B. The Olympics, IOC and other international actors


11. Sports Analytics

   A. Sports Analytics: Moving beyond Baseball


   B. Initial Student Presentations

12. Student Presentations (continued)