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**COURSE SYLLABUS**

**SPORTMGT 424 – PRINCIPLES OF SPORT BUSINESS AND FINANCE  
FALL 2006**

**Isenberg School of Management, Department of Sport Management  
University of Massachusetts**

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**INSTRUCTOR:** Dr. Neil Longley  
**OFFICE:** ISOM 236L  
**PHONE:** 545-5059  
**OFFICE HOURS:** Tuesday and Thursday: 10:45 AM – 12 Noon

**REQUIRED READING MATERIALS**

**Textbook:** Fried, Shapiro, and DeSchraver, *Sport Finance*, Human Kinetics Publishing, 2003  
(available at UMass Textbook Annex)

**Readings:** Various supplemental readings will be assigned throughout the semester. These will generally be accessible on-line, and will be announced in-class.

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**COURSE OBJECTIVES**

The basic objective of this course is to provide the student with an overview of the financial aspects of the sport industry. The course emphasizes that, with the sport industry generating hundreds of billions of dollars per year in economic activity, sport organizations will have an ever growing need to employ individuals that possess sound financial management skills.

In this regard, the course is designed to provide the student with:

- a basic awareness of the broader financial and economic *environment* in which the sport industry operates
- an understanding of the basic *concepts* that underlie financial management, and an ability to apply these concepts to the analysis of financial issues within the sport industry.
- an understanding of the specific analytical *techniques* used by financial managers, and an ability to apply these techniques to financial issues found in the sport industry
- an awareness of the current financial *status* of the various sectors of the sports industry – including both professional sports and collegiate sports – and an understanding of the important current financial *issues* facing each of these sectors.

## TEACHING METHODS

Course material will be presented in a lecture/discussion format. The lectures will concentrate on developing the key concepts and providing real-world applications. *Class participation is strongly encouraged.* Feel free to ask questions and/or raise discussion points during the lectures.

Always read the relevant readings before you come to class. This will help you to better understand the lectures, and to be better prepared to answer questions, should I direct one your way.

## EVALUATION

Participation	10%
2 Midterm Exams (35% for highest, 25% for lowest)	60%
Quizzes (best 2 of 3 at 5 % each)	10 %
2 Projects	20 %

### ***Classroom Participation:***

Participative interaction with other students is essential to effective learning. The participation grade will be based on both the *quantity* and *quality* of your participation, and the interest and initiative that you show.

Numerous readings will be assigned throughout the semester. Many of the classroom discussions will be directly based on these assigned readings. Your ability to effectively participate in discussions will obviously be much greater if you have read, and thought critically about, these readings before coming to class.

*Regular attendance* is also essential. It is impossible for you to participate if you are absent from class.

### ***Projects:***

The projects will allow students to apply ideas discussed in class to real-world sport finance problems and issues. Both projects will occur during the latter part of the semester (i.e. after the first midterm exam). More information about each project will be provided later in the semester.

### ***Quizzes:***

There will be three quizzes during the semester. The quizzes will occur during the last 20 minutes of classtime on:

- Thursday, September 28
- Tuesday, October 10
- Thursday, October 19

Quizzes will focus on the material being discussed at that point in the semester. Quizzes must be

written during their scheduled time only – they cannot be written early, nor can they be written late. However, of the three quizzes, only your best two scores will count towards your final grade.

***Midterm Exams:***

The midterm exams will consist of a variety of types of questions, such as, for example, calculation problems, short answer questions, short case analyses, multiple choice questions, etc.

The midterm exams will be written during class time on:

- Thursday, October 26
- Tuesday, December 5

All assigned readings, all lectures, and all discussions are examinable material.

**GRADE SCALE**

A	93 – 100 %
A-	90 – 92.99 %
B+	87 – 89.99 %
B	83 – 86.99 %
B-	80 – 82.99 %
C+	77 – 79.99 %
C	73 – 76.99 %
C-	70 – 72.99 %
D+	67 – 69.99 %
D	60 – 66.99 %
F	less than 60 %

**COURSE POLICIES**

1. *Attendance:*

Attendance is expected of all students at EVERY class session. Students are also expected to arrive to class on time.

Every effort should be made by you to ensure you write the *midterm exams during their scheduled time*. If a situation arises that makes it absolutely impossible for you to do this, you must let me know in advance (preferably as far in advance as possible). If you miss a midterm, it can only be for an *excused* absence – excused absences are limited to i) illness, ii) family compassionate reasons, and iii) UMass-sanctioned intercollegiate athletics. In the case of illness, you must provide me with a physician's certificate clearly stating that the illness prevented you from being able to write the exam.

## COURSE POLICIES (cont'd)

### 2. *Extra Credit:*

Often after a student earns a poor grade, he/she is interesting in doing some type of extra credit project to improve their grade. **NO** extra credit projects or assignments will be permitted in this class. All students have an opportunity to do very well on all assigned work. Please use this opportunity and work hard on all assigned work.

### 3. *Project Due Dates*

Projects are expected to be submitted on the assigned due date. Work is due at the *beginning* of class on the assigned day. Anything handed in after the beginning of class will be considered late. **Late work will face a deduction of 10% per day, until completed.**

### 4. *Plagiarism and Cheating*

Any type of academic dishonesty will result in an “F” for the exam/project and/or dismissal from the course.

### 5. *Access to Calculator*

Students are expected to have access to a scientific calculator (i.e. one that can compute *exponents*)

### 6. *E-mails*

Communicating with me regarding any course-related matters (questions concerning the material, coverage of exams, etc) should generally be done *verbally*. This means either:

- seeing me in-person (i.e. during my scheduled office hours, or by making an appointment), or
- by telephone (you can also leave a voice-mail message)

Communicating with me via e-mail should be restricted to brief, administrative, issues (informing me of an absence from class, making an appointment to see me in my office, etc). While there are many situations where e-mail can be a valuable tool, communicating about course material by e-mail is not compatible with my approach to teaching – I need to be able to verbally interact with you to do my job to my satisfaction. Furthermore, developing effective verbal communication skills is crucial to your future success – communicating by e-mail does not allow you to continue developing these skills.

E-mail (and/or voice mail) messages received after-hours (i.e. on weekends, and after 4:30 PM on weekdays) will be not be returned until the next *working* (i.e. Monday – Friday) day.

**SCHEDULE OF TOPICS**

Text  
Chapter

**PART I: FUNDAMENTAL CONCEPTS AND TECHNIQUES IN SPORT FINANCE**

1. Introduction ..... 1

- General overview of the course: topics and approaches
- Importance of Finance to effective sport management
- Current sport finance issues

2. Key Background Issues ..... 2, 4, 3

- Defining managerial finance
- Themes of managerial finance
- Goal of the sports firm: profit maximization?
- Forms of business structures
- External environment: financial markets and institutions

3. Fundamental Analytical Techniques of Sport Finance ..... 5, 7, 14, 6

- Financial statement analysis
- Financial planning and budgeting
- Tax and legal issues
- The time value of money

4. Investment Decisions: Managing the Sport Firm’s Assets ..... 12, 11

- The management of short-term assets
- Long-term investment decisions: capital budgeting
  - The firm’s cost of capital: the effects of risk
  - Capital budgeting techniques
    - Player contracts as long-term investments
    - Construction of sports facilities

5. Capital Structure Decisions: Financing the Sport Firm’s Expenditures ..... 8, 10, 9, 15

- Debt: short-term and long- term
- Equity
  - Retained earnings: funds from ongoing business operations
  - Stock Offerings
- Public-sector funds
  - Types of subsidies
  - Rationales for subsidies
  - Political controversies surrounding subsidies

## **PART II: CURRENT FINANCIAL ISSUES IN THE SPORT INDUSTRY**

### 6. The Overall Determinants of Profitability for the Sport Firm

- Firm-specific factors
- Industry factors
  - A brief introduction to the field of Sports Economics, and its relevancy to Sport Finance
    - The monopoly power of sports leagues, and its impact on team profitability

### 7. Comparing the Source and Magnitude of Revenues, Expenses, and Profits across Various Sports

- Major League Baseball
- National Football League
- National Basketball Association
- National Hockey League
- College athletics
- Other sports

### 8. Current and Emerging Financial Issues across Various Sports

- Major League Baseball
- National Football League
- National Basketball Association
- National Hockey League
- College athletics
- Other sports

### 9. Course Wrap-Up: Summary and Conclusions

#### **Note:**

The required readings for Part II of the course will generally be accessible on-line, and will be announced in class.