
COURSE SYLLABUS

**SPORTMGT 624 – PRINCIPLES OF SPORT BUSINESS AND FINANCE
FALL 2007**

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

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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.

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

3 Projects	30 %
Participation	10 %
Midterm Exam	25 %
Final Exam	35 %

Projects:

This aspect of the course will involve a mix of written/hand-in projects, and in-class projects. Some of the written projects may also have a classroom presentation element. The three projects will allow students to apply ideas discussed in class to real-world sport finance problems and issues. More information about each project will be provided at the appropriate time.

Participation::

It is vital for graduate students to actively participate in classroom discussions. Your grade will be based on both the quantity and quality of your participation, as well as your attendance.

Exams:

The exams (both midterm and final) 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 exam will be written during class time on:

- Thursday, September 27

The final exam will be written on Tuesday, October 23.

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+	76 – 79.99 %
C	70 – 75.99 %
F	less than 70 %

COURSE POLICIES

1. *Attendance:*

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

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*

It is expected that ideas taken from articles, books, etc. will be properly noted in all papers submitted. It is important to remember that to copy or to paraphrase someone else's work without proper reference is plagiarism. Please read and become familiar with the proper guidelines for referencing any material used in your work. Failure to follow these guidelines, or any other type of academic dishonesty, will result in an "F" for the paper and/or dismissal from the course.

5. *Calculator*

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

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.