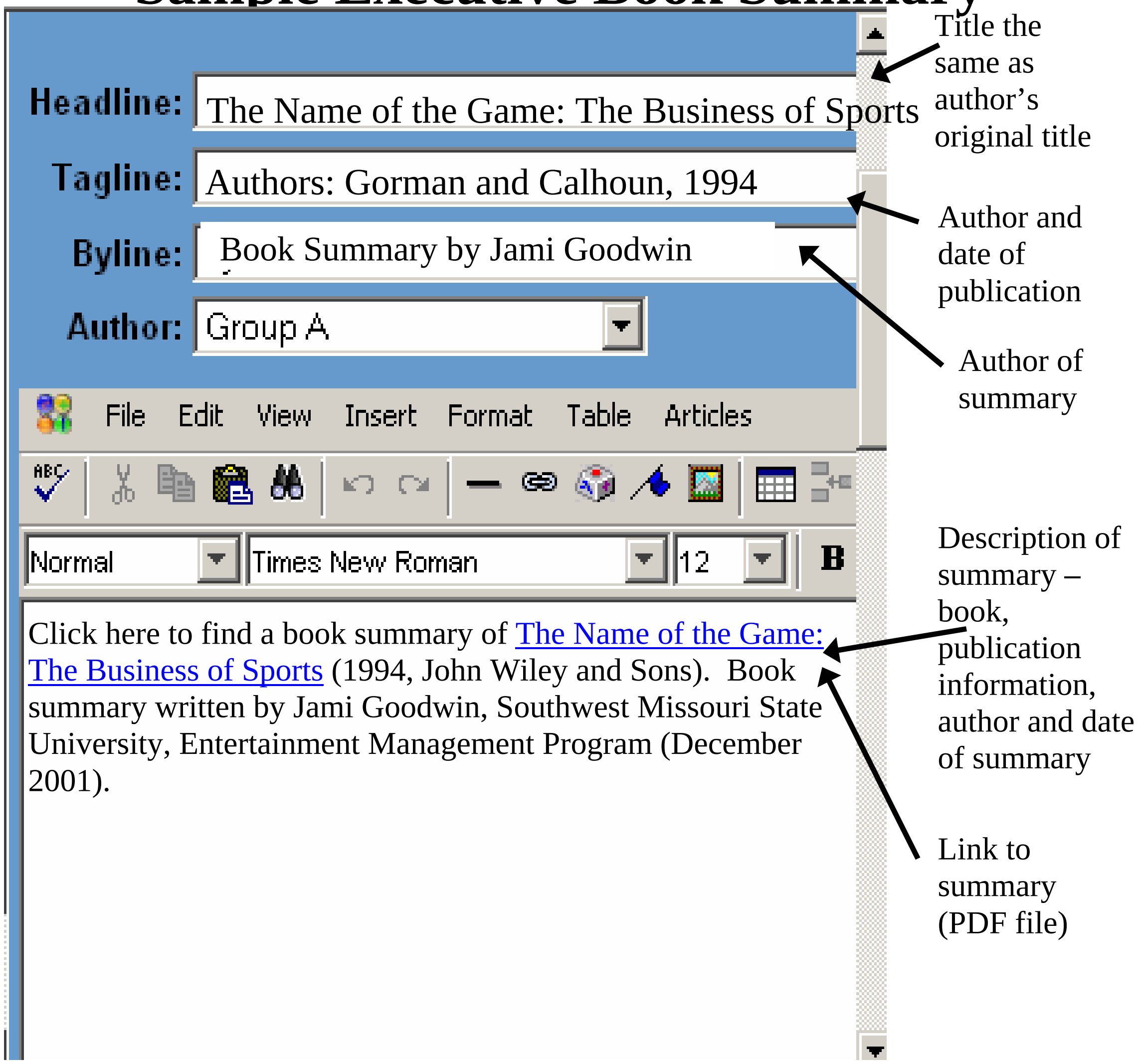
Guide to Executive Book Summaries

Table of Contents

Content

Sample Executive Book Summary



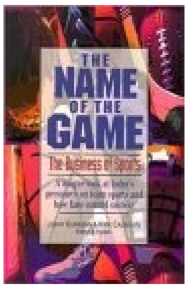
Tips for Improving Book Summaries

1. Select a book that looks behind the scenes or provides a revealing look at the philosophy behind running an entertainment company or business.
2. Assume your audience is a professional or pre-professional entertainment manager.
3. Create your summary in Word and we will PDF it for you.
4. Summary should be about 4,000-5,000 words (approx. 8-10 pages, single-spaced).
5. Use at least two images in your paper.
6. Format your summary into two columns.
7. After writing your summary, go back through it and look for ways to improve your writing, i.e. word choice, elimination of unnecessary words, specifics, examples, etc.
8. Send Dr. Rothschild an email with your summary attached, as well as providing him with a hard copy.
9. Submit summary information at EM Online (see example above). We will link your document to this information.
10. Review the attached sample summary for formatting and content organization ideas.

The Name of the Game: The Business of Sports

By: Jerry Gorman and Kirk Calhoun
Summarized by: Jami Goodwin

Introduction



The business of sports is as complex, diverse, exciting, and tumultuous as the games that fans follow each season; sometimes there are violent collisions of great minds and wills that are reminiscent of Monday Night Football; other times, the business of sports is filled with the kind of heartbreak and disappointment felt by the brave young man who misses the final free throw to clench the elusive championship; nonetheless, sports business at its best is filled with the breathtaking symmetry found in the finest moments of the game the business of sports supports and celebrates; at its best, the business of sports is still pure.

Sports is a business that grows larger with each passing year. Player salaries skyrocket, expansion teams enter the market, all determined by an industry controlled by the wealthy, the powerful, and the devoted. The true business of sports takes place everywhere; on the bright lights of the field, in the mahogany boardrooms of the owners, in the ticket booths and concessions of every ballpark and stadium that hosts a sports team.

The Name of the Game: The Business of Sports was written for the true sports enthusiast. This book explores the history, evolution, and driving forces of today's sport business. *The Name of the Game* explores the hesitant, and crucial relationship between sports and media, the increasing importance of licensing, merchandising, and sponsorship, and the questions and reasoning surrounding free agency. This book lovingly dissects the inside workings of baseball, football, basketball, and hockey in today's market. Lastly, the book serves as a love letter to the games themselves, and reminds industry officials and athletes alike never to underestimate the power of the fans.

Part One: Roots of the Sports Business:

Baseball

Bill Veek was a man who understood baseball. He grew up surrounded by baseball; his father was president of the Chicago Cubs during the late 1920's and early 30's. Veek himself worked at Wrigley field from age eight to age twenty, serving as vendor, usher, treasurer, and assistant secretary. Veek fulfilled his lifelong dream of owning the Chicago White Sox two times, from 1959 to 1961 and from 1975 to 1981. He arguably knew as much or more about the game of baseball as any man of his generation, and yet could barely keep the team out of bankruptcy after the tumulus changes wrought by free agency in the 1970's. The team was once forced to sell a player to make payroll. Baseball, "America's Pastime", was becoming a business for billionaires with bottomless pockets. Gorman and Calhoun offer two case studies with two very different outcomes; the failure of

Jeffrey Smulyan to turn a profit in Seattle, and the success of Ted Turner.

Smulyan purchased the Seattle Mariners in 1989. He was a multi-millionaire who revolutionized the radio industry, and sought to develop the potential that had always existed in the Seattle market by running the baseball team with a hands-on, fan and player-oriented approach. His results, although positive, fell short of the hundreds of millions necessary to own a successful baseball franchise today. Smulyan was forced to sell his radio empire, piece-by-piece, to make an attempt to meet advertising costs, arbitration costs, labor demands, and salary demands. His efforts were in vain, and he was forced to sell the team in 1992. A love of the game and millions were not enough.

Meanwhile, Ted Turner purchased the Atlanta Braves in 1976, speculated by many to obtain cheaper programming for his WTBS station. After his brash hands-on attempts to bribe his way to success, Turner distanced himself from baseball, allowing his increasingly deep pockets to fund the best managers and players, and turning the Braves into one of the most young and talented teams at the turn of the 1990's. Did Turner love the game more than Smulyan? Not likely. Nonetheless, Turner's billions and business instincts are what is found in increasing force in baseball today. Who did Smulyan sell the Seattle Mariners to? Hiroshi Yamauchi, head of Nintendo of America.

Football

Football, according to Gorman and Calhoun, is a "stepchild" of baseball. A football franchise could be purchased for a mere $100 in 1920. Football seemed destined to remain a novelty professional sport for former college stars. These college stars would eventually legitimize this "novelty" of professional football. Super-athletes such as Jim Thorpe and Red "The Galloping Ghost" Grange revolutionized the sport by bringing fans to the stands and gaining media exposure. Grange joined the Chicago Bears in 1925 under the urging of George Halas. Halas, George Marshall of the Washington Redskins, Timothy Mara of the New York Giants, and Earl "Curly" Lambeau of the Green Bay Packers were dynamic, visionary owners that allowed their existing resources to help fund what would become the NFL.

Gorman and Calhoun examine the recent challenges of the NFL by citing the New England Patriots of the late 1980's and early 1990's as a case study in disaster. The Sullivan family sold the New England Patriots, $49 million in debt to Victor Kiam. The Sullivan family retained the rights to the stadium, which was $52.6 million in debt at the time of the sale. Kiam had no claim on the revenues generated from the concessions, ticket sales, or other venue-related business. The stadium was sold in bankruptcy court in 1998, but purchased by Robert Karp and Steve Kraft. Meanwhile, the Patriots continued to lose. Kiam's Patriots were also plagued with scandal after a female reporter claimed to have been sexually harassed in the locker room. Kiam sold his interest in the Patriots in 1992. Again, Gorman and Calhoun remind the reader that sports is a exceptional risk for the investor. A love of the game, a unique understanding of the labor market, venue, and fan marketplace are required to turn a profit. It is this risk that draws the dynamic businessmen that make sports profitable.

The Second Generation

Basketball and hockey share a chapter, a unique heritage, and many venues to this day. Basketball, when invented by a Canadian in 1891, was immensely popular, easy to set up, and required none of the large space, expensive equipment, or as many players as its contemporaries in football and baseball. It required only two bushel-baskets and seven players per side. Frank Basloe and his traveling team of Globe Trotters began revolutionizing the sport and turning basketball into an event. Players began to develop new skills, sharper moves, and a professional organization of basketball teams was formed in 1946. These teams often shared arenas with hockey teams.

Hockey, a Canadian sport, can trace its origins to the early 1800's. Lord Stanley of Preston, the sixth Governor General, purchased a cup in 1893 for the champion hockey club. United States teams near the border were forming, but could not compete for this cup until 1916. Many influential and wealthy Americans were fans of the sport, and purchased arenas to help bring franchises and to turn a profit. They rented space in these arenas to basketball teams. Hockey continues to expand, develop, and succeed in the American market, although at a slower rate than its contemporaries.

The Legacy

Sports teams such as the Boston Celtics, the Green Bay Packers, and the Chicago Bears have remained in their respective cities since the beginning of their sport. Big sports and big cities have often worked well together. Sports teams have always sought the densely populated cities; however, many smaller cities are seeking and developing successful sports franchises today. Fan support appears to be the crucial factor in determining if a sports team will profit, regardless of the location. A major sports franchise symbolizes a "major-league" city, and citizens find the success of the teams to be a reflection of community pride. Gorman and Calhoun discuss the bitterness a true Brooklyn native still feels towards the loss of the Dodgers, and the heartbreak Baltimore experienced upon losing the Colts. Despite community pride, it is the balance sheet that ultimately determines if a team will succeed or fail, stay or go.

Part Two: What Pays the Bills?

TV 1: Birth of a Giant

"Television-instant drama with pictures." Television is a staple of American culture; indeed, of sports culture. Television was introduced eighty years ago, and has transformed the sports industry for fans, players, owners, sponsors, and television networks alike. Television was quick to embrace live sports as scheduled news; college games were televised from 1939, with professional sports soon following. Television was soon present to bring sporting events to the nation; classic sports history became accessible to everyone. The New York Yankees contracted televised versions of all their local games by 1946, and by 1953 fifteen of the sixteen baseball clubs had local television contracts. In 1990, television revenue represented more than half of baseball's yearly earnings. The revenue generated for football, basketball, and hockey also is dominated by television. ABC's emphasis on sports programming helped save the struggling network in 1959, and continues to be crucial to the network's success. Nonetheless, ABC was somewhat skeptical to schedule "Monday Night Football", one of TV's strongest sports staples, in 1970. "Monday Night Football" ranked sixth in prime time ratings in 1991. Football and television's partnership has been successful for both the sport and the fans, bringing a heightened understanding of this complex game to fans, as well as play-by-play analysis, camera techniques, and expert commentary. Football has found a successful marriage with television. Sports and television have formed a strong partnership. However, the rapid inflation of sports cost is creeping beyond the budget of network television.

TV 2: Growth to Success and Trouble

"Monday Night Football is unique-it's appointment television. People plan their weekly schedule around it," notes Bill Cella, vice-president of sales for ABC Sports. Programming such as Monday Night Football, the Triple Crown, and the Super Bowl are demanding increasingly high dollars from networks and advertisers alike. If you want your beer commercial to run during the Super Bowl, expect to pay millions. If you want to be the only beer commercial running in the first quarter, expect to pay millions more. The greater the projected audience, the greater the cost for air time. The costs for this time continue to increase at astonishing rates. Is it still worth the cost? The answers are unclear, and becoming increasingly more so each year. CBS spent 3.5 billion dollars to secure sports programming between December of 1998 and March of 1990. They secured programming from the NFL, Major League Baseball, The NCAA basketball tournament, and the 1992 and 1994 Winter Olympics. Unsure as to whether the investment was worth the hefty price, CBS remained virtually inactive as the bidding wars for 1993 sports began.

The future of televised sports belongs partially in revenue sharing. CBS may have remained away from the sports programming, but NBC was quick to develop an opportunity to work with the NBA. The NBA will receive a twenty-five percent raise in revenue, as well as increased profit sharing. The contract between the NBA and NBC appears to be typical of the future of sports programming.

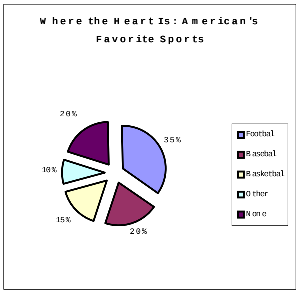
The NHL has turned to ESPN for support in generating attention and visibility with their American audience. According to Gorman and Calhoun, ESPN will continue to grow and bring increased attention to new sports, fan-based programming, and place pressure on the major networks to develop fresh programming ideas.

Radio, First and Always

Gorman and Calhoun state that radio programming is no longer viewed as competition of television, but as a cultural staple for the sports audience. Quality announcers still capture the fan's imagination, often in a more biased and boisterous style than the rigid television commentators. Baby Boomers hold nostalgic places in their hearts for sports radio, which led to the advent of all-sports radio in the mid-1980's. WFAN, a New York based sports station, was the invention of Jeff Smulyan, and responsible for the fortune that propelled him to purchase the Seattle Mariners. The ESPN Radio Network, launched in 1993, has been successful due to the fact that it allows for fan commentary. Fans listening to sports, fans listening to fans, leads to fans listening to the radio.

Through the Turnstiles

Approximately half the adult population is attending at least one sports event each year. The average adult attends eight events. Americans are willing to spend money to go to the game, but what games are they watching? As illustrated in this chart, football is currently dominating the heart of American sports, with baseball close behind. Gorman and Calhoun note the sharp division among baseball and football fans for which is truly "America's Pastime."



Ticket prices are increasing sharply as owners and managers seek to make their teams more profitable. Increasing ticket prices have had little effect on attendance as of 1992. Winning appears to be the strongest way of keeping ticket sales high. However, no one can win forever. More attention is being paid to the experience of attending a game in recent years. The aesthetics of the ball park, the experience of the stadium, the thrill and nostalgia that they inspire play increasing importance to the fans as they search for items to treasure from their youth. When Baltimore's new Camden Yards ballpark was opened, it appeared to merge modern conveniences with the beauty and symmetry that happens when art meets architecture, when experience meets design, and when sports serves the interests of the fans.

Why, then, would anyone want to build new stadiums where old capture the imagination of the fans? The answer lies in revenue. Luxury boxes offer added privacy and comfort for the privileged fans in decadently excessive amounts, and at decadently excessive prices. If a new stadium is impractical for the team, the addition of luxury boxes and skyboxes is not. Luxury boxes and skyboxes help fund the increasing costs of owning a sports team by asking the wealthiest fans to contribute to their own experience. Catered food, wide-screen television, open wet bar; these are a few of the amenities that can be found in luxury seating. These extras, of course, are not free. Often fans are required to pay extra to have the stadium's staff serve their guests, order from the stadium's catering company, and, in many cases, purchase tickets to the game. Luxury seating does not guarantee a ticket into the ballpark. Basketball and hockey have not been left out of the phenomenon. Club seating adds increased revenue for these sports as well. Gorman and Calhoun warn that the added revenue of luxury seating is substantial, but will follow the cycle of business.

While the Games Play On

Food, drinks, souvenirs, and parking rival ticket prices for the amount of revenue they generate for the sports organizations they serve. Songs are written about the peanuts and Cracker Jacks found at the ballpark; however, the king of concessions is beer. St. Louis's Bush Stadium is considered one of the finest, longest-running beer commercials ever developed. Beer is big money for many ballparks. Cincinnati's Riverfront Stadium sold over $4,635,514.00 worth of beer in 1988, after taxes.

Food plays a crucial role in the revenues and the culture of the stadium as well. Many major and minor league teams are adding specialty items to their menu, and the fans are responding very positively. Stadiums have been happy participants in the cola wars as well, signing multi-million dollar exclusivity deals with Coke and Pepsi. Stadium signs are generating increased amounts of revenue as well, hoping to have their ads immortalized forever in a great sports moment. Imagine your business's ad frozen in time forever behind the winning catch of the World Series; many businesses do, and are willing to pay what is necessary at the chance their ad will be the focus of a great moment or a lingering camera angle. This "nostalgia branding" that is used most effectively by Coke and Anheuser-Bush, is indeed working. For now.

Far from the Maddening Crowd

If only the authors of this book knew what a timely subject this would become! Licensing, merchandising, having the "official" Starter jacket for your favorite team, and wearing the "official" merchandise necessary to be both hip *and* a true fan would dominate the decade that followed the publishing of this book. Sports marketing has indeed gone into overdrive. Baseball cards still ruled the day in 1991 as a $1.3 billion dollar market. NFL Properties, or NFLP, was created in 1963. NFLP generated $2.1 billion in revenue for the NFL last year, and controls everything that a team's logo can and will be placed upon. NFLP's licensing deals grow more profitable each year, and range from jerseys to jumpsuits, bumper stickers to birdbaths. Major League Baseball has created a similar organization in 1987. Basketball merchandise is rapidly generating more revenue, with sales totaling $1.4 billion in 1992. The influence of sports marketing can be viewed in the logos of expansion franchises, featuring trendy logos and colors that generate revenue and sales for teams before they have players. International product sales, fueled by international exhibition games, are new and expanding sources of revenue as well. Gorman and Calhoun encourage business-savvy consumers to watch for the sports merchandising market to expand over the decade of the 1990's. They had a point.

Part Three: Where the Money Goes

Star Struck

Stars are being sold to satisfy soaring salaries. What does this signify? Chaos. Baseball has been plagued by labor trouble since the 1970's. Free agency, or a player's right to offer themselves on a free market for a fair price, is indeed a right that athletes are entitled to. The question lies in how much money is indeed enough. Baseball, the oldest sport, has had the longest history of labor disputes, and now has the highest salaries. Baseball has even been disrupted by the strikes of 1972, 1982, and 1988 (this book was published before the strike of 1994). Players grow frustrated with arbitrators that have no knowledge of the game, and inevitably find favor with the business aspect of sports business. Owners remain frustrated at the increasingly outrageous prices for top talent, and are forced to stifle the strain as much as possible to successfully manage their sport business. Will this trend continue? Gorman and Calhoun warn that it might, until the day that owners run out of money.

Basketball appears to have the most financially healthy sport in 1992, due in no small part to its salary cap of $12.5 million in 1992. The NHL has managed to keep average salaries and the open-bidding style of winning to a few isolated incidents, citing the 1990 St. Louis Blues as an example of free-agent marketing that was discouraged.

The NFL's "Plan B" of 1989 offers a unique compromise in professional sports. Teams have the right to protect between 45 and 48 players on their roster, allowing the rest to negotiate with other teams for higher salaries. It failed miserably. Instead, the NFL offered free agency status to players after five years in the league, and in the last year of their contract. Teams could protect a select few "franchise players," but were forced to offer them top market salaries. There is no salary cap under this NFL plan. Both owners and players hope this system has the conditions necessary to settle all disputes that may arises.

Gorman and Calhoun ask, "Is this entertainment or compensation?" Charisma and great players sell tickets, t-shirts, and generate a great deal of revenue for their teams. It is fair that they are compensated for their efforts. When the fan decides that the price is too high, labor will be reevaluated. The question still remains as to what that number will be.

Building Blocks of Dreams

Fans have always embraced the minor league system of baseball as pure entertainment. Indeed, smaller ball clubs offer the answer to many of the problems addressed in large sports organizations. It is easier to turn a profit, it is easier to gain and hold fan support, the costs are lower, and there is an element of purity still found in smaller sports clubs that cannot be found in the large corporations of sports. Only a fraction of the teams in the minor league system carry professional affiliations to the parent clubs. Many of the wealthy men who speculated in the major-league sports unsuccessfully can find the profit and dream fulfillment in the minors. Major league teams are allowing these transitions to take place due to the fact that decreased involvement equals decreased cost. Pooled scouting resources has also provided economic relief for many major league teams as well.

The NHL, besides MLB, is the only sports organization to have a farm club system. The development of minor league hockey is current with where minor league baseball stood in the 1950's: developing young talent, but not currently profitable. NHL remains a young league, players often scout teenagers. This is very risky, as athletes with potential may never develop to athletes that live up to it.

The NFL and the NBA have the strongest collegiate programs, which greatly decreases their costs in recruiting young talent. The draft system currently in place is unlikely to change; many feel it is the ideal system for the complex and fast-paced sports it serves.

The Nuts and Bolts of Sports

As many businessmen will testify, it is the hidden costs that determine success or failure. In 1992, the typical operating budget for a Class A baseball team was $600,000. That same year, the L.A. Dodgers spent $300,000 on bats and balls alone. In a business built around excess, it is increasingly difficult to cut costs and maintain a reasonable budget. Many feel the answer may lie in public ownership. Stock prices rarely fluctuate, pay minimal dividends, and find that raising capital by increasing shares is a great deal easier. However, many sports refuse to relinquish private control. With the exception of the Green Bay Packers, the NFL expressly forbids public ownership. When money is to be made, it is easier to make it if everything is privately controlled. A great deal of the profit control exists in the control of the venue.

Part Four: Expansion

Probing the X Factor

"The birth of an expansion team is a powerful event in sports. It represents the dreams and fantasies of players and fans and even owners," note Gorman and Calhoun. Expansion teams are comparable to the new kid on the first day of school. Expansion is a fickle process; fans expect wins from an organization that needs time to develop, owners resent lost revenue and fan support that new teams often gather, and yet, once they find their niche, people wonder how we ever survived before they existed. The "official" expansion start-up price for the Colorado Rockies and Florida Marlins was approx. $95 million dollars. The actual start-up costs, after adding in interest, bonuses, marketing, and equipment was near $140 million for each team. Expansion teams are increasingly desired by communities, who will build them stadiums and pay their taxes and moving fees, all in the hopes of cashing in on the economic revenue generated from a major sports franchise. And yet, it takes years for most expansion teams to win consistently. Gorman and Calhoun urge communities and fans to exercise patience.

Part Five: Fan Equity

A Business Lesson

The final chapter to this book opens with a narrative between father and son listening to a baseball game on the radio. Gorman and Calhoun close this book with a love letter to the fans who make sports possible. It is not always the bottom line that should be considered, but the loyalty of the fans who won't give up. Fan equity is found in the frustrated and loyal fans of the Buffalo Bills, who, after continuous Super Bowl loss, refuse to quit on their team. What is fan equity? Simply stated, it is "the relentless emotional and physical investment certain fans make in their teams." Love of a team is often generational, often healing, and should never be taken for granted because it is not quantifiable. It is the force that drives the business of sports.