FUNDAMENTALS OF SPORT MANAGEMENT SERIES

MANAGING SPORTS ORGANIZATIONS

RESPONSIBILITY FOR PERFORMANCE

SECOND EDITION

DANIEL COVELL, SHARIANNE WALKER,
JULIE SICILIANO & PETER HESS

Managing Sports Organizations, 2e

Fundamentals of Sport Management Series

The Fundamentals of Sport Management Series is a series of textbooks that focuses on forming a knowledge foundation for students in collegiate sport management programs, while also aiming to bridge the gap between academic theory and industry practice. Included in all of the books are outlines of key concepts and terms covered, study and conversation questions to test comprehension, as well as teaching materials to aid professors in conveying the core concepts of each text.

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Contents

Preface

The field of sport management is a relatively new one. It exists as a response to the ever-growing consumer demand for sport products and services, which totals more than $150 billion annually in North America alone. Increasingly colleges and universities create sport management programs that emphasize management learning and organizational issues. However, many texts that are currently available do not provide a strong foundation in business management concepts within the context of sport. This book focuses on business management concepts and is unique in its approach to sport management.

A Different Approach

The theme of management as responsibility for performance runs throughout the book. Every chapter examines management principles, concepts and issues from the perspective of how to improve the performance of sport organizations.

To ensure that students understand the complexity of the sport industry, each chapter features a distinct sport segment, such as a sport agency, high school and youth sports, the licensed and branded product industry, and professional league sport, to name a few. Information about the structure and characteristics of the highlighted sport segment provides the background for each chapter.

The material is organized into ten chapters for conciseness and clarity. Given the evolving range of theories and principles that define the management field and the complexity of the sport industry, this book's focus on integration and synthesis is essential for student learning.

In addition to its theme-based approach, the overview of a different sport segment at the start of each chapter, and the focus on integration and synthesis, the book includes a number of features designed to enhance learning.

Key Features

Each industry segment, from school and youth sport to professional league sport, is described from an historical perspective and in terms of current management trends. These current topics include quality and continuous improvement, teamwork, diversity, ethics and social responsibility, globalization, information technology, and change.

The book's design is characterized by simplicity. To keep the student's attention focused on the key points of the chapter, the number of boxes and other special features in the text are minimized. Instead, current examples are fully integrated within the chapter narrative to illustrate the concepts and challenges of sport management.

At the opening of each chapter, learners see an overview of one segment of sport industry in the "Check the Stats" feature. Information on the size and scope of the industry segment, its participants, revenue, and governance, is available at a glance.

Each chapter features an "Inside Look" at a personality or organization within the sport industry. This profile offers a real-life look at sport professionals, the challenges they face, and the management skills that enable them to meet those challenges.

A "Management Exercise" for each chapter provides an opportunity for students to apply the ideas they are learning in the course. The exercise involves students directly in management decisions and challenges them to solve organizational problems. The students make decisions using the available information, just as the manager would in comparable situations.

At the conclusion of each chapter, students consider legal, marketing, financial, and international perspectives as they make decisions and recommend courses of action. This activity provides students with additional vantage points as part of the decision making process.

These key features and the distinguishing elements discussed earlier reflect the goal of integrating sport industry dynamics with management principles and concepts. Given the complexity and diversity of both the sport discipline and the management field, this goal represents a significant challenge. However, with the book's theme approach, the organization of material into sport segments, and the emphasis on practical application, students have a solid foundation for learning about sport from a management viewpoint.

Supplements

An Instructor's Manual with Test Bank has been prepared for adopters of this text. In addition, PowerPoint slides are available for download from the book support website. Please e-mail the publisher at textbook@elsevier.com (within North America) and emea.textbook@elsevier.com (outside North America) for access to the online resources. Please include your contact information (name, department, college, address, e-mail, and phone number) along with your course information (name, number, annual enrollment, ISBN, book title and author). All requests are subject to approval by the company's representatives. PowerPoint slides are available for use by students as an aid to note-taking, and by instructors for enhancing their lectures.

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1

The sport management challenge

Introduction: So, you want to work in sport?

Congratulations. You are reading this book because you have chosen to pursue a dream. You want to work in sport. Your parents or partner might be a bit wary of this, but have them consider the following: It has been estimated that the total U.S. expenditures on sport consumption, defined as sports entertainment (which includes professional sports leagues), sport products, and sport support organizations, approaches $152 billion annually. These expenditures rank sport as the 11th largest U.S. domestic industry, ahead of chemicals, industrial machinery, and motor vehicles and equipment (Meek, 1997). Now, if you told someone you planned on majoring in chemical or industrial engineering, they might be equally clueless about the content of the major, but there would not be any question about the viability of the industry. Given the kind of economic value generated by the sport industry in the United States, nor should there be with sport.

If they are still not convinced, you might respond to the question with a question of your own. You might ask your interrogators why they are wearing a hat or jersey from a favorite team, if they have ever written a letter to a sports hero, if they work out regularly or play in an organized recreational sports league, if the sports section of the daily paper or favored Web site is the first (or only) section they read, why you could place any hone of hundreds of "proposition" bets on the Super Bowl in Las Vegas each year, such as which team will win the coin toss, which player will score first, or which team's kicker will hit the longest field goal. These examples are indicators of the significant breadth of interest of sport in our society, and that interest is a major component in all societies around the world. Every culture has some kind of sport activities.

The road to success in sport careers, however, is full of challenges. For example, if you were to ask what their dream job might be, more than a few sport management majors would probably answer general manager (GM) of the Cincinnati Reds, the Chicago Bulls, the New York Red Bulls, or whatever their favorite professional team is. With such a crowded field, does this mean that these students can never get that dream job? Absolutely not.

There are four ways someone like you can enter and succeed in the sport industries. The first is to buy your way in. You watch the games and you make better play calls than Peyton Manning or Tom Brady, and you have a better handle on the draft than Mel Kiper Jr. I can do this better than these clowns, you think, so you pony up the dough and buy a franchise. How much would you have to pay? Depending on the franchise and its facility, you would need to start at, on average, probably $500 million, and then the other league owners would need to approve you to join their club before you drop the cash. Do you have $500 million handy? No? Okay, no sweat, there are three ways left.

The second is to inherit a team from your family. In terms of the National Football League (NFL), league rules require individuals rather than corporations to own teams, and many of these teams will be taken over by family members rather than sold to outsiders when transitions are required. Does anyone in your immediate family own an NFL team or any other professional league franchise? No? Okay, that is strike two, but in this game you still have two strikes left.

The third way to get into the game is to be an outstanding former player who wants to move from the playing field to the front office. There are many NFL GMs and coaches who gained experience and connections from their on-field careers. How about you? Are you a blue-chip Division I-A football player looking to lead his team into the Bowl Championship Series during the upcoming season? No? Not even the leading scorer on your intramural flag football team? Well, do not despair. You have one more shot—and it is a good one.

If you are reading this passage right now, you have already made a move toward the fourth step: education. In fact, more and more of the individuals who currently hold these positions have sport management academic backgrounds. But here is the lesson from these successful sport managers: To get a job in this highly competitive job market, you must have a strong knowledge, not only of sport and the specific sport industries, but also of management and organizations in general. Knowing what Albert Pujols's lifetime average against lefties with runners in scoring position from the seventh inning on in road games is nice (if not somewhat pathological), but in a career field where people will work for no pay as interns to get their foot in the door with an organization, it is not enough. Getting that dream job with the Phoenix Coyotes or the Arizona Rattlers, with Planet Fitness or Gold's Gym, with Nike or New Balance, with the Ladies Professional Golf Association or the Professional Bullriders Association requires more than being just a sports fan. Increasingly, success in a career in the sport industry requires an understanding of the best practices in organization and management as complete as the understanding of the sport itself.

This book will introduce you to both dimensions of sport management: to the various sectors of the sport industry (e.g., professional league and tour sport, collegiate sport, school and youth sport, sport media) and to the organizational and managerial concepts, practices, and skills required for a career in sport management. To achieve this very challenging goal, each chapter will contain two kinds of information:

1. specific information about one of the major segments of the sport industry, including a segment profile and a discussion of some of the key developments and important issues confronting that segment and
2. consideration of one of the critical responsibilities (e.g., planning, organizing, quality, change) of managers in all organizations, particularly of sport managers.

This dual focus found in each chapter will enable you to enhance your understanding of both the various segments that make up the sport industry and the challenges and best practices of managing in sport organizations and will be reinforced with an end-of-chapter case with discussion questions that explore the important legal, marketing, and financial implications for the management of domestic and international sport organizations. All these to help you get that dream job in sport, whatever it may be. That is the goal of this book. Now, let's get going.

Defining organizations and management in sport

To understand the concept of management, we need to understand first the concept of organizations. An organization is a group of people working together to achieve a common purpose. Organizations exist to achieve goals that individuals cannot achieve on their own. Besides the family, which is a special case, hunting parties were perhaps the earliest forms of organizations. They were formed to track and kill animals that were too large or too fast to be brought down by a single individual. Today, sport organizations exist to produce products or services that cannot be produced by a single individual working alone. Imagine one individual trying to operate the athletic department at a school, let alone the Professional Golf Association Championship or the Daytona 500. It could not happen. These and nearly all sport organizations are far too complex, with far too many related products and services and necessary tasks.

As shown in Fig. 1.1, the traditional definition of management is the coordination of human, material, technological, and financial resources needed for an organization to achieve its goals. Management gathers the resources—the people, the money, the equipment—required to make work and workers

Organization

Any group of people working together to achieve a common purpose or goals that could not be attained by individuals working separately.

Management

- The coordination of human, material, technological, and financial resources needed for the organization to achieve its goals.
- Responsibility for performance.

Figure 1.1 Organization and management defined.

more productive. Management designs the tasks and organizes the work to be done. It ensures the skills and the coordination necessary for the kind of cooperative effort that is the essence of sport organizations. Finally, it provides the sense of direction and purpose that can unify diverse people in a productive enterprise.

In this book, we use a more direct form of this larger definition of sport management: the responsibility for performance. Sport managers are always responsible for the organization's realization of its goals, although the goals may vary depending on whether the organization runs bowling lanes, a professional league franchise, a youth ice hockey league, an international sport governing body, such as FIBA (more later), or a retail sporting goods store, such as the Sports Authority.

In summary, sport organizations exist to perform tasks that can only be executed through cooperative effort, and sport management is responsible for the performance and success of these organizations.

Understanding management and its relationship to sport

More than a half century ago, Henri Fayol, a French engineer, provided a job description for managers. Fayol (1949) suggested that there are five functions that define the manager's job (see Fig. 1.2). His definitions were so clear and concise that they have virtually come to define management for decades. According to Fayol, management must perform the five key functions of planning, organizing, commanding, coordinating, and controlling to ensure organizational success.

Management researcher Henry Mintzberg (1980) provided a slightly different perspective on management. After carefully observing what executive managers actually do with their time, Mintzberg suggested that management might be more effectively defined in terms of the roles that managers perform

1. Planning the work that needs to be done.
2. Organizing the work and the workplace to ensure that the work is productive.
3. Commanding or leading and directing the workers.
4. Coordinating the efforts of everyone performing the work.
5. Controlling or monitoring to ensure performance is consistent with the plan.

Figure 1.2 Functions of management according to Fayol.

(see Fig. 1.3). Together, Fayol's and Mintzberg's models provide an important understanding of the wide variety of functions and roles that managers are called to perform. However, even in the relatively short period since Mintzberg's research, our understanding of management in general, and sport management in particular, has shifted. Perhaps, the most significant change is that managers are no longer the only ones engaged in the tasks, functions, and roles of management in sport organizations.

Management as shared responsibility

During the past two decades, there has been a growing recognition that organizations are too complex to be managed by managers alone. Organizations have discovered that performance is often better when management is the responsibility not only of managers, but also of performance work teams as well. In this chapter, we will examine some specifics of how several U.S. cities sought to secure the right to host the 2012 Summer Olympics. Before we get into the details of this discussion, here are some key facts relating to the Olympic sport industry segment:

- **Purpose:** According to the International Olympic Committee (IOC), the purpose of the Olympic movement is to create international goodwill through sport and "to contribute to building a better world by educating youth through sport" ("The Olympic," 2000; http://www.olympic.org).
- **Stakeholders:** Athletes, coaches, governing body personnel, politicians, government and diplomatic personnel, citizens of all countries that participate in the Olympics, organizations that purchase Olympic-related sponsorships.
- **Size and scope:** At the 2000 Summer Games in Sydney, Australia, more than 10,000 athletes from more than 200 countries participated. More than 3400 hours of coverage were broadcast to 220 countries, with a cumulative global TV audience of 22.6 billion ("Recent Olympic," 2000).

1. Figurehead – representing the organization at events and ceremonies.
2. Leader – exercising influence with people and events.
3. Liaison – interacting with other organizations.
4. Monitor – receiving information critical for performance.
5. Disseminator – sharing information within the organization.
6. Spokesperson – presenting information outside the organization.
7. Entrepreneur – initiating change to improve performance.
8. Disturbance handler – dealing with issues and crises inside and outside of the organization.
9. Resource allocator – determining where the organization's human and financial resources and technology will be used.
10. Negotiator – bargaining to arrive at agreements with groups and individuals both within and outside the organization.

Figure 1.3 Mintzberg's 10 key managerial roles.

The 2002 Winter Games in Salt Lake City had a proposed budget of $1.313 billion (of which $222 million went for venue construction), which was to be covered with revenues from sponsorships ($600 million), broadcast rights ($445 million), ticket sales ($180 million), and merchandise and other sources ($88 million) (Powers, 2001a).

Olympic marketing revenue reached $866 million for the period of 2005–2009, with broadcast revenues for the 2010 Winter Games and 2012 Summer Games of $3.5 billion (Zinser, 2005).

Current members of The Olympic Program (TOP), the IOC's corporate sponsorship group, include Kodak, McDonald's, and Samsung. Each of 10 members pays $55 million in cash and value-in-kind (Brockinton, 2001).

■ **Governance:**

1. International Olympic Committee: The IOC, headquartered in Lausanne, Switzerland, is the ultimate ruling body of the Olympic Games. The IOC decides where the games and which sports events will be held. There are currently 122 IOC members from 79 countries. The IOC itself does not organize the competitions in the various sports; that is done by the national organizing committees (NOCs) in conjunction with international sport federations.
2. National organizing committees: NOCs such as the United States Olympic Committee (USOC) serves "to recruit, supervise, and certify" Olympic hopefuls (Senn, 1999, p. 11). The IOC certifies one NOC per country, which are supposed to be independent of governments. Although the IOC states that the Olympics are open to the youth of the world, without NOC certification, no athlete can compete in the Olympics (http://www.usoc.org).

3. International sports federations: International sport federations (such as FIBA, the international basketball-governing body; ISAF, the International Sailing Federation; and FIL, the International Luge Federation) set the rules and hold the competitions at the Olympics, and the NOCs supply the athletes (“The Olympic,” 2000).
4. National governing bodies: The USOC, such as all NOCs, allows national governing bodies in each sport, such as USA Hockey, to focus on the preparation of athletes for Olympic competition (Senn, 1999).
5. Olympic Organizing Committee: The Olympic Organizing Committees (OCOGs) prepare the site of the games for competitors and spectators.

As noted previously, the IOC has the power to determine sites for each set of Olympic Games and makes its decision seven years in advance of the scheduled games. In 2005, the IOC was scheduled to decide which city would host the 2012 Summer Games. But why seek to hold the games in the first place? The city of Atlanta reported spending $7 million alone just in its winning bid for the 1996 Centennial Olympics (selected from among Athens, Belgrade, Manchester, Melbourne, and Toronto). Atlanta was chosen in large part because of its location in the eastern time zone of the United States, which allowed for higher American television revenues because of the number of events that could be broadcast live during prime time (a factor that hurt the TV ratings for the 2000 Sydney Summer Games because NBC chose to show most key events on a tape-delay basis). Atlanta sought the games for several reasons: as an opening to world business and tourism, as an economic boom for the surrounding area, and for the resulting benefits from related construction and improvements. The city had to commit millions toward constructing Olympic venues, including $170 million for the Olympic stadium (later reconfigured for use by the Atlanta Braves as Turner Field), $30 million for a field hockey venue (later given to Morris Brown College and Clark Atlanta University), and $17.5 million for an aquatics center (later given to the Georgia Institute of Technology), and the city was later criticized for overly commercializing the games through a plethora of sponsorships to cover costs. In addition, the U.S. Congress kicked in $610 million to help defray the cost of the games (Barlett, Steele, Karmatz, & Levinstein, 2001).

But why go through all this, especially considering the financial woes of the Montreal Summer Games in 1976, where owing to graft, labor strikes, poor planning, and design problems, Quebec taxpayers were saddled with $1.3 billion in debt retired in 2005 (“A Legacy,” 2001)? All these flaws were blatantly evident for years when one visited the Olympic Stadium to watch an

Expos game (which was a major factor contributing to the franchise's relocation to Washington, DC, in 2005). This trend was reversed when, for the 1984 Los Angeles Summer Games, organizing committee head Peter Ueberroth negotiated huge increases in TV rights' fees and sponsorship dollars and used 50,000 volunteer workers so the LA Games turned a profit of $222 million on revenues of $718 million (Helyar, 1994).

The USOC is the American NOC that serves "to recruit, supervise, and certify" Olympic hopefuls (Senn, 1999, p. 11). The IOC certifies one NOC per country, which are supposed to be independent of governments. Although the IOC states that the Olympics are open to the youth of the world, without NOC certification, no athlete can compete in the Olympics. The USOC, like all NOCs, empowers national governing bodies in each sport to focus on preparing athletes for Olympic competition (Senn, 1999).

The USOC is also responsible for certifying which U.S. city will make the official bid to the IOC to host an upcoming Olympiad. The USOC makes its decision on the basis of how each city meets each of the 19 areas, including security, medical and health services, accommodations, transportation, current available venues, past sport event hosting experience, and most importantly, a financial guarantee to cover any shortfalls that develop in preparing to host the games. (However, in the case of the 2002 Salt Lake City Games, the federal government spent $1.5 billion to help support the games, including $25 million for buses for spectator transportation, $11 million for infectious-disease monitoring, $1 million for weather forecasting, and $500,000 for planting new trees [Barlett et al., 2001].) In 2001, eight U.S. locales (Cincinnati, Dallas, Houston, Los Angeles, New York, San Francisco, Tampa/St. Petersburg/Orlando, and Washington, DC/Baltimore) sought selection by the USOC as the United States' choice to bid for the 2012 Summer Games. From this group, the USOC pared the potential sites to Houston, New York, San Francisco, and Washington, DC/Baltimore, with the final cut whittled down to San Francisco and New York.

In November of 2002, the 123 members of the USOC were set to decide between San Francisco and New York City. Their decision would be based on a variety of factors, the first of which was each city's respective venue plan. Bids that include plans that limit the distance between venues and emphasize the use of existing facilities are generally viewed more favorably by both the USOC and IOC. In this respect, the NYC2012 plan was stronger than that of the Bay Area Summer Olympic Committee (BASOC). New York's design described that all planned and existing venues would be within a 20-mile radius of the

Olympic athletes' village, which was to be located in the borough of Queens, directly across the East River from Manhattan, and would focus competition at three "clusters": the Olympic Square in Midtown Manhattan, the Olympic Riverfront (along the East River in the Bronx and northern tip of Manhattan), and the Olympic Park in Queens (New York City 2012, 2004).

BASOC, San Francisco's organizing committee, anticipated costs of at least $2 billion to prepare for the games (much of which comes from IOC and USOC funding sources), excluding $2 million needed for its initial bid efforts, and when chosen by the USOC, another $3 million to be used in the next bid stage (Leuty, 2000). In terms of the Bay Area's bid, led by CEO Anne Warner Cribbs, an Olympic gold medal swimmer and advertising and public relations firm head, showed that many of the needed venues are already in place, including Stanford Stadium in Palo Alto (for track and field, modern pentathlon, and the opening and closing ceremonies, with a capacity of 85,000), the 1.2 million square-foot Moscone Center in San Francisco (for team handball, fencing, table tennis, tae kwon do, and indoor volleyball), San Jose's 17,773-seat Compaq Center (gymnastics), and 11,200-seat Raley Field in Sacramento (for baseball). The BASOC proposal included a larger footprint, with 31 of the necessary 34 venues within 34 miles of the Olympic village, which was to be built near Santa Clara, at the southern end of San Francisco Bay (Michaelis, 2002).

But there were factors at play in the bidding process other than the technical merits of each bid. In the case of NYC2012, it was the impact of the events of September 11, 2001, when terrorists slammed hijacked airline jets into each of the twin towers of New York City's World Trade Center. Thousands were killed there that day, the lives of millions more were forever altered, and the country's political and economic landscape would feel the impact for generations to come.

After the destruction of both towers, the city struggled to rebuild a sense of normality as well as reconstruct its badly damaged financial and physical infrastructure. Into this morass, in January 2002, stepped Michael R. Bloomberg, the city's new mayor. Bloomberg, a millionaire many times over from money earned by his media company that specializes in selling financial information to investment firms and other businesses, succeeded outgoing mayor and fellow Republican Rudolph Giuliani, whose own mayoral stint was dimmed by personal scandals but buffed by his very public involvement in helping the city come to grips with the immediate aftermath of the terrorist attacks.

Despite facing a myriad of post-9/11 challenges, Bloomberg chose to back what were to that point private efforts to bid for the 2012 Summer Olympic Games. These efforts were being led by Daniel L. Doctoroff, a former managing partner of a successful Wall Street investment firm. Doctoroff founded NYC2012, the organization through which the bid process was initiated. Inspired to bring the games to New York City after watching a World Cup soccer match at New Jersey's Giants Stadium in 1994, Doctoroff invested $4 million of his own money to fund NYC2012 and then set out to convince the city's prominent and influential to support the effort. Bloomberg was one of those swayed by Doctoroff, with the mayor naming him to the post of deputy mayor for economic development. Although the efforts of NYC2012 to win the games predated the 9/11 attacks by several years, many experts believed the events of that day served as a catalyst to move New York's bid momentum forward (Cassidy, 2005).

But what is the connection between the tragedy of the World Trade Center attacks and an effort to attract and host the world's largest and most complex sporting event? Why should a city trying to recover from this historically devastating event bother with something seemingly so removed from the grim realities of rebuilding? Many people in New York City wondered the same thing. To attract the Olympics, the city needed to prove it could handle the logistics of hosting thousands of events at hundreds of venues, move hundreds of thousands of athletes, coaches, officials, dignitaries, and spectators through what, even on a normal day, is a disconcertingly hectic stew of pedestrians, private vehicle traffic, and public transportation. And even supposing the establishment and coordination of all these factors were possible, why spend all the time, effort, and resources necessary to this end when the city had so many other demands, all made more problematic and knotty since that crisp and bright blue morning of September 11 when the planes hit the towers in Lower Manhattan.

Bloomberg and Doctoroff thought they had the answer: The Olympics could serve as the economic engine to help New York City rise from the ashes of the World Trade Center. Said Doctoroff (Cassidy, 2005),

> "Historically, New York has been the kind of place that says to businesses, 'Hey, we're New York. If you want to come, great. If you don't want to come, that's fine, too.' In an increasingly competitive world, we can't afford to be that way. Over the last ten years, more than sixty thousand jobs fled New York City for the New Jersey waterfront, (and) we aren't just talking about competition with New

> Jersey, Chicago, or Los Angeles. Look at what Shanghai was two years ago, and look at what Shanghai is today—a completely different place" [p. 63].

Given these perspectives, Bloomberg and Doctoroff melded developmental policy with the efforts to win the 2012 Summer Games. The idea was to show the world that New York City was bigger and better than ever—that it was a great place to visit and an even better place to come and do business. But there were many roadblocks and potential pitfalls before anyone in the five boroughs of the city could even think about lighting the Olympic flame in the Big Apple. Plans needed to be formulated, venues built, and citizens and politicians courted and convinced. And there were plenty of other cities, both foreign and domestic, looking to grab the same prize. And then there were the decision makers in both the USOC and the IOC. So how could the bid committee, led by Doctoroff and Bloomberg, achieve their goal of bringing the Olympics to their city? How could they succeed in such a complex and formidable task? To convince this variety of stakeholders and decision makers, NYC2012 needed to provide the evidence that the city was capable of hosting so complex an event.

The goal of this process was clear for both BASOC and NYC2012: to convince first the USOC and then the voters in the IOC that their cities have the venues, infrastructure, and each of the other required elements in place to host the world's largest athletic event. The pursuit of the Olympic rings is a process that takes more than a decade and involves numerous workers, both paid and volunteer. The pot of gold at the end of this process for BASOC and NYC2012, along with the facts stated previously, was to attract 800,000 visitors who would spend a total of $937 million, which would create 70,000 jobs, for a total potential economic impact of $12 billion (Byrd, 2000; Hiestand, 2005). However, University of South Florida economist Philip Porter, based on research from data from the 1996 Atlanta Games, noted that the Olympics push as many people out of town as they bring in and made no noticeable difference from a typical Atlanta summer (deMause, 2001). ACOG, Atlanta's OCOG, with a budget of $1.7 billion, ultimately broke even on the games (Senn, 1999). However, the 2000 Sydney Games added approximately $4 billion (at a total cost of $3 billion to stage the games) to the economic output of Australia, and for the upcoming 2008 Summer Games in Beijing, the games will lead to $32 billion in economic growth for China between now and the start of the games, including billions from foreign corporate investment (Landler, 2001). In addition, monies spent on the games can greatly enrich local landowners, as was the case with the 2002 Salt Lake City Games. The $15 million spent to upgrade roads leading to resort land owned by Charles C. Myers increased the assessed value of the land from $3 million in 1990 to $48 million, as well as the land owned by the Church of Jesus Christ of Latter-Day Saints. At the time, the head of Utah's Department of Transportation said, "We are, without shame, using the Olympics to try and get federal funds" (Barlett et al., 2001, p. 90).

Remember, our understanding of sport management is true for management in every context, as true for the scouts working for the Oakland Athletics, as we will see later in the chapter, as true for the operation of a summer camp for kids, or for the thousands of volunteers who work at every Olympics. All of these individuals and groups are engaged in sport management; each shares in the responsibility for the performance of their organization. The shift in management by managers to self-managing work teams can be seen throughout all segments of the sport industry. Management is increasingly a responsibility shared among work team leaders, self-managing work groups, and all of the personnel involved with the performance of a sport organization. Increasingly, the definition of management must be expanded to include the growing dimension of shared responsibility for performance.

The new sport management environment

The responsibility for performance involves combining and coordinating human, technological, and financial resources to achieve organizational goals. Organizations, by their nature, are complex and therefore difficult to manage. Still, as long as society, the economy, and technology remained somewhat stable or changed only slowly, management has the time to make the adjustments necessary to maintain and improve performance.

Gradual change has now been replaced by rapid change, however, and managers face new challenges brought on by a changing environment. These include intense competition and new performance standards that every management team must now achieve. With so many options now available to the sport consumer, it is no longer enough for a sport organization to be simply managed well. To compete and succeed in today's environment, the challenge for every sport organization is to be better. Increasingly, competition is forcing organizations to increase the quality of the products and services they offer, to increase speed and flexibility in responding to customers, and to innovate to constantly provide new products and services. Achieving these new standards is the responsibility of the sport manager. Let us examine each of these factors within the framework of the Olympic movement.

Quality

It is common sense that given the choice between two comparably priced sport experiences or products, the customer will almost always choose the one of higher quality. But quality can be defined many ways. In November of 2002, the USOC selected New York City over San Francisco to submit a formal bid to host the 2012 Summer Games. The stakes for a successful bid to win the games were high indeed, as USOC members determined that hosting the Olympic Games in the United States would contribute significantly toward cultivating domestic public interest and sponsorship donations, which would in turn benefit the training efforts of U.S. Olympic hopefuls. It is believed that New York would provide sponsors with maximum visibility and activation opportunities and, thus, a high return on their investment, which would help the American bid when matched against its foreign competitors (Michaelis, 2005; Woodward, 2005).

In November of 2002, the USOC opted for New York City as its entry into the derby for the 2012 Summer Games. The question for the USOC was which of the finalists' bid would be considered of sufficient quality to beat out Paris, London, Moscow, and Madrid in the eyes of the IOC voters in July 2005. But the competition for New York would be much tougher against these international cities, London and Paris especially. It was estimated that NYC2012 would have to raise $7 billion ($3 billion for developing the proposed Olympic stadium and surrounding area in Lower Manhattan and $1.5 for the Olympic village in Queens). But the stadium, which would be used by the NFL's New York Jets once the Olympics were over, would prove to be the biggest impediment in New York's bid process. There were numerous opponents to the site choice, including the owners of the nearby Madison Square Garden. When the IOC representatives made their official site in March 2005, the message sent was that the stadium plan needed to be finalized for the bid to be successful (Cassidy, 2005; Powers, 2002).

When the time to vote in Singapore came in July of that year, each of the bid cities had been working hard to convince decision makers and the public of the merits of their bids, spending an estimated combined $150 million, the highest total ever (Zinser, 2005a). The voting process works like this: In the first round, all five bidding cities were eligible, and members voted for their choice. After this initial tally, the lowest vote-getter is dropped, and voting on the remaining four commences, with the lowest of this round dropped, and so on until one city garners a simple majority of the votes. As many experts expected, long-shot Moscow was eliminated in the first round, and, also as expected, New York went out in round 2, with London winning in a surprise over Paris in round 4, 54–50. Reasons given for London's success were the compactness of the venue plan, with three clusters no more than half an hour from the proposed Olympic village; the fact that much of the development would revitalize East London (one of the poorest areas in Britain); and the hard work of bid chairman Sebastian Coe (himself a two-time Olympic medalist in distance running) and Prime Minister Tony Blair. As a result of the stadium issue that doomed the New York bid, the USOC decided that to go forward with any future American bid, the city would be required to have a stadium built or a plan for construction fully approved (Zinser, 2005b; Zinser & Cardwell, 2006).

Achieving quality and continually raising the bar in terms of quality is now among the sport manager's most important responsibilities. The members of the IOC are responsible for providing athletes and spectators with the best venues and infrastructure possible, and it is presumed that London's bid made the most compelling case toward meeting this goal.

Speed and flexibility

As important as quality is, it is not the total answer. One executive puts it this way, "Quality is your ticket into the stadium. You can't even come to the game unless you have a quality product and process in place. [But] you have to compete on other dimensions today" (Byrne, 1992). In addition to quality, other dimensions such as speed and flexibility have become more and more important as a way to move ahead of the competition. Organizations that are too large to be flexible, or too rigid in terms of policies and procedures, are unable to take advantage of opportunities that emerge and disappear so quickly in all segments of the sport industry. In the case of the Olympic movement and the hosting of the games, the terrorist attacks of September 11 led to increased concerns that the games would be a prime target for similar actions. Indeed, the games had already been subject to such violence, when at the 1972 Summer Games in Munich, Germany, terrorists took nine Israeli athletes and coaches as hostages and demanded the release of Palestinian prisoners in Israel. The siege, broadcast live during ABC's coverage of the games, ended after an attack by

German police at a nearby airfield. In all, nine hostages and five terrorists were killed (Reeve, 2000).

This was an adjustment that all Olympic host sites would need to make in the post-9/11 world. The Salt Lake City organizers had to make this adjustment only a few months in advance of the opening ceremonies. The Athens OCOG (ATHOC) already had a myriad of challenges to face in preparing for the games, such as incorporating some of their century-old venues (like Panathinaiko Stadium near the Acropolis, where the track and field events were held in the first modern games in 1896) into the modern games, rounding up the 60,000 stray dogs that roam the Athenian streets, protests from legalized prostitutes who were being pushed from their regular locations to distance them from Olympic venues, along with the more typical construction delays for required venues and transportation infrastructure (former IOC President Juan Antonio Samaranch called the preparations the worst organizational crisis of his career, and discussions were held about moving the games elsewhere). Add to all of these failures in training the nearly 50,000-person security force, a lax border control system, a local history of bombings from November 17, a domestic terrorist group, and the fact that Athens' location, close to the volatile Middle East, meant that nearly $1 billion would be spent in keeping the games safe. Athens officials involved personnel from the FBI and CIA, along with U.S. Special Forces troops and similar non-U.S. personnel (Cazeneuve, 2003; Levy, 2004; Price, 2004).

Despite concerns over security and other preparations, the Athens Games started on time and encountered no serious problems. Part of the success could be attributed to the fact that attendance at most events was extremely light (it is estimated that the games will leave the organizing committee with a debt of nearly $2 billion). Nonetheless, given the finite time in which organizing committees have to prepare for the games, speed and flexibility contribute to the successful management of the games.

Innovation

No matter how successful a sport organization is, someone somewhere in the world is developing a product or service that is different or better. Innovation means providing different or better products and services or finding a better way to deliver them. The need for contemporary sport organizations to innovate has become essential. Chapter 3 discusses a number of the innovations specifically in the sport media sector that have been achieved through advances in technology. But whether through technology or changes in a sport's rules, through enhanced fan participation or enhanced fan access to sport information, or even through product innovations such as Under Armour (see later), the pressure is on sport managers to compete through innovation.

Actually, innovation has always been a part of sport: consider the forward pass in football, the designated hitter in baseball, aluminum bats, the three-point shot. In the case of the Olympics, every host city must, during the preparation process, confront planning and logistical challenges that demand innovative solutions. When Beijing was awarded the right to host the 2008 Summer Games, the Chinese also stated that they would spend between \$20 and \$30 billion to modernize Beijing's airport and other infrastructure, build the required 37 competition venues (most of which are to be located in Olympic Park on the northern outskirts of the city), and clean up its pollution and environmental hazards (the city, with a population of 12 million, is one of the world's most polluted capitals) (Liu, 2001; Powers, 2001b, 2001c; http://www.beijing-2008.org).

In overcoming the environmental hurdles, the Chinese government has vowed to shut down all nearby factories during the games and is working on a plan to make sure no rain interrupts the activities. To this end, the government is using 37,000 peasants trained to operate 7000 thirty-seven-millimeter anti-aircraft guns and 4000 rocket launchers, in conjunction with meteorologists, to blast potential rain clouds with shells loaded with silver iodide so that rain will fall before reaching venue sites. Zhang Qiang, listed as a "weather modifier" at the Beijing Meteorological Bureau, stated that during the games, "if rain clouds are headed toward the Olympic Stadium, we will intercept them. But I can't guarantee the ceremony (will be dry). If there is a big rainstorm I have no way to stop it." The plan is a component of China's national rainmaking plan, which is reported to have changed rainfalls patterns to increase precipitation in certain provinces by as much as 25 percent. As for the importance of the plan, gunner Yu Yonggang revealed how important it is for China to pull off the games: "The whole world will be watching the ceremony. We must guarantee its success" (MacLeod, 2006, p. 17A).

But meeting these challenges was only part of what the Beijing bid committee had to overcome. To many, the bid would have been a slam dunk had it not been for China's long-standing poor record on human rights, as evidenced by the Tiananmen Square antidemocracy crackdown in 1989, and an Amnesty International report that alleged China executed more people in 3 months in 2001—1781—than the rest of the world had in the previous

3 years (Nichols et al., 2001). Many critics also point out that the authoritarian communist leadership of China will impose its will on its people to meet the demands of hosting the games, and many people will lose homes and land without input or compensation. Although methods to deter rainfall from hampering the Olympics shows the potential value of innovation for assuring the success of the Beijing Summer Games, the Chinese government will ultimately be judged on how it uses innovation to improve its human rights record. Such are the demands of hosting a high-profile international event such as the Olympics, which in turn highlights the necessity of innovation for all sport organizations.

Sustainable growth

The concept of sustainable growth means that organizations neither seek to be as large as they can be nor to grow as quickly as they possibly can. Sustainable growth means that organizations should only grow at a rate, and to a size, that can be maintained over the long term (Garfield, 1992). Certainly, with so many sport organizations competing for the money and attention of potential consumers, every sport organization must commit itself to a goal of sustainable growth.

In recent years, the IOC determined that in terms of the size and scope of the Summer Olympics, bigger is not necessarily better, and opted to drop several sports. The Summer Olympics have become increasingly large and difficult to host. At the 1984 Los Angeles Games, there were fewer than 7000 athletes; in Athens in 2004, there were more than 11,000. Seven sports were added during the intervening two decades. There were legitimate concerns on the part of IOC President Jacques Rogge (himself a former Olympic sailor) that the size and scope of the games has made it impossible for smaller, poorer nations to consider hosting. An official IOC report concurred, concluding that "bigger does not necessarily mean better and higher expenditure does not necessarily guarantee the quality of the Games" (Powers, 2003, p. D3). The result of Olympic elimination would be costly for the potentially bumped sports, as a sizable percentage of the IOC's television revenue ($256 million between 2004 and 2008) goes to financing the international federations that manage each of the sports in the Summer Games, money that is used to operate the organizations and to promote their sports internationally (Swift, 2005).

In 2005, at the same sessions where members decided on the host for the 2012 Summer Games, the IOC opted to drop baseball and softball (which had been added in 1992 and 1996, respectively) starting with the London Games, marking the first time since 1936 that the total number of sport offering has decreased. IOC members were asked to vote on each of the 28 sports (a simple majority was needed to remain). Not only were baseball and softball cut, but also none of the five sports seeking inclusion (golf, karate, roller sports, seven-player rugby, and squash) received enough votes to garner inclusion. There were some quirks in the voting process, however; oft-ridiculed sports such as synchronized swimming, rhythmic gymnastics, and trampoline were never voted on separately, but rather included in the more general categories of aquatics and gymnastics, sports that would never be removed from the games because of the hugely popular competitions in other areas.

There were multiple reasons to explain why these two sports got the axe. Softball had been dominated by the United States (winning all three golds since inclusion), Major League Baseball (MLB) had declined to allow their best players to leave their teams in the middle of their season, the steroid scandals in MLB, and the fact that 40 percent of the IOC votes come from Europe. According to Carlos Rodriguez, president of the Cuban Baseball Federation (whose teams had won three of the four gold medals since inclusion), “Those who bear most of the blame are the owners of the professional leagues who refuse to free up their ballplayers to compete,” but Mike Candera, coach of the 2004 U.S. softball team, summarized his sport’s plight this way, “I believe this is a Europe versus U.S.A. thing” (Zinser, 2005c, p. B15). Candera’s comments have some validity, as neither sport is played much in Europe (in fact, the 2004 Greek Olympic baseball team was composed almost entirely of Americans of Greek ancestry, only a few with any MLB experience, with funding assistance from Baltimore Orioles owner and fellow Greek-American Peter Angelos) (Caple, 2004).

The IOC may have made a decision that angered American athletes, coaches, and managers, but the move did meet the goal to make the games somewhat more manageable and less costly for future OCOGs.

Integrity

The final performance standard is of a different type than quality, speed and flexibility, innovation, and sustainable growth. It is, in a sense, the context for the others. Integrity serves a guiding principle by which all organizational decisions and actions are articulated and activated. Much like vision and goals (outlined in Chapter 4), mission (illustrated in Chapter 6), and codes of conduct (discussed in Chapter 2), integrity serves to help sport managers set the direction of their organizations and make decisions relative to what are appropriate operating procedures.

Every sport organization in each sport industry segment faces challenges that call into question its commitment to integrity in its operations. The Olympics are no different. In recent years, the USOC has had to address questions of proper use of funds in its management practices; the IOC has had to fight the continuous battle to deter and to detect the use of illegal performance-enhancing substances and, in the case of the host-bidding process, deal with an ugly scandal involving bribes from OCOG members to IOC member to win their favor in the voting rounds. After losing out to Nagano, Japan, in a bid for the 1998 Games, members of the Salt Lake Organizing Committee offered bribes of cash and other gifts, including all-expenses-paid ski weekends, snowmobile tours, and Christmas Eve carriage rides totaling $7 million to IOC members in exchange for favorable votes for the awarding of the 2002 Games. After the scandal broke, 10 members of the 126 IOC voting members were expelled or resigned, and criminal fraud, conspiracy, and racketeering proceedings were initiated against several Salt Lake Organizing Committee staffers. The fact that the bribes had been going on for years from many bidding cities was blamed on the self-regulating and closed nature of the IOC and on former President Juan Antonio Samaranch as well, who was seen as responsible for "allowing a runaway brand of corruption that threatened to derail the entire Olympic movement." However, after the scandal, the IOC did adopt a more open managerial and membership process and instituted ethics-based reforms. Said Samaranch of the changes, "It was not easy to convince our members it was time to change. Our organization was not up to date. We convinced them after the crisis in Salt Lake City." The new bid review procedures were incorporated before the awarding of the 2010 Winter Games to Vancouver. The new guidelines neither allowed IOC members to visit cities nor could members be visited by OCOG lobbyists (Barlett et al., 2001; Michaelis, 2001a, 2001b; 2001c, p. 3C; 2001d, p. 8C; Powers, 2003).

The examination of the new sport management environment in the context of the Olympics helps to underscore the importance of the increased emphasis on quality, speed and flexibility, innovation, sustainable growth, and integrity. Ultimately, all sport managers will be judged by these standards, and successful sport organizations are already mindful of them and actively pursuing them. The long-time viability of the Olympic Games will depend on how well managers and decision makers recognize these factors and abide by them, based on whether consumers see their product and organizations as honest and fair.

Before considering each dimension of the further challenges for sport managers in the various sport industries in greater detail, we will first take a look at the development of management theories and consider how these apply to sport organizations. We will trace the roots of these ideas and theories on how to improve the performance of organizations back more than a century and present more contemporary management ideas that create a bridge between these earlier concepts and today's sport organizational climate. Think of this as a brief history lesson, with the key issue here being relevance, specifically, how the history of management influences the way sport organizations operate today.

Applying management theories to sport organizations

Although earlier civilizations thought of sport as "play" in relation to the toil and labor of "work" and often linked it to fertility and religious rituals (Gorn & Goldstein, 1993), many early sporting activities were also linked to aspects of organization and management. Consider the fact that centuries ago Native Americans played an early form of the game lacrosse with hundreds of players on a side, over a field several miles long. This required organization and management. In addition, the popularity of horse racing in England in the eighteenth and nineteenth centuries led to the development of a system to formally organize betting and the running of races (Mandell, 1984; Vamplew, 1989).

Although these efforts were not specifically called "management," the responsibility for organized performance has been part of human society essentially from the beginning. But it was more than 200 years ago that the ideas that formed the basis for what we now call "management thinking" began to emerge. The following sections describe the evolution of management thinking and, more specifically, the intriguing range of answers that have been offered to what might be viewed as the key question of management: How do you improve the performance of organizations?

Influential early ideas

Adam Smith and task specialization

One of the early answers to the question of performance was supplied by Adam Smith (1776/1937), author of *The Wealth of Nations*. Smith was among the first to comment on the impact of performance on the concept of the "division of labor," or "task specialization." Smith used a now well-known example of how a single craftsman working alone could produce no more than 20 pins in an entire day, but 10 workers in a manufactory organized to perform only the specialized tasks necessary to create a pin (drawing the wire, straightening the wire, setting the head, etc.) could produce an unprecedented 12 pounds of pins in a day.

Without necessarily setting out to do so, Smith provided one of the early answers to the question of how to improve performance: Specialize the tasks. Take every large task and break it down into smaller steps or activities and have each worker become a specialist, an expert at one specific activity or step. This type of task specialization can be seen throughout the sport industries, from footwear, equipment, and apparel manufacturing to the specialized tasks of managers in sport agency firms and intercollegiate athletic departments. Through his example of task specialization, Smith clearly established that management makes a difference. Although he never used the term "management," it was management that organized the workers into these specialized tasks.

J. B. Say and the concept of the "entrepreneur"

A fundamentally different response to the question of how to improve performance came in the early nineteenth century from the French economic philosopher J. B. Say. Essentially, Say suggested that improved performance is the result of better ideas. In fact, Say (1803/1964) created a term to describe people with ideas for better uses of existing technology; he called these people "entrepreneurs."

The history of sport management is replete with technological and conceptual entrepreneurs. One of the earliest and best examples was Albert G. Spalding. Spalding, a standout professional baseball pitcher who in the late nineteenth century parlayed his baseball reputation and a loan of $800 to create a sporting goods manufacturing giant based on selling to the expanding American middle class. While also owner of the Chicago White Stockings of the National League, Spalding adopted technological advances to manufacture bats, baseballs, gloves, uniforms, golf clubs, bicycles, hunting goods, and football equipment.

Many other manufacturers also focused on the production of sporting goods, but Spalding also understood that he had to create and foster the markets for these products as the newly affluent middle class sought to find uses for their leisure time. Spalding produced guides on how to play and exercise, promoted grassroots sport competitions, and gained credibility with consumers by claiming official supplier status with baseball's National League (Levine, 1985). This position of quality-by-association (a technique used today by every company that touts its status as the "official supplier" to any sport organization or by any company that uses a sport personality to endorse its products) allowed consumers to distinguish Spalding products from their many competitors.

Spalding also created a profitable distribution system in which the company sold directly to retailers at a set price with the guarantee that retailers would sell at a price that Spalding set. This technique created stable markets for Spalding goods and eliminated price cutting at the retail level (Levine, 1985). Spalding's connection with the National League helped establish the value of endorsements and licensing connections that would become industry staples. In 2003, the company sold its sporting goods unit, which included basketballs, the Dudley softball brand, and the Sherrin brand of Australian-rule football equipment, to athletic apparel maker Russell for $65 million. The move allowed the company to focus solely on its golf products, which include the Top-Flite, Strata, and Ben Hogan brands, but in July 2003, the Callaway Golf Company agreed to purchase the brands through bankruptcy proceedings for at least $125 million ("Spalding Sells," 2003, http://spalding.com; Kupelian, 2003).

There are countless examples of entrepreneurial efforts throughout the history of sport management. This trend continues today through the efforts of individuals like Kevin Plank, the founder and CEO of Under Armour. As the football team's special teams captain (and business major) at the University of Maryland in 1995, Plank saw teammates experience heat stress during practice and wondered whether their sweat-soaked T-shirts contributed to their maladies, so he developed a performance undershirt that wicked moisture away from the skin. He initially financed the company with $20,000 of his own money, $40,000 on five credit cards, additional funds from family and friends, and a $250,000 loan from the Small Business Administration. But Plank could not convince large manufacturers to back him, so he took to selling directly to team equipment managers out of the trunk of his car. In 1996, he booked $17,000 in sales and made a deal with an Ohio apparel manufacturer ("call in your orders by noon," said plant owner Sal Fasciana, "and we'll make and ship the product by the end of the day"). Plank established official supplier agreements with MLB, MLS, NHL USA Baseball, and the U.S. ski team, much like what Spalding had with MLB more than a century before. The company now makes shirts, shorts, pants, socks, hats, and underwear and launched a women's gear line, along with "LooseGear" and "Performance Grey" products in 2003. Under Armour now controls 70 percent of the performance apparel market, employs 260 people, with sales topping $110 million in 2003. It has opened distribution offices in Toronto and Hong Kong and expects to double sales, even as competitors such as Nike, Adidas, Champion, and Russell Athletic try to enter the market. “It makes no difference who the competition is,” says Michael May of the SGMA, “Under Armour is the dominant brand in the high-tech sports apparel industry…people love Under Armour.” Even NFL players pass up similar gear supplied by Reebok (as part of their apparel deal with the league) to wear logoless Under Armour apparel. Even as competitors try to buy him out, Plank refuses, stating, “as foreign as it would be for you to go running in regular shoes, I want it to be just as foreign for you not to work out in your Under Armour” (Graham, 2004, pp. 8, 9).

Say would point out that about each of these entrepreneurial efforts improved performance by finding better uses for existing technologies and better ways to develop markets and sell to customers. He would note that each example improved performance by finding better ways for using the resources we already have.

Robert Owen and the Soho engineering foundry

Management experiments like those of the entrepreneurs just discussed also occurred well before our time and often took different forms. Consider the efforts of Robert Owen, a Scottish cotton mill owner. Owen (1825) believed that improved working conditions for laborers would result in improvements in their performance. He shortened the workday from 13 to 10.5 hours, built better housing and a recreation center for his workers, provided a company store where necessities could be purchased at reasonable prices, and accessed schooling for workers’ children. By all accounts, Owen’s mills became highly profitable and had a significant impact on child labor laws.

Owen was able to improve performance by improving the way his workers were treated. The sport industry with the most to learn from Owen is the apparel and footwear manufacturers. Companies like Nike and Reebok have been universally criticized for paying low wages and treating workers poorly. Nike managers at a factory in Vietnam even went so far as to punish workers who wore non-Nike products by forcing them to run laps around the factory (Neuborn, 1997). In addition, Nike was found to be paying workers in El Salvador 29 cents for each $140 Duke, Georgetown, North Carolina, and Ohio State replica jersey they made (two tenths of 1 percent of the garment’s retail price) (Files, 2001). These issues are discussed in greater detail in Chapter 2, but the important point from Owen’s perspective is that the way people are managed can make a significant difference in performance. To the question of how to improve performance, Robert Owen’s answer was to make the workplace a community and treat people well.

These early answers to the question of management are interesting and important, but not until the twentieth century were management and organizations actually studied and analyzed in a systematic way in an effort to understand which methods worked and which did not improve organizational performance.

The early twentieth century: three milestones in management thinking

During the first few decades of the last century, three milestone responses emerged to the question of how to improve performance: the scientific management response of Frederick Taylor, the administrative theory response of Henri Fayol, and the human relations response of Elton Mayo. These three responses, more than any others, form the basic foundations of our modern understanding of management. Each approached the central question of management from a different perspective. Each enriched our understanding of how to improve performance, and each has had a significant impact on the way all organizations are currently managed.

Scientific management

Frederick Taylor was studying to be an engineer when he arrived at Midvale Steel Company in Pennsylvania. Not surprisingly, he applied an engineer's problem-solving acumen in thinking about the work performed at Midvale. Taylor was convinced that by carefully observing and experimenting with all the tasks performed at the mill, he would be able to identify "principles" that defined how work should be done. According to Taylor, once these principles were defined, all the workers could be trained to do the work the "one best way," rather than relying on their own various rules of thumb.

For years, Taylor studied the work performed at Midvale, carefully noting where the workers stood to do certain tasks, how far they had to reach, the kinds of tools they used—everything that has something to do with how they did their jobs. Based on his extensive observations, he then experimented with ways to improve the workers' performance, changing everything from how they did their jobs to the tools they used to do them. Based on these experiments, Taylor then trained the workers to perform tasks in the most efficient way. The results of Taylor's scientific approach were impressive. In one key example, the "Taylor-trained workers" loaded nearly four times as much iron per day as the others, and the average earnings of these men increased 50 percent (Taylor, 1947).

One of the first sport managers to adopt Taylor's scientific methods became one of baseball's most legendary and influential figures. Branch Rickey, the theatrical, pontifical, and often long-winded "Mahatma," used a Tayloresque approach to the teaching of baseball skills and the developing of players to transform several professional baseball organizations, and he was the driving force in building the championship St. Louis Cardinal teams of the 1930s and the powerful Brooklyn Dodger squads of the late 1940s through the 1950s. Rickey, a former big-league catcher and manager with the former St. Louis Browns (now the Baltimore Orioles), spent countless hours studying the skills of the game to perfect methods in base running, hitting, defense, and pitching. In pursuit of these ends, Rickey is credited with the creation of the batting tees, sliding pits, and preseason "baseball training colleges" (Tygiel, 1993).

Along with this devotion to the study and improvement of game skills, Rickey also developed the modern farm system, where a major league club would use a number of affiliated minor league teams for the development of future talent. In 1949, it was estimated that three of eight major leaguers came up through the Cards' system. Rickey may be best known, however, for his entrepreneurial efforts to integrate MLB. In an effort to reach an untapped source of talent, Rickey signed African American Jackie Robinson, a former three-sport star at UCLA and veteran of the Negro Leagues. Robinson broke the color barrier in 1947, and along with African Americans Don Newcombe and Roy Campanella, led the greatest Dodger team of that era (Tygiel, 1993).

Administrative theory

Frederick Taylor may have been the first to suggest that management is a professional set of tasks and responsibilities. Recall, however, that it was another engineer, Frenchman Henri Fayol, who first defined in a comprehensive way just what those tasks and responsibilities might be. Fayol (1949) published the details of the key elements and functions of management, listed earlier in Fig. 1.2. We discuss how these elements impact a wide range of sport managers throughout the book, but stop and think for a moment about how each of these five areas impacts a job in sport. In what ways does the forecasting of events and the updating of organizational plans impact the director of product marketing for Under Armour? How does the GM for the Maple Leafs set the organization in motion and deal with unproductive personnel? How does harmony and unity of purpose impact a sports agent representing a first-round National Basketball Association (NBA) draft pick? How does a facilities manager at the Indianapolis Motor Speedway monitor worker activities and output?

Fayol's response to the question of how to improve performance might be summarized as: Improve the management; train managers to plan, organize, command, coordinate, and control.

The Hawthorne studies

Like the post-World War II boom, the prosperity of the Roaring 1920s after World War I also prompted an increase in demand for automobiles, home appliances, newfangled radios and telephones, and machinery. Segments of the sport industry also benefited, as the period, often referred to as the "Golden Age of Sport," was typified by the exploits of legendary figures such as tennis star Bill Tilden, golfer Bobby Jones, gridiron great Red Grange, baseball's Babe Ruth, and boxer William Harrison "Jack" Dempsey. Dempsey, nicknamed the "Manassa Mauler," held the heavyweight title from 1919 to 1926. With the assistance of promoter George "Tex" Rickard, Dempsey's hard-charging fighting style brought boxing to unprecedented heights of popularity. More than 80,000 saw Dempsey knock out French war hero Georges Carpentier in Toledo, OH, in 1921 (with gate receipts estimated at $450,000); a throng of 125,000 were at New York's Polo Grounds to see Dempsey's second-round knockout of Argentine Luis Firpo in 1923; and another 120,000 (with gate receipts totaling $2 million, of which Dempsey's cut was $717,000) saw Dempsey lose his title to Gene Tunney in Philadelphia in 1926. When he retired after losing a rematch with Tunney in 1927 (for which he earned $450,000), Dempsey was estimated to be worth $3 million. The rise of Dempsey and the boxing industry in the 1920s is often portrayed as the keynote example of the growth and establishment of spectator sport in contemporary American culture (Kahn, 1999).

Naturally, the huge increase in demand for products and services of all kinds led to an increase in interest in understanding how to make organizations better at producing and offering them—in other words, how to improve organizational performance. In the early 1920s, the General Electric Company began advertising that better lighting in the workplace would result in increased output by workers. To support these claims, GE persuaded the Western Electric Company, manufacturer of telephones for the Bell Systems, to conduct illumination experiments at its huge Hawthorne Works in Cicero, Illinois, outside Chicago. Consistent with Frederick Taylor's scientific management approach, an experiment was designed to determine whether better lighting in a work area would result in increased worker productivity. Worker output was measured as lighting was increased and then decreased. The results of the experiment, shown in Fig. 1.4, were totally unexpected. As the lighting was increased, pro-

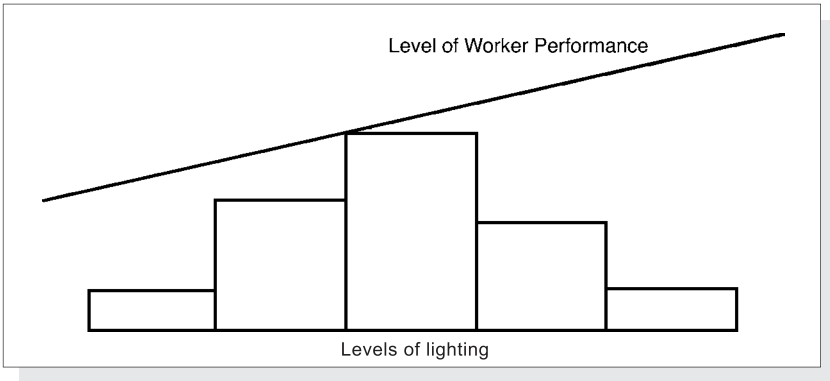

Figure 1.4 Hawthorne experiment results.

ductivity increased, just as GE had hoped. What was not expected was that even when the lighting was decreased, productivity continued to rise. In fact, productivity continued to rise until the lighting was as faint as moonlight; then productivity finally leveled off. These were clearly not the results GE was looking for, and it promptly withdrew from the experiment. But the search was on for an explanation for these surprising results.

The Hawthorne effect. To get a clearer understanding of what had happened in the experiment at the Hawthorne Works, interviews were conducted with more than 20,000 Western Electric workers. From the data from these interviewers, Harvard University professor Elton Mayo (1953) and his research team began to piece together an explanation.

According to Mayo, the workers viewed the experiments as evidence of increased management concern for the conditions of the workplace. Mayo concluded that the workers increased their productivity in response to this increased attention from management. The experimental conditions may or may not have improved the workplace, but the workers felt that at least the management was trying to do something about working conditions. The workers apparently increased their output in response to what they viewed as management's concern for their well-being. The notion that increased attention by management results in increased productivity by the worker came to be known as the Hawthorne effect.

Think about the sport of boxing. Although less popular today owing to various organizational problems in certifying championships, ranking fighters, and perennial disputes over fixed fights and felonious activities, boxing remains a viable segment of the professional sport industry. It also remains the domain of the trainer, characters like Angelo Dundee and Cus D'Amato, who prepare boxers for their matches. Is it possible that the research of Mayo and the impact of the Hawthorne effect could impact such a brutal and physically damaging activity as boxing? Trainer Teddy Atlas understands these seemingly unrelated spheres well. Atlas apprenticed with the venerable D'Amato, working with a young Mike Tyson in the early 1980s before he became heavyweight champion. Later, after threatening Tyson with a loaded pistol after Tyson made a sexual advance on Atlas' niece, he left Tyson and D'Amato and struck out on his own. Atlas, a former criminal himself, is known for taking a hard line with his fighters, because pushing someone to be a professional fighter, says Atlas, is against human nature. "The basis of nature is to survive. What I'm telling (a fighter) is against nature. I'm telling him how to be a brute and not just survive. A trainer's got to lead a fighter into a dark place, and not too many want to go" (Remnick, 2000, p. 153).

But as a trainer teaches a fighter to hurt and to not be hurt, he (and for now, there are no women) must work with the fighter intimately and get to know him physically and psychologically. Between rounds in fights, trainers also nurse their wounds, give them water, and feed and boost their psyches. This practice, fight author David Remnick writes, "this babying, is unique to boxing. Bill Parcells does not water his fullback. Joe Torre does not massage the pitcher" (2000, p. 147).

As far as the psychological aspects, Atlas takes this role seriously as well. After the eighth round in Michael Moorer's 1994 title bout with Evander Holyfield, when Moorer had the champion on the ropes but seemed reluctant to finish him off, Atlas chided his fighter with this soliloquy (Remnick, 2000):

> There comes a time in a man's life when he makes a decision to just live, survive—or he wants to win. You're making a decision just to survive. You're doing enough to keep him off ya' and hope he leaves ya' alone. You're *lying* to yourself, and I'd be lying to you if I didn't tell you that. And if you don't change you'll be crying tomorrow! Now go out there and back him up and fight a full round [p. 152; italics added].

Atlas kept after Moorer throughout the fight, stating before the final round, "Michael, in your *mind* you are doing your best. But you're not doing your best. Have I ever lied to you?" When Moorer won the bout on a split decision (Moorer would later be regarded as one of the least gifted heavyweight champions ever) and as he moved to embrace his trainer, Atlas still was not letting up, responding, "You coulda done more, Michael" [(Remnick, 2000) p. 153; italics added].

In terms of the applicability of the Hawthorne studies, then, is the realization that the impact of management is not restricted to planning and task design, as Taylor suggested, or to management principles, as Fayol suggested. Management, according to Mayo and the Hawthorne effect and as evidenced by the corner work of Teddy Atlas, pushing his fighters to excel, is every bit as powerful in its human impact as in its technical impact. The Hawthorne studies provided the first scientific evidence that management's attention to workers might have a major effect on their performance, and Atlas and other sport managers continue to bear this out. There was, however, an even more significant finding from the Hawthorne studies.

Mayo and the Hawthorne studies, along with the dynamics of boxing, provide a third (after Taylor and Fayol) critical response to the management question of how to improve organizational performance: Improve interpersonal relations on the job. It is not enough to analyze and design each task scientifically, as Taylor suggested, or to train managers to plan, organize, command, control, and coordinate effectively, as Fayol prescribed. The Hawthorne studies pointed out for the first time the importance of interpersonal relations between management and workers and among the workers themselves. Although later researchers criticized the way the Hawthorne studies were conducted (Rice, 1982), with questions raised about whether the experiments were sufficiently scientific to provide valid results, there is no question that with the Hawthorne studies, management thinking expanded significantly to include consideration of people as a key factor in organizational performance.

More recent contributions

During the second half of the twentieth century, new answers to the question of how to improve organizational performance emerged. A number of contributions to management thinking have endured, and taken together, they provide a sense of the range and diversity of ideas within the management mainstream. Five of the theories are: (1) decision sciences, (2) systems theory, (3) contingency theory, (4) Japanese management, and (5) continuous quality improvement.

Decision sciences

During World War II, there was a critical need to use scarce military resources as effectively and efficiently as possible. There were never enough personnel, aircraft, equipment, weapons, or supplies to meet the demands of all the military commanders. To aid in making the decisions about how these scarce resources should be distributed to have the greatest impact, British military technicians developed a technique called operations research.

Decisions "by the numbers." Operations research uses mathematical equations to allow decision makers to evaluate which of all the available options represents the best use of resources. For example, World War II military planners used mathematical formulas to try out all the possible ways that various numbers and types of aircraft with various ranges between refuelings could carry various numbers and types of armaments. They also factored in the probability of each type of plane achieving the target and returning safely for additional bombing runs. Thus, using all the quantitative, or numerical, information available to them, these planners were able to identify the option with the greatest likelihood of success. The U.S. military adopted operations research in the course of the war; not surprisingly, operations research was adapted to American industry after the war. It is now known as *decision sciences* (Mallach, 1994; Turban, 1990).

The impact of decision sciences is seen in all organizations. It is easy to see how such systems could be adapted to all the research and planning implemented by race teams in NASCAR, Formula One racing, and all other motor sports to achieve organizational success, but these are the more mechanized segments of the sport industries. At the most elemental level, drivers and pit crews must use similar techniques to know when pit stops must be made during the course of a race.

However, in an effort to control costs, promote driver and spectator safety, and keep competition close and fair, the management of NASCAR places certain restrictions on technological usage so that cars cannot exceed certain speeds. Although these decisions limit the actual speed of the vehicles, they actually promote organizational performance by keeping drivers, NASCAR's most valuable asset in terms of fan identity, healthy (although injuries and fatalities still occur) and by assuring that the most successful teams are not those who can simply spend the most on technology to create the fastest car. This then promotes the element of driver expertise, which further develops fan identification with the drivers. Indeed, as one observer noted, when attending a NASCAR event at Darlington Raceway in South Carolina, it is simpler to purchase a T-shirt or cap emblazoned with the number and sponsor logos of Tony Stewart, Jimmie Johnson, or Dale Earnhardt Jr. to steer clear of having to answer repeatedly the question, "Who's your favorite driver?" (Hagstrom, 1998, p. 8; http://www.nascar.com).

We discuss NASCAR and other tour sports in greater detail in Chapter 9.

Other sport organizations have also used these techniques in making decisions about how scarce resources should be distributed to have the greatest impact. Recently, certain MLB franchises, most notably the Oakland Athletics (also known as A's), under the leadership of GM Billy Beane, have placed an increased reliance on baseball's seemingly endless array of statistical analyses in their player development assessment procedures. Unlike wealthier franchises such as the Boston Red Sox, the Los Angeles Dodgers and Angels, and the New York Mets and Yankees, which, under the loose constraints of MLB are enabled to spend as much as they wish on player salaries, the A's, a franchise with much lower revenues (hence, resources), must marshal its payroll and player development costs much more carefully to be competitive with these free-spending clubs. To do so, and over the course of the last several years, the A's have been doing so successfully, the club has, by necessity, been forced to eschew traditional player evaluation techniques and the pursuit of big-ticket free agents in favor of reliance on innovative and more sophisticated statistical analyses. For example, traditional scouting of young players relied on an assessment of each prospect's "tools": his ability to throw, run, field, hit for average, and hit for power. Some scouts even believed they could predict a player's potential by the structure of his face: They called it "the good face." Other times scouts would rave about a player's physique, touting that this or that player "may have the best body in the draft." To that, Beane would respond: "We're not selling jeans here." So the A's, who could not afford the five-tool studs, needed to use their scarce resources wisely in signing guys from the rest of the lot. Beginning with former GM Sandy Alderson, the club began to investigate which tools and skills were really most critical in finding guys who could help them win games (Lewis, 2003, pp. 7, 31).

A's GM Beane was one of those five-tool guys, but he never managed to find success in the majors, so, when he opted for a career in player development, he was motivated to investigate alternative ways to predict player success (a system that is seen as successful if two players a year—out of a possible 150 in a team's minor league system—makes it to the majors), which would make the A's system more rational and, therefore, translate into more wins for the major league club. Much of the A's new methodology relied on statistical analysis, some of it simple, some more complex. A basic review of the amateur draft showed that high school pitchers were twice less likely than college position players to make it to the majors. This was a shift in thinking: from looking at a prospect and predicting his future based on what he looks like or what he might become to basing a rating of a player on what he has accomplished as evidenced by quantified data (Lewis, 2003).

But the A's were not just utilizing traditional baseball performance measurements. The franchise was among the first to look deeper into baseball's bevy of performance measurements to try and determine which statistics, both old and new, were really the most accurate in determining how a player contributed toward helping a team win. For decades experts deemed batting average, the number of hits a player got divided by official at bats, to be the most important offensive statistic. The magic number: .300, or three hits in every 10 at bats. That was what determined a real hitter. But as the A's management began to look more closely, they determined, with help from baseball statistical experts such as Eric Walker and Bill James, that the real magic number in baseball was 3, the three outs that define an inning. In terms of offense, anything that contributed toward making an out is bad, and anything that decreases the chance of making an out is good. From this simple conclusion, the A's adopted on-base percentage, or OBP (walks + hits/at bats), a concept that Branch Rickey and his statistic consultant Allan Roth had valued as the key statistic in determining a player's offensive value. Now, much like Adam Smith's task specialization, scoring runs was a process, with every player doing his part on the production line to get on base and to push runs across the plate (Lewis, 2003).

Decision sciences could also help the A's determine other player contributions. When the A's lost Johnny Damon to free agency, the departure left an offensive void at the leadoff spot in the batting order with the ability to steal bases and a defensive one in center field. Given the fact that the A's could not go out and replace Damon with a player of equal value because of cost restraints, they had to assess his absolute offensive and defensive values and determine how to best replace those values in other ways. Replacing Damon's offense, they concluded, was not so tough—his OBP of and .324 was actually 10 points below the league average, and steals were only valuable when they succeeded more than 70 percent of the time. What was more difficult to determine was the value of Damon's defensive abilities. The A's turned to AVM Systems, which calculated every ball that was hit against the A's during Damon's last season with the club and compared it with every ball hit during the last 10 years of MLB play. By totaling the outcomes of balls hit when Damon was in the field and comparing it with the major league average, the A's were able to see how many runs Damon's defense saved them. The A's were able to determine that replacing Damon with Terrence Long would cost them 15 runs during the course of a season, roughly a run every 10 games. But even the AVM approach had flaws, for it was unable to account for the distance a player traveled to make a catch or whether a player was well-positioned to make a play by the coaching staff. Nonetheless, the A's, by necessity, were looking to take the guesswork out of evaluating the merits of defense; thus, they determined that the best way to offset Damon's defense was to add more offense throughout the lineup (Lewis, 2003).

Limitations of the decision sciences approach. Decision sciences have had a tremendous impact in many sport organizations, those in which the variables and factors involved can be counted and then included in quantifiable formulas, but in the area of a manager's job involving interpersonal relations, however, decision sciences obviously are less useful. Factors such as attitudes, norms, and emotions are far more difficult to measure, and calculations involving the human factor are less reliable. In the case of the A's, even the numbers could predict only so much about how players would ultimately perform, given the personality and emotional factors, known as a prospect's "makeup," each player has demonstrated. A player with great statistics and great tools might have a drug or alcohol problem, be characterized by scouts as "soft" (not competitive enough or out of shape) or "a rock head" (not smart enough), or even be criticized as being too smart (Lewis, 2003, pp. 24–25). Although MLB does administer a psychological test that attempts to quantify these measures in prospects, the results are far less solid and assuring than the data collected from a player's on-field performance. The question of the importance of makeup is not clear, but it is true that many physically gifted athletes never meet organizational expectations, whereas less physically imposing players succeed. Billy Beane had experienced this first hand when he met Lenny Dykstra while they were both playing in the Mets minor league system. Dykstra (a scrappy 13th round draft pick, far below Beane's physical talent and draft status) and Beane were discussing the pitcher they were about to face during spring training, future Hall-of-Famer Steve Carlton, whom Dykstra had failed to recognize. While Beane ticked off Carlton's repertoire with a sincere near reverence, Dykstra shrugged it off and stated flatly, "Sh_t, I'll stick him." To Beane, the point was that Dykstra, who went on to have a solid professional career, "was so perfectly designed, emotionally, to play the game of baseball. He was able to instantly forget any failure and draw strength from every success" (Lewis, 2003, p. 46). In addition, critics argue that much of the A's recent success came not from its organizational preaching of OBP, but rather from the strength of its cadre of young starting pitchers, which has included Tim Hudson, Mark Mulder, and Barry Zito, among others.

Still, Lenny Dykstra and the A's starters aside, the decision sciences' response to the question of improving performance continues to be valuable: Convert the factors in the situation into numbers, and calculate the effectiveness of the various combinations of those factors until the optimum combination is found.

Systems theory

In 1928, biologist Ludwig von Bertalanffy introduced a theory of general systems suggesting that everything in nature is interrelated. According to von Bertalanffy (1951), every entity is part of a larger system. He pointed out that in nature, nothing is totally independent and self-sufficient. Every living organism is part of a system and is affected by what happens both within and outside that system. Management thinker Herbert Simon (1965) extended systems thought to organizations by viewing them as systems that make decisions and process information.

The importance of what is happening outside the organization. Traditionally, organizations were thought of as fairly closed systems. Organizations usually thought of themselves as mostly insulated or protected from whatever was happening outside their boundaries. Those in distinct organizations tended to think that the events most critical to their success were those that occurred inside those boundaries.

The major contribution of a systems perspective was the recognition that organizations are in fact open systems. That is, they receive input from their environment. They transform that input into output, and the output then reenters the environment, resulting in feedback that affects subsequent input, as shown in Fig. 1.5.

The systems view forces organizations to recognize that what is happening outside its boundaries does matter. As we discussed earlier in the chapter, we are a society of organizations, and when one organization falters or fails, oth-

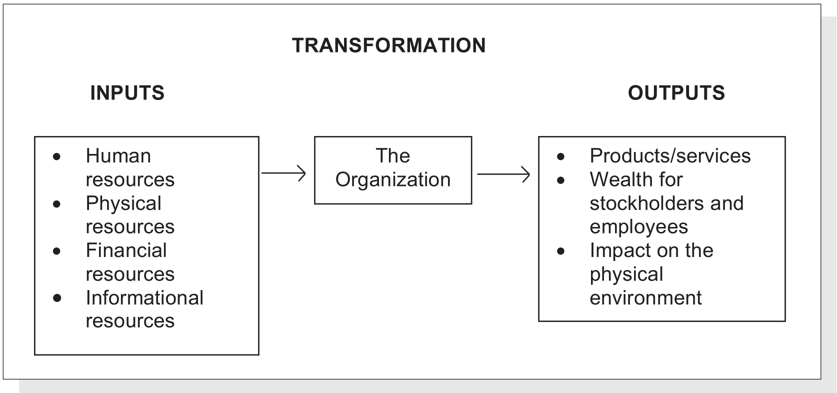

Figure 1.5 Open-systems model.

ers are almost always threatened or damaged. The example of a downturn in attendance for a professional league franchise impacting many other organizations also bears out the open-systems theory, that they can indeed be affected by immediate business trends. Changes in the social, economic, political, and technological environments are also larger scale factors, as we see in Chapter 6 when we discuss the professional league sports.

Organizations also feel the impact from the other factors discussed earlier, including the changing environment and changing performance standards. For example, bowling is the most popular sport activity in the United States, with 91 million people a year heading to their local lanes to roll a few strings. But although overall bowling participation is high, the number of league bowlers has dropped significantly in recent years. This is a red flag for owners of bowling lanes, because league bowlers consume more beer and pizza, which are high-profit areas for lanes. Why has league bowling declined? In *Bowling Alone*, his study of changes in American community involvement, academician Robert D. Putnam (2001) notes that this is a reflection of a general trend in American life, where people are less likely to be involved in public life or join civic and community groups, churches, and political parties. This also includes involvement in traditional team and sport organizations. These factors impact all sport organizations, and sport organizations cannot eliminate them by their own means or own decisions. Simon's point was that like it or not, organizations are open to the influence of their environments.

Today, successful sport organizations know they are open systems. They have learned that their environments are a key factor affecting their performance. The forms of their services and products are driven more by customer tastes and preferences than by their own. Their success in meeting customer demands is determined by many factors. Sport organizations must cultivate a workforce capable of doing the work necessary, such as certified physical trainers to teach power yoga and suppliers capable of providing affordable, high-quality materials, whether they put them in hot dogs sold at Minute Maid Park in Houston, the graphite and steel in Callaway golf clubs, or the plastics used in making Burton snowboards. An organization's success in selling its output is impacted strongly by what the competition offers as an alternative and by the overall state of the economy as well. Each of these environmental factors must be recognized and responded to in managing the organization.

No organization can be concerned simply with what is happening within its four walls. All organizations must be concerned equally with customer, community, employee, supplier, and government relations. Von Bertalanffy and Simon were right: All organizations—from the smallest to the largest and regardless of the sport industry segment—are part of a system, and anything happening within this system is happening to the sport organization as well.

Contingency theory

The search for universal or general principles of management did not end with Taylor and Fayol. The emergence of systems theory, which highlighted the many environmental variables that influenced organizations, raised the question of whether it was still possible to develop universal management principles that would apply to all organizations and all situations. Was Taylor's concept of finding "the one best way," as practiced and proselytized by Branch Rickey, still valid, given the fact that there were so many factors to be considered?

The law of the situation. Social philosopher Mary Parker Follett developed the *law of the situation* in 1928. Follett suggested that leaders would be more successful if they would adjust their style of leadership to the needs of their followers and to the requirements of the situation (Metcalf & Urwick, 1941). For Follett, there was no one best way. What was best would be determined by the situation. It was up to management to recognize what the situation required and to make the necessary adjustments.

Today, this approach is called the *contingency view*, and it is reflected in nearly every dimension of management. In terms of planning, organizations now have contingency plans, options that ensure that a plan is in place for every situation likely to be encountered. In terms of organizing, the retail hat seller Lids recognizes that shipping the same products to all stores everywhere may be effective in terms of simplifying distribution, but the management needs to listen to consumers and individual store managers and remain flexible to ensure that sales in stores in each market remain high. In terms of quality control, in some cases, apparel manufacturer Under Armour may need to inspect every product; in other cases, where manufacturing or assembly is less precise, it may make more sense to test and inspect only a statistically selected sample of the total output. The evidence is abundant: Effective organizations adjust to the situation.

Example: For a clearer understanding of the premises of the contingency view, consider the case of a college athletic department that has consistently gone over budget for several years. What can be done to balance the department's budget? First, let us consider the alternatives to contingency theory. Frederick Taylor's scientific management approach would be to examine how each coach or athletic department staff member performed his or her actual job tasks, such as recruiting or fundraising, and make them more efficient. Henri Fayol's administrative theory answer would be to train the departmental managers so they could more effectively plan, organize, and control the activities of the department and coordinate and direct the department's personnel. Elton Mayo's human relations theory would focus on the departmental staff members themselves and on improving the relationships among staffers and between staffers and department managers.

In contrast, contingency theory would say that the solution to the problem depends on the situation, and no single answer exists for how to improve the performance of the athletic department. If the problem in the athletic department is in the way the staffers or coaches are doing their jobs, overspending their recruiting budgets, or not raising sufficient revenues, the scientific management approach might be most effective. If the problem is at the director level of the department, providing management training for the directors might be the best solution. If the problem is the attitudes of the staff and the coaches, human relations theory might hold the answer.

Follett's contribution was an important one, but it is often difficult to understand what is required in situations as complex and chaotic as those that organizations in the widely varied sport industries face today. And as we will learn, it can be even more difficult to implement the appropriate adjustment because the parameters and expectations of a high school athletic department are quite different from a Division I-A athletic department, which are again very different from a Division III athletic department. And these are all organizations associated with educational institutions. We will learn more about the specifics of intercollegiate athletics in Chapter 10. Still, the challenge for management is clear: To improve performance, management must learn to adjust to the situation.

Japanese management

For most of the period after World War II, the Japanese organizational responses to the question of how to improve performance were quite different from those in America. Given the success in the automobile, consumer electronics, and steel industries, the Japanese response is one worth studying. Characteristics of this specific management style are shown in Fig. 1.6 (Athos & Pascale, 1981; Ouchi, 1981). So effective was the Japanese approach to management that in the decades after a debilitating defeat in the war, it transformed a small island nation with little natural resources into an economic power and the world's most successful trading nation.

- The use of group-based problem solving or quality circles to improve organizational performance.
- Management-labor cooperation to avoid the problems associated with conflict and labor action.
- Workers' pay tied directly to the performance of the organization.
- Specific manufacturing strategies – for example, flexible production systems and JIT (just in time) inventory systems.
- Kaizen, a philosophy of continuous improvement of the products and the processes of the organization.

Figure 1.6 Characteristics of the Japanese management system.

A question of culture. For many years, critics questioned the usefulness of attempting to import Japanese management to American organizations. Some theorists, researchers, and even practicing managers were convinced that Japanese management worked well in Japan because it was Japanese.

They felt that the Japanese approach to management could not be as effective in America, partially because the long history of bad feelings between management and workers in the United States would not permit the kind of labor–management cooperation that is at the heart of the Japanese system. They pointed to the even longer history of American emphasis on individual rather than group achievement: the pioneer, the cowboy. In sport, it began with individuals like boxer John L. Sullivan, "the Boston Strongboy," the first nationally known sports star. It has since evolved into the notion of the superstar, with the figures of the 1920s mentioned earlier, to include many of the major figures discussed throughout the text, to the superstars and notable personalities of the first decade of the twenty-first century, such as Terrell Owens, Tiger Woods, Serena Williams, Andy Roddick, and Lance Armstrong. The pundits argued that in a culture that focuses as much attention on the accomplishments of individuals as Americans do, the kind of teamwork required under the Japanese system would be all but impossible to achieve. These were certainly legitimate and not entirely incorrect concerns, but Japanese management actually reflects the influence of American management thinkers such as Peter Drucker, W. Edward Deming, and J. M. Juran as much as it does Japanese thinking. Furthermore, many aspects of Japanese management have become commonplace in American organizations. One, in particular, is the concept of employee work teams. U.S. organizations are increasingly implementing work teams, where such teams are used not just for solving problems, as they have been in Japan, but for the design, engineering, production, and marketing of new products. As we see in Chapter 7, much of the best work done in sport agency firms is based on this model of groups working together in the areas of contract negotiation, client marketing, and financial services to best serve all clients.

The Japanese response to the question of how to improve organizational performance—to create an atmosphere of cooperation in the organization, design more effective organizational systems, and constantly seek to improve the people, the process, and the product—has come to be viewed as effective enough that its elements are now in place in sport organizations and within the mainstream of management systems throughout the world.

However, as the U.S. economy boomed in the 1990s owing to advances in information technology and what Federal Reserve Board chairman Allen Greenspan called "irrational exuberance" in these technology-related stocks, the Japanese economy felt the pressure of this competition and encountered an extended period of recession. This has strained the effectiveness of the worker–management relations in Japan: Many companies that once promised employees jobs for life have been forced to lay off and terminate workers. This has served to cast doubt on whether Japan's corporations can maintain a strong sense of worker–management partnership.

Continuous quality improvement

Earlier in the chapter, we emphasized increased quality as one of the new standards for sport management. Global competition requires that a sport product or service be of world-class quality if the organization producing it is to succeed. Recall the issue of Olympic host cities discussed earlier in the chapter. One factor in determining a quality host bid was the relative proximity of venues for ease of travel for athletes, officials, coaches, and spectators. The message was that quality is important, but the other factors described, speed and flexibility, innovation, sustainable growth, and integrity, made quality only part of the equation toward ensuring success.

Deming's program for quality improvement. To achieve an organization that is consistently producing high-quality goods and services, Deming (1982) recommended a 14-point program. Figure 1.7 lists some of the key elements of his program.

Not surprisingly, Deming's response to the question of how to improve the organization's performance is similar to the response of Japanese management: Focus on quality, continually seek to reduce the variability that is the cause of a lack of quality, and engage the entire organization in seeking to build quality into the process.

Learning organization. An extension of the continuous improvement approach to management is the concept of the learning organization (Senge, 1990). This approach integrates the principles and practices of continuous improvement with an emphasis on continuous employee learning and

- Require a commitment by the entire organization to improve quality.
- Advocate leadership by management to bring about changes toward improving quality.
- Eliminate the need for inspecting every product by building quality into the product from the beginning.
- Break down the barriers between departments. Solve problems through teamwork.
- Constantly seek to permanently improve the systems of production and services.

Figure 1.7 Key elements of Deming's 14-point program.

development. That is, a learning organization works to facilitate the lifelong learning and personal development of all of its employees while it transforms itself to respond to changing demands and needs. Facilitating lifelong learning involves constantly upgrading employee talent, skill, and knowledge. The A's, through their use of new and innovative methods to evaluate player value, showed that they were not afraid of examining and implementing new methods, even if the majority of talent evaluators throughout baseball thought they were wrong. A's GM Sandy Alderson was a lawyer with little baseball knowledge, but he was organized and willing to listen to all sorts of ideas about how baseball worked. Alderson soon observed that many traditional moves made by the manager in the dugout—the bunt, the steal, the hit, and run—were done because they were the safe and expected thing to do. "They don't get criticized for it," he said. Beane carried this learning approach forward during his tenure, using data to contradict the traditional view of scouting, taking players in the draft at which other teams snicker, following statistical trains of thought viewed as heretical by the baseball establishment. But to be a learning organization meant the ability to court heresy, and in the observations of A's chronicler Michael Lewis, "Heresy was good: heresy meant opportunity" (2003, pp. 57, 128).

In answer to the question of how to improve performance, advocates of the learning organization approach emphasize solving problems and changing to meet demands and needs by focusing on learning. This involves learning from organizational experience and history, learning from others (benchmarking and customer input and feedback), and ensuring that the newly acquired ideas and skills are transformed into superior organizational performance. Alderson and Beane were not afraid to learn, and their learning transformed the A's organization into a learning one as well.

- **Decision sciences**: Use mathematical and statistical models to decide on the best patterns and uses of an organization's resources.
- **Contingency theory**: Adjust the management approach to match the requirements of the situation.
- **Systems theory**: Recognize the importance of factors and events occurring outside the organization and in the surrounding environment.
- **Japanese management**: Emphasize cooperation and continuously seek to improve the people, process, and the product or service.
- **Continuous quality improvement**: Focus on quality. Engage the entire organization in identifying and eliminating the sources of problems with quality.
- **Learning organization**: Facilitate the lifelong learning and personal development of all employees while continuously transforming the organization to respond to changing demands and needs.

Figure 1.8 Recent contributions to management thinking.

These recent contributions to our understanding of management (shown in Fig. 1.8) will certainly be followed by others. In the field of management, it is clear that managers will continue to innovate and experiment with new approaches to make organizations more productive. The search will continue for more effective answers to the question of how to improve performance.

Summary

Organizations are groups of people working together to accomplish what they could not achieve separately, and management is responsible for the performance of an organization and the organization's achievement of its goals. Sport organizations do not exist as separate units; they are interconnected. They are an integral part of a network of stakeholders, and whenever a sport organization fails to meet its performance goals, this entire network is threatened. For these reasons, management in sport organizations has never been more important. Management of sport organizations has become more challenging in the twenty-first century. The changing environment, the world that surrounds organizations, is marked by a new variety and intensity of domestic and international competition and the changing performance standards of quality, speed and flexibility, innovation, and sustainable growth.

Management is not a recent practice, and humans have been engaged in activities requiring management for millennia. Certainly, many of the achievements of ancient civilizations and the developing sport industries required the type of coordination we would deem management. At the time of the Industrial Revolution, a formal train of management thinking began to emerge. From the late 1700s to the early 1900s, Adam Smith, J. B. Say, Robert Owen, and Albert Spalding all made contributions to our understanding of how to improve performance.

It was not until the twentieth century, however, that organizations were systematically studied to understand how performance might be improved. The scientific management approach of Frederick Taylor, as practiced by Branch Rickey, first recognized management as a separate and professional set of tasks within an organization. The elements of management defined by Henri Fayol provided a description and agenda for Taylor's professional manager. Elton Mayo and his research team at the Hawthorne Works, as implemented by Teddy Atlas, concluded that in improving performance, the interpersonal relations within the organization are a factor that must be recognized. From these contributions, the stream of management thinking finally gained impetus and momentum, and although these were not the only contributions of the period, they were certainly among the most important.

Since 1950, there has been a steady flow of significant contributions to our understanding of management. Decision sciences, a tool developed during World War II, converts factors of organizational concern into numbers, allowing managers to calculate the results of various options before implementation. Systems theory considers the sport organization as part of a larger system. To improve performance, sport organizations must improve their relations with every element of the system in which it operates—with customers, employees, suppliers, the government, and society at large.

Contingency theory is similar to systems theory in that it provides a way of thinking about management rather than a specific management tool. Contingency theory recognizes that there is no "one best way" to manage. To improve performance, management must understand what the situation requires and then find a way to meet the needs of the situation, whether in the area of planning, organizing, or leading. Management must adjust to what the situation requires.

Japanese management is a combination of specific management practices, some of which focus on the people in the organization, some on production and the product. In either case, in the constant effort to improve performance, the emphasis on Japanese management stresses cooperation and continuous improvement of both the people and the operational process.

There has been the expanding influence of the idea that improving performance goes hand in hand with improving quality. According to Deming, real improvement in organizational performance only becomes possible when management fully commits to the very difficult transformation necessary to make quality an organization’s number one priority.

Finally, the concept of a learning organization is one that recognizes the need for continuous quality improvement; organizations must constantly upgrade employee talent, skill, and knowledge.

Management exercise: Lucy Reyes and Camp Wauvus—which theories apply?

Upon successful completion of her junior-year undergraduate sport management course work and having worked for two summers as a councilor-in-training (CIT) at a nearby general activity summer sleepaway camp for girls, Lucy Reyes accepted the position of coordinator of land sports at Camp Wauvus, located on Kirby Lake in the forested wilds of northern Wisconsin. The camp, a collection of small lakeside cabins and larger log buildings, is open from the last week in June through the third week in August and serves girls aged 8 through 14 years, most of whom are from tony suburban towns outside of Chicago, Milwaukee, and Minneapolis–St. Paul. Some girls attend for the whole summer, some for two weeks, and others for various periods. Lucy had attended the camp for two years as a kid and had loved it, although it was half a continent away from her home, the Portage Park neighborhood of Chicago. Her father had attended a nearby boys camp, Camp Booker, as a child and wanted to give Lucy a similar summer experience, away from the summer heat and smog of the city. She remembered when she first arrived being grossed out by the swarms of black flies and mosquitoes that dive-bombed her face when she got off the bus and being freaked out by how dark it got at night, so dark she could not see her hand in front of her face, so far from city lights. But she grew to love the place, and her fondest memory was of sitting by a campfire by the lake’s edge just after sunset, with loons laughing far across the lake, when the chilly air crept off the water, causing the campers to inch closer to the crackling flames. It was during one of those moments, with that so dark night and sky filled with stars and lightning bugs, when she had decided that she wanted to go college to study how to get a job so she could do this forever.

During the week-long staff orientation, Lucy learned that she would be responsible for coordinating and staffing the many land sport activities campers would be involved in during each day, including archery, softball, basketball, lacrosse, tennis, and ultimate Frisbee. As a CIT, Lucy had been responsible for softball and basketball (which she had played in high school), but had little experience with the other activities. She had also studied her fellow CITs—some, like her, were loving the job and looking forward to the day when the camper buses arrived in a few days, but others were slackers, looking to do as little as possible to rest up for their nights off when they could drive into town and get hammered at one of the tourist bars. Usually, two or three a year would get fired for basic laziness or drunk driving, and as Lucy surveyed the bored and sleepy looks on some of her staff, she could tell this year would be no different. It was one thing to screw around during basketball or ultimate Frisbee, she thought, but do that during archery or lacrosse and kids would have to be airlifted to the hospital a half-hour away. Like many camps, Wauvus also had a fair number of foreign workers from England, Australia, Germany, and Sweden. Like Lucy, they were students, looking to work and experience life in the United States. Lucy liked the foreign kids—there was no problem with language, they worked hard, and she liked learning about their native countries and customs—but sometimes they got frustrated and quick-tempered with the campers, who had the tendency to be coddled, whiney, fairly unathletic, and more worried about their looks and their clothes than getting sweaty and dirty on the playing fields.

Lucy had been the assistant coordinator last year and had already formulated some ideas about how to run the program at Wauvus (she had even done a research project on camp management as part of one of her sport management classes). Now that she had met her staff and been presented with the programs and the profiles of the campers, she was ready to put some theories into practice. For each statement provided, indicate the management perspective Lucy appears to be utilizing or considering.

Statement	Decision sciences	Systems theory	Contin-gency	Japanese manage-ment	Quality
1. To determine the required number of CITs for each activity, Lucy has examined the total number of campers in attendance each week, and examined what skills needed to be mastered, and the relative physical dangers associated with each activity.					
2. Lucy is developing a specific training program for the land sport CITs in archery and lacrosse. She will personally supervise their performance each week. She sees no need to provide additional training or special supervision for the basketball, tennis, or softball CITs because of their relatively higher experience levels.					
3. Lucy has found that only a few girls have expressed an interest in softball and ultimate Frisbee and is considering discontinuing these activities.					
4. Lucy is assigning the more experienced and motivated CITs to a work team to create some alternative activities to replace softball and ultimate Frisbee.					
5. Lucy feels the best way to get the girls involved in the activities is to create intercabin competitions, with the winning teams earning special prizes and recognition.					
6. Lucy has begun an in-depth review of other nearby camps to compare activities, facilities, and staffing procedures.					

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2

Globalization, ethics, and the sporting goods and athletic footwear and apparel industry

Introduction

This chapter deals with three of the issues that have gained priority as organizations move through the twenty-first century: globalization of sport, social responsibility and ethics, and diversity. Each represents an important challenge to management. The chapter also introduces the sporting goods and athletic footwear and apparel industry segments and illustrates some of the specifics of this segment within the context of the managerial challenges just listed.

Check the stats

Purpose: To provide equipment, apparel, footwear, and associated products for consumers.

Stakeholders: Apparel and footwear manufacturers, consumers, retailers, stockholders, organizational employees, sport organizations that enter licensing agreements.

Size and Scope: Reebok, which has an exclusive agreement with the NFL for on-field apparel, has seen its clothing sales increase by 70 percent to $1.3 billion since signing the deal in 2001 (Aoki, 2004; Weisman, 2003).

Industry footwear and apparel leader Nike will spend $1.634 billion on athlete endorsements through 2008. The total expenditures include deals with NBA stars LeBron James ($90 million) and Carmelo Anthony ($20 million) and tennis diva Serena Williams ($60 million) (Mullen, 2004).

Governance: The Sporting Goods Manufacturers Association (SGMA) serves as the trade association for over a thousand manufacturers, retailers, and marketers. Its stated purpose is to support its members to promote “a healthy environment for the sporting goods industry by providing access to insight, information, influence, and industry connections” (“SGMA overview,” 2006).

Inside look: if the shoe fits (and looks good and is priced right)

Stop reading and look down at your feet. If you have shoes on, what kind are they? Athletic footwear? What kind? Basketball shoes? Cross-trainers (by the way, what exactly does cross-training mean)? Hiking shoes? Or something else entirely? What brand? Chances are, if you are wearing athletic shoes, they were made by one of the following companies: Nike, Adidas, Reebok, Puma, or maybe even New Balance. After you are done reading this, go out and make a note of what everyone else you see is wearing. Then, make a note of who is wearing what. This is not a frivolous undertaking. This identification of buyer segments is critical information to managers in the sporting goods and footwear and apparel industries. Eric Liedtke, director of footwear marketing in the United States for Adidas, underscores this as he paces around his office, scribbling a plan of attack on a whiteboard: "Adidas needs to understand exactly what people want from us. Our designers used to make a $75 running shoe, or a $100 basketball shoe without any clear picture of who would be wearing it." Liedtke knows that the future of Adidas, and any sport organization for that matter, hinges on how well they know their customers, and the company has created descriptive categories for the types of customers Adidas hopes to capture, including "Core Letterman" ("the true-blue, white suburban high-school athlete, age 16–24, who don't like people to think they're too cool"), "Contemporary Letterman" ("the high school athlete who still cares about the ladies and hooking up"), "Aficionado" ("the African-American kid who likes brand new $100-plus basketball shoes"), and "A-Diva" ("'Sex and the City' goes to the gym") (Stevenson, 2003, pp. 29–30). Do any of these descriptions fit you? If not, or even so, you might be wearing Nikes, the international athletic footwear sales leader that owns 40 percent of the market. The brainchild of Phil Knight, Nike began as an offshoot of Knight's original Blue Ribbon Sports Company. Nike built its reputation on the concept that technologically advanced athletic shoes would be considered cool, even if the technology had nothing to do with the way consumers actually used the shoes. By 1980, Nike had pulled in $269 million and replaced Adidas as United States's top sneaker. Although Nike temporarily lost its top ranking to Reebok in 1986, the advent of the *Air Jordan* and *Bo Knows* marketing campaigns in the late 1980s propelled Nike back to the top, and Nike was a $2-billion company by 1990. For fiscal year 2005, Nike claimed revenues of $13.7 billion. Nike has branched out far beyond shoes, now selling apparel and headwear and is rapidly expanding its reach into sports where it has not been strong before by purchasing Bauer (ice hockey), Cole Haan (dress and casual shoes), Converse, and Hurley International (action sports and teen lifestyle apparel) to meet these goals. However, in 2005, Adidas purchased fellow Nike-chaser Reebok (based in Canton, Massachusetts) for $3.8 billion, giving the newly combined company 25 percent of international sales (with projected revenues of $11.1 billion) (Abelson, 2005a; Katz, 1993; "Nike Reports," 2003; Stevenson, 2003).

But Nike's stranglehold on the market has slipped recently, in large part due to the price and look of their shoes. Some customers have been migrating to Puma, a German company that was close to bankruptcy in the early 1990s but has rebounded using the fashion approach: old-school, low-tech, "athleisure" shoes. According to Puma brand manager Antonio Bertone, "the only thing that reliably stimulates someone to buy is aesthetics. The way the shoe looks" (Stevenson, 2003, p. 32). However, a survey conducted by the Sporting Goods Manufacturers Association (SGMA), an industry trade group representing the interests of 1600 organizations involved in this industry segment, lists "price" as the most important factor for sport apparel buyers, followed by "fit and comfort" and "quality." Being "made in the U.S.A." ranked as the fifth most important factor (SGMA, 2001) (website: http://www.sgma.com/).

Fashion is an undeniable part of the market, however, and more and more companies and retailers are creating new options for consumers who are increasingly discriminating. Vans, the longtime staple of surfers and skateboarders, had constructed a website that allows consumers to custom design from 18 colors and 8 patterns the elements on its best-selling slip-on and "Old Skool" models. The company sells an average of 45 such customized pairs a day. There are also numerous retailers specializing in specialty and fashion brands and models, from concepts stores, sneaker freak retail spots such as Fight Club on Greene Street in Manhattan (where new, unique, discontinued, vintage, and collectible models are sold for as much as $2000), and exclusionary stores with security guards to something as unique as the Nike iD Lab, a private design studio dedicated to helping designers, athletes, and celebrities create one-of-a-kind shoes. Said James Jebbia, who runs several Supreme stores, which sells high-end skateboard culture clothes, "We're not trying to make stuff for the masses," but rather for "the few who know what's up" (Haskell, 2004; Kuczynski, 2006; Silva, 2005; Walker, 2006).

Others, maybe you and probably your professors, have been buying New Balance, which has staked out the territory of no-nonsense shoes that fit. New Balance is a privately held company headquartered in Brighton, Massachusetts. In the wake of the up-and-down performance of companies such as Reebok and the recent demise of longtime industry stalwarts Starter and Converse, New Balance has increased its sales steadily. New Balance benefited from the running boom of the 1970s, with sales growing from $200,000 annually to $80 million, and found a niche with middle-aged and older consumers who were more concerned with performance than fashion. After a few failed attempts at taking on Nike and becoming a flashy and "cool" brand to attract a bigger share of the market, New Balance chairman and CEO Jim Davis said a lesson was learned. "If we try to be like everyone else, if we try to stress fashion over quality or marketing over performance, we won't be successful," he said (Denizet-Lewis, 2001, p. 129). This sustainable growth approach, as outlined in

Chapter 1, has allowed New Balance to retain its core market, and also because of its focus on quality, other consumers have discovered the brand, thus boosting sales. Even with this controlled focus, New Balance's domestic footwear sales reached $xxx million in 2005, with another $xxx million in domestic apparel and international sales. These figures surprised industry experts and company executives alike. The company learned that the right target is sustainable growth, growth at a rate and to a size that will serve the organization well regardless of the conditions (website: http://www.newbalance.com/).

But New Balance has grown substantially during the past few years by, in the words of Katherine Petrecca (personal communication, June 26, 2006), marketing promotions manager for four New Balance product lines (basketball, cross-training, kids', and tennis shoes), selling the product to what she calls "high-frequency users." New Balance has also created a niche by providing footwear with extensive width sizing (the company's research shows that it is the brand most associated with providing fit and comfort) and has done this, the company states, through a commitment to domestic manufacturing (the company employs more than 1600 workers at manufacturing facilities in Massachusetts and Maine) and leadership in technological innovation. In 2005, the company sold close to 40 million pairs of shoes, including 6 million pairs of running shoes, 4.6 million pairs of cross-trainers, 3.4 million pairs of walking shoes, and 8 million pairs of "classics" (leisure and fashion). The company has also assiduously avoided the use of high-profile athlete endorsers, the complete opposite approach from Nike, which struck gold with Michael Jordan and continues to spend millions on similar deals. For a while, New Balance even used the positioning statement, "Endorsed by No One" in its advertising campaigns. New Balance has also partnered recently with lacrosse product manufacturer Warrior in creating a cleated shoe for that sport, gaining access for the company to a new and growing market.

So these are the choices we face when we head to the mall or to one of the big box stores to buy our next pair of athletic shoes. And all the sellers of these shoes want to know what we are thinking when we choose one pair over all the others. What you want may be completely different from someone else who might look and act a lot like you. According to writer Seth Stevenson, he bought New Balance "because I found a decent price, because I liked they way they fit, because I liked the way they looked and perhaps most important, because of whatever the New Balance brand means to me" (2003, p. 31). That may seem like a simple formula, but there are lots of blank values in there that need to be filled in.

Historical perspectives

According to Hardy (1997), an analysis of sport products reveals its triple commodity nature: the activity or game form, the service, and the goods. Hardy defines *sporting goods* as the physical objects necessary for the game form. The development and sale of such goods will serve as the focus of this chapter. The sporting goods industry has a long history, and the segment that encompasses equipment, apparel, and footwear, and licensed products, those items of clothing or products bearing the name or logo of a popular collegiate or professional sport team, has been around for a comparatively shorter period and comprises a specialized subset of the sporting goods industry. These areas produce revenues in the billions of dollars worldwide and are the third highest source of domestic revenue for major sports properties (Adams, 2003).

As we learned in Chapter 1, J. B. Say created the term *entrepreneur* to describe those who created ideas for better uses of existing technology, and the early sporting goods industry in the United States is replete with entrepreneurial innovation, such as those of Albert Spalding. But as early as 1811, George Tryon, a gunsmith, began to carve out a niche with people interested in sport. After expanding into the fishing tackle business, Tryon's company became a major wholesaler of sporting goods east of the Mississippi River. In the late 1840s and 1850s, Michael Phelan and John Brunswick each had established production of billiards equipment. Brunswick, a Swiss immigrant, established billiard parlors across the country (the first in Cincinnati in 1845) and by 1884 had merged with its two largest competitors, creating a $1.5-million operation that was larger than all of its competitors combined. Brunswick hired professional players to compete in sham but well-publicized tournaments, and the approach was so successful that the social elite purchased ornate tables as status symbols and held billiard "teas." The company moved to bowling in the 1890s and promoted the sport and the business by recruiting city and state champions for its traveling all-star team and by sponsoring Polish music radio programs to attract the large number of Polish bowlers (as well as to promote it fledgling recording division). Hillerich and Bradsby began in 1859 as a wood-turning shop in Louisville and expanded to baseball bat production in 1884. Former professional baseball player George Wright, along with partner H. A. Ditson, operated Wright & Ditson beginning in the late 1880s. In 1888, Rawlings began its operations in St. Louis, MO, promoting itself as offering a "full-line emporium" of all sporting goods (Gems, 1997; Hardy, 1995; "The Great," 2003).

The twentieth century saw continued developments in the industry as consumer demands continued to grow. In 1903, Harvard football coach Bill Reid devoted many pages in his diary to his efforts in working with local merchants to design and manufacture equipment and pads to protect his players (Smith, 1994). Half a century later, after a 1953 game in which Browns's quarterback Otto Graham got a cut across his face requiring 15 sutures inside his mouth to close the wound, Cleveland Browns head coach Paul Brown (yes, the team was named for him) worked with equipment company Riddell to design a facemask to protect his players. Brown said to Riddell designers, "Give me something that will fit across the front of a helmet and will be about as big around as my little finger, with tensile strength. I want so it can withstand a stray foot, or a deliberately thrown fist or elbow…but keep it light enough to weigh less than an ounce." The designers came up with the BT-5 (the BT stood for "bar tubular"), a single gray bar composed of rubber and plastic, the first facemask to be mass produced. Brown also had a contract with Riddell that paid him a royalty on every mask sold, earning him millions during the next decades (MacCambridge, 2004, p. 86).

The SGMA was founded in 1906, as intercollegiate football leaders and athletic equipment manufacturers sought to make the sport safer and less violent. In 1910, the Everlast Company was formed in the Bronx to manufacture boxing equipment such as protective headgear, gloves, and mouth guards (the company continues to make 90 percent of the world's boxing gloves). In the 1920s, a number of famous sport personalities began to endorse sporting goods products, including Knute Rockne, Honus Wagner, and Nap Lajoie. In the 1940s, there was a retrenchment in spending on sporting goods, but after the Korean War in the 1950s, as prosperity returned to the country, spending on sporting goods increased. Tennis greats Fred Perry and Jean Rene Lacoste (Izod) helped launch the fashion sportswear segment in the 1950s. In the 1960s, imported products arrived in greater numbers in the American market, especially Japanese baseball products. In 1976, the first meeting to explore the possibility of forming a world SGMA took place in Cologne, Germany. The 1970s also brought increased recognition of product liability and injuries associated with sports equipment. This recognition engendered in teachers, coaches, and administrators increased concern for risk management. In the 1980s and 1990s, the industry experienced the emergence of several industry giants, most notably Nike and Reebok, and there has been continuing growth as products and consumer demographics have become more diverse (Lidz, 2004; O'Brien, 2002; SGMA, 1995).

Globalization of sport

Sport organizations in every segment are increasingly becoming more global in scope and trying to expand sales and market shares internationally. Consider that the population of the United States is approximately 300 million, much larger than that of the United Kingdom. But even the population of the United States is dwarfed by that of China (1.254 billion). This means that one in every five people on the planet lives in China. In addition, the growth in the population in the United States is virtually stagnant, whereas China's population is expected to grow by 3 percent during the next 20 years. That is a pretty attractive market into which an American sport organization could tap, especially because fewer than 1 in 20 persons lives in the United States, and little or no increase is expected (Butler & Loth, 1999).

Organizations pursuing global markets

American companies also are attempting to capitalize on overseas sales because American markets are becoming saturated. The competition for the sport enthusiast's dollar is fierce. Americans are sport-oriented and have money to spend on sport-related items, but there is intense competition for the sport and entertainment dollar, and the average American will only spend so much per year on sport services, products, and merchandise. Thus, one of the best ways for most companies to achieve their increased sales targets is to broaden their product distribution. For example, companies such as Nike and Reebok expect to get more than half of their sales from markets outside the United States.

Participation in the international marketplace can be viewed from two perspectives: (1) organizations looking to sell their products to this broader marketplace and (2) sport leagues looking to spread the popularity of the sport overseas. Lizandra and Gladden (2005) identify five ways for sport organizations to expand internationally: broadcasting, licensing and merchandising, playing exhibitions and formal competitions, the marketing of foreign athletes, and grassroots programs. *Licensing* is "a contractual method of developing and exploiting intellectual property by transferring rights of use to third parties without the transfer of ownership" (Sherman, 1991). The "third parties" in this instance are the licensees, the companies that manufacture these products, which hold licenses to manufacture and sell products bearing the logos and marks of professional and amateur sport entities. The licensors pay a percentage royalty to the licensee on wholesale product prices as well as an up-front fee to secure the license. As noted earlier, companies can achieve overseas sales in many ways. Licensing is not the only option. Each form of global participation has advantages and disadvantages. Effectiveness in managing the global challenge begins with understanding the nature of these options (Fig. 2.1).

The Approach of Professional Sports Leagues

In professional sports leagues, a for profit branch of the organization generally referred to as a "properties division" administers licensing programs. Properties divisions approve licensees and distribute licensing revenues equally among league franchises. Properties divisions usually handle marketing and sponsorship efforts as well. League properties divisions also create mechanisms to police the marketplace for unauthorized use of marks and logos.

Other Sports Organization Licensing Programs

Many sports organizations, including the US Olympic Committee (USOC) and the U.S. Tennis Association, also act as licensors to generate income and awareness. Section 110 of the Amateur Sports Act of 1978 grants the USOC the right to prohibit the unauthorized use of the word *olympic* for the trade purposes (Bernstein, 1997). The USOC Licensing Program returns 82.7 percent of proceeds from sales of Olympic merchandise back to athletes through funding of training programs and athlete grants and services.

Licensing Agencies

Some colleges and universities, smaller professional leagues, tournaments, and events hire independent companies to run their licensing operations. These firms serve as "middleman" for the smaller leagues or individuals in lower-profile nonunionized sports that lack the resources to maintain effective licensing operations, and work for a percentage (as high as 35 percent) of gross revenues from the retail sales. These organizations operate much like league properties divisions and implement much of the same protocols.

Players' Unions

Players' union also administer licensing programs to increase revenues for their players and the union itself. These revenues can be a significant source of income for the union and its members. The same principles identified above that boost licensing as a significant revenue source for sports organizations—making the sports product more tangible, allowing the user to exhibit his or her support and involvement with the sports organization and with other fans—are also applicable to union licensing programs. However, players' union licensing efforts seek to create brand awareness less with the established recognition and interest of team colors and logos, but rather through fan identification with specific individual or group of athletes.

Licensing in Individual Professional Sports

While players' unions handle the bulk of licensing agreements in professional team sports, athletes in individual professional sports, through their agents and advisors, usually handle licensing agreements on their own. While this makes licensing money more difficult to attain for lesser-known individuals, as with commercial endorsements, the potential exists for highly recognizable individuals to earn significant licensing revenue over which they have more control than do most athletes in professional team sports. Nowhere is this more true than for well-known drivers in NASCAR, where the top drivers earn more in licensing than from their racing salaries or winnings. Before Dale Earnhardt's death in 2001, sales of Earnhardt's licensed products (including the most popular products, apparel, diecast cars and trading cards) reportedly accounted for 40 percent of NASCAR licensing sales, totaling $50 million (Hagstrom, 1998).

However, following his death, the sale of Earnhardt licensed products, including a new line of memorial products, continued to boom, reaching $60 million in 2001, In addition, over 14,000 other Earnhardt collectibles were for sale on the online auction site eBay (nearly 10,000 more than Michael Jordan items), including a $7,000 limited edition 59" tall Snap-On tool box and a $120,000 1996 Chevrolet Camaro Z-28 SS (one of three made) (Weir, 2001).

Licensing means money for extreme sports athletes as well. Skateboarding icon Tony Hawk earns $1.5 million annually for licensing agreements with companies that produce video games, action figures, equipment, and apparel, while BMX biker Dave Mirra earns $1 million (Williams, 2001).

Figure 2.1 Forms of licensing organizations.

Global sourcing

One of the most basic forms of global involvement occurs when a business turns to a foreign company to manufacture one or more of its products. This practice is called *global sourcing*, because the company turns to whichever manufacturer or source around the world that will most efficiently produce its products. Companies that engage in global sourcing take advantage of manufacturing expertise or lower wage rates in foreign countries, and then they sell their products either just in their home market or in markets around the world.

This approach is common in the clothing and footwear industries, for example, where companies in countries such as Mexico, China, and Malaysia have much lower production costs because workers are paid at much lower wage rates than American workers. The foreign producer or source manufactures the product to a particular company's specifications and then attaches the company's label or logo to the product.

Nike, Reebok, Benetton, and Banana Republic are examples of companies that do a great deal of global sourcing. The Gap is the only major U.S. apparel retailer that manufactures all of the products it sells (Riddle, 2001). However, these practices have gotten manufacturers such as Nike into trouble because of poor working conditions and low wages paid to workers in Vietnam, China, and Indonesia. New Balance uses global sourcing, but unlike Nike and other competitors who do no shoe and apparel manufacturing in the United States, New Balance assembles 25 percent of its footwear in U.S. factories (by comparison, 60 percent of the world's footwear is manufactured in China; Riddle, 2001). At one plant in Lawrence, Massachusetts, 220 workers operate high-tech machines and make $14 an hour, versus the $65 a month Nike pays workers in Indonesia. New Balance employs only approximately 2400 workers worldwide, whereas Nike employs approximately 500,000 factory workers globally ("Boston by the Numbers," 2001). To be termed "made in the U.S.A.," New Balance has determined that 70 percent of the cost of the shoe has to be spent in the United States, with other shoes assembled domestically from components from China. According to Petrecca, this domestic assembly allows the company more freedom in terms of shoe design, and New Balance would like to manufacture more products domestically because "some customers see this as a positive product attribute and like to support those companies that manufacture products domestically, but the cost of doing so would make our products too expensive."

Most companies rely on global sourcing for increasing both international and domestic sales, because companies like Nike, which makes all their shoes in Asia, are looking at the ability to then sell the shoes made there to local consumers as the local economies continue to boom and incomes continue to rise. This gives Nike and others a potentially significant advantage in reaching these future consumers. In support of these efforts, Nike also embarked on endorsement deals with emerging Chinese athletes, including female tennis phenomena Peng Shuai and Li Na, whereas Reebok countered by signing up hoop star Yao Ming). The Chinese hope the support from Nike will help bolster the country's performance in the upcoming 2008 Beijing Summer Games (Kaplan, 2001).

Exporting

Another common form of participation in global markets is exporting, the practice of selling goods or services produced in one country directly to customers in foreign markets. Most major corporations use exporting as part of their overall mix of global strategies, but for small businesses, exporting usually is the only global strategy, because it represents the most direct form of involvement in global markets. Exporting allows a small business to participate in global markets by finding a means or channel through which it can distribute its product in the foreign market.

The advantage of exporting over other kinds of global involvement is greater control over the quality of the product as well as receiving the full share of profits. The complicated aspect of exporting is that it often requires the assistance of local agents or local representatives with expertise in how to best gain entry and acceptance in their country's markets. New Balance currently exports much of its manufactured products around the world.

Local assembly and packaging

Sometimes, trade restrictions in a foreign country prohibit the direct import of some large products, such as automobiles or large pieces of machinery or equipment. To enter markets with these kinds of restrictions, a company ships major components of the finished product to a company-owned facility in the foreign country for final assembly. This is the approach taken by Honda, Toyota, and other foreign car manufacturers doing business in the United States. Major components, such as the engine and transmission, are manufactured in Japan or Europe and shipped to the American facility for assembly of the finished automobile. Although this approach can be more expensive than exporting a final product to a foreign market, trade restrictions in that market may leave no other alternative for gaining access to that market. New Balance uses this approach through global sourcing for much of its international sales, but does use local domestic assembly. The company sees this as a positive approach to corporate responsibility, which in turn influences certain buyers to purchase New Balance products because they support domestic jobs and do not exploit foreign workers to the degree that other companies do.

Joint venture/strategic alliance

One of the more complex levels of participation in global markets involves a company from one country pooling its resources with those of one or more foreign companies. Sometimes, the joint venture is necessary as a result of laws in foreign countries prohibiting a company from another country from owning more than 49 percent of a business in the host country. Other times, these agreements provide faster entry into a marketplace.

In other cases, called *strategic alliances*, the purpose of the partnership is to take advantage of particular expertise or other resources in the foreign companies. Both joint ventures and strategic alliances represent highly complex approaches to participating in the global marketplace. Achieving effective overall management of a shared-ownership venture with companies from different countries is challenging but works well when both parties have a strong need for the venture or strategic alliance. New Balance currently has joint venture agreements in Japan and Taiwan, but the industry's most significant alliance occurred in 2005 with Germany-based Adidas's purchase of U.S. company Reebok. The purchase was described by both companies as a merger rather than an acquisition. Said Adidas CEO Herbert Hainer,

> We can learn from each other. We have more European heritage, and we are very strong in soccer. We have a close relationship with the European consumers, and we can help Reebok on that front. And Reebok can help us with the U.S. market. It is very complimentary. And at the moment, we are bigger in China. On the other hand, Reebok is big in India and it can be one of the next big countries to grow in.

One particular strategy to be used by the new alliance is for Adidas to use Reebok's expertise to capitalize on its already existing licensing agreements with U.S. colleges and high schools, on which, according to Hainer, Adidas was unable to capitalize because of the location of its Asian production facilities and the 2-week lead time to get products from Asia to U.S. retailers. "Reebok has built up a production facility to service consumers overnight. We definitely can use the opportunity available here in the U.S. market for our goods as well" (Abelson, 2005b, p. D1). Several months later, Adidas announced that it would take over Reebok's licensing agreement with the NBA, the WNBA, and the NBADL. Hainer described the move as one that will "significantly help us to immediately increase the visibility of Adidas as a sport performance brand in the U.S." (Abelson, 2006, p. D1). The alliance gives each company opportunities to strengthen their brands and their sales in ways that would have been far more challenging had they remained separate and competing entities.

Direct foreign investment

The most fully developed form of participation in the global marketplace is when a corporation produces and markets goods or services in a foreign country through a wholly owned company or subsidiary in that country. A wholly owned local company is an existing company that has been purchased by the corporation to allow it to take advantage of the market position, management, workforce, or other resources already in place in that company.

Forming a wholly owned subsidiary in a foreign market (versus buying an existing company) has the advantage of allowing the corporation to do business entirely its own way. The disadvantage of this approach is that it requires the corporation to develop its own market position, workforce, facilities, and suppliers all in a foreign market. New Balance currently has

Licensing

Global sourcing

Exporting

Local assembly and packaging

Joint venture/Strategic alliance

Direct foreign investment

Figure 2.2 Stages of global involvement.

subsidiaries around the world, including in France, Germany, Sweden, and the United Kingdom.

As shown in Fig. 2.2, the various levels or forms of participation in the global marketplace can be thought of as stages or degrees of involvement, from the simpler levels of exporting and licensing to the more complicated stages of strategic alliances and wholly owned foreign business units. Sport managers must recognize the advantages and disadvantages of each and pursue the option that presents the greatest opportunity for successful involvement in the global marketplace.

Social responsibility and ethics

In Chapter 6, we will review in detail the importance of mission statements in establishing and maintaining the specific direction for a sport organization. Many sport organizations, including New Balance, have opted to focus on the concept of social responsibility when expressing the path the organization is choosing to follow. Along with aiming to be the world's leading maker of athletic footwear and apparel, New Balance has stated for all to see that they will pursue these goals while simultaneously "operating in a socially responsible manner" (Kavanagh, 2004, p. 38). The question for us to consider now is what exactly does being "socially responsible" mean? We can view the study of social responsibility and ethics from two perspectives. At the larger level is the obligation of organizations to be good corporate citizens, to provide society not only with goods and services, but also to contribute to the social well-being of the communities where they operate.

At the more individual level is the ethical conduct of workers and managers in performing their daily tasks and planning for long-term growth. We will review both perspectives.

Socially responsible organizations

Through the 1950s, the relationship between business and the American public was always a good one. Consumers were eager to purchase products that had not been available during the Great Depression of the 1930s or during World War II, and businesses expanded rapidly to satisfy that demand. Business was viewed as the source of the jobs and the products that were at the heart of the American dream. A saying popular at the time was "What's good for General Motors is good for America." Large corporations made financial contributions for community projects, and most companies were strong supporters of the United Way and similar social service funds.

Beginning in the 1960s, however, the public began to view business differently. To meet the exploding consumer demand in the years after World War II, organizations increased production at such rapid rates that the results unfortunately included air and water pollution, environmental decay from the dumping of industrial waste, and ineffective and sometimes unsafe products and services. Frustration with the Vietnam War added to the public's discontent, as many people blamed big businesses with defense contracts, such as McDonnell Douglas and DuPont, for profiting from the prolongation of the war. An even-stronger sense of resentment was directed toward Dow Chemical Company, the maker of napalm, a chemical used by U.S. forces with tragic consequences for the landscape of Vietnam and its people. Additionally, there was the growing sense that business organizations were not offering equal employment opportunity to the minority members of society. "Suddenly consumerism, stockholderism, racial equalitarianism, antimilitarism, environmentalism, and feminism became forces to be reckoned with by corporate management" (Jacoby, 1973).

The result of all of these factors was a significant increase in the public's demand that organizations of all types act in a more socially responsible way. Some areas of social responsibility, including protection of the environment, equal employment opportunity, and safe working conditions, are now regulated by law and monitored by federal agencies. In the areas not covered by laws and regulations, however, the question of how much social responsibility business organizations should take on has generated a wide range of responses.

Arguments for Classical Economic Approach

Management's responsibility is to earn profits for owners (stockholders). Potential conflict of interest occurs when managers must meet profit goals and simultaneously enhance social welfare. Businesses lack expertise to manage social problems.

Arguments for Activist Approach

Business is a member of society and has responsibilities to other stakeholders, such as employees, customers, suppliers, distributors, creditors, government, unions, special interest groups, and the general public. Business has technical, financial, and managerial resources to help solve social problems. Government intervention is less likely when business takes the initiative in addressing social problems.

Figure 2.3 Two views of social responsibility of organizations.

Two views of social responsibility

The most common approaches to social responsibility reflect either of two very different philosophies. As summarized in Fig. 2.3, these two views vary in their conception of the level and type of involvement management should undertake in terms of activities to benefit society.

The classical economic approach

The classical economic approach to social responsibility suggests that a business organization should limit its involvement to activities that improve its own economic performance. This approach maintains that the first and foremost responsibility of management is to earn profits for owners (stockholders). According to esteemed economist Milton Friedman (1970), a strong proponent of this view, there is a potential conflict of interest when society holds managers responsible to owners for meeting profit goals and at the same time holds them responsible to society to enhance social welfare. From this perspective, every dollar spent on social problems or donated to a charity is one less dollar distributed to the owners in the form of dividends and one less dollar available for the kind of investment that creates jobs.

The classical economic approach further argues that requiring management to pursue socially responsible activities could be unethical, because the managers are spending money that belongs to other people: “Insofar as the actions of [an employee of the owners of the business]…reduce returns to stockholders, he is spending their money. Insofar as his actions raise the price to customers, he is spending the customers’ money” (Friedman, 1971).

A final argument against managerial involvement in social responsibility programs is that businesses lack the expertise to determine which programs have the greatest needs. For example, should an organization donate to the local YMCA to support athletic and recreational activities, or should it, like many contemporary organizations in the United States, found its own organization to provide such opportunities? Which would serve the needs of the community better?

In summary, the classical economic approach to social responsibility insists that business organizations have the social responsibility only to do no harm to customers, employees, or the environment. In this view, managers do not have the right to invest stockholders' profits in activities focusing on social problems. Management's only responsibility is to follow the legal and ethical rules of society while making the business organization as profitable as possible.

The activist approach

The activist model of social responsibility argues that business does in fact have a responsibility to deal with social problems, because business is both part of the cause of the problems and part of society (Davis, 1975; Sturdivant & Vernon-Wortzel, 1990). Social responsibility activists argue that organizations do have the technical, financial, and managerial resources to help solve society's difficult problems. Growing evidence indicates that, to some extent, businesses agree with this view. For example, large and small companies all over the United States have entered partnerships with local schools; they provide training for teachers and administrators in key skill areas and donate surplus computers, furniture, and other equipment that the school might not otherwise be able to afford.

Another part of the activist argument is that a business has a responsibility not just to owners and shareholders but also to everyone who has a stake in the company's operations. These include employees, customers, suppliers, distributors, creditors, government, unions, special interest groups, and the general public. In the activist view, a business—as a corporate citizen of a large community—has an obligation to respond to the needs of all these stakeholders while also pursuing a profit. In other words, business has an obligation to be responsible to all of the elements of the communities from which it profits. This argument gains strength considerably the more closely the success of the business is presented as linked to the health of the community that supplies it with workers and customers.

Lastly, the activist argument holds that when business itself takes the initiative in addressing social problems, costly government intervention is less likely.

In recent years, for example, both the cable television industry and the video game producers have taken the initiative to create commissions to monitor the level of violence in their products. Their actions came in response to consumer concerns as well as concern on the part of management that the government would impose potentially more costly standards if these industries did not take the initiative and act on its own.

A difficult choice

In the classical economic approach, business is viewed exclusively as an economic entity whose nearly exclusive purpose is profit. The activist approach, in contrast, views business as a member of society, with broader social responsibilities. When an action is required by law or when investment in a socially responsible activity is profitable, there is no conflict between the two views, and both approaches would support the activity.

It is when the socially responsible activity is neither required by law nor profitable that the two approaches differ. The classical approach would argue against business becoming involved; the activist view would support involvement if the costs were not prohibitively high. The degree to which a business advances societal versus economic objectives depends to a great extent on factors such as the organization's size, the nature of competition in the industry, the type of problems involved, and the costs of pursuing an activity versus the consequences of not doing so. This example underscores the difficulties for some organizations, even those organized to perform social activism, to execute these duties fully and responsibly. In the case of New Balance, the company chooses to manufacture about 25 percent of its footwear in the United States and does reap some sales benefits from using domestic workers. However, CEO Jim Davis cites other reasons for this choice (Kavanagh, 2004),

> We're getting into what's called lean manufacturing, which is something implemented by Toyota. What we'll be able to do in a relatively short period of time is to really cut down the lead time between receipt of order and delivery of products. In other words, if you order a shoe today, we want to be in the position to build it and deliver it to you within a couple of days. And that's going to be a huge sales advantage. We may even increase our domestic production if that works [p. 36].

So New Balance has chosen to interpret being "socially responsible" as a commitment to manufacturing products domestically. This, in turn, has also enabled the company to operate more efficiently.

Ethical conduct of individuals

There are other factors that are to be considered when reviewing social responsibility. Ethical sport organizations encourage and enable people at all levels to exercise ethical judgment. We expect sport organizations to conduct themselves in a way that is honest and fair in terms of how they treat their customers, employees, and society in general. To influence employee judgment and behavior properly, ethical practices must shape the organization's decision-making processes and be a part of the organization's culture. In sport organizations, the complexity of competing interests in sport makes moral and ethical dilemmas difficult to resolve. For the most part, athletic competition is a test of skill, strategy, and physical prowess. However, the industries and structures that have grown around sport have complicated the roles played by all sport organization personnel, from athletes, coaches, and managers to league officials, manufacturers, and retail and wholesale sales personnel. For example, licensed and branded footwear and apparel manufacturers have had a significant impact in the world of high school and intercollegiate athletics. Nike (which spends $15 million a year in these efforts), Adidas ($10 million), and Reebok ($6 million) have jumped headlong into sponsorship and equipment provision agreements with summer all-star basketball camps and high school and Amateur Athletic Union (AAU) basketball traveling all-star teams in hopes of finding the next Michael Jordan. These companies engage in these activities to establish connections early with high-profile young players so that these prospects will later be more likely to attend colleges and universities with whom these companies have sponsorship agreements. Ultimately, the hope is that if these young athletes continue to perform at high levels, they might eventually be seen wearing Nike, Reebok, or Adidas shoes in the NBA (Hohler, 2006).

Such is the case with the courting of O. J. Mayo, a 6' 4" point guard from Ohio hailed by many as the best high school player since another Buckeye State product, LeBron James. Mayo stirred considerable concern recently when he jumped from a local AAU team sponsored by Reebok to a Miami-based team funded by Nike. Miami coach Art Alvarez explained the switch this way, "I know Nike wants to actively pursue him and try to get him over to Nike. You know how the shoe war situation is. We've been a Nike AAU team for a long time. If somehow within all these parameters we can accommodate him to Nike, that would be great." Mayo downplayed the switch, which he said was temporary, stating, "I really don't worry about the shoe contract. I'd play in Pumas if that's what the team wore, but this team wears Nike and I wanted to fit in." But Nike may not have locked Mayo up, as Mayo said of Sonny Vaccaro, Reebok's senior director for grassroots basketball (who has worked for Nike in the past and signed Jordan to his first Nike deal), "Sonny's kind of the man in the back. He handles a lot of business for me that I don't really know about, not just as a basketball player." Be that as it may, one expert read the situation this way, "Unless Sonny Vaccaro is actively involved in the recruitment to Reebok, Nike gets whoever they want" (Evans, 2006, p. D4).

But Adidas has operatives other than Vaccaro, including Thomas J. "TJ" Gassnola, who runs the Adidas-sponsored New England Playaz AAU summer travel team out of Springfield, Massachusetts, which has funneled numerous players toward NCAA Division I men's basketball programs (which also have agreements with Adidas). Gassnola (who is 6' 5" and weighs 260 lb) has had multiple motor-vehicle violations and numerous civil and criminal complaints filed against him since 1992 (including a threat to kill a man during a burglary attempt in 1995) and has lavished free travel, gifts, gear, shoes, preparatory school tuition, and cash on mostly needy inner-city youths with exceptional basketball ability. These actions put these youths at risk of violating NCAA-mandated amateurism rules and compromising their ability to play collegiately, but Gassnola offers no apologies, "This is big-time business…and sometimes you ruffle some feathers. This is what I do and I love it. I've stepped on some people's toes," and states that who better to teach youths about the potential pitfalls ahead than someone who has already made such mistakes. Gassnola also denies providing any questionable inducements to prospective players, claiming, "I don't operate like that," but that he enjoys the AAU summer hoops world because "you can do what you want…there are no rules." Said the parent of one player Gassnola tried to get to jump to the New England Playaz, "He could end up hurting a lot of kids. I don't think he's very good for youth basketball and what it stands for" (Hohler, 2006, pp. C14–C15).

From a business standpoint, this early action on the part of Nike, Adidas, and Reebok is explainable: Locking up the next Michael Jordan or LeBron James could mean millions, maybe billions, in future sales. Unfortunately, this results in the future of these young athletes being placed in the hands of schools and individuals who are more interested in furthering their own interests than those of the athletes. This potential for conflict makes decision making more difficult and more critical for sport managers who seek to run successful organizations and also act in a manner that protects the best interests of young men and women.

One way to simplify the decision-making process and to encourage morality in sport is to make the requirements and standards of behavior of a job or institution clear. Codes of conduct or codes of ethics provide that clarification and outline the guidelines for employee behavior.

Implementing such codes is not always simple and straightforward for organizations in the licensed and branded apparel and footwear industry, for example. Although licensors have quality control over the images on licensed products, they do not control all operations of the licensees. Licensees are independent business and, as such, conduct their business as they see fit. Nike, as the industry leader, has received significant negative publicity for its business practices in assembly facilities in Vietnam. Nike has borne the brunt of public criticisms for such actions and certainly cannot be excused entirely for the business practices of its overseas partners, and the fact remains that nearly every clothing and footwear manufacturer that assembles product outside the United States (and free from U.S. labor laws) is guilty of some degree of improper labor exploitation, ranging from using child labor to paying (by U.S. standards) paltry wages.

Because of these poor standards and practices, it is not uncommon for licensors to be seen as responsible for them as well. Colleges and universities are especially susceptible to this sort of scrutiny, given the heightened sensitivities of educational communities and institutional educational missions, which are further enhanced by the religious affiliations at some schools. When the University of Wisconsin made public their licensing agreement with Reebok, certain personnel at the university questioned Reebok's business practices and labor relations with Southeast Asian manufacturers, claiming that Reebok shoe assemblers in Indonesia received only $2.45 per day. A petition circulated by professors stated, "If the University of Wisconsin advertises a firm like Reebok, it accepts the conditions under which Reebok profits." The university's agreement with Reebok also contained a clause stating that university employees would not disparage Reebok, but after considerable campus outcry, the clause was omitted from the contract (Naughton, 1997, p. A65). In response to this sort of criticism, many schools have published a code of conduct for all licensees. Notre Dame, affiliated with the Congregatio a Sancta Cruce order of the Catholic church and particularly susceptible to such criticisms given its combined status as a religious institution and a perennial football power, has composed a code that states the school is "committed to conducting its business affairs in a socially responsible manner consistent with its religious and educational mission" (University of Notre Dame, 1997). Consequently, Notre Dame stipulates that all licensees must meet the university's stated standards for legal and environmental compliance, ethical principles, and employment practices. Codes of conduct such as that of Notre Dame establish norms that reinforce individual ethical behaviors. When firmly and consistently supported by top management, these ethical guidelines provide an important decision-making tool for employees throughout the organization (website: http://www.nd.edu/).

The social responsibility and ethical behavior demands of American society represent complex challenges for all organizations. For sport managers, the challenges can vary depending on the nature of the sport organization, but as organizations that provide highly discretionary products and services, they rely heavily on the goodwill and positive associations held by consumers and, as such, must carry out business practices that meet their ethical expectations.

The diversity challenge

A third emerging challenge for sport managers is the diversity challenge. The number of ethnic groups in the workplace has increased dramatically in recent decades, with the influx of immigrants from Asia, Europe, and other parts of the world. The workforce is becoming older as members of the huge Baby Boom generation move through their fifties and into their sixties. In addition, the Americans with Disabilities Act passed in 1990 seeks to remove many of the barriers that formerly prevented individuals with physical disabilities from joining the workforce. The net effect of all of these changes is that the American workforce is now and will continue to become increasingly diverse in terms of sex, race, age, and physical abilities.

Although the coordination of human resources has never been easy, this growing diversity in the workplace represents a challenge as well as a special opportunity for management. The greater the differences that people bring with them to the workplace, the greater the management effort needed to blend these differences and to unify efforts in a single direction. Yet, as difficult as this challenge may be, many organizations feel this growing diversity also presents a special opportunity. The more the workforce inside the organization mirrors the diversity of the customers outside, the more likely it is that the organization will satisfy the needs of those diverse customers.

Many sport organizations, especially professional sport leagues, such as the NFL and NBA, and Division I intercollegiate athletics programs, which have high percentages of non-Whites and women as players, have been criticized for a lack of commitment to organizational diversity by maintaining managerial staffs that do not reflect the team roster's racial or sex composition. In terms of New Balance's commitment to diversity, Petrecca says the company has pushed hard to become a more diverse organization. In her view, not only does a diverse workforce enable the company to access a range of perspectives and input from a wide variety of employees, which in turn allows the company to produce better footwear and apparel, but also the company has made it clear that it is the right thing to do. Thus, in the case of New Balance, they believe that doing right is also doing good—for society and for the corporate bottom line.

Despite its best intentions, however, New Balance has become diverse in terms of sex, for example, in a stratified way. For example, the marketing and promotions staff is composed of nearly all-female employees, and the research and development personnel—the science and techie types—are predominantly male employees. This delineation by task exemplifies the tendency in many schools for male students rather than female students to be encouraged to excel in computer, math, and science courses. Such a separation may lead to a disconnection in how the company communicates across departments and within departments as well if only a single male employee works in marketing and promotions or a single female employee works in research and development. The continuation of this trend could hinder New Balance from achieving organizational success.

Guidelines for managing diversity

Given the lack of diversity in the sport industry (Ashe, 1992; Blum, 1993; Hums, 1996; Lapchick, 1996; Shropshire, 1996), steps must be taken to increase access to the industry. What follows are several guidelines for managing diversity (Rice, 1994).

Get the CEO's commitment

Addressing diversity issues is difficult to do well and is therefore easy to place on a back burner. When the head of the organization makes diversity a priority, everyone pays closer attention.

Set specific diversity goals

Set specific targets, such as 30 percent representation of women and minorities at all levels of the organization, especially management, by the year 2005. Measure managers' performance in terms of their contribution to these goals and base compensation on their level of success.

Adopt a plan for addressing the concerns of white men

White men still constitute approximately half of the overall workforce and hold 60 percent of all management positions. Individuals from this group may feel threatened when preference is given to women and minorities in the workplace, and they may view this practice as reverse discrimination. Organizations need to acknowledge and directly address their concerns. It needs to be made clear to every member of the organization why it is in everyone's best interest to participate in the development of a diverse workforce.

Provide training in valuing diversity—carefully

It is important, but difficult, to provide training that allows others to experience what it is like to be a minority in our culture without also seeming to point a finger of blame at nonminority participants. People often feel threatened and uncomfortable when they are required to role-play difficult diversity situations. This is not the most effective emotional state for learning. One promising approach to diversity training is to present movies such as *Thelma and Louise*, *Malcolm X*, or *Philadelphia* and involve participants in discussions of what they experience and feel and how this can be applied to improve their own organization's performance in the area of diversity. There are also numerous examples from sport organizations that underscores the value of organizational diversity, including the story of Jackie Robinson's breaking of the color barrier in Major League Baseball, Texas Western University's use of five African-American starters in winning their 1966 national championship game against the all-White squad from the University of Kentucky, and Billie Jean King's victory over Bobby Riggs in the ballyhooed "Battle of the Sexes" tennis match in 1974.

Other guidelines for creating an organization where diversity is valued include celebrating differences among workers through special events, videos, and newsletters and developing strategies to identify sources of diverse workers for the organization. Even with the most effective guidelines, however, creating a diverse force of skilled and talented workers and teaching them to work together in an atmosphere of genuine teamwork remains a major challenge.

Even as it is the most international of sports, soccer still face challenges in some of these areas. Leading into the 2006 World Cup, hosted by Germany, there were concerns that a rise in racism would mar the competition. German fans had recently jeered Nigerian forward Adebowale Ogungbure and American defender Oguchi Onyewu during league matches there, taunting the players with racial remarks and monkey noises. African-American player Cory Gibbs, who plays professionally in Germany, cites occasions he was refused service in restraints and bars because of his skin color. “I think racism is everywhere,” said Gibbs, “but I feel in Germany racism is a lot more direct” (Longman, 2006, p. 6).

Players and coaches have also acted inappropriately, including Spain’s national team coach Luis Aragones (who was fined after making remarks about French star Thierry Henri) and Brazilian defender Antonio Carlos (suspended for 120 days and four additional matches after shouting “monkey” at an opposing Black player). FIFA, soccer’s international governing body, cited a rise in racial violence at international competitions, which has coincided with an increase in elite European clubs signing Black and Latino players. Experts like Piara Powar of “Kick it Out,” an organization dedicated to addressing soccer racism, identify “underlying tensions that exist in European societies. Poverty and unemployment are a problem.... Indigenous peoples are looking for easy answers to blame. Often newcomers bear the brunt of that blame” (Longman, 2006, p. 6).

Before play began in the 2006 Cup, FIFA initiated a “Say No to Racism” campaign, which included banners in stadiums, television commercials, and pregame speeches by team captains during the tournament quarterfinals, and instituted suspensions and fines for fans, players, and team officials who make discriminatory gestures, as well as a threat of deducting points from teams with unruly fans. FIFA president Joseph S. Blatter, a German, later backed off the claim that points would be deducted. A FIFA spokesman later commented that only on-field abuses would be punished, because, given the multinationality of the crowds, “it would be impossible to identify from which side would potential racist abusers come,” although all fans are supposed to have their names on their entry tickets (Longman, 2006, p. 6).

Given the complexities of an event like the World Cup, even the most internationally oriented sport organizations are challenged to eradicate racial and diversity problems. However, in the evermore global sport industries, those sport organizations that embrace the key issues discussed in this chapter will ultimately be the most successful in meeting the demands the come with global expansion.

Epilogue

For Nike, Puma, New Balance, Adidas-Reebok, and all the other sporting goods and apparel companies out there, as well as their associated retailers, and all companies and organizations that do business in the licensed product and sporting goods industry, all of their activities ultimately revolve around the sale of product to consumers. Puma has done it by relying on fashion, but this is a risky maneuver according to New Balance CEO Jim Davis, “People buying for fashion could move to boat shoes.” Industry experts agree, citing that the best Puma could do with this tack is garner 10 percent of the U.S. footwear market because, as one noted, “Who knows who the next set of cool people will be and whose shoes they’ll wear?”

However, this relatively direct mission can have complications for the issues of social responsibility and ethics, diversity, and their relationship to the globalization efforts of all sport organizations. If sport organizations look toward short-term financial success only, it could come at the expense of long-term organizational success in these other areas.

Summary

Three issues have gained priority as organizations move into the twenty-first century: social responsibility and ethics, diversity, and globalization of sport. Each represents an important challenge to management. Social responsibility is the concept that organizations, especially business organizations, have a responsibility for more than just economic performance; they have a responsibility to contribute to the social well-being of the communities where they operate. The classical economic view rejects this concept, saying that business organizations exist exclusively to generate profits for owners and stockholders. The activist perspective holds that all organizations have the obligation to involve themselves in solving problems in the communities from which they profit.

On an individual basis, sport managers need to be aware of the importance of ethics in the sport workplace. Incorporating codes of conduct or codes of ethics is one way to make the requirements and standards of behavior of a job or institution clear. Also demanding attention from management is the lack of diversity in the sport industry. Guidelines for managing diversity include getting the commitment of the CEO, setting specific diversity goals, adopting a plan for addressing the concerns of White males, and providing training in valuing diversity. The goal is to create a diverse workforce of skilled and talented workers and teach them to work together in an atmosphere of genuine teamwork.

Finally, there is competitive pressure for organizations to become involved in global markets. With intense competition in U.S. markets, business organizations must learn to succeed in markets around the world. There are a variety of options or degrees of global involvement, but regardless of the approach, success in global markets requires that management learn the culture, customize the product or service, recognize the risks involved in global environments, and be patient and persistent.

Management exercise

Taking on Timberland?

Although New Balance's stated mission is to be recognized as the world's leading manufacturer of high-performance footwear and apparel and although the company has grown from a $100-million company to a $1-billion company during the last decade, New Balance has approached the concept of growth very cautiously. However, recent international economic slowdowns in the United States, Japan, and Europe and increasingly unstable political and security issues worldwide. If New Balance is to meet its goal of selling 40 million pairs of shoes against not only industry leader Nike but also the combined strength of Adidas and Reebok, it must act to increase sales in its existing strong sales areas such as walking and running and also possibly in areas such as lacrosse (an area the company has entered and is one with relatively little competition from the industry major players), fashion (what the company calls "trend relevant"—an area dominated by Puma and other niche brands that is heavily dependent on athlete and celebrity endorsements and the highly immiscible buying tastes of fickle consumer segments), and outdoor performance (hiking and trail running shoes, putting the company head on against strong niche brands like Columbia, Merrell, North Face, Oslo, Vask, and Timberland). Katherine Petrecca, in charge of marketing the newly emphasized line, feels the new move will be a significant benefit to the company in helping it move beyond its perception of one that only provides widths and fit. According to Petrecca,

> This helps us focus on the consumer. There are a lot of people now doing widths. Reebok offers most of their key shoes in widths. It's not just particularly a New Balance thing anymore. We still have a long way to grow…without sacrificing who we are as a company. We have all these (product) categories where we're underrepresented (in terms of sales).

The challenge in taking on some of these new areas, according to Petrecca, would be the credibility of the company,

> We're now known as a generalist brand, like Nike. We have to benefit from the equity in our name, but at the same time when you're entering a world of other brands without competition from generalist brands. (In outdoor performance), these are the companies that make products that will take you all the way up the mountain. Currently, we make products that will only take you halfway up the mountain. It's a tough call, because you don't want to spread your brand too thin and say you're an expert at everything, because then you're an expert at nothing. We want to understand the end user and have credibility.

Petrecca notes that more successfully competing against these companies would mean increases in quality of outdoor performance apparel and equipment. An additional challenge will be how to reach out and convince a new segment of retailers of the merits of these new product lines. According to Petrecca,

> Although you have the New Balance brand recognition, you don't have as much sway over the retailer because it's not the same buyer, so you can't negotiate in a new shoe based on deals on other shoes. You can only reference what you've been able to do in your other categories. However, nobody is selling widths in some of these new categories, so it's a huge advantage for us. It's the key point of differentiation for us in these new areas. There's nobody there with it. But there's resistance from these new buyers because they don't understand buying shoes with widths, they don't understand stocking them, they don't understand showing them at retail and letting the consumer know. The nice thing about our brand is that the consumer already knows about our widths, and in some product lines, we sell more than 50 percent of our shoes in widths. And the people who don't need an alternate width sometimes don't get it, but anyone who does understands immediately. Our focus is on the retailers who can sell these $80 and up shoes, do some volume, and get the brand going (in these areas). But no matter how much the retail buyer believes in the shoe, it still has to fit right and look good.

New Balance touts the fact that it is the only U.S. footwear manufacturer that assembles shoes domestically, and some customers make purchasing decisions with this in mind. However, New Balance still makes the majority of its footwear outside the United States, and as it faces cooling economies and increased sales expectations, the company may have to consider going the route of its major competitors and outsourcing all manufacturing overseas. Because of export taxes, it is likely that all of the products from these new lines would be manufactured in China. According to Petrecca,

> It's more efficient for us to make shoes with full synthetic uppers (as opposed to natural leather) here in the U.S. For all the shoes we make in China there are different duty rates. Leather is a more expensive shoe to make, but it has a lower duty tax to import here (8 percent of the production cost versus 22 percent for synthetic), and most of the shoes in these categories will have predominantly leather components.

Such a move could help bolster New Balance's sales of these products in China, like Nike and others hope to do; however, the consumer price of the shoes would be an impediment. If New Balance opts to increase the production and sales of products in the lacrosse, outdoor performance, and fashion lines, some domestic manufacturing jobs will be lost to help the company keep costs low as compared with the more established competition. Chairman and CEO Jim Davis, the firm's president and COO, the VP of manufacturing, the VP of international sales, the VP of human resources, and Katherine Petrecca now have to consider how this proposed expansion into these three markets (outdoor performance, lacrosse, and fashion) could impact New Balance not only in the area of sales and globalization of manufacturing, but also in terms of social responsibility, ethics, and diversity. Given your expert knowledge of these areas, you have been asked to advise this group as they debate the move. The group is assembled in a conference room on the ninth floor of the company's headquarters, with a view overlooking the Massachusetts Turnpike below. Jim Davis, seated opposite to you at the end of the long rectangular table, looks directly at you and says, "Okay, what do you have for us?"

Questions

1 First, explain to those in the meeting the concept of social responsibility in terms of how it applies to New Balance's consideration to expand sales into these new product lines. Using this concept, explain what New Balance owes and to whom.

2 Several of the managers in the meeting are devotees of Milton Friedman and are advocating for the company to move more in the direction of the classical economic view; others are promoting the activist perspective. Explain each of these views to the others in the meeting and assess which approach is more or less in line with New Balance's current approach and how a change in sales strategy might impact future sales.

3 The VP of manufacturing says that if New Balance moves all the assembly of these new lines out of the United States, it will face much of the scrutiny

applied currently to its major competitors in the areas of worker pay, treatment, and working conditions. He then asks you to explain the role of codes of conduct and codes of ethics and how these can help New Balance avoid the problems encountered by these other companies.

4 The VP of human resources is concerned about how the company will address diversity issues given this proposed move. She asks you what guidelines the company should implement to manage hiring personnel who could bring expertise regarding these new product lines and how that might impact the company's commitment to diversity.

5 Katherine Petrecca has been selected to take over the marketing operations of whatever new line on which New Balance chooses to focus. Given the market, the competition, and the organizational mission and goals of New Balance, recommend to her which of the three lines (lacrosse, outdoor performance, fashion) you believe the company should pursue first and why.

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SGMA	http://www.sgma.com/

3

Information technology management and the sports media

Introduction

Advances in information technology (IT) during the past 10 years represent perhaps the most dynamic set of opportunities and challenges in all of sport management. In this chapter, we explore the sports media, a segment of the sport industry that has significantly embraced innovation in IT. The sport media is defined by its ability to produce and distribute sport information through a variety of platforms, including live-game television and radio broadcasts, video-on-demand (VOD), pay-per-view, podcasting, satellite radio, sports talk radio, magazines, newspaper, and Internet. IT has significantly shaped the growth of sports media in the last decade in both content and platform delivery. The sports media has become an increasingly powerful entity that shapes both our games and our participation and perceptions of sport.

In this chapter, we also look at IT from a management perspective. We look at how IT can play a critical role in enhancing individual and organizational performance. Then, we consider the challenges that must be met by sport managers if the full potential of IT is to be realized.

Check the stats

Purpose: To provide sports information to the general public in a variety of formats, including game stories, sports highlights, sports talk shows, feature articles, statistics, game results, and standings. To serve as a sports distribution channel through the production of game, contest, or event broadcasts.

Stakeholders: Fans, athletes, coaches, administrators, leagues, commissioner's offices, media personnel (writers, reporters, broadcasters), alumni, sport governing bodies, licensees, corporate partners, and local, state, and federal government.

Size and Scope: The sports media consists of thousands of sport media outlets, including magazines, newspaper sports sections, sports talk radio, and sports networks (national and regional).

The sports broadcast media includes not only the "on-the-air" talent (play-by-play reporter, color analyst, on-field reporter, etc.), but also the "behind-the-scene" staff that encompasses a wide array of broadcast specialists, including camera crew, producers, sound technicians, editors, statisticians, webmasters, and video technicians.

Governance: Individual sports media outlets and members operate under policies and guidelines established by its ownership; however, individual leagues and sport organizations establish rules pertaining to the media (e.g., when media members may enter the locker room or where cameras may be placed).

Members of the sports media often belong to affiliate professional organizations such as the National Collegiate Baseball Writers Association (website: http://www.ncbwa.com/), Professional Basketball Writers Association , or College Sports Information Directors of America (website: http://www.cosida.com/).

Inside look: ESPN—navigating the multiplatform world

The development of ESPN in 1979 signaled the creation of the first all-sports national network in America (website: http://www.ESPN.com/). At a time when critics suggested that there was not enough sport content to drive a 24/7 sports network, ESPN quickly became the definitive source of information about the world of sports. With the advancement of cable technology, ESPN became available to more homes. Its popularity grew, and traditional news programs began to scale back on national sports news coverage, recognizing that many fans had instant access to the latest scores and game highlights through ESPN. In 1994, ABC purchased 85 percent of the network for $202 million, and within 7 years, the estimated value of its owner (ABC parent company Walt Disney; website: http://www.disney.com/) was $5 billion (Ostrowski, 1998).

Decades later, ESPN continues to be an influential leader in the sport media business. The network's sports news show, *SportsCenter*, was the first uniquely positioned daily all-sports news broadcast. The program has not only become an icon of the American sport industry, but has affected the lifestyles of sports fans who have integrated *SportsCenter* viewing into their daily schedule. Many sports fans begin and end their day by watching *SportsCenter*. It is the show that fans and players alike watch and consider to be the gold standard in daily sports coverage. To be featured in *SportsCenter* with a highlighted athletic performance is to achieve something special. There is little doubt that *SportsCenter* has become a central component of pop culture. Its catch phrases, anchor personalities, and even its advertising campaign, "This is SportsCenter," have captured the attention of viewers around the world.

To retain its position as a leader in sports media, ESPN/ABC Sports (website: http://www.abcsports.com/) has continued to grow its business by developing related media properties, including *ESPN The Magazine*, ESPN radio, ESPN website, and ESPN mobile. ESPN has moved into the restaurant and retail business with its ESPN Zones (website: http://www.espnsportszone.com/) and ESPN merchandise. The company created its own annual award show (*The ESPYs*) to recognize and celebrate achievement in sport.

ESPN has also had success in growing its business globally. ESPN Star Sports, a joint venture of ESPN Inc. and News Corporation, operates four networks in China: ESPN Asia, Star Sports Asia, ESPN Hong Kong, and Star Sports Hong Kong. The Chinese version of *ESPN The Magazine* boasts a 40,000 monthly circulation, and ESPN properties have moved into the Chinese Internet and wireless mobile markets (Nethery, 2005).

In part, ESPN has retained its first-mover status in the sports media segment through innovation fueled by technologies such as high-definition television (HDTV), satellite radio, broadband video, and wireless media. ESPN continues to aggressively adopt emerging technologies and seeks to enhance its global multiplatform strategy. There is broad recognition within the industry that the sports media marketplace is changing rapidly. The sports world is becoming increasingly global in nature. It is becoming more high-tech in nature, and the fans' connection to the sports industry is becoming more complex. Fans no longer just sit at home and watch sports. They are constantly seeking new information about their favorite athletes and teams from a variety of sources. They want content on demand and through a variety of platforms.

ESPN executives have not only strengthened the ESPN brand through addressing these changes in the sports world, but also opened new markets and created new revenue opportunities for the company. For example, ESPN's ability to deliver content globally through a variety of different platforms has been attractive to potential advertisers. As advertisers seek out new ways to reach specific target markets, ESPN is able to deliver multimedia delivery opportunities that link print, television, wireless, and Internet capabilities. In fact, ESPN reports a growth of more than 30 percent in its multimedia deals (Kramer, 2006).

As ESPN continues to create its own platforms and explore emerging technologies, including gaming, podcasts, streaming video, and VOD, the challenge will be for the sports media giant to develop, acquire, and maintain quality delivery and content in an increasingly crowded sports media marketplace. Will technological delivery innovations enhance consumption as well as the fans' consumption experience? Can technology somehow detract from our games? High-tech delivery platforms are very appealing to some fans. Others may be more skeptical of their value, citing poor quality and meaningless content. Other criticisms of new technology might include long learning curves, lack of equipment dependability, poor service, and associated high consumer cost of adopting such technologies. For some fans, this new technology feeds an obsession, as they literally spend hours a day checking scores or highlights on a cell phone or computer. Is it possible that there is simply not enough time in a day to use the wide variety of available media platform delivery options?

The proliferation of media platforms and resultant need to develop compelling content for these platforms can be problematic. Although ESPN's hallmark had always been quality objective sports programming and reporting, are some current programming moving the network away from hard sports news? Trendy content such as sports quiz shows, made-for-television sports movies, reality shows, online polling, gaming, sports debate shows, and meaningless sports-chatter entertainment shows with ex-jocks and Hollywood celebrities are now becoming part of the ESPN landscape. Do these programs enhance or detract from the ESPN brand?

Sports media companies adopt new technology in the belief that technological innovation adds to the quality of the content and allows the company to attract more viewers. Is high-tech always better? For example, technology-based innovations such as online or wireless fan polling, "catcher cams," "glowing pucks," cartoon characters, or extreme effects may have entertainment value, but do they detract from legitimate sport content? Are sport organizations obsessed with showcasing new technologies to the detriment of content quality? Is technology-related entertainment value more important than the game itself?

One such technology that has been the subject of debate among sports fans is the use of wireless audio that allows viewers access to in-game comments by players, coaches, and officials. Personal microphones are used to capture "sounds of the game." Although some fans may like to engage in this virtual eavesdropping, others may be uncomfortable with having such intimate access. Do these sound bites take away from the game itself? Is the content of legitimate value to the sportscast? Other technological advancements in graphics and animation have resulted in the integration of singing and dancing cartoon characters moving across the television screen as part of the game telecast. Although sports executives argue that these characters are designed to educate and entertain the younger viewers, many sports fans simply find them to be foolish and annoying.

For sport media executives and sport team/event managers alike, the question is one of balance between legitimate sport reporting and entertainment value. At what point does technology enhance the game broadcast and at what point does it become invasive? Members of the sports media are likely to continue to wrestle with this question of which technological advancements truly contribute to fans' enjoyment and which detract from it.

Media technology will continue to be a boon to the sports industry as media outlets and teams try to find new ways to use technology to reach more fans and generate new revenue. For sports media companies such as ESPN, the development of technology-based platforms and quality content has only just begun. Technological advancement will not only shape ESPN and the entire sports media, but will continue to support the development of a global sport marketplace and irrevocably shape how we consume sport for generations to come.

The sports media

The sports media segment is made up of thousands of sport-media-related organizations. These range from broadcast (television and radio) media outlets such as national broadcast network sport divisions (e.g., CBS Sports, website: http://www.CBSsportsline.com/; HBO Sports, website: http://www.hbo.com/; and TNT Sports , website: http://www.tnt.tv/) to national sport broadcast networks (e.g., ESPN; Fox Sports, website: http://www.foxsports.com/) to affinity sport networks (SPEED Channel, website: http://www.speedtv.com/; Outdoor Life Network; NFL Network, website: http://www.nfl.com/; or The Golf Channel, website: http://www.thegolfchannel.com/) to regional sport networks (e.g., New England Sports Network). The sport media also includes print outlets that encompass national sport publications such as *Sports Illustrated* (website: http://www.sportsillustrated.com/), *ESPN The Magazine*, and *The Sporting News* (website: http://www.sportingnews.com/) as well as sport sections of newspapers. The sports media segment also includes the full spectrum of sports writers, authors, reporters, producers, anchors, broadcasters, color and play-by-play announcers, sports celebrity personalities, commentators, and journalists. Allied technicians such as camera people, editors, and sound specialists are also included in this segment. Companies that provide support through equipment, services, or products can also be considered an integral part of the sport media segment. There is also a growing computer and wireless media segment that includes professionals involved in managing and developing sport-related websites, software, statistics services, and webcasts.

The sport media has traditionally had a complex relationship with sport organizations because of the media's dual role as unbiased reporter and commercial partner. Traditionally, the media's role in sport has been the same as it has been in general society. The media objectively reports the news to the public. They dig for the truth, analyze facts, and provide opinion or critical interpretation of what is happening in the world around us. In sport, the media provides game results and statistics, analyzes current events and issues in sport, and generally reports news about people involved in sport and sport organizations. The sport media plays an important role as sport industry watchdog, investigator, analyst, and critic. In some cases, such as the recent investigation into steroid use in Major League Baseball, the media has helped to bring important information to light and encouraged public scrutiny of policy and behavior of athletes, teams, and organizations.

The other role that the sport media has played is one of ally to athletes and management of sport organizations. In some cases, beat and local reporters have been accused of protecting athletes' interests or team interests, putting positive spin on stories, or holding back information from the public. As an ally, members of the sport media may also support the public relations and marketing functions of sport organizations by providing publicity for certain events, making appearances on behalf of the sport organization, or doing puff pieces or friendly stories about the organization as part of regular media coverage. Sport organizations and sports media members alike recognize the popularity of sports and the power of the media to reach and influence the public. As a result, both parties seek to cultivate both formal and informal partnerships that benefit both the media and the sport organization.

At the professional level and for some college sports programs, the relationship is commercial. The media engages in commercial partnerships with sport organizations by purchasing broadcasting rights. For the sport organization, the sport media provides a product distribution channel to constituents who consume the sport product through the media. This commercial relationship provides an important revenue stream to some sport organizations. In turn, the ability to broadcast popular sporting events provides important advertising revenue to the media outlet. For some sport organizations such as the NCAA and NFL, television rights fees are a significant source of revenue. In other cases, such as the WNBA and NHL, television rights fees provide lesser financial contribution.

In an attempt to maximize media revenues, teams, leagues, and/or events will create broadcast rights packages based on a variety of dimensions, including television, radio, local, national, language, time, and platform rights. Such rights fees are seen as a good investment by the media organization in that they can use this programming to attract advertisers. Sport broadcasts have delivered important target markets and viewer audiences. Corporations around the world seeking to get their message to specific target customers have paid handsomely for advertising time on sports broadcasts. The NFL's Superbowl, for example, has traditionally delivered large attractive audiences to advertisers, and in turn, commercial time during the Superbowl has exceeded the $1-million-a-spot level.

Because sports programming has effectively delivered key demographic audiences and has attracted important advertisement revenue, competition among media organizations over sports broadcast rights has developed. It is not unusual for media outlets to engage in bidding wars to acquire premium sports programming, such as NFL or college football, Olympic games, or the NCAA college basketball tournament.

Both the media and the sports organization recognize they are playing a high-stakes game and that it is in their mutual best interest to work together to promote the sport to increase audience share and related advertising revenue. It is this commercial partnership and financial interdependence that may compromise the media's ability to report on sport organizations objectively. Could a member of the sport media choose to ignore or soften a controversial story out of fear that the coverage would negatively affect the two organization's commercial relationship?

On the other hand, sports reporters recognize that compelling content is the key to generating audience. Some members of the media may adopt a confrontational or controversial approach to attract audience and are not concerned at all with how their coverage of the team may affect the commercial partnership. Their interest is in getting a good story that will sell papers or attract viewers. Competition among journalists for stories is fierce, and members of the media constantly find themselves looking for a new angle or new piece of information to attract readers to their website, boost their ratings, or build their professional reputation. Some sport journalists, such as Dick Vitale, have risen to the level of celebrity as a result of his unique coverage of college basketball. Other reporters and analysts, because of a perceived combative style or failure to cover a team fairly, have found themselves engaged in verbal or physical confrontations with athletes, managers, and coaches. In an attempt to minimize the opportunity for such confrontations and control media coverage, teams, through their commissioner's or league offices and their own media relations staff, provide specific guidelines, set rules, and monitor access to personnel and inside information.

In fact, the Portland Trailblazers (website: http://www.blazers.com/) of the NBA developed a new strict policy that includes provisions for approval of interviews, submission of questions before the interview, and team plans to record and post interviews on the team website (Marchand, 2006).

The responsibility for managing these complex relationships often rests with the sport organization's public relations director, marketing or communications specialist, or sports information director. Media relations staff in any sport organization is faced with the difficult challenge of maximizing positive coverage, protecting the interests of the sport organization, and cultivating a relationship with members of the media. To be effective, sports communications staff must be available and fair and must maintain a high level of personal integrity and professional ethics. These people serve a critical function as liaison between the organization and the media. They always must remember the significant role the media plays in shaping public opinion and distributing the sports product to a wide variety of stakeholders.

In the past several years, the line between the sports media and the sport organization has become increasingly blurred. The New York Yankees, for example, own the YES network (website: http://www.yesnetwork.com/) that broadcasts Yankee games. The NFL has developed the NFL network and produces NFL programming. Additionally, sport organizations are partnering with communications companies to develop and distribute content in a variety of formats and across multiple platforms. For example, NFL- and MLB-owned content is widely available on both owner-held and partnership-based platforms on cable, radio, wireless, and the Internet. Sport industry executives engage in discussions to develop strategies to maximize revenues through new delivery technologies such as VOD, podcasting, and other pay-per-use options.

Leagues and teams continue to explore opportunities to own and create media platforms. Such cross-ownership allows not only for synergistic partnerships between commonly owned companies, but also for distinct revenue capture. Some critics suggest that the shared ownership of the media and sport organization creates inherent conflicts of interest and allows for market exploitation through inflation of advertising rates and single interest control of game broadcasts. Such a system might ultimately result in biased coverage of the sport organization.

Advancements in media IT, specifically the development of broadband, HDTV, video streaming, digital recording, wireless technology, and the Internet have all resulted in an increasingly dynamic and fragmented sport media segment. There are more sport media products and services than ever before. One need only scan the digital cable, on-demand menu, or satellite listings to get a clear sense of the explosion of sports on television. There is a wealth of sport programming not only on television, but also on radio with the advent of satellite radio (XM or Sirius), where dedicated sport channels are readily available. Print media also continues to grow. Explore the wealth of sport-related newspapers, magazines, and books at the library or bookstore. On the Internet, visit thousands of sports-related websites, browse sports-related retail sites, fan sites, chat rooms, and fantasy leagues. Check up-to-date scores or watch video highlight clips on your cell phone. There are unlimited sports-information media options for the dedicated sports fan.

IT has dramatically shaped not only how the sports media delivers sports information, but also how the media manages and produces sport content. Broadcasts are supported by software packages that allow media crews to keep score efficiently, manipulate statistics, and provide fans with the most up-to-date information. Other media-related technological innovations such as the first-and-ten yellow line in football, instant fan polls, HDTV, robotic cameras, and instant replay are all examples of how technology has shaped the management and presentation of our games.

Improving performance through information technology

Sport media organizations are certainly not alone in their integration of IT in their operation. In fact, most sport organizations have embraced IT advancements and are learning to develop and adopt IT that will help them provide better products and service to consumers and become more efficient in their operation. Once such example can be found in NASCAR, where technological advancements have provided crew chiefs with a wide variety of performance information before, during, and after the race. Such information is critical to decision making, as teams rely on technology to provide important data that can help diagnose problems, forecast fuel efficiency, and track tire wear. In the sport facility industry, many stadiums and arenas now provide virtual view technology that allows fans to see the actual view from the seat location they have selected for purchase. Managers throughout all of the segments of the sport industry recognize that IT is a useful tool that presents both unique challenges and opportunities for the enhancement of the sport organization and its performance.

IT refers to all of the resources—the processes, practices, and systems—an organization uses to gather, retain, and process the information it uses to pursue its mission. Most of us are familiar with the range of IT now in use in everyday life, everything from laptops and the Internet to instant messaging, text messaging, e-mail, voice mail, and the PDA. All of these technologies, as well as an ever-expanding variety of information systems and software, have been, for more than a decade, challenging managers to discover how IT can best be used to enhance performance and achieve the organization's goals. To understand this challenge, it is helpful to first become familiar with some of the IT systems that are not part of our everyday lives as individuals.

Information systems

There are actually several levels of information systems available to organizations (see Fig. 3.1). The most basic is called a "transaction processing system" (TPS). A TPS consists of a computer system designed to perform the most basic and recurring transactions of an organization. In a sport organization, a TPS would be used for credit card payments, for example, as well as in the creation of invoices, facility scheduling, tee-time reservations, concessions purchase, retail sales, and payroll checks to employees. In general, a TPS is most useful for transactions that occur regularly and frequently and, in their basic format, involve little or no change from transaction to transaction.

Level I	TPS – Transaction-processing System *Designed to perform most basic and recurring transactions*
Level II	MIS – Management Information System *Provides managers with information about organizational operations and performance*
Level III	DSS – Decision Support System *Supports managerial decision making, identify needs, monitor effects of environmental change*

Figure 3.1 Levels of information systems.

The next level of information system is called a management information system (MIS). A MIS is used to provide managers with information about the operation and performance of the organization. A sport media organization's MIS might be used to monitor the amount of repair or "downtime" required for the various kinds of production equipment (cameras, video machines, etc.) it uses, for example, or the percentage of advertising time sold for various upcoming programs or events. The MIS might also be used to track season-ticket holder use, concessions inventory, or health-club member attendance. This type of information allows managers to stay current in terms of how various elements of the organization are performing and to recognize when problems occur. In the case of the health club manager, the club might require members to swipe a membership card with bar code as they enter the club. These data would be stored in the MIS, and a monthly systems report might then generate a list of frequency of attendance for all members. This information would then prove useful to the manager who might send a promotional flyer offering a reward to members who were attending frequently or the list might also trigger a telephone call or letter to nonusers inquiring about their absence and encouraging them not to let their membership lapse.

A more sophisticated form of MIS is called a decision support system (DSS). A DSS allows managers not only to monitor current performance in such areas as costs, sales, or revenues, but also to analyze trends over time in any of these areas or the effects of changes in any of these areas on other areas of performance. DSS also enables managers to monitor and factor in variables from the environment such as competitors' pricing or advertising expenditures, inflation, conditions in the national or regional economy, or any other external factor that might affect the organization's performance. Finally, using DSS, managers can evaluate the impact of various options or alternatives before actually implementing them. For example, a sport facility can evaluate the impact of various levels of increases in the rate it charges for luxury boxes or suite rental, taking into account such factors as inflation, the prices its competitors charge, industry trends in suite or box sales and rental, the condition of the national economy, and so on.

In short, as a result of IT advances in TPS, MIS, and DSS, organizations now have the ability to dramatically streamline their day-to-day operations, monitor virtually every performance area of the organization, and significantly enhance the quality of analysis, problem solving, and decision making as the organization pursues its mission.

Organizationwide feedback on performance

One important change that has resulted from the use of IT in organizations is the availability of continuous feedback on performance, not just to managers, but also to individuals and teams at every level of the organization. It is no longer enough for the manager alone to know how things are going; for organizations to continuously improve, everyone must have access to information on performance. Through IT, this kind of organizationwide feedback on performance becomes possible.

Two examples of the integrated application of computer technologies used by sport organizations are the Computerized Maintenance Management System and the Enterprise Asset Management System. These systems are used by sport organizations that range from professional sport facilities to college athletic departments. These systems consist of a series of relational database modules that communicate with one another. These modules may include equipment record management, work order management, preventive maintenance schedules, and inventory control modules. They may also include purchasing modules, personnel modules, report writing, and scheduling modules. Because the individual modules are interconnected, a manager is able to generate a history of an individual piece of equipment or vehicle and determine the actual cost of the equipment overtime as well as analyze maintenance practices, materials, and labor costs. The manager, for example, may also generate a report that details maintenance cost per vehicle, tire life, project staffing efficiency, and so on. Although this technology provides the manager with continuous feedback on performance, it also allows the manager to improve maintenance, staffing, and inventory control efficiency. For sport managers, savings generated through streamlined management of these functions represents new dollars that can be used for capital improvements, training of personnel, or creation of additional programs. In this way, sport organizations that use technology well are beginning to see the improvements in performance that are the result, at least in part, of the much wider range of feedback made possible by IT. In other words, the kind of organizationwide feedback made possible through IT allows not just managers, but also individual and team performers, to see what kind of progress they are making toward performance goals and to more quickly identify performance problems.

It is also important to note that in the sport industry, feedback made possible by technology is also being used to enhance individual and team on-field performance as well. Scouting departments, medical and training staff, coaches, and recruiters have all effectively integrated technology into training regimens, injury diagnosis, sports injury rehabilitation, as well as practice and game preparation. Video coupled with computer-based assessment and diagnosis is being used on a daily basis to improve golf swings and tennis strokes, develop individual speed and strength, and analyze pitching and hitting performance. Virtually every sport has been able to use technology to improve individual and team performance.

Enhanced communication through information technology

Children everywhere 10 years old or even younger are familiar with most of the recent IT-based advances in communication, particularly with wireless (cellular) telephones and the Internet. What is less widely understood are the dramatic improvements that these technologies have made possible in terms of organization performance in the area of communication.

To appreciate the scope of the improvements in these areas, it is helpful to consider what communication in organizations looked like before these advances. Even at the management level, if an individual or group identified a problem or came up with an improvement idea, most often a memo had to be prepared, typed by a support staff member, and sent through the company's mail system to the appropriate parties. These parties would then respond through the same process of typed, mailed memo, most often independently, with little or no knowledge of the reaction of the others who received the initial memo. This process might continue back and forth for as long as it took to make a decision on the issue. Before voice mail and e-mail, telephone messages could only be left for individuals with assistants to take the message, necessitating messages that were brief and less than complete.

In an effort to short circuit this extremely time-consuming process of memo and return memo, a meeting might be called, bringing together all of the parties required for discussion and decision. Of course, the more parties required for this process, the more difficult it was to schedule a meeting, especially if some of the individuals involved were from outside the area. The meeting form of communication does result in less time wasted in sending memos back and forth and does provide an opportunity for interaction between participants. However, the logistics of scheduling meetings can often be cumbersome, and frequently, long periods pass before a mutually agreeable time can be found when all of the parties can come together at the same location.

With IT, all of this has changed. Problems and ideas can now be identified and shared nearly instantaneously through e-mail or text messaging. Through e-mail and wireless communication, the back and forth process of information exchange and feedback can be reduced from weeks to days or even minutes. Meetings involving parties separated by thousands of miles are now arranged using teleconferencing and videoconferencing made possible through IT. Mobile wireless walkie-talkies and text messaging now make for immediate communication with almost anyone in the organization with a cell phone. In short, advances in IT have both accelerated and expanded communication processes throughout organizations, greatly enhancing their ability to respond rapidly and effectively both to problems and opportunities.

IT has also significantly affected the organization's ability to communicate with stakeholders. Web-based technologies such as e-mail and organizational websites have allowed sport organizations to provide instantaneous information including game broadcasts, game stories, game results, press releases, and statistics to both the media and other stakeholders including fans, sponsors, and parents of student-athletes. Sport facilities, youth leagues, and professional sport teams as well as other sport organizations are able to provide important immediate information such as schedule changes, announcements about upcoming events or promotions, and directions to sport facilities online. Some organizations encourage stakeholders to register for regular e-newsletters or bulletins that provide important information, special offers, or event announcements. This approach to communication can result in significant savings in publication design, printing, and mailing costs.

Many college athletic departments have been particularly successful in using the Web to communicate with key stakeholders including alumni, parents, donors, and prospective students who are located throughout the country. Parents, who may be located thousands of miles from the school, are now able to follow their student-athlete's team performance. Prospective students can research the school's athletic teams, coaches, and student-athlete services from the privacy of their own homes, whereas alumni around the world can easily follow their alma mater's sports teams.

Internet technology is also used to collect important feedback from stakeholders. Organizations may provide opportunities for online chats with sport stars or coaches and may encourage fans to contact the organization for additional information or provide comments on products, services, or policies that the organization is considering. For many sport organizations, Web technology creates a link to a broad-based constituency by facilitating information exchange.

It is also important to recognize the role that Web technology plays in facilitating other exchanges with stakeholders as well. Sport organization websites offer online purchase of goods such as tickets or merchandise as well as membership or registration services. The San Francisco Giants (website: http://www.sfgiants.com/), Seattle Mariners (website: http://www.mariners.org/), and Boston Red Sox (website: http://www.redsox.com/) are among the many teams that have created virtual marketplaces where season-ticket holders can resell or purchase tickets. The Giants claim that this service prevented more than 40,000 no-shows in one season alone (Williams, 2001). Sport organizations are also cognizant of the secondary market created by online ticket businesses that have rapidly developed. Online ticket companies and auction sites have created online communities where fans can electronically sell and trade tickets. Teams often browse popular ticketing websites to monitor secondary ticket traffic that some sport managers consider to be nothing more than e-scalping.

For some sport organizations, the practice of doing business online has resulted in better and more convenient service to customers while allowing the organization to cut back on personnel costs. For example, clerks who handled over-the-phone or walk-in business ticket sales might now become unnecessary because face-to-face customer traffic is lessened. Ticket staff might now only fill online orders for a couple of hours in the morning. Use of online access goes far beyond purchasing products or services. Customers may use a sport organization's website to register for aerobics classes, youth soccer, summer camp, or tennis lessons. Golf courses offer online tee-time selection and access to the Golf Handicap Information Network's national online handicapping system where golfers can enter their scores and have their handicap calculated. Similarly, tennis clubs might provide an online court reservation service, computerized opponent selection, and tournament pairing service. At the ballpark, fans might swipe a fan club card, accrue frequent user points, and upon returning home, receive online newsletters, discounts, and promotional offers.

Product and service innovations through information technology

Yet another area of tremendous opportunity for organizations is the development of new products or services or of new delivery mechanisms through the use of IT. Technological innovations are enhancing organization, team, and individual performance. Not too long ago, a major sport industry publication reported the following innovations, all based on advances in IT.

Trakus, Inc. (website: http://www.trakus.com/), a small technology firm in Somerville, Massachusetts, is building a system that places electronic sensors on football and hockey players. While the athletes are practicing or even actually competing, Trakus would generate information on everything from pulse, body temperature, and speed to measures of exertion and intensity of hits or collisions. Trainers and conditioners would use these data to track athlete's stamina, endurance, strength, and other performance variables, and the media and fans would have a whole new source of information to evaluate and compare the performance of athletes.

The New York Jets and other NFL teams have begun using a "virtual playbook." The traditional printed football playbook contains all of a team's plays and formations, which players are expected to memorize as the roadmap for their performance. The virtual playbook is presented on a CD and not only contains all of the information included in a traditional playbook, but also uses animation to "put the plays in action" as well as video clips to allow players to see the play in actual game conditions. And after studying the virtual playbook, the players can then test themselves (or be tested)—complete with game clock and crowd noise—on such tasks as formation recognition and offensive and defensive adjustments.

Professional teams in all three major sports (football, baseball, and basketball) are experimenting with "smart" seats in their stadiums and arenas. "Smart" seats have small screens or terminals mounted on their armrests, allowing fans to call up replays from various angles, see scores and plays from other games, track statistics, review player profiles, order concessions and team merchandise, and compete with other fans for cash and prizes.

The web and the sport media

Perhaps no IT-based change, however, has been more far-reaching for organizations than the changes that have come as a result of the development of the Internet. In every industry, the Internet has changed organizations forever. Transactions of every kind, from banking and stock market transactions, to account management, to catalog viewing and purchase of everything from clothes to cars to music are now commonplace on the Internet. To remain competitive, virtually every organization must at least make available to its customers the ability to "do business" with the organization over the Internet. As discussed previously in this chapter, the Internet not only allows the opportunity for information exchange, but for commercial exchange or business transactions as well.

Sport media organizations are certainly not exempt from this pressure to do business online. The "business" these organizations must do to satisfy their customers is to inform and entertain. The earliest Internet innovations for sport media organizations were websites that fans could visit as an alternative means of accessing the information provided in a broadcast or article. Then, sport media websites were enhanced to provide information that was not available simply by watching or listening to a broadcast or reading an article. Websites not only gave information and results, but also detailed statistical information, historical records, profiles, feature stories, upcoming game previews, and so on. In some cases, streaming video or audio, highlight clips, and interactive gaming has been added (see Fig. 3.2).

The combination of the Internet with the development of broadband cable access is resulting in an ever-evolving range of innovations in terms of what sport organizations can offer their customers. The marriage of IT and sports media makes it possible for fans to have chats and messaging with players, coaches, and other fans. You can track your fantasy team in real time. You can

SITE	VISITORS/Increase over same period in April 2005 (Current Numbers for April 2006)
ESPN.com	14,496,000/+8.6%
Yahoo!Sports	11,349,000/+20.8%
FoxSports on MSN	10,465,000/+7.6%
MLB.com	9,705,000/+8.2%
CBS SportsLine.com Network	9,231,000/+84.3%

Figure 3.2 Top five leading sports-industry websites. Source: Neilsen/NetRatings, based on a 1-month period. Research by Katherine Johnson-Reid, SportsBusiness Daily in *Street & Smith's SportsBusiness Journal*, May 22–28, 2006, p. 12.

vote for the MVP of the all-star game, order the jersey of your favorite player, enter a contest, or listen to Dale Earnhardt Jr. in car audio at the Daytona 500.

One of the great promises of new media technology is its ability to be customized to the user. You can use your TiVo to record your home team's game and watch it again and again, stop the action, replay, rewind, or fast forward through commercials anytime night or day. Some sport websites allow fans to receive individual reports on a favorite player's performance including up-to-date statistics and actual game highlight video clips. You can also download team wallpaper or ringtones and you can receive advanced notification of broadcasts, or sales of products or services you are interested in, for example.

Through the use of IT, sport media organizations can now offer their customers more than just information or the opportunity to watch an event or program. Through IT, sport media organizations can now provide their customers with the opportunity to become active participants in a multifaceted sport-based experience.

The management challenges of information technology

The demonstrated benefits of recent advances in IT, both in terms of enhanced organizational performance and expanded and improved products and services for customers, are impressive. But there are significant challenges that must be met if organizations are to achieve the full dimension of these benefits. Among the most significant of these challenges are the need for quality information, the risk of information overload, how to manage telecommuters and virtual teams, ensuring continuous training to keep up with the continuing advances in IT, maintaining security in terms of the organization's information systems, and the cost of IT development, training, and application.

The need to convert data into information

In all of the ways described above, advances in IT have significantly enhanced organizations' ability to use information. For IT to yield its full benefits, however, the information being processed must be quality information. Actually, there is a fairly common distinction drawn between information and data. *Data* consists of numbers or facts that represent some aspect or aspects of a situation. Nielsen ratings of a televised sports event, the prices competitors charge advertisers, the number of "hits" on a sport organization's website are all examples of data, facts, or figures that in of themselves have no meaning.

Information, on the other hand, consists of data that have meaning. A program's Nielsen rating, for example, when related to the ratings for other similar programs, or to the target rating established for that program, becomes information. By relating the data to other information, the data become information. In many ways, converting data to information is one of the critical tasks of the manager. IT can help ensure the availability of a continuous flow of essential data such as prices, ratings, or website "hits," but it is the manager's job to apply knowledge and expertise based on education and experience to convert raw data into information that is useful for problem solving, decision making, and innovation. This means that one of the key challenges for organizations in optimizing the impact of IT is to ensure that there exists throughout the organization the knowledge and skills needed to convert data into useful information.

This is one of the reasons why higher levels of education are becoming required for more and more jobs in the workplace. Higher levels of education translate into an increased ability to interpret, analyze, and understand data, in other words, to convert data into useful information. A major or degree in sport management has little value in itself; it is the knowledge of the sport industry gained through the major or degree program that is of value, because it is this knowledge that enables the sport manager to analyze and interpret data from the field, to convert that data into information that enhances decision making and problem solving.

Ensuring information is on "TRAC"

A second management challenge related to IT is ensuring that the information developed and used in organizations is quality information. Quality, in this case, generally means that information is timely, relevant, accurate, and complete, or as shown in Figure 3.3, on "TRAC."

Timely

Even the best information, if it is not available at the time when it is needed for decision making or problem solving is of little use to the manager. Although this is true in all organizations, it is even truer in media organizations whose mission is to provide the most up-to-date information available. For example, game results and statistics must be continuously updated and reported for them to retain their value to users. But even in the operation of these organizations, timely information is essential. For examples, sport media advertising executives must have timely information about advertising sales, available inventory, and audience ratings.

Timely	Providing the most up-to-date information available
Relevant	Giving information that relates to and enhances understanding f key issues
Accurate	Ensuring that the information is a reliable and valid representation of what is happening
Complete	Providing information that is sufficiently comprehensive to represent all of the important aspects of the situation

Figure 3.3 The TRAC model of quality information.

Relevant

For information to be truly useful, it must relate to and enhance understanding of the issues and questions of direct concern to the organizations. On the one hand, this means not cluttering the organization's information systems with information that simply does not relate to the organization's needs or is not used in the organization's decision making. On the other hand, there is the challenge of ensuring that each decision maker in the organization has access to the kind of information needed for the particular decisions in which they are involved. For example, a national sports magazine manager would be particularly interested in collecting and maintaining a database of subscribers. The manager must determine what type of information would be important to collect and record about subscribers. What information would be useful to the organization? Does the manager want to know the age, sex, and income of the subscriber? Would it also be valuable to know what other magazines the subscriber reads, what products he or she uses, and what professional team the subscriber considers to be a favorite? Clearly, all of this information is considered in the magazine's marketing efforts and is therefore, relevant to the organization.

Accurate

It almost goes without saying that for information to be of value to an organization, it must be accurate and a reliable and valid representation of what is really happening. In many ways, this is the most difficult challenge relating to information, especially in situations where the data are unclear. In these situations, the information being used is often the result of individual or group judgments about a situation, which are naturally subject to bias and interpretation. For example, members of the sport media are often faced with the challenge of reporting on games and events in the sport industry when few facts are known or may be unavailable. Consider the case of the "behind-clubhouse-doors" spat between the team's star player and manager. Although very little may be known about the actual content of the argument, members of the media may ask other players what they know, speculate about the cause with other members of the press, or rely on second-hand reports of the incident. In this case, the resultant story in the evening's sports section may be a little more than personal opinion, half-truths, and innuendo, yet, the reader has come to view the reporter as a legitimate news source and interprets the reporter's opinion as fact. The media must shoulder the responsibility of verifying the accuracy of information it presents as fact while assuring that opinions or subjective reporting is represented as such.

For the sport organization using data to make managerial decisions, it is the manager's responsibility, as much as possible, to develop better data on the situation, either in the form of more reliable facts and figures or by seeking the opinions of a wider group of people, preferably including "experts" with extensive experience with the situation under consideration. For example, the sport media executive must have data that accurately show costs of production as well as trends in advertising revenues to develop an appropriate bid on broadcasting rights. Without good information, he or she is likely to overbid or underbid, thereby either losing the property or paying too much—in either case, potentially losing millions of dollars for the network.

Complete

Finally, information must be sufficiently comprehensive to represent all of the important aspects of a situation. Incomplete information results in decision making that fails to take into account one or more important factors. This in turn jeopardizes the likelihood of the success or effectiveness of the decision or solution. For example, consider the case of the broadcast executive preparing to bid on a sports broadcast rights package. If he or she considered costs of production and advertising revenue forecasts, but did not consider information about competitors such as what were they likely to bid, how much had they bid in the past, and how much were advertising rates for a similar event in the past, he or she would be basing their bid on only a part of the picture. The executive would also want to consider the state of the economy and industry trends as well. Sport managers must be cognizant of the fact that basing decisions on incomplete information often results in poor decisions.

Information that is on “TRAC” provides a solid foundation for an organization’s decision-making and problem-solving processes. Shortcomings in any of these four areas result in decisions built on inadequate foundations, and the results are not likely to be positive.

The risk of information overload and poor systems mismanagement

One of the downsides of the recent advances in IT is the risk of organizations being overwhelmed with so much information. The fact of the matter is that on average, humans are somewhat limited in their ability to process anything more than a fairly moderate amount of information at any single time. The amount of information pouring in from cell phones, e-mail, the Internet, and other sources have increasingly begun to threaten to exceed our capacity to organize and make sense of it all. The existence of so much information means risking either drowning as we immerse ourselves in this unending flow of information or failing to recognize the most important information because it is buried in so much other information. One of the challenges from IT is for the organization to develop practices and procedures that ensure, as much as possible, that everyone in the organization receives only the information they need to perform their jobs well.

In some cases, organizations have effectively collected data, but have not effectively put systems or procedures in place to manage or use that information. It is not enough to simply collect information, a sport manager must collect information purposefully and must have a plan in place to analyze, report, distribute, and use the information. One example of poor systems management and information overload is fan loyalty programs. These programs allow fans to earn points by swiping their fan loyalty cards in the stadium or online with each purchase or visit. Although teams have been able to collect a great deal of information, there has been a failure on the part of some organizations to manage this information or use this information effectively. In some cases, there is just so much information, that the task of analyzing the data is overwhelming. In the case of a fan loyalty program, the data should be used as a decision-making tool that allows teams to better understand fan behavior, create customized marketing programs, better manage interaction with fans, and grow and retain the fan base. However, at this point, results have mixed. Some teams have not been able to analyze the data effectively or put systems and plans in place to use the information to influence profitable fan behaviors (Sutton & Hogeboom, 2005).

The challenge of telecommuting and virtual teams

One promising area of change as a result of advances in IT is in the way work is done, or more accurately, where work is done. *Telecommuting* is the use of IT to allow workers to perform their jobs at sites other than where the organization is located, usually at home. Telecommuters use PCs, the Internet, fax machines, PDAs, and other technology to complete their work without the pressures and time loss of actual commuting. The organization gains access to a wider range of workers, with reduced needs in terms of office and parking space, furniture, and related overhead costs.

Because of the nature of the sport industry, many sport managers are unable to work at home and, in fact, must travel extensively. Work travelers can be responsible for doing a great deal of their work on the road. In these cases, technology has greatly supported their efforts to communicate with others and to complete work assignments beyond the office.

Virtual teams consist of individuals who perform as a team without necessarily working at the same location. Virtual teams use the same technology as telecommuters as well as teleconferencing and videoconferencing and electronic meetings. Virtual teams enable organizations to involve individuals working anywhere in the world in problem solving and decision making. This ensures that teams are composed of members with the best available skills for and knowledge of whatever issues the team is addressing. Virtual teams are often used as part of the draft process in professional sport, where experts throughout the country are involved in the development of the draft strategy and may participate in decision making leading to draft selection. All means of communication technology are used to facilitate immediate interaction of all parties involved in the draft process.

There are several challenges in managing both telecommuters and virtual teams. The first is obvious: How do you provide the kind of supervision, direction, and support that happens easily on a face-to-face basis, to individuals who may be physically present only occasionally, or even rarely? The second is less obvious: How do you compensate for the lack of social interaction among virtual team members and commuters, which appears to be an important source of motivation in the workplace? The kind of cohesiveness among group or team members that is an important factor in members' productivity appears to be more difficult to achieve for telecommuters and virtual team members.

In fact, organizations have begun to experiment with ways to reduce these problems. Most approaches involve building in at least some face-to-face meetings involving all members of any virtual team, especially at the beginning of the team process. Similarly for telecommuters, many arrangements now require that, at least occasionally, regular time be spent in the office and, just as important, at lunch or other social settings, interacting directly with coworkers and managers.

As continuing advances in IT make telecommuting, work travel, and virtual teams more common, managers will need to continue to develop approaches for ensuring high levels of performance—and a strong sense of involvement—for employees who are working elsewhere, on their own.

The continuous training challenge

Obviously, IT is only as good as the skills of the people who use it. This has always been the case between people and technology, but now there is a difference. In every age before the present, technology changed slowly. In fact, until the past two decades or so, the technical skills one learned at the beginning of a career most often were sufficient for an entire career. Whether in the factory or the office, it was fairly rare that a change in technology required significant additional training. With the advent of computer technology, this pattern has changed dramatically. Since the early 1990s, advances in IT have been continuous, requiring organizations to also develop continuous training capabilities just to keep pace.

Traditionally, employee training has been viewed as "lost time," time when the employee is not working. Increasingly, this view is changing to recognize that training is an absolutely necessary investment to ensure that managers and employees have the skills needed to make maximum use of the capabilities of IT. Even with this changed mindset, however, arranging for continuous training in IT is difficult. As competition forces the requirement of greater efficiency on every organization, it becomes more and more of a challenge to find the time for training. But organizations are using innovative approaches to ensure that training occurs. One such approach uses IT to respond to this important IT challenge. In this approach, training is available online, allowing employees to access training materials at whatever the best time for them might be, without ever leaving their desks. There may be disadvantages to this approach as well, including the problems associated with employees being required to find the time for training on their own. Additionally, some employees respond better to a face-to-face approach. To address this issue, some sport organizations are hosting on-site training sessions, whereas others are encouraging more professional development activities through conferences, seminars, or advanced degrees. But whatever questions specific approaches to training might raise, there is no doubt that if the full advantages of IT are to be realized, continuous training must become a reality.

The question of security

Although the potential for improved performance through IT is significant, even when used effectively, it is not without risks. An additional area of challenge for managers is to effectively manage the access to information made possible by IT and required in the workplace.

The need for access and the threat of leaks

Increasingly, employees are sharing the responsibility with management for speeding and improving the organization's performance. This shared responsibility increases their need for access to information on such factors as inventory levels, delivery schedules, costs, and levels of staff, as well as the performance of various units within the organization. Obviously, this greater access to information throughout the organization results in an increased possibility that important information might leak outside the organization to competitors, the media, and elsewhere. This is a reality, and organizations must learn to manage this reality and the risk it represents.

Yet on closer examination, it appears that the fear of leaks may be greater than the actual threat. For example, some athletic programs at public institutions have been sharing what some companies might consider secret information (e.g., budgets and salary information) with frontline employees and the general public for many years, with no evidence of resultant damage. It might also be argued that with the increasing availability of information through Internet and other sources, what the organization is trying to protect might be already available through other sources. In some segments of the sport industry, however, information can be highly confidential and proprietary. For example, grades of student-athletes, salary figures, or revenue information must be guarded to protect privacy or business interests of the organization and individuals. In these cases, the sport organization is responsible for assuring the security of the information and must take every step possible to assure that the information does not find its way to the media or to the public domain.

The possibility of sabotage

Perhaps, more serious than the potential for damaging leaks is another risk arising from the presence of IT in the workplace: the risk of employee sabotage of the company's information system. A single angry employee armed only with a computer virus is now capable of doing irreparable harm to a company's databases and information systems. There is also the possibility of the one-person strike, where a single anonymous, dissatisfied employee or fan could interrupt the information system to call attention to a particular issue, attempt to gain concessions from management, or garner public attention. No laws, programs, and security arrangements can totally protect against this.

To guard against viruses or security breaks, employees can be trained not to use software and disks from unknown sources. They can also be warned not to open unidentified email. Organizations can be proactive and update computers with security and antivirus software. One of the best defenses against system breaches is employee education and customer service programs. In essence, it will have to be the employees' and fans' sense of fair treatment that management will have to satisfy, if the threat of information leaks, theft, and IT sabotage is effectively to be minimized. Fortunately, surprisingly little evidence to date exists of this kind of widespread sabotage, leaks, or theft in the sports industry.

Some sports organizations have recognized that either because of the size of the sport organization or lack of in-house professional expertise that they are unprepared to effectively manage IT. As a result, tasks such as IT systems management, database management, software development, website development, and IT security maintenance may be outsourced to professionals. A cottage industry of sports specialty IT companies has developed, and they are serving a vital role in helping sport organizations integrate technology in their operations.

Cost considerations

One of the greatest challenges faced by managers seeking to develop and integrate IT into the operation of the sport organization is the associated cost of IT. There is little doubt that research and development of new technologies is very expensive. Sport organizations must consider not only the upfront cost of securing the technology, but training and maintenance costs must also be considered as an on-going expense. The reality is that sport managers recognize that there are extensive technology start-up costs, such as building infrastructure, purchasing hardware and software, and staff training. For example, many sport stadiums and teams have been slow to adopt "smart-seat" technology for various reasons, including the cost of installation, concerns that promised revenue streams will not be realized, and fears that the technology will quickly become obsolete.

For most sport organizations, it is no longer a question of if the sport organization should consider integrating advancements in IT, but how the organization can successfully implement, realize, and sustain the competitive advantage that can be brought about through IT.

Negative consequences of information technology growth in sport

Although technological advancements in sport and sport media have revolutionized the management of sport organizations and greatly enhanced the fan consumption experience, there are some negative consequences of the technology revolution in the sports business. Sport managers have long been concerned with the effect of sports gambling on the industry. In the wake of professional baseball's Chicago Black Sox scandal of 1919, when several players were accused of fixing the World Series, there have been increasing concerns about maintaining the integrity of our games so that fans will continue to support sport teams and organizations. The development of IT, however, has played a role in facilitating sport gambling. Fans may use the Web to place bets with foreign gambling operations (where gambling is legal in the host country) and off-shore gambling establishments where sport gambling may be conducted beyond the purview of the United States government. Additionally, sport websites provide detailed information that supports gamblers in their attempts to analyze every facet of a game before placing a bet. Sport gambling websites facilitate gambling by bringing the gambling opportunity directly into the home of the gambler where he or she may place a bet in privacy 24 hours a day. This system also encourages the gambler to use a credit card and to place bets on a frequent basis. For the sport manager and law enforcement agencies, control of online gambling has become increasingly difficult, and it is likely that because of its convenience and anonymity, sport gambling websites will continue to proliferate on the Web.

Another potentially damaging consequence of available technology in sport is related to the popularity of sport affinity websites, chat rooms, blogs, and discussion forums. Sites such as MySpace.com provide a platform that allows sport affinity groups to communicate freely. Groups such as University Sports Friends, Alumni of University Lacrosse, and High School Football Team Friends have appeared. With the growth of these affinity communication sites, a disturbing trend has emerged. Individuals may take photos of themselves or others and place them on the site. The nature of these photos may cause concern for the sport organization and could possibly do damage to the individual. For example, a photo of underage student-athletes drinking at a college team party with their team sweatshirt on can be a public relations nightmare. Photos or announcements of team alcohol bashes or sex parties and even photos of individuals flagrantly breaking team rules can have far-reaching negative consequences. Parents of perspective students, coaches, recruits, law enforcement officials, future employers, teachers, professors, or school administrators may have access to the site and can be influenced by what they see. Cell phone users or other digital camera users may take photos of student-athletes or others in compromising positions and then use these photos for blackmail or personal harm. Student-athletes or others not wishing these images to be posted or made available to parents, employers, coaches, recruiters, or other significant people in their lives may acquiesce to the blackmailer. Even in cases where blackmail is not threatened, damage can be done to the individual or the sport organization's reputation. For example, for some high school and college athletic directors, coaches, and recruiters, this practice of posting personal photos on the Internet in sport affinity sites has become increasingly problematic. Even if the individual student-athlete is posting the photo himself or herself, they may not realize the inflammatory nature of the image or who might have access to it. It is important for student-athletes to recognize that Web communications and personal websites are far from private. Such communications may become evidence in legal cases, hiring decisions, disciplinary hearings, or other such proceedings and can have long-term and lasting negative effects on an individual or organization's reputation. Sport managers must be proactive in their knowledge of what is going on in cyberspace and must educate athletes and other personnel about the potential negative dangers and consequences of online personal communications.

The popularity of chat rooms, online discussion groups/forums, and blogging has had some negative effects on the sports community in another way.

Although these sites can provide the opportunity for information exchange and entertainment, they can also take a nasty turn when individuals use these forums for trash-talking, rumormongering, and hate speech. Individuals may post messages that berate and insult opponents, officials, coaches, or teammates. Online sports forums and chat rooms allow anonymous chat that may consist of nothing more than threats, insults, name-calling, discriminatory comments, or other mean-spirited communication. Although forum directors can set guidelines for participation and monitor forum discussion, there really is little that can be done to deter this kind of activity. Discussions or blogs can be demeaning and hateful and may rise to the level of criminal activity when inappropriate threats are involved. Innovation and technology offer great promise for enhancing communication in the sports world and can contribute greatly to our enjoyment as fans and participants. However, this dark side to the proliferation of technology must be recognized as well.

Professional sport managers will continue to assess and integrate rapidly evolving technology in an effort to gain a competitive advantage in the marketplace. Sports organizations will remain committed to effectively and efficiently adopting technologies that will improve individual, team, and organizational performance. The challenge is to use technology to advance quality, to adopt technology that will support the organization's mission, and lastly to manage emerging technology in a way that adds value to the organization.

Summary

In this chapter, we have examined the sport media segment, which plays an integral role in connecting stakeholders to sport organizations. The sport media not only reports game outcomes, but serves as a marketing distribution channel by which sport is delivered directly to consumers throughout the world. The sport media continues to reinvent itself through technologies and media platform development that allows sport consumers to gain more immediate access to sport information and organizations.

The sport media has successfully used developing IT. IT refers to all of the resources—the processes, practices, and systems—an organization uses to gather, retain, and process the information it uses to pursue its mission. IT provides organizations with the ability to develop new products and services while improving management's ability to make effective and efficient decisions. Managers use several levels of information systems including TPS, MIS, and DSS. These systems help organizations dramatically streamline their day-to-day operations, monitor virtually every performance area of the organization, and significantly enhance the quality of analysis, problem solving, and decision making as the organization pursues its mission. Computer-based technologies, especially the Internet, have greatly expanded the role of the sport media and provided sport consumers with greater and broader access to sport information, sports products, and sport organizations.

Sports organizations have recognized the associated challenges of IT. In this chapter, the student was presented with several critical IT challenges including content quality, information overload, telecommuting and virtual teams, training, security, and cost considerations. Sport managers must also be cognizant of the deleterious effects of media and technology coupling, including the growth of sports gambling, sensational Web postings, and negative online sports forums and chat rooms. There is little doubt that advances in IT will continue to shape the management of sports organizations. As the sports media plays a leadership role in the sport industry in developing and integrating new technologies, it will continue to become an increasingly powerful entity that shapes both our games and our participation and perceptions of sport.

Management exercise

Pro sports collectibles

Paul Hunter has recently purchased Pro Sports Collectibles, a local sports memorabilia and sports collectibles store that had been family-owned for 40 years. Hunter, a long-time sports memorabilia collector, who is well known and respected in sports memorabilia circles, was excited about beginning his own business. He thought he had done his homework before purchasing Pro Sports Collectibles. He had created a business plan, secured the capital to support his investment, and developed deals with several suppliers who would provide him with quality memorabilia and sports items.

One hour after Paul signed the papers, he walked into his new store and arranged to take Cy Thompson, the store's only full-time employee, to dinner that evening. What he learned during that dinner made him truly realize for the first time what he had undertaken. Paul carefully took notes as Cy began to talk about the operation of Pro Sport Collectibles. This is what he wrote:

Notes: Pro sports collectibles meeting

- Only one full-time employee. Eight part-time college student workers. Schedule made up by owner and posted on the bulletin board on Saturdays. Sometimes part-time workers change hours. By the end of the week, the schedule is a mess with eraser marks, penciled-in names. Sometimes, no one shows up to take a shift and the full-time employee or owner is stuck working the shift. Employees complain that hours are not distributed evenly and that paychecks, which are handwritten by the owner, are sometimes sent days late.
- Inventory arrives by truck on Wednesday. Sometimes, it is not unloaded until Saturday.
- Inventory system is maintained by hand on index cards.
- Shoplifting is a serious problem.
- Telephone calls from out-of-state collectors take a great deal of time. Must search back room or index cards to see if item is available.
- Most transactions take place with customers who live within 60 miles. No online transactions.
- Only cash and checks are accepted for transactions.

When Paul got home that evening, he reviewed his notes and realized that he needed a plan to integrate technology into the management of Pro Sport Collectibles.

Questions

1 Please develop a technology plan for Pro Sport Collectibles. Identify the challenges outlined in Paul's notes and how they might be addressed by the use of technology.

2 Pro Sport Collectibles has failed to use Internet technology. Work with a team of students to identify what content would be important to include in a new Pro Sports Collectibles website.

3 Using IT, design a customer-tracking system. What customer information should be collected, and how will it be used to enhance customer service?

4 Marketing perspective: Please develop a promotional plan for the store's opening under new ownership.

5 International perspective: How might Paul use technology to begin to globalize his business?

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4

Developing goals and school and youth sports

Introduction

Within the context of the school-based and youth sports industry segments, this chapter describes goal setting and how clearly stated goals can provide people and sport organizations with the focus, direction, and understanding needed for optimum performance. We define the task of developing effective goals in terms of several key criteria, review the numerous benefits from developing goals in this manner, and examine the challenges and difficulties that are part of the goal-setting process.

The chapter also illustrates some of the specifics of the school-based and youth sports industry segment, how goal-setting impacts this segment, and, once goals have been defined, how managers in this segment work to achieve them.

Check the stats

Purpose: To provide athletic participation opportunities to boys and girls up to and including high school.

Stakeholders: Participant athletes, parents, coaches, related support personnel (trainers, officials), equipment suppliers, league administrators, school administrators, state association administrators, elected officials (local school boards, state and federal legislators), local, school sports, as well as activities such as music, debate, theater, and student council.

Size and Scope: The National Federation of State High School Associations (NFHS) encompasses all 50 individual state high school athletics and activity associations, as well as similar governing bodies operating in the District of Columbia, Bermuda, Guam, St. Croix, St. Thomas, St. John, and 10 Canadian provinces. NFHS represents more than 10 million students in more than 17,000 high schools, as well as coaches, officials, and judges through the individual state, provincial, and territorial organizations. In addition to compiling national records in sports and national sport participation rates, NFHS coordinates official certification; issues playing rules for 16 boys' and girls' sports; prints 8 million publications annually, including officials' manuals and case books, magazines, supplemental books, and teaching aids; holds national conferences and competitions; and acts as an advocate and lobbying agent for school-based youth sports. NFHS also maintains a high school Hall of Fame, which currently has 290 inductees ("About," 2001).

Governance: Three facets comprise the organizational structure of the NFHS. The legislative body, the National Council, is made up of one representative from each member state, provincial, or territorial association. Each council member has one vote, and the council meets to conduct business twice each year. The administrative responsibilities are handled by the 12-member board of directors, elected by the National Council from professional staffs of member associations. Eight board members are elected to represent one of eight geographic regions, with the remaining four chosen on an at-large basis. The board of directors approves the annual budget, appoints an executive director, and establishes committees for conducting association business. NFHS has a paid administrative and professional staff of 50, including the current executive director, Robert F. Kanaby ("About," 2001).

Other professional organizations and services offered by the NFHS include the following:

1. The National Interscholastic Athletic Administrators Association (NIAAA), made up of 5000 individuals responsible for the administration of high school athletics.
2. The NFHS Coaches Association, composed of 30,000 member high school coaches.
3. The NFHS Officials Association, which includes 130,000 member officials who benefit from liability insurance and skills instruction.
4. The NFHS Spirit Association, formed in 1988 to assist members and coaches of cheerleading, pompom, and spirit groups ("NFHS Changes Names," 2002).

State associations

The NFHS model is typically replicated at the state level by state associations. State associations, which are also nonprofit, have a direct role in organizing state championships and competitions in athletics and activities and are the final authority in determining athlete eligibility. The scope of activities, size of full-time administrative and support staff, and number of schools represented vary from state to state and are proportionally related to that state's population.

The legislative business of state associations is administered in much the same manner as the NFHS, with several general meetings each year attended by one voting representative from each member institution. Whereas championships and competitions are administered by the associations, committees consisting of coaches and administrators perform most of the actual duties associated with the events, including determining criteria for selection of event participants, event management, and the general rules pertaining to regular season competition.

National youth league organizations

National youth league organizations focus administrative efforts on promoting participation in a particular sport among children. The activities and duties of these organizations are illustrated by examining one such association, Little League Baseball (LLB), the best-known youth athletic organization in the United States. Carl Stotz, a clerk in an oil company, founded the organization for his nephews in 1939 as a three-team league in Williamsport, Pennsylvania, and built a miniature diamond in a park there. Stotz was ousted from the organization in 1955 after a court battle over sponsorships (Stotz had concerns that the organization was becoming too commercialized and was losing sight of its core values), but the organization made amends with the founder's heirs (in part to hasten fundraising of $20 million to build one of its Williamsport stadia) by honoring Stotz with a granite statue on the stadium grounds in 2001 (Cannella, 2003).

The organization, initially for boys ages 9 through 12 years (girls were admitted in 1974), grew to 867 teams in 12 states during the next decade. By 1963, LLB boasted 30,000 teams in 6000 leagues on four continents. In 2002, 2.8 million children ages 5 to 18 years in 105 countries participated in T-ball, baseball, and softball at four age-group levels and for mentally and physically disabled children. LLB requires strict adherence to administrative guidelines, including standardized field size and use of uniforms, formalizes rosters composed via the draft system, and promotes its ability to provide adult supervision and safe play (Cannella, 2003; LLB, 2002a, 2002b).

LLB's governance structure is organized on four levels: local, district, region, and international. Each league program is organized within a community, which establishes its own boundaries (with total population not to exceed 20,000) from which it may register players. A board of directors guides each local league and is responsible for the league's day-to-day operations. Ten to 20 teams in a given area usually comprise a district. The district administrator organizes district tournaments. The district administrator reports to the regional director, of which there are five in the United States and four internationally. LLB operations are led by the president and CEO (Stephen Keener), who reports to a board of directors, which is composed of eight district administrators elected to rotating terms by their colleagues at the periodic international congress. There are 110 full-time league employees and a million volunteers worldwide. The keynote event for the organization is the annual Little League World Series, which began in 1949 and brings 16 teams (eight U.S. and eight international) for 32 games at the two LLB complex stadia for 10 days every August, along with 150,000 visitors (36,000 attended the U.S. bracket finals in 2002) and live TV coverage for all but five games (Cannella, 2003; Harlan, 2003; LLB, 2002c).

Inside look: Schools for scandal

At first glance, Miami's University High School (UHS) looked like a reputable place. It certainly had a distinguished group of alumni, many of whom were enrolled at major colleges and universities across the country. It must have had a pretty decent athletic program, too, when you consider that many of these alumni are Division I college football players at schools such as Arizona State, Auburn, Florida State, and Tennessee. But when one looked a little closer, UHS seemed a little shady. The school held no classes, had no educational accreditation, and advertised itself as "the easiest, fastest way to become a high school graduate," where diplomas could be earned in four to six weeks and cost $399. Its founder, Stanley J. Simmons, had served 10 months in federal prison after pleading guilty to committing mail fraud after an involvement with a similar school in Arizona. Simmons sold the school in 2004 to Michael R. Kinney, a 27-year-old arrested for marijuana possession charges in 2003. The school consisted of two small rooms on the third floor of an office building located between an animal hospital and a Starbucks (Thamel, 2006a; Thamel & Wilson, 2005).

UHS is not a solitary example, however. In the last few years, similar institutions have sprouted across America: Lutheran Christian Academy and Rise Academy in Philadelphia, Pennsylvania, Boys to Men Academy in Chicago, Illinois, God's Academy in Irving, Texas, One Christian Academy in Mendenhall, Mississippi, and Stoneridge Prep in Simi Valley, California, among others. These "schools," none of which has been accredited by the appropriate state education oversight organizations, do differ somewhat from UHS—some, although not all, have actual classes, although often for only 2 hours a day, but their students in most cases are African-American male basketball players looking to become eligible to play in college. So why are these players not staying at home and attending their local schools? They need to be deemed academically eligible by the NCAA to compete in college, and these "schools" allow them to do so with little or no work in bogus courses. At least 200 players have done so in the last decade by enrolling in such “schools” (Thamel, 2006a; Thamel & Wilson, 2005).

According to college recruiters, Lutheran Christian Academy, housed in a redbrick community center on North 17th Street in Philadelphia, has become the running joke of their profession. At Lutheran Christian Academy, all 30 students at the school are basketball players who were not required to go to classes, and their only teacher was the head basketball coach, Darryl Schofield. “What we were told when we first got there was: ‘How you perform on the basketball court, that’s what you do for your grades,’” said Roosevelt Lee, a former student, who said after a month at Lutheran Christian Academy, he received credit for five courses, earning all Bs, although he never took a test, attended a class, or received instruction. In 2005, Lutheran Christian Academy sent 11 players to Division I schools, including two each to Mississippi State and Texas-El Paso and others to Georgetown, Washington State, and Temple, among others (Thamel, 2006a; Thamel & Wilson, 2005).

What has lead to the proliferation of these diploma mills for prospective student athletes? Changes in NCAA eligibility bylaws have made it easier for those looking to cheat the system. But what about the coaches and administrators at these “schools”. What is their motivation to lie to their students and college coaches about the educatory preparedness of these kids? Are they just looking to make a name for themselves, and some money, on the backs of these young men? And what are the lessons being learned by these young men, who are told they can lie about their academic work and get away with it? And once these kids get to college, are they prepared to take and pass college-level courses?

These incidents bring into question just what precisely are the proper goals of high school and youth sports programs, complicating the process of providing the clear sense of purpose for high school and youth league managers. In the case of these diploma mills, it is clear that one competing value, the desire to get promising basketball players eligible while honing their on-court skills, superseded the values of providing educationally sound experiences that school and youth league programs are often presumed to provide. Chances are, you yourself have participated in either or both youth and schools sports. Many of you had good experiences, and some of you probably did not. What makes a team experience at this level either positive or negative? Did it come down to conflicts over winning and losing? Did the adults—your coaches, your parents, or others—seem to be more interested in winning than you were? Maybe. Research by Michigan State University’s Institute for the Study of Youth Sports found that kids in youth sports play to have fun, be with their friends, and learn. "It isn't until kids are in their early adolescence that they develop an adult sense of winning and losing," says the institute's Mike Clark. Bob Bigelow, a former NBA player who has studied youth sports extensively, puts it this way, "The fundamental chasm in youth sports is the difference between adult needs and priorities and the kids' needs and priorities. The question is: whose needs are going to prevail?" (Zheutlin, 2001, p. 18). Is this the problem at Lutheran Christian Academy in Philadelphia and all other diploma mills? Whose needs are being addressed?

Management expert Peter Drucker has suggested that "it is the first responsibility of the manager…to give others vision and the ability to perform" (1973, p. 3). Drucker defined vision as the clear, shared sense of direction that allows organizations to achieve a common purpose. He insisted that vision is the first contribution of management because a shared sense of direction makes possible the cooperation and commitment necessary for organizations to succeed. Only with a common vision can individuals and groups perform with a clear sense of the destination they are working toward and a clear sense of the direction of the organization. But in the context of youth and school sports, the question, as Bigelow points out, is what direction is most important?

More recently, management thinkers James C. Collins and Jerry I. Porras (1998) described a well-conceived vision as having two parts: core ideology and envisioned future. Core ideology is defined as the enduring characteristics of an organization and includes core values and core purposes. Core values are those values an organization would keep even if it were penalized for retaining them, and core purpose is what defines an organization's reason for being. The envisioned future includes BHAGs, or "big, hairy, audacious goals," bold, long-range goals that influence the direction of an organization for 10 to 30 years and a vivid description of what it will mean to achieve these BHAGs.

In the early part of the twentieth century, football coaching legend John Heisman (for whom college football's famous award is named) attempted, as did many others, to define what might be considered the core ideology of youth sports organizations. Heisman declared that football taught willpower, self-control, clear thinking, sportsmanship, and the formation of good habits in young men. Asked Heisman (2000, p. 2), "The doctor regulates his liver, the dentist looks after his teeth, the (teacher) undertakes to give him the all-essential dose of geometry, the gymnasium instructor makes sure that his muscles become firm and reliable—are these not enough?…Is there a school of any kind where a boy's Will or Temper or Disposition can be trained?"

The training of will, temper, and disposition in young boys might be considered BHAGs and certainly would be viewed as a worthy and challenging envisioned future. In fact, the development of youth and school sports in America during the twentieth century provides an excellent example of the power of vision and what is possible when people share a committed sense of direction. But the challenge during this period was how to determine this direction and in whose interests.

During the early 1900s, educators aligned with the Progressive Movement, including John Dewey, G. Stanley Hall, and William James, first articulated the vision of athletics as a tool to prepare young people for the rigors of modern life in American society. Several years later, in the period during and immediately after World War I (1914–1918), the nation began to recognize the health benefits of athletics for male youths and adults alike. In particular, school sports for males were promoted as a source of physical training for the armed forces without directly encouraging militarism and a means to encourage the cooperation and discipline valued by an increasingly ethnically diverse and industrialized society. During the period, when only one in three children entered high school and only one in nine completed it, educators began to recognize interscholastic athletic programs as an important way to keep students in school and boost graduation rates. These became part of the envisioned future for those organizations promoting youth sports.

With this recognition, the vision of youth sports as a potentially valuable learning experience took root and began to grow. By 1931, 36 states had passed laws pertaining to physical education in high schools, and 47 states had athletic associations that monitored and controlled boys' high school athletics and conducted state championships in baseball, basketball, football, and track and field (O'Hanlon, 1982).

Not surprisingly, this period was also marked by dramatic growth for youth sports outside the high school arena. As a result of the Great Depression and the difficult conditions for youth at that time, a number of private and parochial sports organizations emerged to promote youth participation in sports. These included American Legion Junior Baseball (1925), Pop Warner youth football (1929), the Catholic Youth Organization (basketball, boxing, and softball) in 1930, the Amateur Softball Association (1933), and Little League Baseball (1939). Today, as noted earlier, nearly four million young men and nearly three million young women participate in high school athletics, and as many as 70 million children are involved in youth sport programs. These numbers are clear testimony to the success of the articulation of the vision of youth sports and school athletics as valuable learning experiences.

As with the pioneers of youth and school sports, the first responsibility of sport managers in every segment of the sport industries is to provide a clear sense of vision, provide the direction that will ensure effective organizational performance, and enable every member of the organization to contribute meaningfully to the organization's success. According to Drucker, the most effective way to achieve a shared understanding of the organization's vision is through well-defined goals. The challenge in school and youth sports continues to be how to define program goals. This means it is the management's first responsibility to develop a system of goals that provides a sense of direction so clear that it guides the organization on its course.

Developing effective goals

Consider the following two statements that might be made by a new community youth sports group or high school:

- to provide high-quality athletic opportunities for youth;
- to provide a sport program for each season of the year at both interscholastic and intramural levels within 3 years.

The first statement is not a goal; the second is. What is the difference?

SMART criteria

A goal is a commitment to a specific outcome within a specific time frame. The first statement describes a general direction of having high-quality athletic opportunity for youth, but it is not as specific as it might be in terms of exactly what the desired outcome is and when it is to be achieved. The second statement is much more specific in terms of both desired outcome and time frame. It commits to organizing a different sport activity on a year-round basis at different levels of competition (interscholastic and intramural) within three years. This type of specificity is a fundamental requirement for developing goals.

Specific enough for focus and feedback

Being specific contributes to improved performance in two ways. First, goals that specify a targeted outcome provide a clear focus for everyone in the organization. For example, a program that provides opportunities at different levels of competition must include intramural sports as well as interscholastic sports. The more general statement of providing “high-quality athletic programs” can be interpreted in many different ways, with some perhaps focusing on intramurals as a way to ensure maximum participation and others focusing on making the interscholastic teams as competitive as possible. The more specific statement makes it clear that the focus includes both intramural and interscholastic sports.

The more specific goals are, the more likely that everyone in the organization will have the same understanding, rather than his or her own individual interpretation, of the target. And when the destination is clear to everyone, it ensures both better decisions on how to get there and better cooperation along the way.

Second, goals that are specific make it possible to track progress toward the goal. This information about progress toward a goal is called feedback. When there has been steady or significant progress toward the goal, feedback can be a source of positive reinforcement, increasing motivation to continue toward the goal. For example, with the general goal statement of “quality athletic opportunities for youth in the community,” it would be difficult to know how much progress the addition of any particular program actually represents. With the more specific goal we have been discussing, it is possible to understand exactly what kind of progress the addition of a specific program, such as coed intramural football, represents. Coed intramural volleyball covers the fall season of the commitment to a program for each season of the year, and the overall goal is both reinforcing and making clear what the focus should be now that this goal is in place.

Conversely, where progress has been less positive, feedback can serve as a warning, indicating that either greater effort or a different approach is needed if the goal is going to be achieved. In our example, if it took nearly two years to add the coed intramural football program, the specified overall time frame of three years makes it clear that greater effort or a different approach is likely to be needed if the several other pieces of the goal are to be achieved within the goal’s time frame. Figure 4.1 shows a formula for expressing goals in the most specific terms possible.

Commitment to an outcome specific enough to provide focus and feedback, however, is not the only requirement for a goal to be effective. For goals to increase performance, they must also be meaningful enough to be accepted by those involved, as well as both realistic and challenging.

Specific Outcome			Time Frame
Goal	1.	To decrease the number of athletic injuries by 20%	by the end of the school year.
Goal	2.	To recruit 10 girls for the school soccer team	by 2008.
Goal	3.	To reduce the number of positive results in random drug tests of athletes by 50%	by 2009.
Goal	4.	To add a new sports program for the fall season	by the end of the school year.

Figure 4.1 Goal-setting formula for a school athletic department.

Meaningful enough to motivate

Earlier, we noted that significant progress toward the vision of athletics as a part of the curriculum throughout public schools gained momentum when educators realized that interscholastic sports programs are an effective way to keep students in school and increase graduation rates. With this realization, the goal of establishing athletic programs in the schools became meaningful to educators. Because they viewed this goal as consistent with their own goal of educating students, they became motivated to accept this goal and join the effort to achieve it.

When the people involved view a goal as a means for satisfying their own needs and achieving their own goals, we say the goal is meaningful for them. When the goal is meaningful enough to motivate, performance improves. More recently, educators recognized the importance of making goals meaningful by linking performance in the classroom to eligibility to play high school sports. The "no-pass/no-play" policy that has become common in recent years is an effort to make the goal of acceptable classroom performance more meaningful to student athletes. With "no pass/no play," educators attempt to make the goal of passing grades in all courses more meaningful by making this goal a requirement for participation in interscholastic sports, a goal they know is already meaningful to student athletes.

For goals to improve performance, they must then not only reflect the goals of the organization, they must also meet the needs of the individuals and groups involved in attaining the goals. In the first example, the goal of athletic programs in the schools became meaningful to educators when these programs became recognized as an important means of support for their own goals of educating all students. In the second example, educators hope that the goal of participating in interscholastic sports will be meaningful enough to motivate students to put in the effort required to pass all of their courses.

Accepted by the participants

It has been assumed that for goals to improve performance, a sport organization has to allow its employees and stakeholders to participate in goal setting. This kind of participative goal setting was viewed as a problem by managers who felt there was not enough time available to get these groups involved, and that by involving these groups, management would be giving up control of the process. Research, however, has revealed that goal setting does not have to be participative to be effective. Having a goal that is accepted by stakeholders is more important than whether they participate in its setting. The acceptance of the goal, not the degree of participation, is the key to whether the goal will result in improved performance. Stakeholders are willing to pursue goals set for them by others as long as they find them acceptable.

The question is, therefore, when are goals likely to be accepted? The answer is, much like with the question of a goal's meaning: A goal is likely to be accepted when achieving them also allows stakeholders to achieve their own goals. In the case of the example of "no pass/no play," the goal would be accepted by administrators because it emphasizes a goal of academic preparedness; for student-athletes, it presents a clear guideline on why academic work is important and what levels they must achieve to be eligible to compete. For parents and community members, the goal will be accepted because it shows that the school has made education students the top priority.

There is another consideration, however, that affects the extent to which stakeholders will accept a goal: whether they view the goal as realistic.

Realistic yet challenging

The policy of "no pass/no play" reflects the efforts of educators to define a goal for student-athletes that is realistic. The goal of at least passing all academic courses represents for some students a definite increase in performance, but to a level that is realistic in terms of attainment. Some critics of this policy suggest that merely passing all courses is hardly an appropriate goal for any educational institution and that students are capable of higher performance than just passing courses.

Reflecting this latter view, some communities have raised the minimum standard for participation in interscholastic sports. These communities have adopted what might be called a "less-than-C/no-play" policy for student athletes. This is consistent with the concept of stretch goals, which are purposely set at levels that are attainable, but only with a level of effort significantly greater than what has been typical. Supporters of the “less-than-C/no-play” policy argue that this approach attempts to use students’ intense desire to play sports to fuel greater effort toward academic goals. And, in fact, classic research in this area of management shows that difficult goals result in greater improvements in performance than goals that are perceived as easy to attain (Stedry & Kay, 1964). People work harder to achieve challenging goals and are inspired to rise to a challenge, as long as that challenge is meaningful and realistic.

The last point is the potential problem with the “less-than-C/no-play” rule. There has been concern that some students will view the goal of C or better in every course as unattainable or unrealistic. This is important. Goals that are viewed as too challenging can actually result in diminished effort and lower performance because the group or individual may simply withdraw effort and not perform even to previous levels.

The relationship between the perceived difficulty of a goal and the level of effort likely to be invested in that goal is directly proportional. Performance increases as goal difficulty increases. The higher the goal, the higher the performance, up to a point. Beyond a certain point, which varies depending on the task to be performed and the people performing it, as a goal difficulty continues to increase, performance actually declines. The key is to define goals in such a way that they are challenging, but not too challenging.

Some school systems, recognizing the potential negative effect of goals that are too challenging, have modified the “less-than-C/no-play” approach. These systems are concerned that the goal of a grade of C or better in every course may be viewed as unrealistic and unattainable by some students, based on their own past experience with courses and grades. The concern is that these students may actually work less hard at their studies, thinking they will never achieve the goal, so why even try. In an effort to avoid this kind of thinking, some school systems have implemented a “less-than-C-average/no-play” rule, for example. This encourages improved performance in school, but allows students to remain eligible for sports (and other extracurricular activities) by offsetting any grades lower than C with grades higher than C in other courses.

The key for managers everywhere is to define goals that are challenging enough to improve performance yet realistic enough for the group or individual to feel the goal is attainable. The “less-than-C-average/no-play” approach is an excellent example of setting a goal that is both challenging and realistic.

Specific enough for focus and feedback
Meaningful enough to motivate
Accepted by the participants
Realistic yet challenging
Time-framed

Figure 4.2 SMART goals acronym.

Time-framed

The final criterion of an effective goal is that it must have a time component—more specifically, a deadline. Deadlines are one of the most powerful and effective means available to sport managers for ensuring performance. Even goals that are specific, meaningful, accepted, and realistic yet challenging, if they are without a time frame, become at risk for never being met. In the case of "no pass/no play," the issue in terms of time would be at what point would the grades be assessed, for how long would the students be deemed eligible, and at what point could a student deemed ineligible work his or her way back into competition. For example, most high schools would determine academic eligibility at the beginning of the school year in the fall. For new students, such as freshmen and transfers, they would be deemed eligible; for returning students, eligibility would be determined based on the grades from the end of the previous academic year. But is it realistic to have this one-time assessment stand for the entire school year? If it did, what is the motivation for a student deemed ineligible to work to raise his or her grades if he or she is going to miss out on an entire year of competition? Conversely, some students might be tempted to let their academic work slide if they knew that they were only assessed for eligibility in September and not again until the following June. More regular deadlines, such as at the end of each academic quarter, when grade reports are usually distributed, prove to be more effective in enabling students to meet the goal of academic eligibility for athletics. It gives students a more reasonable period (eight or nine weeks in most cases) to either raise their grades or make sure their work does not fall below the necessary level.

In summary, just having goals is not necessarily sufficient to improve performance. For goals to be effective, they must be specific enough for focus and feedback, meaningful enough to be accepted, realistic and challenging, and time-framed. Figure 4.2 adapts an acronym suggested by Hersey and Blanchard (1981) as a way to remember the essential characteristics of effective goals. For goals to improve performance, they must be SMART.

Why goals improve performance

A reasonable question at this point is why SMART goals do lead to consistently higher levels of motivation and performance. There are several reasons, as shown in Fig. 4.3.

Let us consider how school and youth sports programs are facing the growing problem of hazing. Experts define hazing very broadly as "any activity expected of someone joining a group that humiliates, degrades, abuses, or endangers, regardless of the person's willingness to participate." Such acts are firmly entrenched in America's sports culture (one study reported that 1.5 million high school students are hazed every year, more than half of whom were athletes), with those who propagate such activities arguing that they promote team bonding, leadership hierarchies, and assertiveness. But Professor Hank Nuwer of Franklin College says, "having someone putting on silly clothes is called hazing, and so is sodomy" (Wahl & Wertheim, 2003, p. 70). High schools provide a particularly dangerous set of circumstances for hazing to occur, with juvenile perpetrators lacking maturity, enabling hazing activities to escalate (Weir, 2003).

Such was the case with the football team at Mepham High School in Bellmore, New York, in 2003, when, at a preseason training camp in Pennsylvania, three players attacked a junior varsity player and sodomized him with a broomstick dipped in a mentholated ointment, which burns when applied to sensitive skin. Ten other similar incidents occurred during the camp. Hazing had become a tradition at the camp—the younger players expected to be hazed, as the players who hazed them had been previously. The parents of the hazed players appealed to school officials, who then sought to gain information from team members. When none came forward, school officials cancelled the football season. In protest, football players walked out of classes two days later. The town soon splintered over the issue, some blaming the coaches for not

Blueprint for performance
A basis for feedback
Focuses attention on the right agenda
A basis for cooperation and teamwork
Criteria for decisions

Figure 4.3 The benefits of SMART goals.

supervising closely enough, some the school administrators, the camp atmosphere, society at large, and some even blamed the victims for coming forward. Eventually, the local district attorney charged three players with an assortment of crimes, including involuntary sexual intercourse, a first-degree felony (Wahl & Wertheim, 2003).

So how does Mepham High School recover from such a horrible series of events? How can goals be used not only to assure that hazing never occurs again, but also to bring a community back together? We have already discussed some of the powerful effects of SMART goals. They provide the kind of focus that channels a sport organization's energies and efforts, and they make possible the kind of feedback needs for motivation and performance adjustments. There are other significant contributions that goals can make as well.

Goals provide a blueprint for performance

At every level of the athletic program, school, and community, the goal to eliminate hazing provides the critical means for ensuring that performance stays on course. Rather than reacting to future problems such as these, a clearly defined goal to eliminate hazing will allow Mepham High School to respond in ways that are consistent with its game plan. Without a stated goal, Mepham High School officials would just continue to "put out fires" and lose sight of the intended direction. A blueprint ensures that everything a builder does is consistent with the design or plan; goals serve the same purpose for sport organizations.

Goals provide a basis for feedback

We know that specific goals make it possible to track progress made toward goal achievement. This information is called feedback and is critical for improving performance.

Feedback comes from a comparison of where you are at any given point and where you want to be. Feedback in a performance situation is essential for at least two reasons. First, feedback can be an important source of motivation. It can either reinforce performance where progress is positive or spur greater effort where it is not. If Mepham High School monitors their teams and determines that hazing is still occurring, then it will know that greater effort is needed to combat the problem.

Second, knowing how much progress has been made allows sport organizations to make the adjustments and corrections necessary to move closer to the goal. Feedback alerts sport organizations not only where they stand relative to a goal, but can also help clarify what adjustments or corrections are necessary to achieve the goal. If hazing is no longer occurring in the Mepham football program, but has been reported in other sports, then managers know how they must adjust their educatory efforts.

A goal that is not specific makes collecting feedback on progress all but impossible, and if a sport organization does not know where it stands in terms of progress, managers and stakeholders cannot determine what adjustments and corrections are necessary to move closer to achieving the goal.

Goals focus attention on the right agenda

Each stakeholder brings his or her own needs to the activities within a school or youth sport organization. For some, it is the need to compete; for others, it is the need to bond with others; still others, it is a sense of self-worth related to security and achievement. The existence of a strongly shared set of clearly defined organizational goals helps to ensure that everyone's primary focus is on achieving these goals rather than on satisfying their own individual needs. Some parents, players, and coaches involved with the Mepham High School football program may have been interested primarily in winning games and were willing to overlook or ignore the signs that hazing was occurring. It is natural to want to set a goal of winning in such a setting, but clear organizational goals focusing on hazing would ensure that all stakeholders understood the negative repercussions of hazing and that the individual goal of winning games would not interfere with the educatory goals of the athletic department and the school as a whole.

Goals provide a basis for cooperation and teamwork

Just as individuals have their own priorities, so do too the different departments within a sport organization. A well-defined set of overall goals helps ensure that activities and efforts throughout the sport organization do not conflict. Specific performance goals can also have the effect of leveling the members of a sport organization and eliminating some of the problems that can occur between stakeholders. Successful sport organizations concentrate on how each individual can best contribute to reaching the goal. In the case of Mepham High School, managers can make the case that eliminating hazing will not conflict with the individual goal of winning valued by players, coaches, and other stakeholder groups, but, based on the elimination of the negative results of hazing, actually reinforce the goal of on-field success.

Goals provide criteria for decisions

As we have discussed in Chapter 3, the first step in the decision-making process is to define the goal or goals of the decision. One of the greatest benefits of clear goals is that they then become the standard for evaluating decision options. Without clearly defined goals, decisions become arbitrary and potentially inconsistent. Without a strongly shared sense of what exactly the organization is attempting to accomplish, decision makers are more likely to base their decisions on the demands of a particular situation or stakeholder group rather than the goals of the organization. The temptation of the hazing problem at Mepham High School was to not address the issue directly for fear of hurting the ability of the football team to compete and win games or to succumb to stakeholder pressure to reinstate the team and the suspended players. Moving forward, a well-defined goal to end hazing will ensure that all decisions reflect the long-term direction of the Mepham athletic department, rather than the immediate perceived needs of the decision makers, stakeholders, or the situation.

Effective goals provide all of the benefits and advantages to the organization shown in Fig. 4.3. However, there are some problems associated with goal-based management.

Problems with goals

Four major hurdles must be cleared to fully achieve the potential for improving performance that goals can bring. The first involves the challenge of setting goals for outcomes that are difficult to measure. The second is the longer-term problem of setting challenging goals without also creating unwanted stress. The third is the problem of avoiding too narrow a focus in defining goals. The fourth is the problem of attempting to pursue too many goals at once. Each of the problems can potentially hinder the development of an effective goal-based management system.

Measurability

We discussed the importance of goals being specific enough for focus and feedback and emphasized the importance of defining goals in such a way that it becomes possible to measure progress toward the goal. However, for some types of performance, it can be extremely difficult to define goals that are specific enough to be measurable. Every youth or high school sports organization wants to offer “quality programs,” for example, or to have “effective coaches.” Yet, at the level of youth and high school sports programs, what is meant by the terms *quality programs* and *effective coaches* can be fairly complicated to explain. In fact, different people might define these two ideas very differently. Despite the difficulty of providing specific, quantifiable goals to define what *quality* and *effective* mean, that is exactly what sport managers must attempt to do. Otherwise, coaches and others throughout the organization will interpret what they are supposed to do based on their own understanding of what these ideas mean. This can result in inconsistency and, sometimes, conflict across the organization.

Recall the point made earlier. Even when it is not feasible to include numbers as part of the goal statement, satisfactory achievement of an activity is an option that helps ensure goals are measurable. The American Youth Soccer Organization (AYSO) provides an example. AYSO defines *quality programs* in youth soccer as programs in which there is open registration rather than tryouts, teams are competitively balanced, everyone plays at least half of the game, coaches emphasize positive instruction, and the emphasis is on sportsmanship and mutual respect rather than winning at all cost. Although only one aspect of every participant playing at least half of the game is quantifiable, the definition of quality programs is clearly spelled out. Taken together, each of the targeted activities provides a much clearer sense of direction for the members of this organization than the phrase “quality program” (AYSO, 2000; website: http://www.soccer.org/).

Stress

Earlier in the chapter, we emphasized the importance of defining goals so they are realistic but sufficiently challenging to raise motivation and performance. We also cautioned that unrealistic and overly challenging goals can actually discourage those involved, possibly resulting in a decrease in motivation and performance. Another problem with goals that are too challenging, however, is the problem of stress. Some goals are so challenging that they place a high level of pressure on groups and individuals to perform. Over time, these very demanding goals can result in fatigue and burnout rather than improved performance. They can also cause individuals or groups under pressure to make compromises or cut corners to reach these goals. Sport managers working with youth have a special responsibility not to encourage goals that cause performance-sapping stress.

An example of the burnout problem is the pattern sometimes seen in young athletes who are pushed by themselves, their parents, and their coaches to achieve extremely demanding goals in terms of athletic competition. What we see are young people who practice and compete year-round to achieve top regional or national rankings in a sport such as tennis or to be selected to an elite regional team such as the Olympic Development Team in soccer. It is not unusual to hear stories of some of these young athletes, especially if they engage in this type of intense pursuit of very difficult goals year after year, eventually taking time off or quitting the sport altogether.

Today, specialized and highly organized youth sport programs are starting for children as young as three years old, with travel teams beginning as early as age nine years, creating more and more pressure on parents, coaches, and kids. Says Paul Roellig of Virginia, a parent and coach, “If you resist (playing on travel teams), you will be told, ‘Your kids will quickly fall behind, and not make the team when they are age 10.’ If you want your kid to play in high school, you have to start (travel team play) at 10, and if you want to travel at 10, you have to play travel at 8” (Cary, 2004, p. 50). The time demands of such commitments mean that Roellig—who has three children, ages 10, 15, and 16 years—juggles the sports schedules of his kids, including that of his high school daughter, who plays soccer year-round plus two other sports. In the spring, she plays high school and travel soccer. In the summer, it is camp, plus summer basketball and soccer; in the fall, travel soccer and field hockey; and in the winter, indoor travel soccer and basketball. His daughter gets home at 7:30 each night, studies until 10, and gets up at 5:45 for school the next day (Cary, 2004).

Stress also impacts those who manage these youth programs, often burdening them with duties and responsibilities for which they are not qualified to handle. In Fairfield, Connecticut, Jay Skelton is the president of the Fairfield United Soccer Association (FUSA), which sponsors 45 elite travel teams for 800 players and raises nearly $400,000 a year. This growth caught the notice of the Internal Revenue Service, which has begun looking more closely at all youth and school-based sports. The Internal Revenue Service cited FUSA for failure to withhold taxes for scores of coaches and referees, assessing $334,441 in back taxes and penalties, an amount that Skelton says will put FUSA out of business. “We didn’t do anything wrong. I’m just trying to get through this without losing my mind,” he said. Similar volunteers cite working 40 hours a week on the necessary paperwork in addition to their full-time jobs. Said one youth baseball organizer across town, “We want to teach kids baseball and teach them something about growing up. We don’t want to be involved in 27 hours of federal inquiry” (Kelley, 2006, p. 23).

The question here is whether the goal of creating highly proficient and skilled players is causing stress for participants and parents alike and stress and eventual burnout for all concerned.

Too narrow a focus

An effective goal statement provides direction and focus. But when this focus is too limited, it could cause unwanted results. A goal with too narrow a focus has led to a problem for high schools in terms of staffing certain coaching positions. In an effort to retain personnel, many schools have allowed full-time teachers who are also coaches to step down from coaching but keep their full-time teaching positions. This decision was meant to keep qualified personnel. But as a result, schools are then forced to look outside the school to fill what are now only part-time coaching positions. Although these individuals may have some basic qualifications, they often lack the knowledge of basic principles of child development, adolescent growth and development, and information concerning proper training and conditioning (Seefeldt, 1996).

The goal of increasing participation opportunities, coupled with frequent budgetary limitations has exacerbated the pressures to hire qualified coaches. As a result, more and more schools, and virtually all youth leagues, are forced to rely on insufficiently trained personnel. Bob Scharbert, regional manager of the Miami Metro-Dade Park and Recreation Department, underscores concerns over the training of volunteer coaches, “Would you think of enrolling your children in a school if you knew their teachers had not one bit of training in education? This is what you’re doing with your young athletes” (“Kids’ Programs,” 1997, p. 25A).

To deal with these unwanted results, more and more schools and youth leagues are looking toward independent organizations to provide coaching certification to assure competency in basic coaching and educational skills. As of 2001, 36 states required some form of mandatory coaching certification program for high school coaches, 21 of which required certification only for those coaches who were also not full-time faculty members (Human Kinetics, 2001). One such organization, the American Sport Education Program, offers courses intended to help coaches, administrators, and parents develop expertise in training, conditioning, and motivation. The American Sport Education

Program training and coaching education programs are recommended by many state associations. The NF also offers similar certification programs for administrators.

Too many goals

There are potential conflicts in managing school and youth sports effectively. Quinn and Rohrbaugh (1983) commented that organizational effectiveness is difficult to understand because it is inherently paradoxical. To be effective, an organization must possess attributes that they call competing values, such as control and flexibility and internal and external focus. In school and youth sports, these competing values are operating programs that emphasize educational values while being simultaneously successful in terms of wins and losses. It is this paradox that can complicate the goal-setting process.

Consider the funding challenges that face many school and youth sport managers today. The most successful high school programs in the United States invariably are found at schools in affluent school districts, with one study showing that public schools from wealthy areas are more than twice as likely to win state championships as those from poorer areas. The trend is most pronounced in the state of Kentucky, where schools from affluent areas, such as Ballard High of Louisville (which has won 56 team titles in the last 33 years), won 15 state championships for each one won by a school from the least affluent sector. The trends were similarly skewed in Arkansas, Illinois, Minnesota, and South Dakota. Some schools are not afraid to spend money to win, as is the case at Georgia's Valdosta High School, whose football program has won 816 games in 92 years. In 2003–2004, the school spent $419,290.94 on football (and $101,230.15 on all other sports) and recently spent $7.5 million on the renovation of its 10,300-seat stadium funded in part from $468,909.57 in revenues generated by the football program. (Brady & Sylvester, 2004a; Wieberg, 2004a, 2004c).

So how do schools such as Ballard and Valdosta do it? The median household income in the areas where Ballard students come from is more than $60,000, almost double the Kentucky state median. But Ballard's athletic director, Steve Kinney, says that booster fundraising efforts are the school's greatest advantage (the softball team's boosters raise $20,000 a year, with baseball's bringing in three times that much), with the money dedicated for upkeep and improvements in facilities, out-of-region travel, and equipment. Boosters are also huge contributors to Minnetonka High School in Minnesota ($280,000 a year) and Hoover High School in Alabama (a whopping

$854,000 in 2004). Hoover's athletic director, Jerry Browning, says there is criticism of the money his booster raises, "but I don't think we should apologize because we have parents who are very, very concerned and very, very willing to work and contribute and do the things necessary to provide the best for their children." Harrison High School's (Farmington Hills, Michigan) athletic director, Bill Smith, adds this, "We had a couple of kids hurt in football practice. In the school budget we don't designate the funds to get them knee braces they need to play. We make that request to our booster club (which generates $30,000 a year for football), and those things are here the next day" (Brady & Sylvester, 2004b; Wieberg, 2004a).

Some schools have followed the lead of professional league sports and have been able to secure sponsorships and facility naming rights deals. Table 4.1 outlines a sampling of high school facilities with naming rights deals.

So what is the problem? Isn't bringing in money from sources other taxpayer's pockets a good thing? What is the issue with too many goals? On whose goals is the athletic departments at these schools going to focus? Those of

Table 4.1 Examples of high school facility naming rights deals ("Playing the Game," 2005).

School(s)	*City*	*Sponsor*	*Terms*
Tyler Independent School District	Tyler, TX	Trinity Mother Frances Health System	$1.92 million; 12 years
Multiple	Midland, TX	Grande Communications	$1.2 million; 25 years
Sumner School District	Summer, WA	Sunset Chevrolet	$504,000; 14 years
Everglades High School	Miramar, FL	Eastern Financial Florida Credit Union	$500,000
Porter Ridge High School	Indian Trail, NC	R. D. Harrell/ Bonterra Builders	$215,000
Vernon Hills High School	Vernon Hills, IL	Rust-Oleum Corporation	$100,000; 20 years
George Mason High School	Falls Chirch, VA	Moore Cadillac	$50,000; 5 years

Measurability: In some areas performance results are difficult to quantify or measure.
Stress: Goals that are too demanding can result in stress and performance problems over the long term.
Too narrow a focus: Some goals are so concentrated in their focus that they could cause unwanted results.
Too many goals: When sport organizations head in too many different directions, performance loses focus

Figure 4.4 Potential problems with goal statements.

the student-athletes? The coaches? Or the parents, boosters, and sponsors who have financed these programs? In some cases, providing money means additional access and potential influence over managerial processes. At Valdosta High School, football coach Mike O'Brien was fired after the 2002 season, when his team went 8-3-1 and lost in the second round of the state playoffs. O'Brien blamed disputes with the football booster club as the reason. The longtime head football coach of Berwick High School in Pennsylvania, George Curry, warns about booster involvement, "I was coaching for years when we didn't have a booster club and we did very well. If a school can't afford a football program then drop it, OK? I don't think you can rely on other people to raise the money for it. Because they're going to want to take charge" (Wieberg, 2004a, p. 10C).

Situations such as this remind us that sport managers must craft a vision that reflects a shared sense of direction to achieve the cooperation and commitment necessary for his or her athletic program to be successful. These examples of problems with goals in school and youth sports provide a clear message: Achieving organizational performance requires the development of a comprehensive network of effective and appropriate goals to focus and energize the efforts of the sport organization.

We have emphasized that goals must be specific enough to provide focus, but the challenge for sport managers is to develop goal statements that do not limit the focus to the point where unwanted outcomes result. The potential problems with defining sport organizational goals are summarized in Fig. 4.4.

Guidelines for creating a goal-based sport organization

The potential of goals to improve performance is clear, as are the challenges that must be met in setting organizational goals. Effective goals, however, are only part of the solution. To maximize the overall impact of goals on organizational performance and create a truly goal-based sport organization requires following the four guidelines. Consider the example of lacrosse, the fastest-growing youth sport in the United States during the past decade. Twenty years ago, lacrosse was a niche sport, confined to regional enclaves in New England, New York, and the Mid-Atlantic states, pursued by affluent, preppy, White kids. Today, more than 186,000 kids age 15 years and younger play the sport, with high school participation now more than 40,000 for girls and close to 60,000 for boys, up from less than 10,000 each in 1982. Those who love lacrosse cite the game's constant motion, with a combination of fast breaks and set plays like basketball, with other rules and physical contact similarities (in the men's game) to ice hockey. A 12-year-old boy from Dallas likes the game "because it's really fast-paced. In football you get to hit people, but it's not as fast as lacrosse, because you have to stop after every play." A 17-year-old girl from Cherry Creek, Colorado, says "field hockey is so slow. So much more adrenaline and energy comes out in lacrosse." Another benefit for youth players, according to David Morrow, a former U.S. national tem player, is that "parents aren't yelling as much on the sidelines, because they don't know what's going on. Kids can really take ownership of the sport" (Wolff, 2005, p. 61).

Some advocates of the game, such as Matt Levine, a 54-year-old former college lacrosse goalie from New York City, have sought to break lacrosse out of its still-White, still-affluent enclaves and bring it to other youths. Through his nonprofit organization CityLax, Levine has created the goal of introducing the sport to public school kids in Harlem and the Bronx. Says Levine, "If I can get some of these kids involved in the game, it can help open up another path to better things in their lives" (Mallozzi, 2006, pp. 8,11). To meet this goal, Levine and CityLax can incorporate the following steps to create a goal-based organization.

Create a network or system of goals

The concept of a network of goals suggests that specific results should be identified for every department, team, and individual in a sport organization, and the desired results should contribute to meeting the organization's larger goals. In other words, the individual, department, team, and overall organization goals should build on one another, with the attainment of each goal moving the sport organization closer to achieving its purpose. Figure 4.5 provides an example of such a network, with specific goals for each individual at different levels of CityLax.

CityLax administrators	Goal = Increase participation 10 percent each year
Coaches	Goal = Provide participants with the skills to help them compete
Public school administrators	Goal = Expand the range of after-school activities

Figure 4.5 A portion of a network of goals for CityLax.

Another way to state this approach is that goals must be consistent and coordinated throughout the sport organization, both top-to-bottom (vertically) and across every department and level (horizontally). Figure 4.5 illustrates vertical consistency.

The first requirement of a network of goals then is that the network be comprehensive, that there be specific goals for every unit and every position in the organization, and that all the goals in the network point in the same direction.

Prioritize among specific goals

A network or total system of goals would be easier to carry out if only one goal were identified for the entire sport organization and if individuals and departments each pursued only that goal. In today's complex and dynamic environment, however, most youth and school sport organizations must pursue multiple goals. In the case of CityLax, Matt Levine stated that he hopes to enable students to better their lives through lacrosse. But is playing the sport enough to make this happen? CityLax first needs to create enough teams in New York City's Public School Athletic League to have meaningful competitions. Levine approached administrators at A. Philip Randolph High School in West Harlem, and principal Maurice Collins was excited about adding the sport. Said Collins, "It falls in line with our mission to expand the range of after-school activities, improve school spirit and help students build relationships with each other and their teachers. And if along the way our students can get better at this game, it might make them more marketable to colleges and help them get scholarships" (Mallozzi, 2006, pp. 8,11).

To deal with multiple goals, CityLax and Randolph High School must learn to prioritize them—they must determine which goal is first in terms of importance, which is second, and so on. Multiple goals make the job of managing sport organizations much more complicated. But they are often unavoidable, even in the case of a small partnership such as Randolph High

School and CityLax, and managers need to prioritize them if the organization is to be successful.

Benchmarking: set goals from the outside in

Benchmarking is the process of researching other sport organizations' goals and setting goals that match those of the best-managed organizations. With benchmarking, the search is on for role models. For many sport organizations, benchmarking is a simple process, because a competitive sport product will always be measured against other organizations. For every contest, there is a basic measurement tool—the scoreboard. The fact that the scoreboard gives a precise measurement on an organization's effectiveness is clear. However, although the teams that win usually score the most points (or, in sports such as cross country, the fewest), the score does not provide examples of how to achieve that measure of success. Other measurements are needed.

In the case of CityLax and Randolph High School, as the school embarks on the new program, it will take on more established teams from nearby high schools such as Cardozo in Queens, Millwood in Brooklyn, and Curtis, Tottenville, Port Richmond, and New Dorp in Staten Island. Initially, the Randolph team will probably struggle in games against more seasoned players and teams, so the coaches and administrators will have to compose goals other than to win all their games. Possible goals could include scoring a certain number of goals or holding opponents under a certain number of goals.

Build in flexibility

Some critics charge that commitment to specific goals results in sport organizations that are too rigid to respond to changes in their particular environments. A focus on specific goals, according to this view, restricts the ability of organizations to be flexible enough to take advantage of unexpected opportunities or unanticipated changes in their environment.

It is difficult to argue against the importance of flexibility. Speed and flexibility, as you recall from Chapter 1, are among the key emerging performance standards. But it is also difficult to argue against the effectiveness of goals in improving organizational performance. The solution to this dilemma is not to eliminate specific goals, but to ensure that the goal system includes the ability to review and revise goals in response to significant changes as they occur.

This kind of flexibility is an important element in assuring that CityLax is focused on maintaining educational goals. What the Randolph program can do is incorporate a series of goals that players will be expected to attend classes, sit at the front of the classroom, study at least 10 hours a week, and maintain a minimum 2.0 grade point average. If one or all of these goals are not met, then the program managers would need to have meaningful steps in place to rectify the behaviors. We will examine such potential steps as part of performance motivation in Chapter 7.

Flexibility is an essential performance standard for sport organizations competing in the changing environment. The key to flexibility is not to eliminate goals, but to develop a system in which goals are continually reviewed to ensure they make sense in terms of the changing environment. The practice of creating goal networks, prioritizing among multiple goals, setting goals from the outside in, and building flexibility into the system are all essential elements of an effective goal-based management system. If well implemented, such a system makes possible the kind of performance hoped for by CityLax and Randolph High School and other goal-based sport organizations.

Epilogue

The need to compete and excel in every segment of the sport industry mandates that organizational vision consist of a clearly defined, fully developed network of goals. Much progress has been made in our understanding and implementation of goal-based systems, but significant challenges remain. It is in finding effective responses to these remaining challenges that sport managers will fulfill what Drucker defines as management's "first responsibility": Give others vision and the ability to perform.

Although it is clear to most that school and youth sports programs, including the competitions run by school and non-school-based organizations, are usually run by responsible adults, and competing values, such as the desire to win, complicates the sense of vision for school and youth sports organizations. In the case of the diploma mills, the clearly defined, fully developed network of goals did not exist, were disregarded, or significantly misdirected. Future managers in these organizations will face the task of setting past ills right, providing a corrected vision, and enabling those in the organization to meet these newly established goals. The future of such organizations without these well-formed goals is not bright, as evidenced in late December 2005, when Miami's UHS announced it was going out of business. The local state attorney's office was awaiting returns from subpoenas in its investigation of the school over possible criminal fraud charges, and the NCAA had requested that the school respond to its questions regarding its curriculum. In announcing the closing, founder Stanley J. Simmons said the school had been "totally mismanaged—probably more than mismanaged. There is no way I would consider remaining in the business" (Wilson, 2005, p. B15). Questions remained whether students who obtained credits and degrees from UHS and the other diploma mills would remain eligible at their current colleges. In the summer of 2006, the NCAA released a list of 16 schools from which they would not accept graduated students as academically eligible and another 22 that would be subject to ongoing review, including Lutheran Christian Academy, several others mentioned earlier, and other well-known boys' prep hoop powers, such as Fork Union Military Academy and Oak Hill Academy in Virginia and Bridgton Academy in Maine. Said Oak Hill Academy coach Steve Smith, "I'm embarrassed to be on the list with some of those schools," whereas NCAA vice president Kevin Lennon responded, "We know some places have shut down and I'd imagine we've discouraged others from opening" (Thamel, 2006b, p. C18).

In his memoir of growing up in multiracial Trinidad in the early part of the twentieth century, C. L. R. James had this to say about the power of school-based sport,

> (In classes), we lied and cheated without any sense of shame. I know I did…but when we stepped on to the cricket or football field, all was changed. We were a motley crew. The children of some white officials and white businessmen, middle-class blacks and mulattos, Chinese boys, some of whose parents still spoke broken English, Indian boys, some of whose parents could speak no English at all, and some poor black boys.…Yet rapidly we learned to obey the umpire's decision without question, no matter how irrational it was. We learned to play with the team, which meant subordinating your personal inclinations, and even interests, to the good of the whole. We kept a stiff upper lip in that we did not complain about ill-fortune. We did not denounce failures, but "Well-tried" or "Hard luck" came easily to our lips. We were generous to our opponents and congratulated them on victories, even when we knew they did not deserve it. We lived in two worlds [1993, p. 25].

The power of youth and school sports to educate, create bonds, and instill behaviors is neither new nor extinct, and it is the task of all managers of these programs to provide opportunities to learn what James did.

Summary

The first responsibility of management is to give others vision and the ability to perform. Vision can be established by a total network of goals. Goals must satisfy several criteria to ensure that they provide individuals with the kind of focus, direction, and understanding they need to perform well. The acronym SMART identifies the key criteria for effective goals. Each should be specific enough for focus, meaningful enough to motivate and be accepted, realistic yet challenging, and time-framed.

Goals that are SMART provide consistency throughout the organization and a blueprint for effectiveness. They ensure that individuals focus on achieving the organization's goals rather than their own. Effective goals provide a basis for cooperation and teamwork, ensure that the efforts of different departments are coordinated, and provide decision makers with the criteria for generating and evaluating options. In areas where output or performance, defining specific goals is more difficult. In addition, goals that are too challenging can cause stress and burnout for participants.

To achieve the full impact of effective goal-based systems, goals must first be woven into a system or network. First, goals are most effective when they are defined for every task and area of the organization and where they all work to move the organization toward achieving its purpose. Second, goals must be prioritized. Organizations must have complex, sometimes competing goals, and care must be taken to establish priorities, identifying which goals are more important. Third, benchmarking, or setting goals from the outside in, compares the goals of other sport organizations and mirroring what they do to improve performance. Finally, building flexibility into the goals system is essential. Goals must be reviewed and revised to ensure that they are right for the sport organization and its changing environment.

Management exercise

"We own this game"

The information for this section is from Powell (2003).

In his seminal work, *The Courting of Marcus Dupree*, author Willie Morris covered the recruiting process of a high school football star from Mississippi. One expert Morris consulted for the book had this to say about American college football, "In the East, college football is a cultural exercise. On the West Coast, it is a tourist attraction. In the Midwest, it is cannibalism. But in the South it is religion" (1992, p. 33). Although many locales in the South could lay claim to the title "capital of school and youth football," the real font is Miami, Florida. Tens of thousands of fans attend high school games in Miami, nearly 50,000 for the biggest match-ups, and several thousand for the area's Pop Warner championships. And in Miami, a city seen as increasingly dominated by Latino influence, all players on the top teams and all the fans at these games are African-American. The hub of Miami's youth football is in the Liberty City neighborhood, far from the art deco buildings and celebrity-spiced nightlife of South Beach and tony neighborhoods such as Coconut Grove and Coral Gables. This is the part of Miami where the White tourists are told never to go.

So why football and Liberty City? Why does it matter so much? One local parent had this to say, "You see people from your community actually make it to the NFL it gives you hope. I really feel like my son is living out my dream. A lot of people probably feel the same way about their sons. Just look at the little kids in the park. How many kids at 4 and 5 years old really want to play football? It's parents. It's pressure." But the mother of one player sees it this way, "Some of the boys, they can't wait to put on the pads. They want to hurt someone. They got anger." At practices, coaches ride their kids hard, shouting, "Get mean! Wipe that smile off your face. Get ready to hurt somebody. Come on, get mean!" After an especially good hit, a coach chides a fallen player, "Ha-ha! Look at his sorry, flattened, ball-carrying ass. That dude be laid out for real." A player has learned the lesson well, noting, "When you hit somebody, they get afraid of you." Before a game, a coach's pregame pep talk demands, "I want you to go out there and kick them in their fucking balls." A local drug dealer/rapper, of whom many supply money to teams and participated in much of the open betting occurring in the stands during games, summed up football's hold this way, "In Miami, you got to play football. It's almost like football is like becoming a man, it's a whole part of showing you are tough. Baseball in Miami is predominantly Latin. And football is predominantly black…we own this game. I mean, you can take whatever you want to take—our land, our housing, our jobs, whatever, but at least we got our football. We own football."

Mark Peterson understands all of this too well. He is the commissioner of Greater Miami Pop Warner, which organizes competition in eight divisions based on player weight limits. He also knows that the teams in his league are very good. During the past few years, teams from Greater Miami have won seven national Pop Warner championships, which were played at Disney World's Sports Complex upstate in Orlando. Some of the contests were even broadcast nationally on ESPN. One team from Suniland crushed their Washington, DC, opponent 56-6, after which the Pop Warner national office suspended Suniland coach Gator Rebhan for a year on accusations that he ran up the score (after the team went up 40-6 by halftime, the coach was warned by Pop Warner officials not to throw any more passes, but the team did anyway). Part of the success is based on local talent, but some is based on the abilities of boys driven or bused in from more than an hour away just to play in the highly competitive league. Teams from programs like Suniland and Palmetto used to be composed of locals—White, suburban kids, and they used to get stomped by teams from programs such as Liberty City's. Now, they are mostly African-American, and they are the ones doing the stomping.

Part of the problem in instituting local rules and control has to do with Pop Warner, which in the opinion of author Robert Andrew Powell, is " a somewhat disorganized operation," even as it has become the largest youth football league in America. It is up to Peterson and the local league to determine appropriate eligibility rules. When Peterson drafted a bylaw that kids would have to play for the team located closest to his home, 15 of the 16 programs—all except Suniland—approved. The Suniland coaches complained to the Miami-Dade County officials, claiming that kids should be able to play in any public park program they wished. The county officials agreed and struck down Peterson's bylaw, giving every single program the green light to recruit away.

After this decision, Peterson was forced to manage all transfer paperwork before the beginning of the season. One afternoon, Peterson met with a mother who wanted her son to play for suburban Palmetto, although she lived a rush-hour commute of two hours away. "And why do you want your son to play all the way down there?" Peterson asked. "Because I want him to," she replies. He looks at her for two or three seconds, sighs, and gives her the waiver form to sign, looking at the growing line of mothers waiting to do the same. Were they being recruited? He didn't know. Were they doing what was best for their sons? He didn't think so. But it seemed like he had done all that he could, trying to do what was best for the kids.

Questions

1 Write a goal statement that helps Mark Peterson address the issue of recruiting in Miami's Pop Warner system. Review the statement to see if it is SMART.

2 Assess your goal statement against the four common problems associated with goal setting.
3 Using each of the guidelines for creating effective goals, list the three activities that might be undertaken to ensure that your goal would be achieved.
4 If you were Mark Peterson, would you choose to fight the court decision that overturned your roster restriction plan? Why or why not?
5 What could Mark Peterson do to get parents and other stakeholders to understand and to support his roster restriction policy?

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Website

AYSO	http://www.soccer.org/

5

Decision making and the health and fitness industry

Introduction

In this chapter, students are introduced to the health and fitness sport industry segment, which includes not only health and fitness clubs, but also several health- and fitness-related services and spin-off products. Health and fitness clubs and programs can be found in a variety of settings, ranging from commercial chain clubs and corporate fitness clubs to nonprofit wellness programs.

Within this setting, we examine the managerial challenge of decision making. Sports managers make hundreds of decisions everyday, and their actions not only shape the sports organization, but ultimately influence the organization's ability to fulfill its mission and meet its goals.

Check the stats

Purpose: To promote health, physical fitness, and lifelong wellness and to heighten awareness of the benefits of exercise and healthful living.

Stakeholders: Clubs, professional organizations, member clients, personal trainers, club employees, equipment suppliers, media, licensees, corporate partners, retailers, home fitness enthusiasts, medical community, federal, state, and local government.

Size and Scope: More than 26,000 health clubs in the United States including commercial and nonprofit clubs. Clubs are also based in hospitals, military bases, resorts, living communities, educational institutions, and businesses (International Health and Racquet Sports [IHRSA]/American Sports Data [ASD] 2004 Health Club Trend Report; website: http://www.ihrsa.org/). There are 41.3 million health club members in the United States. There is an estimated $14.8 billion in health and fitness industry revenues in 2004, an estimated median of $655,000 in revenue per commercial club, and thousands of fitness product manufacturers and fitness service providers. Commercial health club segment employs more than 200,000 people.

Governance: Federal, state, and local regulations are composed of professional organizations and trade groups, including IHRSA, American College of Sports Medicine, National Strength & Conditioning Association, International Association of Fitness Professionals, Aerobics and Fitness Association of America, and the National Athletic Trainers' Association.

Inside look: Bally's turnaround to fitness

Paul Toback, president and CEO of Bally Total Fitness (website: http://www.ballyfitness.com/), the world's biggest chain of clubs, took the helm of the publicly held (NYSE: BFT) fitness giant in 2002. He was facing an uphill battle. Sales had been declining for several years, membership numbers were down, and the company had posted significant back-to-back losses in 2003 and 2004. The chain had also received nationwide negative publicity as a result of several lawsuits from customers who felt they were unfairly denied membership refunds. Although Toback recognized that Bally was considered to be the premier name in the health club category, corporate revenues were falling (Feld, 2006).

The fitness club industry experienced tremendous growth in the 1970s and early 1980s, but slowed in the 1990s. Fitness club memberships showed signs of rebounding, with a 10 million reported membership gain between 2001 and 2004 (IHRSA, 2006). Previous Bally president and CEO Lee Hillman had focused his efforts on developing strategies to retain members as sales numbers eroded (Iknoian, 1999). Bally had made its mark in the industry by positioning itself as a leader in the discount category. They had offered basic programs and services at a good price, but had positioned themselves as offering "total fitness." Bally had succeeded by adopting a high-volume, low-margin approach to membership. By keeping their membership fee low, they generated a high volume of single-club yearly pay in advance memberships and had been able to generate $639.2 million in operating revenues in 1996 (Iknoian, 1999). Yet, Bally continued to struggle. Older clubs were in need of renovation. Members continued to defect. Customers complained that yearly memberships were too restrictive (Iknoian, 1999). Bally moved to expand its product line of nutritional supplements, apparel, and equipment, worked to develop international franchises, and added the more avant-garde Crunch and Gorilla brand clubs to its corporate product line (Feld, 2006).

The health and fitness marketplace was rapidly changing as competition intensified and consumer tastes evolved. New clubs were entering the market. Corporations had begun to build their own fitness centers for employees, and nonprofit groups such as the YMCA were building bigger and better workout facilities. Even local recreation departments, schools, and colleges had begun to build workout facilities to meet the fitness needs of their constituents. A wide variety of home fitness programs and fitness-related equipment and merchandise became widely available, and consumers found that they had almost unlimited fitness options. Consumers seemed eager to join the newest club that offered classes and services featuring the latest fitness trends such as kickboxing, Pilates classes, spinning, or 30-minute circuit training.

Health and fitness club members had grown more sophisticated in their needs and desires. They expected technologically sophisticated equipment and were attracted by those clubs that offered a wide variety of amenities such as personal trainers, steam and sauna rooms, child-care areas, well-appointed locker rooms, and massage therapists. Consumers not only demanded a higher-quality workout environment, but also expected excellent customer service from their clubs. Interest in health and fitness-related products and services grew as members sought not only to improve their condition, but to monitor their progress as well. Clubs began to offer body fat percentage testing, blood pressure and heart rate monitoring, and a broad spectrum of health and fitness products ranging from herbal health supplements to the newest workout gear and equipment. Bally found itself in serious financial difficulty, and as Toback moved into the president's role, one of his first tasks was to recapitalize after a series of internal accounting problems (Popke, 2006).

Toback recognized that what he had undertaken as CEO was a difficult and time-consuming turnaround that would halt the downslide and grow the business. He was concerned that the Bally core brand had become unfocused and its style of operation had become unworkable. Toback then put together a plan that would focus on changing organizational culture, adopting a better business model, and improving customer interaction (Feld, 2006). He knew that he would need to make and implement many decisions to move the company to the forefront of the industry.

The health and fitness industry

Bally Total Fitness is just one example of the types of businesses that make up the very complex health and fitness segment of the sport industry. The IHRSA, the premier trade association of health and fitness clubs, reports that in 2004, 41.3 million Americans exercised at a U.S. health or fitness clubs. IHRSA states that as of January 2005, there were 26,831 clubs in the United States and that industry revenues reached more than $14.8 billion in 2004 (http://www.ihrsa.org/).

IHRSA divides health and fitness clubs into three distinct segments (Fig. 5.1). They are commercial clubs, not-for-profit clubs, and miscellaneous for-profit health/fitness enterprises. Commercial clubs make up the clear majority of all health and fitness clubs. There are currently more than 22,000 such clubs in the United States (http://www.ihrsa.org/), and they consist of investor- or member-owned businesses that may be either individually owned entities or a part of a larger fitness club chain. Commercially owned clubs operate as for-profit businesses. They pay taxes and may not collect charitable donations.

Segment Health Club Memberships	**Examples of Segment Members**	**% of all**
Commercial members	Golds, Bally Total Fitness, Fitness USA Individual Entrepreneur-owned Club Curves, American Club Systems	44% of
Not-for Profit members	YMCA, Jewish Community Center University or College Health Club Military Fitness Center City Community Center Hospital-based Club	38% of
Miscellaneous members For-Profit	Corporate Fitness Center Hotel Health Club Resorts, Spas, Country Clubs Aerobics Studios	18% of

Source: IHRSA/American Sports Data Health Club Trend Report (www.ihrsa.org).

Figure 5.1 Types of health and fitness clubs.

Not-for-profit clubs make up the second largest segment and consist of clubs that are owned and operated by nonprofit organizations such as churches, educational groups, municipal entities, and the military. These clubs do not pay taxes and may conduct fundraising programs.

In the opinion of many people in the health and fitness club industry, the nonprofit status enjoyed by these clubs results in an unfair competitive advantage ("YMCAs Take Another Hit," 2000). For example, suppose the local YMCA, a nonprofit organization, is planning to construct a new strength and conditioning room. The YMCA is able to raise money through fundraising programs to pay for the construction of the new area. They are able to keep their existing membership price at the current level because fundraising provides an independent revenue source for construction. The local commercial fitness club decides to renovate its fitness center to compete with the new facility at the YMCA. The same project is more expensive for the commercial club (they have no tax-free status and must pay taxes on new equipment and materials purchased). The commercial club must bear the cost of the construction or pass the cost on to members in the form of higher membership fees. Additionally, the commercial club will pay property taxes based on the valuation of their property and building, whereas the YMCA, as a nonprofit organization, is exempt from property taxes. Fitness club owners argue that the nonprofit status of their competitors makes it increasingly difficult for the commercial club to compete.

The third group of health and fitness clubs, miscellaneous for-profit health/fitness enterprises, is made up of clubs that are often as an amenity or secondary part of a business. Some, such as aerobics or Pilates studios, operate as specialized stand-alone businesses. Other health and fitness clubs that fall into this category are hotel and motel fitness centers, resort-based clubs, apartment complex fitness centers, retirement community health clubs, and corporate fitness centers.

Traditionally, health and fitness clubs have been thought of as places where members and guests gather to engage in exercise activities that promote general health and well-being of the individual. Club-based exercise programs and activities may be formal and structured (e.g., an aerobics class, supervised weight-training program) or informal and unstructured (e.g., open swim time, walking on the treadmill). Health and fitness clubs have greatly expanded their programs and services in the last decade to include new activities such as wall climbing and self-defense classes. Clubs often embrace or develop new fitness and workout trends such as spinning, Pilates, or 30-minute express circuit training.

Clubs might also include recreational type activities. including sport programs, skills instruction or tournament, and league competition. Many clubs have evolved as fitness or wellness complexes that not only feature traditional facilities such as locker rooms, courts, and aerobics rooms, but also provide retail space, spa components, food service areas, saunas, tanning, salons, therapy centers, meeting rooms, and child-care centers. These hybrid top-of-the-line facilities are becoming more prevalent, and construction costs for such complexes can easily reach $25 million (Babish, 2001).

Some clubs chose to be highly specialized and emphasize one particular sport or activity. Examples of this approach include aerobics, yoga, or karate studios or tennis, squash, or sailing clubs. Although activities offered through these clubs have a health and fitness component, it may be argued that some of these clubs might also be considered part of the recreation industry as well. Because many people engage in fitness-type activities during their leisure time, crossover between these two industry segments seems appropriate. Traditional recreation programming frequently encompasses activities that promote personal health and fitness.

Perhaps the most well-known specialized health and fitness club in the industry is Gold's Gym (website: http://www.goldsgym.com/). Gold's Gym originally built its reputation by catering exclusively to the serious bodybuilder. The original Gold's Gym in Venice, California, came to be known as the "mecca of bodybuilding," where club members were intensely committed to building bigger and better bodies and to competing in bodybuilding contests (Hoffman, 1998). The member base of Gold's, however, has broadened in the last two decades to include more mainstream athletes such as professional, college, amateur, and recreational athletes who have joined the club to improve their general conditioning, appearance, and performance in sports (Hoffman, 1998).

Some health and fitness clubs emphasize the concept of wellness and focus on the development and general well-being of the entire person. These types of clubs are often community-based, and their membership consists of individuals who are members of a particular organization or group. For example, a university or college fitness or wellness center devises programs and services targeted to enhance the health and well-being of the campus community that includes not only students and faculty, but staff, alumni, and administration as well. A hospital-, senior-center- or retirement-community-based health and fitness club would necessarily provide programming that would focus on rehabilitation, health care, or prevention of sickness or injury. Such a program may also seek to teach new skills, develop community spirit, and actively engage participants in social settings for the purpose of building relationships and keeping the individual actively involved in life and from becoming depressed or socially isolated.

The corporate fitness center or municipal employee wellness club would provide activities designed to appeal to employees and encourage employee participation. Employers see these clubs and services as an investment in their organizations, as they recognize that healthy employees are more productive, less likely to be absent from work, and less likely to make sickness or injury-related insurance claims. The corporate health and fitness center also encourages employee social interaction, a sense of community, employee loyalty, and team building. These clubs can also sponsor health improvement initiatives such as weight control, stress reduction, or smoking cessation programs, thereby improving the general health of the workforce.

Although health and fitness clubs are the primary component of the health and fitness industry, there are several other spin-off organizations that by extension must be considered within the scope of this segment. Professional service providers such as personal trainers and instructors or fitness gurus (e.g., Billy Blanks, John Blasedow, Denise Austin, Richard Simmons) and actor/fitness celebrities (e.g., Suzanne Somers, Daisy Fuentes, Oprah, Chuck Norris) may be included in this segment. Health and fitness media aids such as videotapes, television shows, magazines, and books as well as products and supplements such as those distributed by companies such as GNC, Joe Weider, or Twin Labs should be included in this ancillary services and products category.

Another large component of the ancillary services and products category is health and fitness equipment manufacturers and distributors. Companies such as Nautilus, Nordic Trak, and Cybex develop, manufacture, and sell equipment to clubs. They also sell directly to home users. These consumers represent what is known as the home fitness market. Infomercials on television promote the benefits of the latest home fitness equipment, including the newest ab-flexing, thigh-shaping, or tummy-busting gizmo. Home fitness enthusiasts also purchase equipment and products through their local sporting goods store or discount chain where they select from a vast array of equipment and products, including ankle weights, pedometers, energy supplements, and cellulite creams. All of the companies that create and market these products are part of the health and fitness industry as well (see Figure 5.2).

In the opinion of some health and fitness professionals, the growth of the industry to include these various spin-off or ancillary products is problematic. Critics of some types of spin-off products, such as supplements and home equipment or services, question whether these products are little more than shams or schemes to make money. Grapefruit weight-loss pills, herbal mud

Health and Fitness Clubs
(Commercial/ Not-for-Profit/Miscellaneous For-Profit)

Spin-Offs or Ancillary Services and Products

Personal Trainers and Instructors
Fitness Gurus
Media Products
Videotapes, Magazines, Books, Television/Radio Shows
Health and Fitness Equipment
Nautilus, Cybex
Supplements
vitamins, herbal supplements, protein powder
Products
food scales, pedometer, energy bars, magnetic bracelets, weight lifting belts
Apparel, Shoes

Figure 5.2 The health and fitness industry.

wraps, and rolling contraptions with elastic resisting bands may or may not help the user to lose weight, eliminate a paunch around the middle, or create life-affirming energy flow in the extremities. Often, the advertising for these products is designed to capitalize on consumers' naiveté and desire for a quick fix to their fitness or wellness problems. Consumers must carefully evaluate the claims made by various fitness product manufacturers and marketers.

Certainly, the sales and distribution of health/sports supplements have been very controversial and have generated heated debate in the health and fitness community. Supplements have been designed to offer the individual a physical advantage in athletic performance or creating an attractive healthy well-toned body. These supplements traditionally have not been subject to federal review and approval. Often, products come to market without extensive testing or approval, and the medical community has been very skeptical of the benefits of these products. Some doctors and fitness experts have claimed that these products are effective and safe, whereas others have suggested that the use of these products is detrimental to the individual's health. Without extensive research and review of these products, consumers may be taking their lives into their own hands. For example, one herbal supplement, ephedra, which had been included in many weight loss supplements, has been linked to the death of several athletes.

A federal case involving BALCO Labs in California, a biographical expose by Major League Baseball player Jose Canseco, and the resultant U.S. Senate hearings about the use of steroids in amateur and professional sport have raised public awareness of the use of performance-enhancing substances at every level of sport. Some people believe that the use of performance-enhancing substances is a widespread and potentially deadly trend. For sport managers in the health and fitness industry, some of the most disturbing news to come from public investigation of the issue is that health clubs and fitness trainers are often cited as the source of distribution of potentially dangerous and or illegal supplements.

As the government and professional sports unions and management continue to debate and analyze the realities and implications of the use of performance enhancing drugs and supplements, the lesson for the average consumer is clear. Products that claim to help the user lose 20 lb in 10 days, develop six-pack abs overnight, or slow the aging process should be viewed with skepticism. Health and fitness industry professionals have come to realize the popularity of these types of products and the power of consumers' desires to gain every advantage available to them in their quest for fitness. As a result, health and fitness club managers and employees will undoubtedly continue to define their role in educating the public and in developing and distributing products that may or may not only be ineffectual, but detrimental to the health and well-being of the consumer.

Although the health and fitness industry has expanded to include each of these various spin-off components, ASD suggests that the fitness phenomenon in the United States actually peaked in 1990 (Carr, 2000). ASD president Harvey Lauer points to a trend of declining exercise participation rates and growth in obesity rates in the last decade as evidence that there may be some erosion in Americans' commitment to fitness (Carr, 2000). Although club memberships have risen during the last 5 years, an astounding number of Americans have engaged in fad dieting and become increasingly sedentary (possibly because of the pervasiveness of cable television, technology, and home computers, elimination of physical education classes in schools, and decreased funding of sports and recreation services) (O'Sullivan, 2000). For Lauer, the issue is not the Americans' understanding of the importance of exercise, fitness, and good health, it is finding ways to translate that understanding into permanent lifestyle change (Carr, 2000).

Despite the fact that Americans seem to have adopted more sedentary lifestyles, the health and fitness industry has remained vital and dynamic. New hybrid fitness and wellness centers continue to attract users, and the many spin-off enterprises that we have identified previously in the chapter have fueled growth and expansion of the industry. The development of these spin-off or ancillary products and services has contributed to the expansion of the definition of a health and fitness club beyond just "a place to work out." The club has now become the health and fitness product retailer, the social center, and the health and fitness educator. Club staff members have become beauty consultants, child-care providers, social directors, fitness counselors, personal coaches, and personal shoppers. Some clubs now offer branded merchandise, supplements, online retail support, fitness magazines, websites, and grooming products and services such as hair and nail services or tanning. Club owners have recognized that this full-service, personalized approach has been successful in meeting customer demands for more convenience and flexibility, better technology, safer equipment, and more products and services designed to support their lifestyle.

One commercial club that has followed this approach is Curves (website: http://www.curves.com/), which is based on a 30-minute aerobic and weight-training circuit. Founded by Diane and Gary Heavin, Curves boosts a franchise chain of 10,000 clubs in 42 countries with more than 4 million members (Heavin, 2006). Curves targets a previously underserved fitness market (women ages 25 years or older) and provides them with a flexible, highly personalized, full-service health, fitness, and wellness program. This personalized, full-service approach has afforded Curves the opportunity to develop corporate partnerships and create new sources of revenue. Many Curves franchises offer weight-loss classes, discounts with corporate partners such as Dynamix Music, Curves brand supplements, equipment and products, online personalized fitness support through http://mycurves.com/, booking through Curves Travel, the exclusive travel agency for Curves members, and wellness and beauty products through a partnership with Avon.

It is likely that health and fitness club managers will continue to follow this flexible personalized, full-service approach. Certainly, club professionals will continue to promote healthy lifestyles, but they will also remain committed to developing new products and services that will extend the role and definition of the health and fitness industry so that clubs may better position themselves to achieve their own organizational goals.

Decision making in the sport organization

For health and fitness industry managers, such as Bally's Paul Toback (who was introduced at the beginning of this chapter), this basic question of how to best position the organization to succeed is at the core of every business decision. Once the organization has defined the goals that determine its direction, it is essential that the manager make decisions that move the organization closer to its goals. We have defined management as the responsibility for an organization's achievement of its goals. Success in exercising this responsibility is determined to a large degree by the effectiveness of the manager's decisions. Just as Frederick Taylor tried to understand how a task could be organized to make it as productive as possible, we will consider here how decisions can be made to make them as effective as possible.

Toback made four key decisions as he began to develop his turnaround plan. He decided to divest the franchise of the Crunch and Gorilla club lines, develop more flexible membership plans, use the Internet to enhance communications with members, and create a cross-trained workforce where employees were competent in both sales and fitness instruction. Each decision played an important part in Toback's plan to revitalize Bally. Only 3.5 years after Toback took control of Bally, the club demonstrated remarkable success. The club posted a $1.8 million net profit through November 2005 (Feld, 2006). Bally was featured on Donald Trump's *The Apprentice* and has entered into partnerships with *Self Magazine*, *Discovery Channel*, and K-mart (Feld, 2006). The chain currently considers itself to be the best fitness value available anywhere and touts its unique ability to provide quality service through a combination of dynamic personal training, basic nutrition education, and new personalized online weight loss programs.

An examination of these four important decisions demonstrates how each decision plays an important role in moving Bally closer to success. Each decision also provides specific evidence of just how important the decision-making process is to the sport organization and its achievement of its stated goals.

Bally was facing escalating costs and declining revenues. Although Bally had created a strong brand based on affordable middle market quality fitness, the Crunch and Gorilla club line moved the chain away from its core brand. Crunch and Gorilla clubs were targeted toward a younger affluent audience and were considered to be more….

Bally had primarily offered standard 1-year memberships. Customers were often hesitant to make a 1-year financial commitment or to pay up-front memberships that entitled the user to access to the club and basic services. In 2003, Toback introduced monthly memberships or long-term membership options. A "Build Your Own Membership" plan was also introduced, where members could pick from a membership option menu that included nutrition and diet program options. By making these products available, he realized that he was meeting customer needs for flexibility and personalization.

Toback was concerned with the decline in Bally's membership roles. He needed to find new ways to communicate with both potential and current members and to encourage them to come to the club. He believed that the Internet could be an important two-way portal to his customers. He added and enhanced website features, including downloadable guest passes, offers of the month, and e-mail registration. He also developed online personalized health, nutrition, and diet support options as well as flexible pay options. He believed that the Internet was an important tool that allowed him to enhance customer service through personal communication, which would eventually lead to increases in membership and retention.

In the past, Bally's had delineated its sales and fitness personnel. Staff members focused on either sales/marketing or fitness-related areas. This separation seemed to cause communication breakdowns with members, impede customer service, and create communication and operational disconnects between staff members. Toback realized that he wanted to create a staff that was competent in both areas and whose primary responsibility was helping members get fit. A new business model was introduced, which focused on the use of "fitness coaches," served as a member's point of contact, and not only sold the membership, but helped the customer use the club and its services to their maximum benefit. The fitness coach became a full service provider who provided ongoing service, education, and support (Popke, 2006).

After reviewing each of these decisions and seeing them within the context of a larger vision for Bally's success, it is easy to see that it is the decision-making process and each subsequent decision that drives the operation of the sport organization. Decisions are what move the organization forward either closer to or further away from goal attainment. In effect, the sport manager is constantly engaged in the decision-making process, and his or her ability to make the right decisions determines the success of the organization.

The decision-making process

Decision making is the process of selecting and implementing alternatives consistent with a goal. It is a series of activities that begins with defining the purpose or goal of the decision, then involves developing and evaluating alternatives, selecting, and implementing the optimal alternative, and then monitoring the results to ensure that the decision goals are achieved. This entire process, from setting the decision goal to making sure the goal has been achieved, is called "decision making." There are a variety of ways to describe the activities in the decision-making process. They can be reduced in number to three or four or increased to eight or more. Virtually every decision model, however, in one form or another, includes the phases or steps shown in Fig. 5.3.

Each of these phases of the decision process is worth considering in greater detail.

Decision step 1: define the decision goals

The purpose of any management decision is to move the organization closer to the attainment of its goals. When we speak of the "goal of a decision," we

- Define the goals of the decision
- Gather relevant information
- Generate the broadest possible range of alternatives
- Evaluate the alternatives for strengths and weaknesses
- Select the optimal alternative
- Implement and monitor for effectiveness

Figure 5.3 Steps in the decision-making process.

mean that there needs to be established, in very specific terms, just what the decision is intended to accomplish. As we discussed in Chapter 4, goals that are specific provide a target to aim for and make feedback possible. In that sense, decision making is like any other activity. Performance is enhanced when the decision process itself is in pursuit of specific goals. When a goal is defined, decision making has the critical focus necessary to ensure that the decision will actually move the organization closer to attaining the goal(s). Also, specific goals enable feedback to be provided in progress reports.

In addition to focus and feedback, there are benefits in defining specific goals that are unique to the decision process. Specific decision goals, for example, provide criteria for focusing the information search, determining which alternatives might be most relevant, and evaluating the relative strengths and weaknesses of each alternative. When a university fitness center set the goal of improving safety for students using free weights, this eliminated the alternative of leaving the fitness centers open 24 hours a day. It would be impossible to provide 24-hour supervision of the area and the lifters, a condition that would be required to facilitate safe lifting. Specific decision goals also provide the standards for evaluating the effectiveness of the decision itself once the selected alternative is actually implemented. Only with specific decision goals can the organization evaluate whether the decision is actually moving it closer to those goals.

Decision step 2: gather information

Once the decision goals are clear, the next step is to gather as much information as possible relevant to them. Clearly defined decision goals help focus the information search by defining which information is relevant. At the community senior center, the fitness club director was asked to provide aerobic exercise programming for the senior clients. The director needed to decide what types of classes to offer that would be most beneficial to the clients. It was important to provide aerobic activities that would be safe for seniors and appropriate to their abilities. The director began to search health and fitness programming resource guides in an attempt to generate programming ideas for consideration. The first guide provided information about aerobic exercise alternatives such as step aerobics, kick boxing, and spinning. These options are all wonderful aerobic activities, but are these types of programs viable alternatives for the target population?

This is a very important point. The director needed to focus on information relevant to health and fitness programming for seniors. This is an important advantage to goal-based decisions. In an age when the amount of information available to management is expanding rapidly, clearly defined decision goals allow managers to set boundaries on their information search to target the most relevant information. Although efficiency in gathering information is essential, it is important to gather as much information as possible before moving too quickly through the rest of the decision process. Quality decisions require quality information. Before the senior center's fitness club director can make an appropriate decision, there must be not only good information about appropriate programming for seniors, but also a sense of the physical abilities and interests of the clients as well as information about available facilities, resources, and equipment. For example, the director might decide to begin a water aerobics class for senior clients that would be offered at 10:00 p.m. in the community pool. Certainly, this type of aerobic activity would be an appropriate component of a senior fitness or wellness program, yet, the program would be doomed to fail if seniors were uncomfortable in water, did not like to wear bathing suits, or were unable to secure transportation to the community pool at that hour. If good information had been obtained about the lifestyles of the senior clients, the director may have realized that a 7:00-a.m. program would attract more seniors than a program held at night. If clients had been surveyed, information might have revealed that many of them do not like to drive at night or have an earlier bedtime. The lesson of this example is clear: Having the right information on which to base a decision is absolutely critical to the effectiveness of the decision.

Barriers and one solution. A variety of barriers can prevent management from having the information they need to make effective decision. Managers often feel they lack the time to fully research important information. Some managers consciously try to avoid becoming overwhelmed by information, especially during the crunch time of decision making. An example of this may be when a health or fitness club manager is asked to purchase new fitness equipment. There are several brands and types of equipment, and any manager could spend hundreds of hours researching different models and new technology. Additionally, the manager may be busy with the daily operation of the club and feel that he or she just does not have the time to read and learn about all the new equipment of the market or meet with every sales representative who wants to demonstrate a new exercise apparatus. The manager might also feel ill prepared to digest or interpret the available information about the equipment. As a result, the manager might tend not to ask others for information or recommendations for fear of appearing uninformed or not qualified to make a good decision.

To understand the enormity of the challenge of equipping a health and fitness club, one only needs to go to a health or fitness equipment retail outlet and examine the wide variety of options available to the home fitness enthusiast. There are literally hundreds of types of stationary bikes, treadmills, and stair climbers. The salesperson will be only too happy to give complete demonstrations of the equipment while pointing out the variety of features available on each model. Sales staff will share brochures, instruction sheets, DVDs, videos, fitness equipment reviews, website information, and catalogs with consumers. All of this information is designed to help the home fitness enthusiast make a good decision about what to buy. Sometimes, what results is information overload. There is just too much information available to analyze and digest. It gets to the point where the consumer cannot remember everything that was said about a specific piece of equipment and does not understand how to use the electronic heart rate monitor control panel or set the digital timer. The consumer views the promotional video, goes to the company website, studies the brochure, and talks to the salesperson again, but is still not sure if the information is accurate or what that information means. Because our consumer is eager to start a home fitness program and does not have any more time to put into the search, the consumer buys the first available treadmill at the next sporting goods store visited. In this scenario, it might be argued that expansive information gathering contributed little more than frustration to the decision-making process.

One approach to overcoming these information barriers is called “management by walking (or wandering) around,” or MBWA. Management theorists Tom Peters and Nancy Austin (1985) suggest that managers in effective companies get the information they need simply by walking around, getting out of their offices, and talking with people—employees, suppliers, other managers, and customers. MBWA enables managers to avoid both appearing uninformed and having to frantically search out essential information when an unexpected decision suddenly needs to be made. Through MBWA, managers maintain a constant flow of information, and they keep that information continuously updated.

In the case of our fitness club manager who is faced with the daunting task of purchasing new equipment, she might engage in MBWA by talking with clients and asking them what features they would like in new equipment. She might also talk with other club managers at professional meetings where she might also meet informally with suppliers and discuss new industry innovations. Our senior fitness director might embrace the same approach. She could walk around the senior center, talk to the seniors about what programming interests they have, and lastly, she could visit other senior fitness centers and watch and listen to what is going on around her. Many managers admit MBWA is not easy at first. It requires a commitment of time and a willingness to listen and learn. But managers have also found that MBWA is a powerful tool in making sure that they are hearing what they need to hear and seeing what they need to see, so that their decisions reflect the broadest possible range of information.

Decision step 3: generate alternatives

In the third phase of decision making, the challenge is to not move too quickly to a consideration of only the obvious alternatives. In this era of accelerating change and global competition, the obvious alternatives, the traditional solutions to organizational problems, have become increasingly ineffective. Innovative alternatives need to be generated, and as this need intensifies, creativity becomes an ever more critical ingredient in the decision making process.

The importance of creativity. For the purpose of this discussion, creativity might be best described as the ability to discover relations between things that were formerly considered unrelated (Sternberg, 1985). The main barrier to creativity, according to researchers, is our lack of flexibility in the way we view things. We tend to place the elements of our experience in fixed categories. The longer we operate using these categories, and the longer they work for us, the more difficult it is for us to see beyond them. If we place two elements in unrelated categories, over time, it becomes more and more difficult for us to relate them.

For instance, consider the child-care problem that faced so many health and fitness clubs many years ago. Mothers with young children often suggested that because of their role as primary caregiver, they were unable to utilize their memberships fully. They explained that they were unable to leave their small children at home and go to the club to work out. It was often difficult to find a babysitter especially during school hours or weekday evenings when they hoped to use the club. As a result, many mothers with young children would use the facility on a sporadic basis and might even allow their membership to lapse. Originally, health and fitness club managers saw this as a barrier to membership of mothers and other child-care givers. Eventually, managers came to realize that they could capitalize on the situation not only by offering on-site quality childcare, but also by offering programs that catered to young children (e.g., toddler swimming lessons or gymnastics, mother/father and baby fitness classes).

- No judgments allowed.
- Go for quantity, not quality. The more ideas, the better.
- The stranger the idea, the better.
- Piggyback. Add on to someone else's idea.

Figure 5.4 Rules for brainstorming.

Over the years, a number of techniques have emerged to help loosen up categories and patterned thinking and enhance creative capacity. The most familiar of these techniques is brainstorming. Brainstorming is a group technique for generating the broadest possible range of alternatives. The rules for brainstorming are summarized in Fig. 5.4.

These rules reflect two basic realizations about the creative process. The first is that creativity is very often a synergistic process. One person's ideas can spark ideas in someone else's mind. The rules emphasizing quantity, strangeness, and piggybacking ideas are intended to encourage the synergistic potential of the group. These rules also reflect the fact that judgment or critics tends to restrict the flow of ideas. It takes courage to suggest an off-the-wall idea, especially in a group setting. The knowledge that our ideas might be judged or criticized is usually enough to convince us not to risk sharing them. The no-judgments-allowed rule helps create a climate than enhances the willingness of group members to risk sharing their ideas, again increasing their potential for developing innovative alternatives.

Decision step 4: evaluate alternatives

When the broadest possible range of realistic alternatives has been identified, the focus of the decision process shifts to evaluating those alternatives and identifying the strengths and weaknesses of each option. Perhaps, no dimension of the decision process has been as well developed as the evaluation phase.

Quantitative approaches for evaluating alternatives. One set of methods used to evaluate decision alternatives has been found extremely useful in situations where all of the variables relative to the decision goals and alternatives can be expressed in numbers. These are called quantitative approaches because they use mathematical and statistical techniques to analyze the decision alternatives.

Linear programming. Linear programming is a decision sciences technique that allows the decision maker to use mathematical formulas to analyze and evaluate the full range of decision options before committing to one option. In the health and fitness industry, a club manager might use linear programming to decide how many staff members will be needed on a particular day, given the number of clients expected, the areas of the club to be utilized, and the types of activities that will be held on a particular day.

Break-even analysis. Another common quantitative evaluation technique is called break-even analysis. This technique is used to determine how many units of a product (or service) must be sold at what price for the producer or service provider to at least break even, given the cost of producing or providing that item or service. The break-even point occurs when revenues from the sale of a product or service exactly equal the cost of producing and selling it. For example, a club manager can decide exactly how many personal training sessions he must sell before he begins to make money. The break-even point for a product or service can be calculated whenever three things are known: fixed costs for operation, variable costs per unit, and the selling cost per unit (see Fig. 5.5). Break-even analysis allows the decision maker to clearly understand the financial impact of various alternatives before deciding which one to pursue.

Decision tree analysis. There is another technique for evaluating decision options, called the decision tree. There are some decisions where there is certain important information that cannot be known ahead of time. For example, the senior center's fitness director is trying to select a date for the club's annual season opening member-guest golf tournament. It is impossible to know for certain what the weather will be on any given day, so probability estimates about the likelihood of cold weather or rain can be made based on current forecasts and weather data from previous years. Decision tree analysis used probability estimates to help compare various alternatives.

Consider the case of the club manager trying to choose between the con struction of a climbing wall or dedicated Pilates studio. Given the current design of the facility, the Pilates studio would be less expensive to build and could be used by more people at a time, but would it generate as much revenue as a climbing wall? On the other hand, why construct the more expensive climbing wall if there is limited interest in rock climbing among the membership? The manager would also like to make the new facility available to nonmembers and expects to charge nonmembers a higher user fee than members. The manager would gather information from other clubs and talk to members in an attempt to appropriately estimate what percentage of the time each facility will be used and by whom. It is only by estimating patterns of use that the manager will

Fixed Costs (fixed costs for operation – items like rent, the cost of equipment, utilities, legal – costs that will be there whether 1 training session is produced/sold or 200 sessions are produced/sold).

Rent for new training room area	$ 6,000
Utilities	$ 1,000
Equipment and room renovation cost	$ 2,500
Legal/Insurance	$ 500
Total Fixed Cost	$10,000

Variable Costs (variable costs per unit/session, such as labor and material costs that will vary depending on how many units/sessions are produced).

Trainer's Salary	$ 20 per session
Supplies	$ 2 per session
Total Cost per session	$ 22 per session

Selling Price Per Unit/Session

$50 per unit/half hour session

Break Even Analysis

$$\frac{\text{Total fixed cost}}{\text{Selling price – Variable cost per unit}} = \text{BEP (units/sessions)}$$

$$\frac{\$10{,}000}{\$50 - \$22} = 357 \text{ (units/sessions)*}$$

**In order for the club owner to break even (where revenues equal costs) on personal training services, 357 sessions must be sold per year. To make a profit, more than 357 sessions a year must be produced/sold.*

Figure 5.5 Determining cost per session for personal trainer using breakeven analysis.

be able to evaluate each alternative and attempt to determine which would be more profitable to the club. Of course, this kind of analysis is only as accurate as the probability estimates, which depend on the quality of research undertaken and the amount of experience the manager has had with the business that is being estimated. A manager that has had a great deal of experience with Pilates studios or climbing walls is in a much better position to make appropriate probability estimates of use than a manager who is unfamiliar with either facility. Nevertheless, quantifying expectations enables the manager to evaluate alternatives in a way that is extremely objective and that would not otherwise be possible.

The T-chart: A qualitative technique for evaluating alternatives. Not all decisions involve factors that can be easily quantified or measured. For ex-

	Candidate A	Candidate B
Time with company	5 years	10 years
Education	Bachelor's Degree	Master's Degree
Interpersonal skills	Excellent	Good
Management skills	Weak organizer Excellent motivator	Strong planner Detail oriented
Knowledge of fitness	Extensive	Extensive
Certifications/ Professional Organizations	CPR, IHRSA	CPR, ACSM NASPE, IHRSA

Figure 5.6 T-chart for use in hiring a fitness program director.

ample, suppose a decision has to be made about which employee should be promoted to fitness program director. Imagine that there are two excellent internal candidates for this job and that management needs to assess the strengths and weaknesses of both. When quantitative techniques seem inappropriate, the manager can turn to the T-chart, one of the most widely used qualitative decision-making tools.

One tool used to compare alternatives in this kind of situation is the T-chart, which gets its name from the T-shaped format used to list and compare alternatives. A T-chart for the decision described previously is shown in Fig. 5.6.

The characteristics being compared in T-charts are not like the costs or the number of items in quantitative-type decisions. They are more qualitative or subjective in nature. They might include communication and organizational skills, for example, which are not easily expressed in numbers. The value of the T-chart is that it puts on paper the qualitative considerations that otherwise would have to be juggled in the decision maker's brain. The T-chart registers all the factors the manager is attempting to consider in a decision and freezes action so that each factor can be considered carefully. In the example in Fig. 5.6, the T-chart allows the decision maker to compare the two job candidates on each factor that is relevant to the decision. As with the earlier phases of the decision process, the emphasis in the assessment phase is not on moving too quickly to selecting an alternative. Like the other phases, the evaluation phase is an attempt to impose a discipline on the decision maker to ensure that appropriate evaluation criteria are brought into focus and that each alternative is considered carefully.

Decision step 5: select the optimal alternative

The fifth phase of the decision process is to select the alternative that comes closest to satisfying the decision goal. Nobel laureate Herbert Simon was among the first to recognize that there is no such thing as a perfect decision. Simon uses the term *bounded rationality* to describe the fact that no matter how systematic the manager has been, in most cases, it is impossible to have all of the relevant information, generate every possible alternative, or fully comprehend the advantages and disadvantages of each option. Furthermore, since most decisions are attempting to achieve a variety of goals, a single alternative will rarely satisfy all of them. These limitations of the decision process "bound" or reduce the rationality of the decision. Recognizing these realities about decision making, Simon (1957) coined the term *satisfice* to describe the way alternatives really are selected. According to Simon, about the best we can do in making a decision is to select the best available alternative, recognizing our lack of time or complete information and the variety of goals most decisions are attempting to satisfy. Satisficing, says Simon, is the way most selections of alternatives are actually made.

Health and fitness instructors have found that their clients often satisfice when it comes to making decisions about their own health and fitness programs. For example, a typical client has a variety of responsibilities, including work, family, and social obligations. For example, consider the variety of personal and professional obligations facing Bill Durken on Friday. His calendar is filled with a late afternoon meeting at work, family events, and social obligations that all occur simultaneously, each involving separate goals (i.e., late afternoon meeting with sales team to prepare a new strategy for a sales pitch to a client, attend daughter's first softball game, mow the lawn, attend son's youth baseball game, eat a healthy dinner, attend evening wedding and reception of work associate, complete a scheduled 5:30-p.m. workout with personal trainer at fitness club). Since it would be virtually impossible for Bill to achieve all of the desired outcomes, he will have to satisfice by selecting an alternative that is not ideal, but is the best one available. His decision might be to cancel the workout, forgo the wedding, and put off the yard work in favor of attending the late afternoon meeting and then grabbing a meal at a fast-food restaurant on the way to the youth baseball/softball complex to watch the children's games.

Bill's personal trainer recognizes that for many of his clients, sticking to a health and fitness regime is often compromised as part of the process of satisficing. The optimal healthful alternative for Bill would be to work out with his personal trainer and eat a healthy home-cooked meal as prescribed in his diet plan. Bill's trainer, like most health and fitness professionals, recognizes that clients often satisfice when it comes to personal fitness choices. For that reason, health and fitness professionals have developed a variety of strategies to help counter the negative effects of satisficing when it comes to personal fitness. In an effort to address client's lack of time, personal trainers might offer early morning or late evening sessions in an attempt to minimize work conflicts. Clubs now offer 30-minute-anytime circuit workouts. To address the lack of information problem, a club might provide a brochure or newsletter that features articles about best fast-food choices for healthy eating. As a result of these types of efforts, Bill might have scheduled a 6:00-a.m. appointment with his personal trainer and would have purchased a salad rather than a double-sized cheeseburger and fries at the fast-food chain. Although Bill still has to satisfice (ideally, he would have chosen his 5:30-p.m. usual workout and his healthful home cooked meal), his personal trainer and club can help him to make better, if not ideal, fitness decisions when planning his Friday.

The challenge for Bill and for managers is not to compromise too easily, but to ensure that the alternative selected is truly the best available, given the bounded rationality of the decision-making situation. As Simon suggests, satisficing is not only how most decisions are made, but also is necessary given the reality of time and information constraints.

Decision step 6: implement the decision and monitor for effectiveness

All too often, especially with difficult decisions, we tend to consider the decision process complete once we have selected the optimal alternative. There is often a definite sense of relief once the decision has been made. However, all the effort invested in the decision process will have been wasted unless the alternative selected is effectively put into action. A decision is just a choice until it is acted upon. Although Lee Hillman decided to expand the brand of Bally by creating new lines of fitness products, the chain's effective implementation of the decision is what led to a dramatic increase in profits. Quality products had to be developed. Manufacturers were secured. Packaging and marketing materials were created and new channels of distribution both at Bally's clubs and online were put into place. If Bally had not implemented a comprehensive strategy to develop and bring these products to market, Hillman's decision would have failed.

Effective implementation, however, does not complete the action phase of the decision-making process. Once the choice has been implemented, the decision must be monitored to ensure that the alternative put into action is in fact moving the organization closer to its goals. As we said at the beginning of the chapter, moving the organization closer to its goals is the ultimate purpose of every decision, and this cannot be assumed to be happening just because the decision has been implemented. An organization that attempts to improve performance by implementing a particular management approach, for example, needs to evaluate how well that approach is actually meeting the goals of that decision. Only when the monitoring phase confirms that the decision goals have been achieved is the decision-making process finally complete.

The decision maker

As important as the decision process is, there is another key variable that determines the effectiveness of decisions: the decision maker. The decision maker is not a neutral factor. Decisions reflect the person making them as much as the process by which they are made. A number of dimensions of the decision maker are worth considering.

Intuition and the impact of experience on decisions

As part of his research on decision making, Simon studied chess masters to try to understand how they are able to consistently make high-quality decisions when there are so many variables and so little time. What Simon discovered is that chess masters do not use a purely logical or rational decision process of the type that has been presented. It would be virtually impossible for them to systematically evaluate the consequences of each of the available alternatives at every point in a match, especially in the very brief period allowed between moves in a chess match. Based on his observations, Simon (1979) concluded that it must be "intuition" that allows chess masters to select such effective alternatives in so little time. For Simon, however, intuition is not merely a "hunch" or a "gut instinct"; it is ability based on extensive experience. Intuition based on years of experience allows the chess master or the veteran manager to select and implement the most appropriate course of action without exhaustively evaluating each alternative (Agor, 1986). In management, as in sports, the experienced player tends to make the better decisions.

Personality, values, and power

Like any behavior, a person's decision making reflects his or her personality, values, and power. Personality may be interpreted as the individual's consistent pattern of behavior. An aggressive personality, for example, is revealed in a consistent pattern of risk taking and confrontation. Similarly, the perfectionist personality emerges from a pattern of constantly pursuing the one best way, the only right answer. The impulsive personality, on the other hand, shows a pattern of leaping to conclusions and preferring action to analysis (Etzioni, 1989).

We can reasonably expect that when confronted with all of the same goals and information, and even sharing all of the same experiences, each different personality might actually decide very differently. The aggressive personality might be expected to make decisions in ways that some might find argumentative or confrontational. The impulsive personality might hurry through the decision process, just to have it over. For this reason, it is critical that managers recognize the powerful influence of personality in decision making and minimize any negative effects a decision maker's personality might have on the effectiveness of the decision process.

Beyond personality, decisions tend also to reflect the values of the decision maker, those things that are personally most important to him or her in the decision context. Paul Grymkowski, president and international director of Gold's Gym Franchising, Inc., and Rich Minzer, associate director of franchising and gym operations at the Gold's Gym headquarters in Venice, California, are two such managers whose personal values impact their decisions. Both Grymkowski and Minzer value the immensely personal nature of individual fitness. They value the creation of fitness programs and services that are client-centered and that maintain only the highest standards for service quality: product excellence with an underlying commitment to assuring safety for all members. Because of these values, both men will only work with vendors whose primary concern is helping every club create the best possible workout environment for members (Hoffman, 1998). Because of their distrust of fitness equipment companies who set and emphasize sales quotas for their representatives and encourage sales over all else, Minzer and Grymkowski have consciously made the decision to deal only with companies that share their commitment to personal attention to clients and the provision of quality fitness programs and services.

Another example of how the values and beliefs of the decision maker influence the decision-making process may be found in the debate over the use of tanning beds. Whereas some clubs and personal trainers have refused to sell or promote the use of tanning beds because of possible long-term negative effects of use, other clubs and individuals have chosen to continue to offer tanning services. As some club managers have decided not to offer tanning services based on their concerns that there may be a connection between tanning bed use and skin cancer, other clubs have introduced spray tanning as a more healthful alternative. For each individual decision maker, personal values and beliefs strongly color and influence both the goals and outcomes of the decision process.

Finally, there is the issue of power. Some alternatives, including sometimes the best alternatives, are beyond the power of the decision maker to implement. Managers, especially team leaders and middle managers, often do not have the power to implement these changes. Unfortunately, experience has shown us that the managers with the best understanding of the situation and often the ability to devise the best course of action do not always have sufficient power to ensure that the best alternative is selected and implemented. Like experience, personality, and values, the power of the decision maker strongly influences the effectiveness of the decision-making process.

Consider the college student who has worked at the YMCA reception desk on nights and weekends for several years. Based upon the student's frontline experience and knowledge of members concerns, the student would like to institute a program where members needing squash partners register at the reception desk on a weekly basis. Then, registered singles would be paired, matches set up, and then each registrant called to confirm arrangements. The student believes that this service would greatly benefit members and would provide something productive to do on Monday evenings, when things were slow at the reception desk. The idea is presented to the manager who tells the student to do nothing more than greet members, scan identification cards, and answer the phone during the shift. Although the idea may have great merit, the student has no power to make a decision to implement the plan.

Groups and decision making

Organizations are built on the necessity for people to engage in cooperative efforts to get things done. Frequently, the effectiveness of decisions hinges not on the decision maker's ability to take direct action, but on how successfully he or she involves other people in making and implementing the decision. Typically, this includes both those whose input would improve the decision

Advantages of Involving Others in Decisions

- A better understanding of the reasons for the decision
- A greater commitment to making the decisions work
- Greater creative potential
- More careful evaluation of alternatives

Disadvantages of Involving Others in Decisions

- Increased time spent in discussion at each stage of the process
- Difficulty in reaching a consensus
- Creation of winners and losers as suggestions are reviewed and adopted
- Compromise rather than selection of the optimal alternative

Figure 5.7 Advantages and disadvantages of group decision making.

and those whose commitment is needed for the decision to be effectively implemented.

The advantages and disadvantages of involving others

Although group involvement can improve the decision-making process, there are both advantages and disadvantages to group-based decisions. A summary of these is shown in Fig. 5.7.

There is no question that the involvement of others, no matter how strong the potential benefits, complicates the decision-making process. Anyone who has ever been involved in a group project or committee has experienced firsthand the difficulty of actually making a group decision. On the other hand, the price of not involving others in decisions can also be high, particularly in terms of lack of valuable input, understanding, and commitment to the decision from them.

Levels of involvement in the decision process

Management theorist and consultant Vroom and his associate Yetton (1973) described five levels of involving others in decision making. These levels are shown in Fig. 5.8.

In Vroom's (1973) model, a decision about what to include in a report summarizing a work group's activities for the year would require very little participation, if any. Participation is probably not essential for identifying the group's accomplishments, and there is little necessity of the group's commitment to the

1. The manager alone makes the decision, using the information immediately available.
2. The manager alone makes the decision, involving others only for the information they are able to provide.
3. The manager shares the problems with specific group members, and receives input from them, but makes the decision alone.
4. The manager shares the problem with the group as a group, and receives input from the group, but makes the decision alone.
5. The manager works with the group throughout the decision process to achieve a consensus shared both by the manager and the members of the group.

Figure 5.8 Levels of group involvement in decision making.

report. A decision on how to redesign the group's work area, on the other hand, would almost certainly benefit from a higher level of group participation. Both the groups input and its commitment would be essential to the success of the new design.

Interestingly, the amount of group-based decision making has increased significantly in recent years, as teamwork has become one of the key elements of the changing workplace. One of the defining characteristics of this trend has been the steadily increasing responsibility of teams for making many of their own decisions. Organizations now recognize that for them to compete in the changing environment, decisions must reflect the commitment, the expertise, and the creativity that can only come with highly participative decision making. For this reason, the challenge for managers is to improve not only their own skills as decision makers, but the decision-making skills of their teams as well.

Groupthink: a potential problem with group decisions

Although group-based decision making unquestionably offers the potential for more effective decisions, it also has potential drawbacks, even beyond those mentioned previously. One of the most serious is *groupthink*. Psychologist Irving Janis (1982) coined the term *groupthink* to describe the tendency of close-knit groups to lose their ability to function effectively in the decision-making process. In reviewing group decisions around famous events in recent history, Janis found that the more cohesive or unified a group was, the less willing the members were to present their own opinions, especially when they differed from the opinions of other group members. Instead of benefiting from the differing points of view ot various group members, the decision process in groups suffering from groupthink unconsciously focused on not rocking the boat.

- Assign the role of critical evaluator to every member of the group.
- The group leader should avoid stating preferences or positions early in the process.
- Encourage input from individuals and experts outside the group.
- Assign one member to play devil's advocate at each group meeting.
- Hold a "second chance" meeting to review the decision once a consensus has been reached.

Figure 5.9 Strategies for avoiding groupthink.

Recall the example of the seniors fitness club introduced earlier in this chapter. Imagine that the manager decided to involve several staff members and club members in the decision-making process to create a new aerobic program for seniors. The unspoken desire to avoid creating conflict within the group might encourage group members to offer only traditional alternatives for aerobic programming. Alternatives offered might include bowling or walking clubs, but might not include more creative alternatives such as bicycling or jazz dancing. Individual members of the decision-making team may have creative suggestions or serious doubts about any one alternative, but when groupthink takes over, individuals never forcefully state their ideas or objections to the group. Instead, they just go along with the momentum, apparently for fear of being viewed as disloyal to the decision team. Although the failure of a senior fitness club member to express her interest in jazz dancing does not seem to be earthshaking, the consequences of groupthink are always serious. Groupthink decisions are lacking both in terms of challenging the status quo and in critically evaluating the alternatives that are presented. For example, if the group seems satisfied with one member's interpretation of what a particular issue or problem is and how it should be addressed, not only are alternative points of view not raised, but they tend not to be very critically or carefully evaluated.

Janis describes a number of symptoms of groupthink, including self-censorship by members and the appearance of total agreement, even when consensus does not exist. Perhaps, more importantly, he suggests strategies for avoiding groupthink. Some of these strategies are summarized in Fig. 5.9.

With the trend toward more group and team-based decisions, the tendency toward groupthink becomes an increasingly serious problem. By implementing Janis's strategies, groups can take much greater advantage of their potential for making higher-quality decisions.

Ethics and decision making

Ethical behavior continues to be a key challenge to management in an ever-changing sports world. Ethical behavior may be best defined as behavior that recognizes the difference between right and wrong, behavior that conforms to society's standards and expectations. Two easily justifiable moral standards might be honesty and fairness. We expect sports organizations to conduct themselves in a way that the average person might consider to be honest in terms of telling the truth and fair in terms of how they equitably treat their customers or clients, employees, and society in general. In no area of organizational performance is ethical behavior more important than in decision making.

In sports organizations, ethics must matter. At the most basic level, our free-market society is based on honesty and fair play. In the sports industry, our games and the operation of our organizations rely upon the integrity of individuals who participate in and manage the sport enterprise. In that sense, unfair and dishonest behavior threatens the very existence of not only the sport industry, but society as well. Every unethical act by organizations threatens the trust, which is the foundation of a free society. At the industry level, there is a very real concern that a growing lack of trust in sport organizations may result in demands for additional legislation and regulation to control their operation. The fear is that such restrictions would not only make operations more difficult, but will further limit the ability of the sport organization to compete globally against businesses from other societies that operate without such regulations. Finally, unethical behavior of sport organizations, when discovered, invariably results in a loss of confidence in the organization by customers, investors, and employees. For example, during the health and fitness club boom in the 1970s, many health and fitness club managers induced members to sign long-term contracts. These long-term membership contracts were expensive, yet seemed to offer members a much better deal than monthly renewal fees. Unfortunately, some of these clubs went out of business and literally shut down and moved in the middle of the night. Members were left with long-term memberships to nonexistent clubs with no way to secure a refund. This pattern of ethical abuse of consumers put a black mark on the health and fitness club industry and left many consumers with doubts about the credibility and integrity of the fitness club business.

What this example suggests is that sport managers need to pay attention to the ethical dimensions of decision making. They must work to establish ethical organizational cultures that embrace ethics training, adherence to professional ethical codes and standards, internal ethics committees or teams, and outside review by professional organizations. The key to ethical decisions in organizations is the commitment to ethical behavior by top management. To avoid the making of unethical decisions, top management not only must support a system for dealing with ethical questions once they are raised, but they just actively encourage people to raise and discuss ethical concerns whenever they exist. Without that kin of managerial support, even the best internal ethics committees and organization systems and procedures are likely to be ineffective.

In other words, ethical decision making in an organization may have much more to do with the climate and standards that management creates than with the decision-making process itself. This means that if organizations are to achieve the goal of ethical decision making, they must commit themselves to creating an environment in which questions about ethics are a required part of the evaluation phase of every decision. Top managers must serve as ethical role models and create an environment in which ethics is a key priority in very decision process. Management must insist that the question "Is this decision fair and honest?" be answered for all of the organization's decisions.

Summary

The health and fitness segment of the sport industry includes not only health and fitness clubs, but encompasses other spin-off or ancillary organizations, including personal training businesses, fitness equipment companies, and nutritional supplement manufacturers. Health and fitness clubs can be considered to fit into one of three categories, including commercial clubs, not-for-profit clubs, and miscellaneous for-profit health and fitness enterprises, which include hotel health clubs and corporate fitness programs.

Making effective decisions is a critical task of all sport managers. Only decisions that actually move the organization closer to its goals can be considered effective. Decision making must be viewed as a series of activities. These activities begin with an understanding of the decision goals followed by information gathering, generating and evaluating alternatives, selecting and implementing the optimal alternative, and lastly, the activities conclude with the monitoring of the effectiveness of the decision. The decision process ends only when the decision has actually achieved its goals. Management's responsibility is to ensure a decision process equal to this challenge. MBWA, creativity, and satisficing are all essential elements of effective decision making.

Besides recognizing the importance of an effective decision-making process, managers also need to recognize the influence of the decision maker on that process. The decision maker's intuition, if based on extensive experience, represents a significant asset in the decision process. The personality, values, and power of the decision maker are likely to shape the decision process and the decision itself.

There has been an increasing emphasis on involving others in the decision process. There are advantages and disadvantages to shared decision making, and there are various degrees of group involvement. But clearly, the greater the value of group input to the decision, or the more important the group's commitment to the decision, the greater the need for group involvement in the decision-making process.

However, with group decisions, there is also the risk of groupthink, a decision process that reflects the group members' desire not to rock the boat that overrides the desire to achieve the actual decision goals. The challenge for management is to maximize the advantages of involving others in decisions while managing that process to minimize the potential disadvantages. Finally, the decisions reached in the decision-making process must be ethical. Meeting this requirement begins with the development of a code of ethics. Managers must also establish a body to review questions of ethics in an organization and offer management training that includes instruction in ethical decision making. Ultimately, ethical decisions require a belief that pervades the organization from top to bottom that the decision process and all decisions must be both fair and honest and must move the organization closer to the realization of its goals.

Management exercise

Teams at Young's rehabilitation hospital

You are a member of the management tea at Young's Rehabilitation Hospital. The hospital is named after its founder and CEO, Dr. Sydney Young, and it specializes in the rehabilitation of patients with spinal cord injury. Because of its excellent reputation, the hospital receives patients from all over the United States. In the last 5 years, the hospital has begun to work with an increasing number of patients who have sports-related spinal cord and neck-related injuries. They include hockey players, soccer players, lacrosse players, baseball players, football players, race car drivers, and equestrians.

During the past year, the hospital has been experimenting with the creation of a sport-related spinal cord and neck injury unit that would be managed using a team-based approach. The professional staff had suggested that sport patients share unique emotional and physical needs and that a sport-related spinal and neck injury unit could further enhance the hospital's reputation, attract top sport medicine specialists, and develop new research funding. It had been agreed that the creation of such a unit could result in immediate and long-term benefits for patients and their families. The experiment created a team of 20 employees (three doctors, two social workers, two sport psychologists, two physical therapists, six nurses, and five nurses' aides). This team cares for only one ward of 10 patients. The rest of the staff works on patients throughout the hospital, as they traditionally did.

The team has been in operation for a full year, and as a member of the hospital's management team you are part of the group that will evaluate the success of the treatment team's approach. The evaluation group will be meeting to prepare its recommendation later in the week, and you have begun to prepare for that meeting by reviewing your e-mail messages.

- Define the goal(s) of the decision Dr. Young must make.
- Identify three options as alternatives.
- Create T-charts to assist you in assessing the strengths and weaknesses of each of these options.
- Based on your analysis, indicate which option you would recommend to Dr. Young and why.
- Legal perspective. Young's Rehabilitation Hospital doctors are now working closely with sport helmet engineers and manufacturers to develop new designs and new products to diminish the frequency and severity of head and neck trauma sport-related injury. What steps must helmet manufacturers take to minimize their liability? How have liability concerns and lawsuits affected the helmet manufacturing industry?
- Marketing perspective. Young's Rehabilitation Hospital is considering expanding its marketing in the sports community through the development of corporate sponsorship. Where and how might Young's Rehabilitation Hospital spend its sponsorship dollars?
- International perspective. Young's Rehabilitation Hospital continues to develop its expertise in the treatment of sports-related injuries; how might the hospital expand its business into the international marketplace?
- Financial perspective. What financial tools or measures might hospital administrators use to evaluate the treatment team approach?

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Curves	http://www.curves.com/

6

Strategic management and sport facilities

Introduction

This chapter introduces sport facility management, an important consideration for sport managers as well as a unique industry segment. The strategic management process is discussed within the framework of facility management. It is through this process that sport organizations define their mission and strategic goals and analyze the environment and the organization's own strengths and weaknesses. Strategies to achieve the organization's goals are then developed. Operations management is the process by which these strategies are implemented. For the sport manager, operations management or operational planning is twofold. The sport manager must be concerned with macrolevel (how the strategic plan is put into action in the organization) and microlevel (how individual events and activities are planned and executed on a daily basis) operations. Techniques essential for effective strategic and operational planning, such as environmental analysis and the balanced scorecard, are introduced. Because game and event management is so critical to sport facilities management and because effective event management relies so completely on operational planning, we use this aspect of sport to illustrate operational planning and control in sport management.

Check the stats

Purpose: Sport facilities are designed and constructed to support particular sport, entertainment, civic, or private activities or programs. The sport facility is a critical resource that helps the organization to realize its mission and goals. It has been argued that sport facilities may anchor area development, particularly in urban areas, and will help to drive economic activity. It has also been argued that these facilities, particularly those that require large public contribution, are detrimental to local communities and contribute little to the area's economy.

Stakeholders: Professional sport teams, tour events, sport and entertainment event rights owners, promoters, labor/trade/music unions, private facility management companies, food service companies, security companies, musicians, performers, athletes, guests, sponsors, media, community members, sport governing bodies/agencies, volunteers, vendors, suppliers, general public, and federal, state, and local government.

Size and Scope: There are tens of thousands of sport facilities throughout the United States, ranging from stadiums and arenas to golf courses, water fronts, ski resorts, cross-country trails, bike paths, fitness trails, tennis courts to multipurpose grass fields. Convention centers, which feature ballrooms, meeting rooms, and exhibit halls, are often built in close to a sport stadium or arena to attract visitors to the area, thus spurring economic activity.

Governance: Federal, state, and local regulation: Professional organizations, associations, and trade groups, such as the International Association of Arena Managers. Sport governing bodies, such as the NCAA, provide detailed specifications and requirements for facilities utilized by member sport organizations.

Inside look: Minor league ballparks anchor downtown renaissance

Taking a lesson from major league cities such as Cleveland and Baltimore, smaller cities in the United States such as Lansing, Michigan, Harrisburg, Pennsylvania, Dayton, Ohio, Frisco, Texas, and Oklahoma City, Oklahoma, have built new minor league baseball stadiums to anchor downtown development projects or reenergize urban neighborhoods. These stadiums have been designed to fit naturally into the surrounding landscape so that any area visitor would suspect the park has been there for decades. The new breed of minor league ballpark is purposely designed to complement local architecture and existing structures. Architects want their designs to be a natural part of the existing landscape rather than to dominate the area. These new structures exude a simple charm and elegance and are combined with high-quality entertainment opportunities that encourage families to make a whole day out of a visit to the ballpark. These parks that seat approximately 12,000–15,000 spectators incorporate old-fashioned ballpark features with new technology and amenities that have proven to be very attractive to fans. In the last 15 years, more than 100 new minor league stadiums have been constructed throughout the United States as a result of the rising popularity of minor league baseball. At the beginning of the new millennium, minor league baseball attendance surged to 37.7 million as the sport benefited from the fans' disenchantment with major league baseball after labor problems in 1994 and minor league baseball's reputation as reasonably priced family entertainment (Stone, 2001).

Minor league baseball parks, such as those in Dayton and Memphis in Tennessee, have been constructed as part of larger downtown area development projects. Although the 1970s and 1980s saw the exodus of retail, industry, and service businesses from downtown areas to suburban locations, the 1990s signaled renewed interest in rebuilding downtowns across the United States. Minor league ballparks have become just one piece of the downtown revitalization puzzle. In Memphis, AutoZone Park, which was opened in April 2000, was built as a cornerstone property designed to spur both public and private investment in the general area. Older buildings were renovated, and retail and residential space was created. An elementary school was built in the downtown area, and public works projects, including a boardwalk, street improvement, and lighting, were completed. The ballpark itself is attached to the Toyota Center, a renovated 220,000-ft^2 office building that overlooks the field. The synergy created by the ballpark and surrounding development was enough to create a spirit of excitement about the area and heightened demand for available properties. In fact, the Toyota Center office complex had commitments for all of its available space before construction began. Additional improvements were made to the Cook County Convention Center and local business officials heightened their marketing efforts to promote tourism. Residents began to return to the downtown area, and retail, restaurant, and professional offices continued to follow.

In Dayton, a new minor league ballpark also served as a cornerstone for local area development. The stadium was designed not only to act as a magnet for business, but to spur tourism as well. Through the incorporation of design elements such as picnic areas, playgrounds, and luxury suites and with promotional tie-ins to local restaurants, shopping, and hotels, the facility attracted visitors both during and beyond the baseball season. The new ballpark and baseball franchise, The Dayton Dragons, is credited with breathing new life into downtown Dayton.

In Frisco, Texas, a new minor league ballpark became one of the first pieces of a sport complex that was designed to give the growing city an identity as a sport destination. Other facilities in the complex include a brand-new soccer stadium for FC Dallas, an ice arena used as a practice facility for the Dallas Stars, and youth sport fields. The sport facilities helped to anchor an urban development plan that included office and retail space, public park/walkway areas, and housing.

In Oklahoma City, a new $34 million Southwestern Bell Bricktown Ballpark has served as a cornerstone of the city's metropolitan area project that also includes the construction of a downtown arena, performing arts center, river walk, and a renovated Myriad Convention Center. The park, which was part of a nine-piece urban revitalization project, was funded in part by a one-cent sales tax increase that was approved by voters in 1993. Surrounding shops, restaurants, hotels, and entertainment venues have turned the park and the Bricktown area into an entertainment destination for tourists and local residents as well, with visitor counts exceeding 4 million people a year.

A similar approach was used in Jacksonville, Florida, where public support was given to a "Better Jacksonville Plan," which included construction of a new minor league baseball stadium, arena, courthouse, and library. The ballpark was just one small piece of the development project that revitalized several neighborhoods and provided for important public services.

Sport facility consultant Rick Horrow suggests that this trend in minor league baseball sheds light on the future of sport facility construction. Because of the rising costs of sport facility construction—many minor league ballparks carry $30+ million price tags—facilities will need to be viewed within the context of the surrounding area and its contribution to the entire community. New facility designs must encompass creative, comprehensive, and integrative solutions (Horrow, 2001) that positively impact both the community and the sport organization. Stadiums, arenas, and recreational sport complexes must be considered as community assets, rather than isolated private projects. They should be viewed as a valuable component and may often serve as the catalyst for the development or revitalization of entire metropolitan or suburban districts. For Horrow (2001), the lesson is clear. Given the rising costs of sport facility construction and the public's hesitancy to fund private development of facilities for professional sport teams, the successful park, arena, or stadium builder must position, present, and deliver a sport facility that will not only spur tangible area growth and economic development, but will complement the character of the surrounding area and contribute to the vitality of the community.

Although advocates of this strategy of using sport and recreation facilities to reenergize area development point to the success stories of cities such as Dayton, Memphis, and Oklahoma City, there is a growing backlash against the construction of publicly funded sport facilities throughout the United States. In fact, there are organized lobbying groups, such as Washington-based Fans-First! and Denver's Citizens Opposing the Stadium Tax, who claim that these publicly funded stadiums and arenas are a drain on the local economy. They argue that such facilities are overpriced and never deliver promised economic impact. New sport facilities actually reshuffle or redistribute current spending rather than generate new revenues to the community. Opponents of publicly funded facilities point to the fact that few new significant jobs are created, area neighborhoods are disturbed, and public subsidy of stadiums and arenas are tantamount to putting public dollars in already rich owners' and players' pockets. For some critics, a sport facility even presented as part of an overall economic redevelopment plan should never be funded with public dollars.

In times when local and state governments are faced with many competing funding priorities such as education, public safety (fire and police), infrastructure improvements (roads, sewers, bridges), and limited tax dollars, public spending on sport facilities has been criticized as a poor use of public funds. Even when the sport facility is owned by the government (e.g., a municipal golf course or public high school football field), taxpayers express views that sport and recreation facilities are nonessential and, therefore, should receive no or little consideration for public funding.

Additional evidence of public outcry against private stadium contribution is Senator Arlen Specter's R-PA 1999 bill that would require team owners to dedicate 10% of all television revenues to a stadium construction trust fund. The fund would purportedly help to lessen the demand for public funds by professional sport teams. The bill failed, but brought the debate of public support of sport facilities to the national limelight.

It is likely that the debate over construction of publicly funded sport facilities will continue. Sport facility managers will be need to be well versed in funding mechanisms and must be aware of the area's political landscape. As construction costs of sport facilities and quality standards continue to rise, sport managers will need to carefully identify and articulate the arguments for sport facility construction. They will most likely continue to point to cities like Dayton, Memphis, Frisco, Lansing, and Oklahoma City as shining examples of why and how the government and the sport organization can partner to successfully bring about area development and downtown revitalization.

Sport facility management

Sport facilities have existed for thousands of years. Ancient cultures, including the Egyptians, Greeks, Romans, and Chinese, invested in the creation of sport facilities that were used to promote sport for a variety of purposes, including military readiness, entertainment, and physical wellness of their people (Farmer, Mulrooney, & Amon, 1996). Contemporary sport managers agree that appropriate facilities are an important component of sport. Certainly, there are many examples of how the management of sport organizations is influenced by sport facilities. A professional sport team, for example, may be financially dependent upon a facility that not only provides the appropriate seating capacity, but also offers revenue-generation opportunities such as luxury suites, club seating, retail space, and stadium restaurants. A high school that wishes to field swimming and diving teams may only do so if there is a regulation-size competition pool with diving platform available as well. Sport managers recognize that the sport facility is a critical resource for the organization.

Sport, by nature, depends on facilities. Just about every sporting activity requires a specific venue, playing surface or area, and, most likely, some type of equipment. Sport facilities may either be indoor or outdoor and may be naturally occurring (mountains, lakes, rivers, ponds) or manufactured (running tracks, bocce courts, golf course, or stadium). Regardless of the type, size, or number of facilities available to the sport organization, the sport manager is actively involved in planning, constructing, financing, maintaining, and operating these facilities.

Sport managers recognize that the facility impacts the organization in many ways. Certainly, the number, type, and quality of sport programs and activities offered are directly influenced by available facilities. Second, the quality of the sport facility is a direct reflection of the organization and its programs. The facility contributes to the sport organization's brand. Facilities also play an important role in customer service. Third, the sport facility is a critical asset to the organization that can positively affect or negatively impact revenue generation.

Most sport management programs require students to take a specific course in sport facility management and event planning because of the broad recognition of the importance of facility management and operational planning to the sport organization. Sport professionals must master very specific issues, practices, and skills related to the management of the sport facility. The body of knowledge related to sport facility management encompasses such topical areas as planning, designing, financing, and construction of facilities as well as scheduling, budgeting, finance, marketing, operations management, box-office management, maintenance, building systems operation, feasibility studies, economic impact, food service, security, risk management, loss prevention, inventory control, ticketing, sponsorship, and quality control systems.

Types of sport facilities and their management

The type of sport facility that people are most familiar with is a public assembly facility (PAF), a large structure created for the purpose of facilitating the gathering of large groups of people who come together for the purpose of viewing or participating in an event. Stadiums, arenas, and coliseums are categorized as public assembly facilities. Tiered seating, specialized playing or performance surfaces, spectator amenities such as rest rooms and food service areas, and performer amenities such as locker rooms and training rooms usually characterize the PAF. These buildings host sporting and entertainment events such as concerts, professional sport team games, trade shows, and family shows, such as ice shows and circuses. They are usually designed to accommodate one or more sport team tenants that may include a professional sport team (major or minor league) or a top-level college team.

Convention centers, civic centers, auditoriums, exposition halls, theaters, and concert halls are also public assembly facilities. Although the buildings may not be specifically designed to host sport activities, they are designed for public assembly and for the accommodation of entertainment, professional conferences, shows, and other performances or activities that provide entertainment or education for the community, enhance civic culture, generate tourism, and generally improve the quality of life for residents and visitors alike. Sport facility managers are often responsible for managing multibuilding complexes that include any number of PAFs. However, one standard combination is the sport arena or civic center and the convention center.

Other sport facilities are designed primarily for the purpose of accommodating individual or smaller groups of users rather than large audiences of viewers. Such facilities might include a mountain ski resort, sport hall of fame, tennis court, golf course, gymnasium, municipal soccer field, state park, natatorium, equestrian course, or health and fitness club. This segment of the industry is clearly the largest, yet the larger public assembly facilities usually receive the most attention in the study of the sport facility industry. Stadiums, arenas, and convention centers, because of their affiliation with sport teams and the entertainment industry, capture public attention because they receive daily media coverage, whereas the smaller user-oriented facility operates in virtual obscurity. Although there are thousands of public assembly facilities across the United States, there are many more small participant-oriented facilities. Virtually every state and town, high school, recreation department, college and university, military base, YMCA, and health and fitness club manage a variety of different sporting facilities and host numerous sport and entertainment events and activities at those facilities on a regular basis. Although these facilities usually operate on a much smaller scale than the large PAF, their managers are faced with similar responsibilities, issues, and challenges as the stadium or arena manager.

There are many different types of ownership and management of sport facilities. Although some facilities are owned by governmental entities such as cities, towns, counties, states, or the federal government, nonprofit organizations or private-interest groups, such as private management companies, professional sport teams, individuals, or corporations, own others. Sport facilities are not necessarily owner managed. Most facilities that are owned by a nonprofit organization or a governmental entity such as the state or the city utilize some type of advisory board or commission to act as an agent or representative of ownership. The board or commission may serve as a policy-making body or may be responsible for oversight and control of the facility. The commission is ultimately responsible for selecting an appropriate management team to operate the facility.

Sport facilities may be owner managed. This model is called in-house management. Historically, universities, states, and cities chose to manage their own buildings. However, when buildings failed to meet owner's expectations, other management alternatives have been considered. For some organizations, in-house management created a variety of problems related to inexperience, political patronage, burdensome public regulation and policies, and lack of resources to attract events, meet customers needs, and purchase needed equipment, technology, or supplies. In these cases, owners have considered the private management alternative.

There are several private companies that specialize in the management of sport and allied facilities. These management groups promise to deliver more efficient operations and expect to reduce the facilities operating deficit. Relying on their expertise and connections within the sport, tourism, hospitality, recreation, and entertainment industries, they are usually able to create a more comprehensive and higher-quality schedule, hire more skilled managers, and negotiate better deals with sponsors, promoters, and suppliers. The facility owners will secure a private management company through a selection process that begins with a request for proposal (RFP). This comprehensive document provides an overview of the current state of the building and its operations and details the owner's expectations for new management (Mulrooney & Farmer, 2001). The RFP is then sent to all major private management companies, and a notice of the availability of the RFP is posted in trade publications. Interested parties will then express their interest in the facility by preparing a bid within the time limit specified in the RFP. Bidders are then given the opportunity to tour the facility and discuss the RFP with the facility's owner or governing body representatives. The private management company/bidder may then wish to review the RFP in more detail and are allowed to submit additional materials to supplement their original bid proposal. Once all proposals that have been received by the posted deadline are reviewed, finalists are chosen and asked to do a personal presentation to the building owner or representatives. Once presentations are completed, a top choice is selected, and both parties will enter into contract negotiations. The signing of the contract by both parties signals the official completion of the RFP process.

The RFP process is an important one to facility managers because many critical functions in the facility are outsourced through a similar process. Food service, security, maintenance, parking, and other functions can be outsourced. Utilizing private companies to provide these services allows the facility manager to acquire specialized expertise and is often seen as an efficient way to carry out functions that might otherwise be a very expensive and ineffective use of limited internal resources.

The role of the sport facility manager

Sport facility managers are essentially responsible for two functions: (1) the operation of the building itself and (2) the planning and execution of events or programs within the building.

Managerial tasks related to the operation of the building include facility systems management, maintenance, and the hiring of building administrative staff. A good sport facility manager has a working knowledge of the internal mechanical systems of the building, including heating, ventilation and air conditioning, electrical, plumbing, and refrigeration. A facility manager must also be aware of issues related to building design and construction, including weight-bearing capacity of the roof, accessibility, and building material composition. A facility manager must understand the building's structure and equipment and coordinate a maintenance plan that assures that the building is not only in top condition, but is safe for users, employees, and spectators alike. Although the sport facility manager need not necessarily be an expert in mechanical engineering, it is important that he or she understands how the building works.

Other responsibilities that come under the heading of managing the building may include scheduling and booking of events, marketing of the facility to promoters, travel coordinators, and convention planners, budgeting, human resource management, public relations and marketing, and ticket, advertising, and sponsorship sales.

The second responsibility of the facility manager is event management. This function is commonly called *operations*, *game operations*, or *"ops" management*, but we use the term *event management* here to represent this function. Event management consists of the planning and execution of the wide variety of functions and activities that take place in a sport facility on a daily basis. Depending upon its size and accommodations, a large PAF might host as many as 100 different events, including concerts, family shows, meetings, and professional sport contests in one month. A local recreation sport complex may host a 30-game tournament, youth sport banquet, and instructional clinic in one weekend. A college field house may host a faculty reception, intramural floor hockey game, karate class, men's and women's basketball practice, cheerleading tryouts, and racquetball tournament in one evening. Regardless of the size or configuration of the sport facility, most frontline sport facility managers will suggest that the bulk of their time is spent on scheduling, planning, and executing events.

Most PAFs have an entire event management department or unit with an event manager or operations director who is designated to oversee this function. The operations director/event manager is responsible for the coordination of all needed services to support each event. They oversee the purchase of supplies, maintain equipment, and hire appropriate staff to guarantee that the event goes as planned. The event manager/operations director may direct laborers, stagehands, electricians, musicians, security, food service, customer service, medical staff, transportation, parking, ticket takers, concession workers, and other part-time workers. The event management function includes the management of the bulk of the behind the scenes staff that is responsible for planning and executing an event. Event staff works closely with event producers to ensure that all the physical requirements for the event are in place, that the equipment is available and functioning properly, and that the building is configured and set up appropriately for the event. To summarize, the event management function encompasses preparing the building for each event according to specifications, ensuring the event goes off smoothly, and then, cleaning up after the function.

For the purpose of our discussion, it is best to think of event management as microlevel operations management. This includes the day-to-day activities of the building, carrying out its schedule of events, and hosting programs, which represents only one level of operations management within a sport facility. The other level of operations management takes place on a macrolevel, or strategic organizationwide level. At this level, management translates its selected strategy into action steps or plans in each of the organization's key functional areas. This process is referred to as operational planning.

This distinction is important because operations management in sport facilities varies significantly from what is traditionally considered to be operations management in most businesses (Mulrooney & Farmer, 2001). For most non-sport organizations, operations management consists solely of what we refer to here as *operational planning*, which translates strategy into action across the organization. For sport facilities, the challenge is not only how to put the strategic plan into action, but how to plan and execute hundreds of events, programs, and activities every year. Sport facility management experts Peter Farmer and Aaron Mulrooney suggest that the difference is that "operations management in a sport facility focuses on how services are produced, rather than the production of those services … this is the traditional definition of operations management" (2001, p. 274).

For example, a sport business such as professional sport team is interested in producing a high-quality team that wins championships. Their manager is focused on the game, the winning, and the team. A concert promoter is interested in securing talented performers who attract ticket buyers. In each case, management is focused on the product. The sport facility manager, however, has a different focus. He or she is keenly interested in how the game or concert is presented or produced. Pertinent issues for the sport facility manager include the sound system, the lighting, cleanliness of the rest rooms, proper ordering and preparation of food, safe parking lots, clear walkways, and clean locker rooms.

To better understand the difference between the traditional definition of operations management and event/operations management in the sport facility business, it is important to understand the strategic management process.

The strategic management approach to planning

The major components of the strategic management approach are summarized in Fig. 6.1. Because the sport environment is continuously shifting and changing, strategic management must be a continuous examination of how well sport organizations are aligned with that environment. In sport organizations, top-level managers such as CEOs, presidents, and commissioners are responsible for engaging the organization in strategic planning. Although responsibility for strategic management is increasingly shared through organizations, top-level managers must often serve as the directing impetus behind strategic planning.

Develop mission and specific strategic goals

Analyze environment

Formulate strategy

Implement strategy

Strategic control

Figure 6.1 Strategic management process.

A clear and compelling sense of direction is the starting point of the strategic management process; it is the management's responsibility to give the organization this sense of its own enduring purpose (Carlson-Thomas, 1992). The most common way that organizations attempt to communicate this sense of purpose or direction is through a mission statement.

Step 1: Establishing the organization's direction

The first responsibility of management is to provide vision. For example, consider the case of York University (UK) officials who sought to enhance their contribution to the health of the general public and create a positive relationship between the university and the community. Colin Smith, the university's director of physical recreation believed that York had an excellent record of supporting the community through providing access to university sport facilities, yet had been limited in its effectiveness because of the lack of sufficient facilities (Patterson, 2006). Smith and university officials envisioned a versatile sport complex that would support a wide variety of community interests, including football, indoor hockey, basketball, tennis, volleyball, badminton, netball, and martial arts. The university had already opened its doors to a community squash club, trampoline club, disabled cricket team, soccer teams, and youth sport instruction camps and clinics, yet had to turn down community use requests because of lack of availability and sufficient facilities (Patterson, 2006). A user-friendly multisport facility was envisioned, where a number of different activities could be run at the same time and where users would be provided with quality amenities.

In terms of strategic management, the vision of a dynamic and versatile sport facility, which would play a critical role in enhancing university and community relationships while contributing to public health and quality of life, was clearly articulated by top-level managers. They set this vision that would provide the organization with an immediate and enduring sense of purpose.

Mission statement

Vision serves as a starting point for the mission statement, which is a written summary of what business the organization is in or seeks to be in. It often includes a statement of the organization's philosophy and values. The mission statement reveals an organization's long-term vision—what it wants to be and whom it wants to serve. An effective mission statement provides a sense of direction for every individual and group in the sport organization.

For sport organizations, it is important to define the business they are in. Although some people may suggest that sport organizations are in the business of making money, simply defining an organization's mission in this way does not provide direction or keep the organization focused on its stakeholders. Rather, a mission statement should clearly answer the questions, "What business are we in?" and "What business should we be in?" These questions must be answered in terms of customer needs and not in terms of the produce or services the company currently offers (Abell, 1980; Collins, 1997; Collins & Porras, 1996). This emphasis on customer needs helps organizations avoid being left behind by changes in technology or consumer preferences and keeps them focused on developing strategies to support the mission. A sport facility's mission might suggest that it is in the business of "providing a high-quality entertainment experience to guests in a safe, comfortable, and friendly stadium environment." The statement clearly identifies the organization's business (provision of a high-quality entertainment experience) and addresses customer (guest) needs (high-quality entertainment experience in a safe, comfortable, and friendly stadium environment). By being very clear about its mission, the organization provides a foundation for strategy creation as well as direction for developing new activities, programs, or amenities.

Beyond the business it is in or seeks to be, a mission statement should also articulate the organization's basic beliefs, values, and priorities. In the case of our facility mission statement, it is very clear that the organization is committed to quality, safety, comfort, and a friendly atmosphere. The mission suggests that the organization's top priority is needs and satisfaction of its guests or patrons. This mission statement points to an organization that is customer centered, and one might expect that customer service is a critical element of organizational philosophy.

Step 2: Analyzing the situation

Comparing the organization to its environment

In terms of strategic planning, even organizations with clear missions often tend to get so caught up in day-to-day problems that they fail to recognize and respond to what is happening around them. For example, during the last two decades, some aquatic facility managers have faced the increasingly difficult challenge of keeping their pools viable. Budget cuts, escalating costs of pool operation, proliferation of recreation options, including commercial water parks, and availability of backyard pools, lake, and beach waterfronts have negatively affected use and forced some pool operators to scale back on hours and services (R. Ellerbrook, New England Parks and Recreation Association, personal communication, 2006). Additional pressures on pool operators come from government regulations that may stipulate, for example, the number of showers and type of bathhouse facilities, Americans with Disabilities Act requirements, and supervision standards (Cohen, 2006). Clearly, each of these environmental factors affect facility operation and have financial implications.

Sport managers must recognize that their organizations do not operate in a vacuum and it is critically important to monitor changes and trends in their environment. In the strategic management view, before deciding on a plan of action or a strategy to achieve a mission, the organization must analyze the situation carefully. Managers must understand the organization's strengths and weaknesses as well as those of its competitors. They must also recognize what is happening in the environment and then evaluate the organization in an environmental context. This process is called a *situation analysis*.

Situation analysis examines the complex set of interactions between factors both inside and outside the organization. It begins with a review of conditions in the environment to see if they pose opportunities or threats and then uses this review as a basis for assessing the organization itself for potential strengths and weaknesses. Figure 6.2 shows the relationship between the organization and its environment. The outer circle represents the general environment, which includes broad trends and conditions in society. These are factors outside the organization that tend to affect society and organizations in general.

General Environment (social, political/legal, technological, global, economic trends)

Task Environment (customers, suppliers, competitors, regulators)

Organization

Figure 6.2 The organization and its environment.

The middle circle represents the task or specific environment, which consists of individuals, groups, and organizations that directly affect a particular organization itself, the dimensions of the organization that impact performance. All three elements require management's constant attention.

The first step in analyzing the organization's situation is to assess the environment for opportunities and threats. Two categories of environments must be monitored: the general environment, which is shared by every organization in a society, and the task or specific environment, which is unique to a particular organization.

General environment

As Fig. 6.2 shows, the general environment can be divided into five dimensions or subcategories of change: social, economic, political, legal, technological, and global. Social change includes changes in social patterns, demographics, values, and institutions. In the case of our aquatic facility manager/pool operator, social changes may include a shift to a social norm where backyard built in family pools are considered to be more desirable that the community pool.

Economic change refers to the overall status of the economy, which varies over time. In times of economic prosperity, demand for nonessential goods and services is high, and customers may have the disposable income to seek out higher-priced services. The reverse is true in times of economic difficulty. Customers may seek out less expensive items or they might completely abandon nonessential leisure, recreation or sport spending.

Political and legal change includes the impact of governmental laws and the legal system, as well as the relationship between government and business.

The sport manager must be aware of federal, state, and local laws and regulations that shape the operation of the sport organization. The Americans with Disabilities Act, for example, has greatly influenced the design and operation of sport facilities as sport managers have renovated or built facilities that must incorporate accessible seating and amenities, for example.

Technological change refers to the advances that create new products and new ways of producing goods and providing services. Virtually every stadium and arena throughout the country has its own Internet website, where fans can access facility schedules, view virtual seat site lines, and purchase event tickets.

Global change has been perhaps the most volatile recent environmental factor. International politics and economic conditions have been dramatically altered by the sudden shift of whole geographic regions to more capitalist economic systems from communist or totalitarian models, where governments planned and controlled production and distribution of goods and services and set prices. Political unrest also continues to shape the global sport environment as warring governments, religious and political factions, and individuals contribute to instability and unrest throughout the world. Additionally, technological developments in communication and transportation make it possible for sport organizations to operate in the global marketplace. In the sport facility industry, globalization has brought changes to the sport facility landscape as teams, leagues, and events move to more international venues.

Changes in the social, political, economic, technological, and global environments can then have a dramatic effect on any organization. It is responsibility of management to monitor continuously these key dimensions of the general environment to recognize as early as possible the changes that might impact the organization. This responsibility extends also to the task environment.

Task environment

The task, or immediate, environment includes the factors in the environment that directly impact a specific organization. Thus, in Fig. 6.2, the elements of the task environment are located closer to the organization. Like the general environment, the task environment consists of several dimensions. Among the most important are customers, competition, suppliers, and regulators.

Customers are the individuals, groups, and other organizations that purchase the products and services and organization provides. In the case of our aquatic facility, consumer interest in more amenities might require the facility manager to upgrade locker room and concession services.

Competitors are other organizations that vie for an organization's customers. In the aquatic facility environment, commercial water parks with high-technology entertainment features such as wave pools, cascading water falls, or towering water slides have been integrated with existing amusement parks. These new multifaceted facilities have posed serious competition to community facilities.

Suppliers also can exert a strong outside influence on organizations. They may raise their prices, or the quality of their goods may become a problem. It is also important to note that labor supply may be limited in its skill or number, thus requiring the organization to train new hires or seek new sources of talent. Sport organizations view suppliers as potential sources of competitive advantage.

Regulators are the final component of the organization's task environment. These outside agencies have the ability to control or influence the internal working of the organization. For sport facility managers, government agencies influence facility design, construction, and operation through local building codes, health and safety codes, and other regulations. Governmental organizations and agencies are not the only groups that regulate sport organizations. Governing bodies and professional organizations can also influence an organization's policies and procedures. The NCAA, for example, provides specific sport facility guidelines and requirements for some sport facilities and events. Public interest groups also attempt to shape the operation of some sport organizations. When facility managers attempt to expand or build facilities, they often face scrutiny and, in some cases, outright opposition from local private-interest groups who are against the organization's efforts to take land or use local tax revenues to finance construction. The result of such efforts can influence outcomes of public referenda on facility construction.

Management's purpose in studying the general and task environments is to identify trends and conditions that represent opportunities or threats to the organization's ability to achieve its goals. The process of monitoring and evaluating puts the organization in a proactive rather than reactive position and reduces the likelihood of being caught off guard by shifts in the environment. This phase of the strategic management process can be thought of as a kind of early warning system that allows management to take the initiative either to maximize the opportunity or to minimize the corresponding threat resulting from environmental change.

Once the sport manager understands the environment, he or she must clearly understand the organization's competencies and then must be able to see links between organizational competencies and environmental conditions. The manager must begin by doing a thorough evaluation of the organization. A checklist of key areas of organizational competency might include the following.

Management. Does the organization possess the management skill and experience necessary to address potential threats or pursue potential opportunity?

Corporate culture and values. Is the value system of the organization consistent with the demands of the environment? Does the organization value or exhibit behaviors or operational standards that will support functioning in a way that the environment demands?

Human resources. Do the organization's employees have the skills necessary to respond effectively to changes in the environment?

Operational systems. Does the organization possess, or can it develop, the systems necessary to succeed? Does the organization have necessary equipment, processes, and policies to conduct business in ways that the environment demands? For example, as more sport organizations seek to conduct business online, do they have the necessary knowledge, systems, and equipment to effectively and efficiently conduct transactions in cyberspace?

Marketing. Does the organization have the ability to evaluate customer needs and to effectively price, promote, and advertise its products and services?

Financial resources. Does the organization have access to the financial resources necessary to respond effectively to the environment? Can it afford the management, human resources, technology, research, and marketing that will allow it to compete as the environment demands?

Step 3: Developing strategy

The term *strategy* comes from the Greek term "to lead an army." In that sense, a strategy is a kind of battle plan. In strategic management terms, strategy is the course of action an organization selects to minimize threats and maximize opportunities that emerge in the environment. The strategies an organization selects must reflect its mission, the opportunities and threats in the environment, and its own strengths and weaknesses. The process of developing strategy helps the organization find its best fit among the three sets of forces.

Strategic alternatives are the options that management can select as the possible courses of action for obtaining its goals. The different levels of strategic alternatives are listed in Fig. 6.3.

Corporate Level	*Strategies pertaining to companies that conduct business across several industries or several markets.*
Business Level	*Strategies for companies operating in a single industry.*
Functional Level	*Strategies for the organization's functional areas or departments.*

Figure 6.3 Different levels of strategic alternatives.

Corporate-level strategy

Corporate-level strategy deals with the alternatives a company or organization explores as it conducts business across several industries or markets. At the corporate level, strategy deals with an organization's decision about either expanding or retreating in general or from industry to industry. It is useful to think of corporate-level strategy in two distinct terms: either getting bigger or smaller.

Merger and acquisition. Merger and acquisition are strategies that represent the organization's intent to grow or "get bigger." In the sport facility industry, a stadium management company might choose to acquire a food service company for the purpose of expanding its expertise in concessions management. This strategy of moving food service "in house" might have additional benefits of allowing the sport facility company to capture all associated food service revenue.

Retrenchment. When an organization is not competing effectively, retrenchment, or turnaround, strategies are often needed. For example, a sport facility management company may choose to sell off its building security division that, for a variety of reasons, has become unprofitable and unwieldy to manage. Or, a manager might decide to downsize the operational staff by eliminating several full-time box-office positions and moving toward more online ticketing. These strategies may be viewed as helping the organization to "get smaller" for the purpose of running more efficiently by eliminating divisions or areas that have become ineffective or unnecessary. It is important to remember that corporate-level strategies are based not only on current information about the organization and environmental conditions, but also on forecasted conditions of tomorrow. For example, in the sport facility business, there has been a great deal of discussion of a trend toward more online ticketing and the possible influence that virtual ticketing is having on walk-up gate. Some managers suggest that although some facilities currently employ several game-day box-office personnel to handle walk-up sales, computerized ticketing may eventually eliminate the need for day-of-game sales.

Business-level strategy

The second level of strategy deals with an organization or corporate business unit operating in a single industry. The purpose of defining a business-level strategy is to give the organization an advantage over its competition in the same industry. At the business level, there are three approaches for achieving a competitive advantage: differentiation, cost leader, and focus (Porter, 1985).

Differentiation. When an organization attempts to gain a competitive advantage through a differentiation strategy, it strives to be unique in its industry or market segment by designing product characteristics to satisfy customer needs in ways that competitors find difficult to match. This uniqueness may come from physical characteristics of the product, such as quality or reliability, or it may lie in the product's appeal to customers' psychological needs. Consider old-time ballparks such as Yankee Stadium, Fenway Park, and Wrigley Field. Each of these facilities offers unique physical attributes and boasts a history of baseball tradition. To capitalize on fan interest, these parks have clearly differentiated themselves as one-of-a-kind historical facilities.

Cost leader. An alternative to differentiation is the cost-leader strategy. Companies that strive to produce goods or services at the lowest cost in the industry, thereby enabling them to offer the lowest prices, pursue a cost-leader strategy. It is important to recognize that low cost does not mean cheap or inferior. For example, some minor league teams and sport facilities have assumed a cost-leader strategy by keeping the facilities' costs low to provide good quality and affordable family entertainment.

Focus. In the focus strategy, an organization targets a particular customer or geographic market or follows a focus strategy that specializes it some way. Some sport facilities, for example, have chosen to focus on affluent consumers. To carry out this strategy, the facility might feature upscale amenities such as fine-dining restaurants, luxury suites, spas, priority parking, cigar clubs, in-stadium art galleries, and the like.

Functional-level strategy

Functional-level strategies deal with plans that must be developed in each organization's key areas of functioning to support and implement corporate- and business-level strategies. For example, a typical sport facility might have separate functional areas such as finance, marking, human resources, public relations, event operations, box office, food service, security, parking, and others. The public relations office would play an important role in media relations, community relations, customer service, and marketing. Each individual unit or department would implement functional area strategies designed to support the achievement of organizational goals. Functional-level strategies must link across departments and units. For example, in the sport facility public relations office, strategies such as the enhancement of the current website might link to marketing strategies in the area of sponsorship, ticket sales, and merchandise sales.

Step 4: Implementing strategy

As important as it is to develop strategy at the corporate-, business-, and functional-levels, for strategies to be effective, they must be translated into action. In step 4, strategies are implemented in a process called *operational planning*. As you recall from the beginning of the chapter, strategy implementation takes place at the macrolevel, where the strategy is executed within an organizational context, and at the microlevel, where individual events and activities are executed on a daily basis.

Once a strategy is formulated or chosen, it must be translated into terms that can be understood and acted upon at the operational level. As shown in Fig. 6.4, on the macrolevel, operational planning is part of the implementation stage of the strategic management process.

Contrast this macrolevel approach of operational planning with event management in the sport facility industry (see Fig. 6.5). As discussed earlier in the chapter, operations, event, or game management is cross-functional strategy implementation on the microlevel. The sport manager must consider a broad variety of functional considerations in event management. They include marketing, sales, logistics, maintenance, facility preparation, food service, staffing, risk management, hospitality advertising, and others. To illustrate this point more clearly, consider another example from the sport facility industry. A golf course operations manager is responsible for overseeing the production of various events and programs at the course. He or she might be responsible for coordinating tee times, scheduling tournaments or league play, marketing

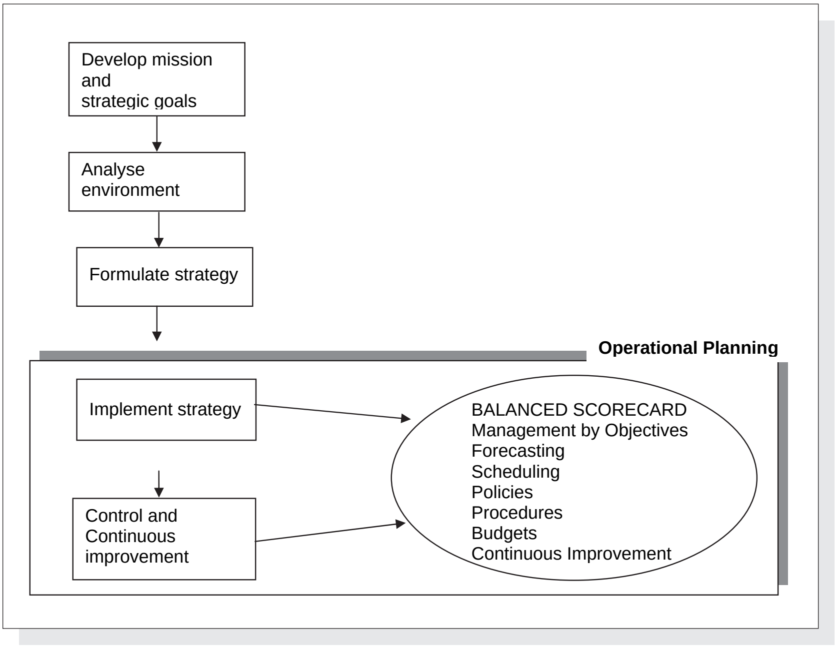

Figure 6.4 The relationship of operational planning to the strategic and event management processes (macrolevel: strategic management).

events, preparing advertising materials, reporting scores to the media, calculating handicaps, selling merchandise, hiring staff, and providing high-quality customer service.

For a sport organization to meet its goals and carry out its strategy, operational planning must be carried out effectively at both the macrolevel and microlevel.

Operational planning

Operational plans differ from strategic plans in several ways. First, operational plans tend to be drawn for a shorter period than strategic plans. For example, the strategy for diversifying the arena food service function into the production and service of in-house beer might be a 5-year plan. In contrast, the construction of a microbrewery within the arena might be a 9-month plan that involves keeping the company running efficiently. In the case of the construction of a new microbrewery within the arena, operational-level planning would involve the coordination of the construction projects, creation of marketing and sales materials, Venue/Location Selection

Date and Time Confirmation

Event Contracts/Bidding/Securing Appropriate Permits or Licenses

Risk Management/Insurance

Logistics
Parking, Security, crowd control, travel/transportation, food service, ticket sales, purchasing/inventory of goods, equipment, media services, technology support, marketing, advertising, promotion, community relations, hospitality/amenities, staffing/volunteers.

Execute Event	BALANCED SCORECARD Forecasting Scheduling Policies Procedures Budgets Continuous Improvement

Control and Continuous Improvement

Figure 6.5 The relationship of operational planning to the strategic management process (microlevel: event management).

development of an advertising campaign, hiring of the staff to work in these areas, and ordering and purchase of necessary supplies and equipment to set up and maintain the microbrewery. Techniques utilized in operational planning at both the macrolevel and microlevel are the topic of the next section.

Forecasting

Forecasts are predictions, projections, or estimates about future events that are the basis for determining the levels of business in each department. To illustrate, if the manager of the American Airlines Arena projects that the *Stars on Ice* show will sell out weekend evening performances, but not afternoon matinees, this forecast would form the basis for the number of concessions stands opened, employees hired, and level of spending for a marketing campaign.

Forecasts typically fall into two categories: quantitative and qualitative or judgmental. Although these forecasting techniques are described separately, managers often use a combination of both quantitative and qualitative forecasts to help predict future events.

Quantitative forecasts. Quantitative forecasts use numerical data and mathematical formulas to project information about future events. This type of forecasting is based on the assumption that the past is a good predictor of the future.

Time series analysis. One method of quantitative forecasting using a historical approach is time series analysis, which estimates future values based on a sequence of statistical data. For example, organizations often base their sales forecasts on how much was sold during a similar period in the past. Figure 6.6 shows a time series analysis of merchandise sold by in an arena retail shop. Assuming that the future will be much like the past, the forecast in Fig. 6.6

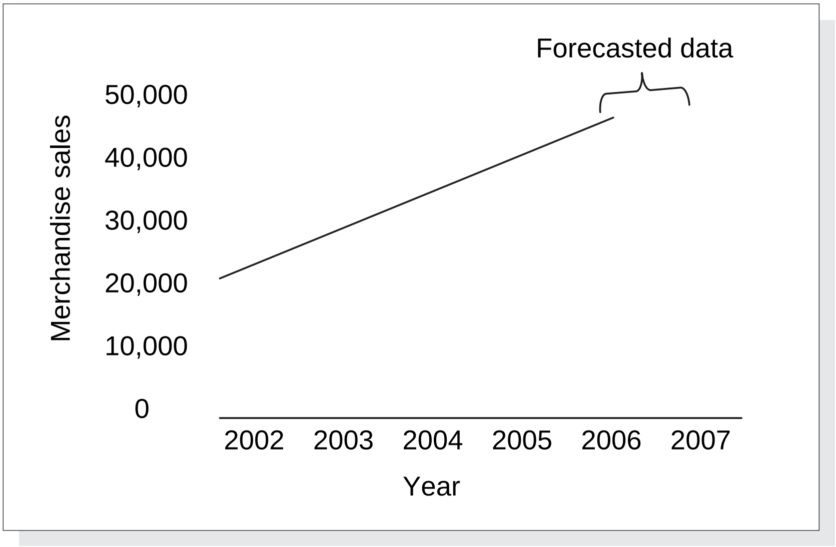

Figure 6.6 Time series analysis.

is that sales are expected to increase during 2006 to 17.5% in 2007 (40,000–47,000). Based on this method of predicting future sales, an organization implementing a growth strategy would be able to plan at what rate to hire more workers, order supplies, or expand the retail shop.

Linear regression. Another quantitative method of forecasting is linear regression, which predicts how changes in one variable might be related to changes in another variable. Suppose that a private facility management company has determined that sales of beer at the stadiums and arenas it manages are highly dependent on the number and type of events scheduled at the facility and the demographics of fans attending the events. Using a mathematical equation and sales information from various facilities, managers can forecast sales at a new building based on the number and type of events scheduled for the facility and the demographic profiles of fans for each event.

Qualitative forecasts. Qualitative methods of forecasting consist mainly of subjective hunches. For example, an experienced sport facility executive might predict that the previous year's winning season by the facility's prime tenant would create greater demand for luxury and club seating. These predictions rely more on individual or group judgment or opinion to predict future events, rather than on mathematical or statistical analysis.

The Delphi method is one such qualitative technique. In the Delphi method, input is solicited from a variety of experts who provide opinions on an individual basis. Their separate opinions are then gathered, evaluated, and summarized to form the basis of a forecast. Suppose a college is planning to build a new on-campus ice arena. It is likely that funding for the building will be secured within 5 years. The athletic facility manager is interested in building a state-of-the-art arena, but is unsure of what technology will be available in 5 years and what players and fans will expect in terms of locker rooms, training facilities, and scoreboard. The sport facility manager is interested in forecasting what new technologies will be available and should be integrated into design and construction plans. For this situation, participants in the Delphi forecast might include experts in refrigeration and scoreboard technology, sport facility architects, executives in the hockey industry, and market researchers. The experts are asked anonymously to predict what the hockey rink of the future will be like and when new technologies will become available. Persons coordinating the Delphi group collect the responses, average them, and ask for another opinion. Those experts who provide predictions in the first round that are significantly different from the others are asked to justify them. When the predictions get more and more similar, the average prediction is taken and becomes the group's forecast.

Other qualitative techniques for forecasting future events include opinion surveys of executives, sales force feedback, and information from consumers. In each case, individual judgments are combined to generate information about the timing and other details of future events and about conditions in the environment essential to the organization's strategy.

As noted earlier, frequently qualitative and quantitative forecasts are combined. When this occurs, forecasting begins with a quantitative prediction, which provides basic data about a future trend. Next, the qualitative forecast is added to the quantitative forecast, as a validity check. Then, the quantitative forecast is adjusted according to the subjective data. Whether companies rely more on quantitative, qualitative, or a combination of both types of forecasts, the challenge is to develop approaches that are continuously monitored by management to determine if improvements are necessary (Fisher, Hammond, Obermeyer, & Raman, 1994).

Scheduling

Scheduling is the process of formulating a detailed charting of activities that must be accomplished to attain objectives with timetables for completing the activities. One might expect to see these charts in event management offices, where sport facility event managers and their teams carefully plan and execute literally hundreds of events and activities every year.

In the sport facility business, scheduling also refers to the creation of a calendar of activities or events for the building or facility. For example, a political breakfast might take place on Friday morning in the exhibition hall, a rehearsal for a dance competition might take place on the arena floor on Saturday afternoon, a basketball game will be played on Saturday evening, and the circus might begin to move in and set up on Sunday morning for a Wednesday opening performance. Similarly, a college sport facility operations director would schedule activities for space within the building by allocating and reserving appropriate time and space for each program or event while also creating a master schedule of games and practices for all of the college's sport teams. Sport facility managers create either manual or computerized schedules for all sport facilities and available spaces. It is not unusual for a major PAF to maintain a 5- to 10-year working calendar. Specialized computer software programs for sport facility scheduling help personnel manage the complex task of coordinating multiple events that take place in multiple spaces on a daily basis.

It is important to remember that not only must the manager consider the time and space requirements of the event, but he or she must also consider setup and breakdown time as well. Facility managers must plan for building changeovers and must provide appropriate labor and equipment to assure that the appropriate building configuration is achieved for each event. Building changeovers—especially those that involve a new playing surface (e.g., basketball court to ice surface) or a new seating configuration (e.g., addition of floor or end-zone seats)—require careful planning and coordination to achieve the change over in a timely manner. The goal for the facility manager is to create and maintain a schedule that maximizes the use of the facility while avoiding logistical conflicts between events.

The booking process is different from scheduling. Booking involves negotiating terms and conditions for the use of the facility on an individual-event basis. Booking involves signing a contract that details all event requirements and the guidelines, policies, and procedures for using the facility. Therefore, a facility manager would book individual events to create a schedule or calendar of events for the facility.

Once the calendar is created, the event or project manager would need to create a plan for executing all activities needed to produce the event. This event schedule serves a critical tool for the operations/event director. It helps him or her to assure that there is a timely and coordinated plan for carrying out all of the activities needed to assure the event goes off as planned. For example, an event manager planning for a weekend flower shower recognizes that there are literally thousands of tasks associated with the event ranging from show set up, electrical and water hookups, printing of the event program, coordinating media coverage, arranging for food service, and distributing VIP passes. Each event represents thousands of details that must be identified, delegated to appropriate staff members, coordinated, executed, and controlled.

Event scripts. Event scripts are one of the most important scheduling tools available to sport facility managers. Event scripts provide an outline of every activity that occurs in the production of a particular event much as a script details the dialogue of a play. The event script usually begins to detail event activity about 3 hours before the event and then concludes with the completion of the event. The script provides timed direction to all the staff participating in the production of the event. For example, the script will detail when the doors of the facility open, what music is played at one time, what the announcer will say, when the teams will be announced, and others. The script provides an outline for what will happen during every step of the event. It not only helps the manager plan out in detail how the event will be executed and what will be needed to assure that the event runs smoothly, but it also keeps the staff informed and prepared for what will happen next. A sample of a portion of an abbreviated event script is presented in Fig. 6.7.

5:45 p.m.	Gates Open
5:00 – 6:15	Pre-game Warm Ups – Teams on Field
6:10	Color Guard and Band assemble in South End Zone
6:15	Teams return to locker rooms
6:25	Band and color guard march to center of field. Cheerleaders form tunnel at home team entrance.
6:30	Teams return to field. Visitor enters first (north west entrance). Home enters second (north east entrance).
6:33	Presentation of Colors Announcer: Ladies and Gentleman, please join me in welcoming the District 5 Color Guard and the Littleton High School Band as they present our nation’s colors.
6:34	Announcer: Please rise as we honor America with our national anthem.
6:34	Sound Technician: Switch sound feed to field microphone. Return to booth microphone when anthem complete.
6:38	Announcer: Good evening, ladies and gentleman and welcome to this evening’s contest featuring the Rowley Bears versus your Argyle Eagles! Officials for this evening’s game are John Paul and K.M. Broyles. I direct your attention to the center of the field for this evening’s coin toss.
	Sound Technician: Play “Get this Place Jumping.” Fade as officials move to field, switch sound system feed #2 to official’s microphone.
6:40	Officials move to center of field for coin toss.

Figure 6.7 Excerpt of event script of high school football game series.

Guidelines for operational planning

Budgets. Budgets are guidelines indicating how an organization intends to allocate its financial resources. One technique used to ensure that budgets reflect the most current strategic objectives is called zero-based budgeting. In the traditional approach to budgeting for an upcoming year, managers begin with the existing budget, justify any changes that might be needed, and then add or subtract from the existing budget amounts. In zero-based budgeting, on the other hand, managers start each year from zero and justify each expenditure.

The budgeting process involves keeping track of revenues and expenses and then comparing them in a summary statement. Figure 6.8 shows this type of statement for a hypothetical sport event. Although this statement shows bud-

Sports Expo
Statement as of December 31, 2006

Revenues	Budget	Actual
Admission	$120,000	$ 72,000
Booth Sales	120,000	82,000
Goods sold inside	270,000	162,000
Mailing list sales	2,500	(a)
	$512,000	$316,000
Expenses		
Rental	40,000	40,000
Labor (security)	2,500	2,500
Production	18,000	30,000
Cost of booth sales	62,500	77,500
Cost of selling goods inside	135,000	81,000
Talent	0	8,000
Marketing	80,000	376,000
	$338,000	$364,000
Surplus (Deficit)	$174,500	($60,000)

(a) Mailing list sales were not offered, as intended.

Figure 6.8 Statement of revenues and expenses for sport expo.

- Establish/identify performance goals or standards.
- Monitor performance.
- Compare actual performance to the standard or goal.
- Take corrective action.

Figure 6.9 Steps in the traditional control process.

geted and actual figures at the end of the event, it is not unusual to list actual figures against budgeted figures on a daily, weekly, or monthly basis to identify expense overruns or revenue shortages early in the operation.

This hypothetical example shows an extreme condition. As can be seen from Fig. 6.8, budgeted revenues were forecasted higher in every category. Reasons for the shortfall in revenues can be overoptimistic forecasting or unforeseen circumstances such as severe weather conditions that typically cause less attendance than expected. Also, ticket prices may have been set too high. In the expense area, marketing spent more than four times the budgeted amount, and this was the primary expense causing the $60,000 deficit for the event.

Step 5: The control process

Traditionally, control has been defined as the process of ensuring that actual performance and results are consistent with performance goals. Control is the process of monitoring performance to ensure that performance goals are being achieved. The steps of the control process are shown in Fig. 6.9. Each of these steps represents a challenge to the sport organization as it seeks to ensure that performance is on target.

Continuous improvement

There has been a dramatic shift in recent years in the focus and scope of the control process. It is no longer enough merely to find and fix problems that occur. To compete effectively where quality, innovation, and service are what sells, the focus of control must extend beyond merely monitoring performance, finding mistakes, and taking corrective action. In a world where everyone is looking for a competitive advantage, control is increasingly becoming the process not just of problem solving, but also of learning how to continuously improve performance even when there are no problems.

The search for never-ending improvements involves a plan-do-check-act circular cycle (Sashkin & Kiser, 1993) shown in Fig. 6.10. Management, teams, and individuals plan a change, make the change, check the results, and, depending on the outcome, standardize the change or begin the cycle of improvement again with the new information.

The improvement process also involves considering how things would be done if one were to start all over from scratch. The term *reengineering* has been applied to this process of improvement (Hammer & Champy, 1993). Reengineering means that management, teams, and individuals rethink and redesign operations that have become antiquated and do not add value. For example, a college soccer field has been used for more than 10 years of local youth soccer games on Sundays. The ground crew and maintenance staff have been awarded 1 hour of overtime each week to prepare the field for use by the youth group. The maintenance team has traditionally limed the field, set up additional goals, and set up eight additional sets of portable bleachers that are then removed on

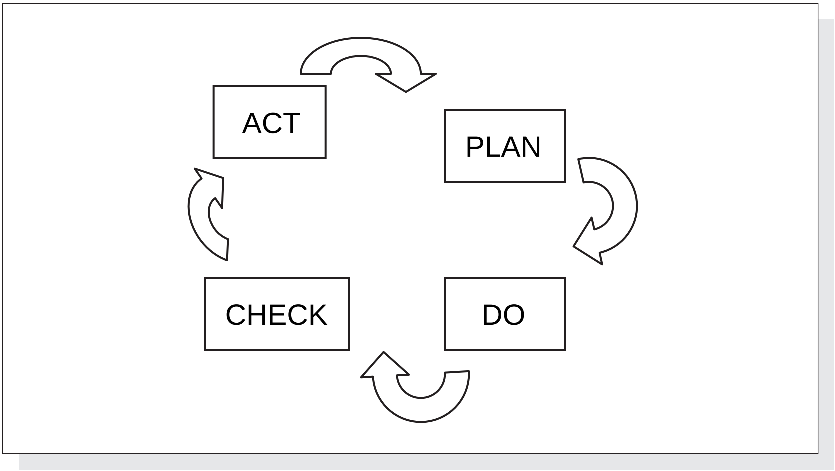

Figure 6.10 The plan-do-check-act cycle of continuous improvement.

Monday mornings. The facility manager, who was recently hired and has a daughter old enough to participate in the league, attends the weekend games and learns that during the course of the season, only three sets of bleachers are used, the extra soccer goals are never used, and the soccer league relines the field to accommodate its own rules and field specifications. The facility manager recognizes that the university's ground crew's preparations are no longer effective and do not serve the purpose of the league. For the facility manager, continuous improvement means rethinking the field preparation process for the Sunday youth league games. The manager may now call together the ground team, plan a new preparation process, carry out the process, check to see that the new preparation plan is meeting the needs of the league, and then act on any changes that need to be made.

Service quality

Sport facility owners and managers agree that at the heart of the facility's ability to succeed is the organization's commitment to continuous improvement and service quality. In fact, Global Spectrum, which is considered to be one of the premier private sport facility management companies in the world, suggests that they have successfully turned around underperforming buildings because they operate facilities as entrepreneurial businesses that focus on the best interests of their clients and communities. Global Spectrum emphasizes improving operational efficiency, operating cash flow, and fiscal accountability while delivering high-quality event activity and high levels of customer service. Global Spectrum operates more than 55 distinct building operations, including stadiums and arenas around the world (ranging from the 2000-seat theater in Mobile, AL, to the 76,000-seat Superdome in New Orleans, LA) and has articulated a corporate philosophy that states that successful facility operation and financial performance are linked directly to effective marketing and quality management (website: http://www.smg.com/).

Sport facility managers understand that their business is highly dependent on their ability to attract and retain customers. Although offering a schedule of attractive events and activities is certainly an important factor in filling the building night after night, there is a broader recognition of the importance of how events are presented and how fans are treated. Customers are likely to return when they are pleased by their experience at the facility. Therefore, stadium, park, and arena managers must constantly focus on finding new ways to delight their customers. Sport facilities of today are designed and constructed with the users in mind. Prime tenants and performers are considered in the design of locker rooms, meeting rooms, training facilities, dressing areas, media and production space, loading docks, private visitor and family lounges, and the like. Spectators are considered in myriad ways ranging from the design of the seats (padded with cup holders), to unobstructed site lines, to handicapped-accessible seating areas, to plush luxury and club areas, to a wide array of food offerings. A visit to any stadium or arena or to a major facility website illustrates the lengths to which designers are willing to go to attract and keep fans. Today's facilities are entertainment complexes where it is not unusual to find an art gallery, retail store, upscale restaurant, concourse games, museum, picnic area, children's playground, or hot tub integrated into the stadium or arena design.

Amenities, however, are only one piece of the service quality puzzle. Sport facility managers recognize that they must emphasize service excellence to create loyal fans who will return to the building for event after event. At TD Banknorth Center in Boston, MA, for example, managers have adopted the FISH! program. The FISH! program has its roots in the world famous Pike Place fish market in Seattle, WA. FISH! is a philosophy of organizational operation that creates an environment where exceptional customer service is the key to creating remarkable and unforgettable experiences for customers (Lundin, Paul, & Christenson, 2000). FISH!, according to John Wentzell, president of the TD Banknorth Center, "is more than a program of customer service, it's an attitude, it's an environment, it's a spirit that energizes the organization and results in a workplace where people are energetic and excited about their work … where work is fun and employees create meaningful and remarkable experiences for our customers" (Wentzell, 2001). The core values of FISH! are sales, service, and speed. Employees are trained, encouraged, and rewarded for engaging in activities that promote a fun, productive, and fan-friendly workplace where fans are treated as guests and a visit to the TD Banknorth Center is elevated to a remarkable and delightful experience for all.

Management theorist and author Ken Blanchard supports this approach to service quality. For Blanchard (1993), having satisfied customers is not enough; the successful organization must deliver exceptional customer service to create "raving fans" whose unwavering loyalty will result in astounding bottom-line results. The sport facility business is above all else a service-oriented enterprise. Managers must not only provide a high-quality product supported by creative, interesting, and attractive amenities, but they must constantly strive in the spirit of continuous improvement to find new and better ways to delight and surprise their spending customers.

Summary

This chapter focuses on strategic management and the sport facility industry. The concepts of environmental analysis and situational analysis are introduced. Operations planning, as it pertains to the sport industry, takes place on two levels: a microlevel, which involves the management of events that are conducted within the facility, and a macrolevel, where the organization's strategy is translated into action. Operational plans are different from strategic plans in two ways: they cover shorter periods and are, for the most part, internally focused.

Forecasting and scheduling become critical activities for understanding and planning the conditions and activities necessary for implementing strategy. Forecasting generates predictions and projections that form the basis for determining the levels of business in each department. Scheduling ensures the effective identification and sequencing of key activities within the organization.

Budgets are important financial tools in ensuring that behavior throughout the organization is consistent with the organization's mission and strategies.

Control is the process of ensuring that actual performance is consistent with the organization's goals and standards. Performance must be monitored to ensure that progress is on track, and action must be taken to solve performance problems and to continuously improve performance.

The sport facility business is above all else a service-oriented enterprise. Managers must provide a high-quality product supported by a wide variety of amenities in an environment where the fans are treated as guests rather than customers. The organization must be imbued with a spirit of continuous improvement combined with a commitment to excellent service quality.

Management exercise

Hoop hysteria

The Sport Management Association at your college has decided that a campuswide three-on-three basketball tournament would be a good way to raise funds to support the club's activities. Taking on a project of this magnitude would also allow sport management students to gain hands-on experience in sport event management. First, what operational planning tools would be most helpful in planning the event? Explain your answer. Second, what information, resources, and authorizations will you need on your campus to proceed with planning and executing the event? Identify the various tasks and challenges that will be faced by the Association. How will this work be accomplished? Divide students into groups and create templates or examples of important operational planning documents.

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Website

Global Spectrum http://www.smg.com/

7

Designing the organization and sport agency

Introduction

This chapter describes the creation and coordination of the various work units necessary to implement sport agency organizational strategies, including the various departments necessary to do the work these organizations perform—player representation and player marketing, for example. The chapter also discusses in detail the elements of these organizational design responsibilities and traces how sport organizations in general and sport agency organizations in particular have sought to design their structures in response to the continually emerging performance challenges they face.

Check the stats

Purpose: To help clients find the best outlet for their talent and to help them derive the greatest financial and life benefits from their professional relationships.

Stakeholders: Professional athletes, agents, player unions, coaches, individual franchise management personnel, individual franchise employees, franchise owners, league management personnel, league employees, tour management personnel, tour employees, intercollegiate athletes, intercollegiate athletic management personnel, broadcast networks, franchise, league, and tour sponsors, franchise, league, and tour advertisers, sport broadcast, print, and online media, fans.

Size and Scope: In 1967, the average salary in Major League Baseball (MLB) was $19,000, and the league minimum was $12,000. In 2006, the average had ballooned by 138.5 times to $2,632,655, and the minimum was $350,000. By comparison, the average U.S. household income that year was $54,842 (Blum, 2001; "MLB 2006 Salaries," 2006).

Here is a quick look at the growth in average player salaries (in dollars) in U.S. professional league sport since 1976 (Hoffer, 2006).

Table 7.1

League	*1976*	*1986*	*1996*	*2006*
NFL	47,500	244,000	787,000	1.7 million
MLB	52,300	402,579	1.1 million	2.85 million
NHL	85,000	159,000	892,000	1.5 million
NBA	130,000	382,000	2 milllion	5 million

As of 2004, at least 23 Division I college football coaches earn $1 million a year, including Jim Tressel of Ohio State ($2.4 million not including benefits and incentives), Pete Carroll of Southern California ($1.5 million), Bobby Bowden of Florida State ($2 million), and Bob Stoops of Oklahoma ($2.5 million) (Drape, 2004; Weiberg, 2006; "Coaching agreement," 2006).

In 2006, golfer Tiger Woods earned $97.6 million ($50 million a year in endorsements alone, including a 5-year $100 million deal with Nike). The other top 10 earners were Phil Mickelson ($44 million), Shaquille O'Neal ($34 million), Kobe Bryant ($33.7 million), Carson Palmer $31.6 million), LeBron James ($28.6 million), Derek Jeter ($28 million), Alex Rodriguez ($27 million), Andre Agassi ($26.1 million), and Dale Earnhardt Jr. ($25.8 million) (Hoffer, 2006).

Governance: Player unions certify all player agents, as do many individual states. Unions also serve to negotiate basic agreements with leagues, limit the percentage of compensation that agents can charge for contract negotiation, and help players and agents access information that will aid them in preparing for negotiations. Courts and arbitrators also serve to regulate agents by voiding contracts that are illegal or unfair.

Inside look: Looking for the first big hit

Unless otherwise noted, information from this section from Crasnick (2005).

You know Dontrelle Willis. He is the young, energetic, and ebullient left-handed pitcher with the funky high right-leg kick delivery and the brim of his hat cocked toward his left ear. Willis toils for the Florida Marlins (at least until they trade or sell him off like they do with all of their other good or high-salary players). In his rookie year of 2003, at age 21, Willis burst onto the MLB scene in rare form, going 14–6 (with an earned run average of 3.30 and two shutouts, striking out 142 in 160.2 innings) for the underdog World Series champions. Willis's numbers were down slightly in 2004 (10–11, 4.02, 139 Ks in 197 innings, allowed 20 home runs), but he bounced back in 2005, winning 22 games with an earned run average of 2.63, with seven complete games and five shutouts. When fans and experts debate MLB's most exciting and intriguing players, Willis's name is always part of the discussion.

But Willis's 2006 salary did not accurately reflect the level of his performance to date, especially when his paycheck is compared with other pitchers with longer careers. Willis did get a huge bump from his 2005 near-MLB minimum of $378,500 to $4.35 million, a nice raise to be sure, but still about the same as mediocre veteran pitchers such as Jeff Suppan and Jason Jennings, and far lower than setup man Kyle Farnsworth ($5.42 million), veteran lefty Kenny Rogers ($8 million), and journeyman Chan Ho Park (a mind-bending $15.5 million) ("Baseball Salaries Database," 2006). In the often-irrational world of baseball salaries, Willis's situation was not rare. But why? Where is Dontrelle's agent? Why is not he getting his man paid?

So who is Dontrelle's agent? One of the industry heavy hitters such as Scott Boras, Arn Tellem, the Hendricks Brothers, or the Beverly Hills Sports Council? One of the lesser known, yet still influential, figures such as Tommy Tanzer or Adam Katz? Or one of the thousands of other men and, yes, a few women, with just a handful of little-known minor leaguers hoping to make it big with that one prospect who can help them cross over into the Show. Dontrelle's agent was of the latter category. His name is Matt Sosnick, and it was not his fault that Willis made less than you might think.

So who is Sosnick? "There are four things you need to know about me right away. I live for the Dave Matthews Band. I've taped every *Simpsons* episode ever made. I don't have a crumb of food in my house. And I only sleep on sheets with a really high thread count." Any of these sound like you? Three out of four, maybe? Matt is also in his mid-thirties, owns several $3000 personally tailored suits, drives a Jaguar XJ8 with leather features, and owns, with his partner Paul Cobbe, Sosnick-Cobbe Sports (SCS). Are the similarities ending? SCS had not had a player make the Show until Willis did in 2002. Until then, the California Bay Area firm was one of a thousand similar outfits, representing a few dozen minor leaguers, some with high upsides, others barely holding on the lower rungs of the system. Guys such as shortstop Rex Rundgren (whose father is Todd, the 1970s rock musician, and is half-brother to Liv Tyler, daughter of Aerosmith's lead singer Steven Tyler), pitcher Mike Hinckley (who abstains from alcohol and plays guitar in his church group), and infielder Mike Rouse. SCS has also represented players who have made it, such as Bobby Jenks, Dan Haren, and Travis Hafner, but not as major leaguers, because all three, along with several others, were wooed away from SCS by other, more well-known firms. This is the sad, ugly reality of the sports agency business. Players, especially those with promise, are always under siege from predatory agents telling them what they can do for them and sowing seeds of doubt about the abilities of their current representation. These young players would be told that they should not risk their futures with some guy who has never done salary arbitration or had anyone who has gone through free agency, and that they would be better off with someone with experience. Lots of guys listen, and many jump, firing their agents with a telephone call or a letter, cutting their ties with the ones who courted them before they were professionals, helped them find apartments and equipment deals, buy rings for their fiancées, or, in the case of Sosnick with Dontrelle, sped to the scene of where Willis had crashed his car on Route 101 in California after Willis called him and said, “Dude, I’ve been in a bad accident. Come get me.” Sosnick drove his XJ8 down an embankment, through some bushes, crossing several lanes of traffic, and wedging his way behind parked police cruisers. Willis was all right and hugged Sosnick when he emerged from the wreck. After all that, would Dontrelle dump SCS, too, when his first chance at salary arbitration came up? Would he listen to the whispers?

These are the realities of the sport agency business. Player salaries are the most significant expense for professional sport organizations and have steadily and, in some cases, dramatically increased since the 1970s. So what sparked these increases? Much of this increase came with the advent of free agency following the Andy Messersmith arbitration ruling in 1975 (see subsequent discussion). Marvin Miller, executive director of the MLB Players’ Association during this time, viewed that event in these terms, “Qualified people have told me that decision and the labor agreement which was signed the following summer resulted in more money changing hands from an owner group to an employee group than any other decision or negotiation in history” (Bodley, 2000, p. 10C). This includes not just sport labor history, but the history of all labor negotiations everywhere. The advent of free agency, spurred by strong labor unions and an ever-increasing appetite for sport consumption from fans, has created an atmosphere in many sport organizations where there was plenty of money to be had, and the negotiating expertise of a skilled agent could secure it.

As the sport and entertainment industry has grown, so too has the sport agency segment. As we see in this chapter, the negotiating skills of a single agent are only part of the sport agency business. There is also the dimension of sport agency that deals with extensive and lucrative product and service endorsement agreements that meant great wealth for many players and coaches. However, these benefits have come at a cost. The expectations of managing and investing this wealth, negotiating contracts, and securing endorsement deals pose significant managerial challenges for a single sport agent. In response to industry growth, all sport organizations have sought to improve performance by improving the definition and coordination of the units that do the work necessary for organizational success. We examine the most recent efforts of sport agency organizations to organize for performance, but first some background information is necessary.

Sport agency defined

There is an unquestionable lure to being a sports agent. Why? Is it the desire for big money? For fame? For power? To be like Scott Boras? A former St. Louis Cardinals minor leaguer, Boras negotiated a quarter-billion dollar 10-year contract for infielder Alex Rodriguez in 2000 (perhaps, the most celebrated professional sports contract of all time), of whom Gene Orza of the MLB Players Association said, "If I had a son and he was a premier high school player, I'd pick Scott Boras to represent him." Or how about the Hendricks brothers (Randy and Alan), who represent soon to be Hall-of-Famer Roger Clemens? Or Tom Condon, Ben Dogra, Ken Kramer, and Jim Steiner of Creative Artists Agency, who represent a cadre of top NFL players such as Shaun Alexander, Peyton Manning, LaDanian Tomlinson, and Hall-of-Famer Jerry Rice? Or Arn Tellem of SFX Sports Group (website: http://www.sfx.com/), who represents 79 NBA players (nearly 20 percent of the league at a total payroll of nearly $310 million), including Tracy McGrady and Jermaine O'Neal? But as we have seen in the case of SCS, the business is cutthroat and competitive. The big-name firms have the lion's share of the players. For example, similar to all unions that certify agents, the National Football League Players' Association (NFLPA) has certified approximately 1600 agents, with 300 or so applying for status each year. To become certified by the NFLPA, all one must do is pay a $1600 application fee, have a four-year degree from an accredited college or university, pass a background check, attend a two-day seminar, and pass a proctored examination (Borges, 2003; Crasnick, 2005, p. 188). This makes it a buyer's market from the players' perspective (website: http://www.nflpa.org/).

There is also the issue of what it takes to be an agent. A student like you reading this text as you prepare for class could be an agent right now, because essentially all you need to be an agent is a client. Many individual states have certain certification standards that seek to curb aggressive recruiting of college players, such as giving them cash and threatening their amateur status, but there is no uniform nationally approved certification (although each players association has some requirements).

So money, power, fame, making the big deals. And what is even more alluring about this job is that it could really happen right now. Because all an agent needs is a client. But that is also the problem with the sport agency business. The competition for clients is fierce. Lots of people, including Matt Sosnick, feel they can be the next Boras; they just need to find the next A-Rod. It is a wide open market, but that also means the competition is virtually unlimited and can come from anywhere and at any time.

The job of a sports agent is certainly high profile, but what precisely does he or she do? A sports agent is a personal manager/representative who finds the best outlet for a client's, also referred to as a principal's, talent. Agents also provide their expertise so athletes can focus on their game performance without distractions. A sports agent's biggest responsibility is negotiating contracts, those agreements among players, coaches, and sports and business organizations (described in Fig. 7.1).

The contract elements that can be negotiated include salary, guaranteed income, bonuses, and length of the agreement. For example, in Rodriguez's landmark deal, Boras negotiated a $10-million signing bonus, the right for Rodriguez to terminate the contract after the 2007, 2008, or 2009 seasons, an escalator clause that specifies Rodriguez must receive an increase in 2009 or 2010 of $5 million or $1 million higher than the average annual value of the nonpitcher with the highest annual average value, a no-trade clause, and various award bonuses, including $500,000 for a first MVP, $1 million for a second, and $1.5 million for any subsequent MVP awards. When Rodriguez was traded from the Rangers to the New York Yankees in 2003, several changes were negotiated into the new contract. Specifically, all the money listed in the initial contract as deferred money from the Rangers—$36 million—was now set to be paid by the Rangers in installments with interest (1.75 percent)

Under the tenets of agency law, an agent acts on the behalf of a principal (the player or coach) to achieve a specified accomplishment. In an agency agreement, responsibilities known as fiduciary duties are required of both sides. The principal must comply with the terms of a contract, compensate the agent, and reimburse for expenses. The agent has duty to obey the wishes of the principal, to remain loyal, to notify, and to show reasonable care (Yasser, et al., 1997).

At the heart of nearly every financial relationship is a *contract*. A contract is defined as a written or oral agreement between parties that is enforceable under the law, which must contain a promise to do something in the future. A contract typically consists of the following elements:

1. An *offer* – A conditional promise where one party agrees to act if the other also acts
2. *Acceptance* – The agreement to the promise on the part of the party to whom the offer is made
3. *Consideration* - The concept of the exchange of value, that one party must give something in return for the other's doing the same.

Contracts are not valid if they are illegal (for example, if they include the promise for an act that is illegal, such as murder), or if the party to whom the offer is made lacks the *capacity* to understand the contract due to impairments, or is under age 18. The failure to perform a duty imposed under the contract is referred to as a *breach of contract*. The remedies for a contractual breach are monetary compensation, or specific performance, which means that the party responsible for the breach performs the duties the contract stipulates (Berry & Wong, 1993).

Figure 7.1 Agency law and contracts.

from 2016 to 2025. The new contract also stipulated that Rodriguez would be booked into a hotel suite for all road trips and that his own personal website be linked directly to that of the Yankees. To take on the contract, the Yankees also negotiated that the Rangers would pay $43 million of Rodriguez's remaining guaranteed money (Hawkins, 2000; Foster, Greyser, & Walsh, 2006).

Contracts and clauses for college coaches have also become quite lucrative. Much of the growth for coach compensation is because of the impact of agents in the negotiating process, with half of the coaches at the power conferences employing agents.

After the terms of the contract are finalized, agents must then make sure that all terms and payments are upheld (Greenberg, 1993; Lester, 1990). The next most important duty for sports agents is marketing the athlete or coach and helping the principal secure endorsement and sponsorship agreements. This is a key factor for both agents and principals, because it is an additional and potentially significant source of additional income. The final important duty is assistance with financial planning, which should not be overlooked. In none of the big four American professional sports leagues is the average career length of players longer than six years, which means that the peak earning window for the majority of players is a small one. Says Wilson Hoyle of CapTrust Financial Advisors, who represents 75 NFL players, including tight end Alge Crumpler, "with NFL careers so short, one bad financial mistake can ruin a player financially." Crumpler laughs at the some of the financial actions of some of his teammates, "We've got guys on our team who take their new cars back if someone else on the team gets the same one…I'd rather invest in my future. My goal is to protect my wealth." Hoyle recommends that his young clients invest their signing bonuses in a mix of fixed income investments (such as municipal and corporate bonds), real estate, and stocks. In the case of Crumpler, who after signing a contract in 2004 that guaranteed him $9.5 million, Hoyle says, "He has enough money set aside that if he never plays another down of football, he'll be fine" (Williams, 2005, p. 16).

Agents usually make more money when their clients make more money, because most agents earn income based on the percentage of their clients' income. Other methods of earning income include working for a flat fee or an hourly rate (McAleenan, 1990). The risk in the percentage approach is that there is no guarantee of what the agent will make. It is contingent on what he or she can negotiate on behalf of the client, and the agent cannot get paid until the client gets paid. In professional league sports, agents are limited by the unions on what percentages they can charge, which is no more than six percent

(Greenberg, 1993). And the agent is paid this percentage only on the amount over which the contract exceeds the league minimum. However, agents can earn more when negotiating contracts for endorsements and other agreements and for coaches and nonunionized clients, because these are not subject to union oversight. Most firms have standard percentages for marketing services, the highest reaching the 30-percent range.

But what an agent does is mostly sales. The key in this selling process, according to one agent specializing in golf representation, is

> Doing things the right way, having good values, treating your clients the way they deserve to be treated, creating profitable business relationships, and doing it the honest and respectable way. Agents are portrayed as evil, money-sucking scumbags. That's a tough reputation to get away from. Part of what an agent does is look after the best interests of their clients. That can mean anything. Trying to find them the right team to play for, trying to get them more money under a certain contract to help them provide for their family. One of my main responsibilities is to find marketing opportunities for them, to create endorsement relationships, sponsorship agreements, to put money in their pockets. My division is not going to be profitable unless I make money for our golfers, and we get paid for doing it.

But selling can be tough. "There's nothing worse than having a client you can't provide for, but sometimes that's the reality of the situation," says the golf agent. "Sometimes your players lose their marketability. They might fall out of favor with the public, or they're just not playing at a level where they're going to command endorsement dollars."

But the good agents, that is, the ones who make money for their clients, are often portrayed as greedy and fingered as the cause of decay in sport. Some people in management say that agents catering to a player's needs create dependency. Pat Gillick of the Seattle Mariners put it this way, "They don't want the players to be able to think for themselves…'You call me before you buy a car. You call me before you buy a house. You call me on the mortgage. You call me.' A lot of the things that normal people do in the course of life, (players) never experience because they have somebody doing it for them." Atlanta Braves general manager John Schuerholz refuses to speak directly to agents who demand playing time for the clients, deflecting all calls to assistant Frank Wren, "Frank talks to the agents," says Schuerholz, "and I talk to Frank" (Crasnick, 2005, pp. 28–29).

Nonetheless, sport agency is about selling. An agent must sell to the client, whether that client is a player, a team, or a potential sponsor. The products vary, but the premise is the same. Competition is fierce, but the potential payoffs are great. It is not for the faint of heart.

Historical influences

Although the history of sport in North America is replete with astute business-people, colorful promoters, and dubious hucksters alike, three key figures stand out as having exhibited particular influence on the development of the sport agency business: Charles C. Pyle, Christy Walsh, and Mark McCormack. Pyle, also known as “Cash and Carry,” was a theater owner and stage producer when he met University of Illinois running back Harold “Red” Grange, the “Galloping Ghost,” in 1925. Pyle became Grange’s manager, negotiated his professional contract with the Chicago Bears of the fledgling NFL (which stipulated that Grange receive 50 percent of the Bears’ home game ticket revenues—of which Pyle got half), and organized many of Grange’s endorsement deals and postseason barnstorming tours. Grange’s drawing power was so strong that he is credited with saving the inchoate NFL, although Pyle and Grange also organized a short-lived competitor league in the late 1920s (Carroll, 1999).

Sportswriter Christy Walsh served as agent and representative for two of the early twentieth century’s sport colossi, New York Yankees outfielder Babe Ruth and University of Notre Dame head football coach Knute Rockne. Like Pyle, Walsh negotiated barnstorming tours and endorsements for Ruth and lucrative deals for ghostwritten syndicated newspaper columns, endorsements for coaching schools and sporting goods, and speaking engagements for Rockne. Ruth had no real contract bargaining power with the Yankees because of the reserve clause (see later), but Rockne faced no such restrictions. Walsh also helped Rockne use job offers from schools such as Columbia, Loyola Marymount, and Southern California to leverage substantial salary raises and football facility construction and improvements from Notre Dame. At the height of his popularity, before his death in a plane crash in 1931 en route to California (to make a film of his life story, for which he was to be paid $50,000), Walsh helped Rockne earn $75,000 a year, a sum that would not be reached by another coach until the 1970s (Sperber, 1993).

Mark McCormack established the basis for the modern sport agency and marketing firm in the early 1960s when he secured endorsement deals for golfing legend Arnold Palmer. McCormack used these skills to found the International Management Group (IMG) in 1960, which remains one of the most powerful agency and event marketing firms in sport worth $1.3 billion (Price, 2003). Since the formation of IMG, other firms have moved into prominence, such as Octagon and SFX. These large firms have come to dominate the sport agency business.

Although there are numerous examples of such changes impacting professional leagues, the most significant is probably the gradual dismantling of the reserve clause. Professional baseball's National League initiated the reserve clause in 1879 to reduce player salaries, the most significant expenditure for professional teams. Before this, players would often leave teams in midseason for better offers from other teams. It was the functional equivalent of Alex Rodriguez choosing to leave the Yankees in mid-July if the New York Mets offered him just one penny more, even though he was set to make $27 million that year.

At first, teams reserved five players who were not permitted to sign with other teams. Other teams effectively bound those players to that club by agreeing not to sign them away. This also meant that teams could then trade and sell players under contract as well. Eventually a clause, paragraph 10A, was inserted into the Uniform Players Contract, stipulating that clubs had the right to renew a signed contract for a period of one year on the same terms (Helyar, 1994).

Players and rival leagues made a few attempts at destroying this system. The formation of the Brotherhood of Professional Baseball Players, led by John Montgomery Ward, a player for the then-New York Giants, led to the formation of the Players League (PL) in 1890. The PL, formed on a profit-sharing model in conjunction with owner-investors, lured away many of the game's best players, but through the efforts of Albert Spalding and other National League owners and facing first-year financial peril, the PL owners sold their franchise interests to the NL owners, killing the PL, and reinstating the reserve system (Lowenfish, 1980).

Another competitor league, the Federal League, challenged the reserve system of the then established American and National Leagues in 1914–1915, but the Federal League met the same fate as the PL when owners were bought out or co-opted, except for the owners of the Baltimore franchise. In response, they sued the established leagues, claiming the reserve system was an antitrust violation that kept them from acquiring the talent necessary to compete equally. In 1922, the U.S. Supreme Court ruled against the Baltimore franchise, stating, somewhat curiously, that professional baseball did not qualify as interstate commerce, enabling the reserve clause to stand (White, 1996).

The clause withstood several challenges during the next 50 years, including another unsuccessful Supreme Court decision initiated by former St. Louis Cardinals' outfielder Curt Flood, who challenged the right of the Cardinals to trade him to the Philadelphia Phillies. The court used the 1922 decision as precedent in ruling against Flood, and it recommended that any change in professional baseball's antitrust exemption be addressed by the U.S. Congress (Lowenfish, 1980).

The reserve clause effectively ended not from a court decision but from a salary arbitration hearing. In the 1960s and 1970s, the emergence of a more powerful and united MLB Players' Association, under the leadership of Marvin Miller, negotiated an agreement with MLB owners that many disputes between players and clubs be adjudicated not by the commissioner, an employee of the owners, but by an independent arbitrator whose decision both sides were bound to follow.

The hearing that broke the stranglehold of the reserve clause occurred just before Christmas 1974. Because of a protracted salary dispute with Los Angeles Dodgers' management, star pitcher Andy Messersmith played the entire year without signing a contract. The arbitrator, Peter Seitz, ruled that although Messersmith had been renewed automatically by the Dodgers as permitted under paragraph 10A of the Uniform Player Contract, the fact that he had not signed a contract in 1974 meant the one-year renewal clause had expired. Therefore, Seitz decreed that Messersmith was no longer contractually bound to the Dodgers and was free to sign with whatever team he chose. The current system of salary arbitration after three years of major-league service and free agency after six years was then negotiated and agreed to by the union and ownership. The first agent to take advantage of the new labor landscape was Jerry Kapstein, a former ABC Sports statistician who introduced such fare as the time-of-possession tabulation. Kapstein got his start when a friend introduced him to three members of the Baltimore Orioles, and because he excelled at negotiation and statistical evaluation, he was able to win big awards for his players in salary arbitration hearings. During the 1976–1977 off-season, Kapstein represented 60 percent of MLB's free agents (Helyar, 1994; Crasnick, 2005).

Other such significant legal changes can come from other leagues' cases. In 1982, the union for the now-defunct North American Soccer League won a suit that permitted union access to all player salary data. The NFL's players union used this case so their players could compare salaries. Before that, Tommy Kramer, the starting quarterback for the Minnesota Vikings who threw for 3,912 yards in 1981, made $100,000; Guy Benjamin, the backup for the San Francisco 49ers who threw for 171 yards, made $30,000 more. Dick Berthelsen, the NFL's general counsel who won the case, underscored the ruling's significance, "What it did was make sure that false information was no longer being passed around. Players felt they would get in trouble if they talked about salaries" (Forbes, 2001, p. 14C).

Ethics and sport agency

In the sport agency business, there are few restrictions as to who can become an agent. This lack of formalized approval and the significant closeness and potential dependence between players and agents mean that this segment is particularly vulnerable to unethical, illegal, and dishonest actions by agents. Sadly, there are scores of examples of clients taken by their agents. One notable case involved hockey great Bobby Orr, who had wanted to end his career with the Boston Bruins, the team he broke in with in 1967. However, his agent, Alan Eagleson, had a personal relationship with the owner of the Chicago Blackhawks and disregarded an offer from the Bruins that would have made Orr a part owner of the Bruins to accept a deal with Chicago. Eagleson was later convicted of defrauding many of his clients (Conway, 1995).

Perhaps the most well-known case of this problem involved sport agent William H. "Tank" Black. Black, who had a tryout with the Atlanta Falcons in 1979, was a former assistant football coach at the University of South Carolina in the late 1980s. According to a former colleague, Black left to become a sports agent because he wanted the opportunity to make big money. By 1999, Black's firm, Professional Marketing Inc. (PMI), represented more than 35 NFL players, including running back Fred Taylor (who called Black "Pops" and described him as his second dad), wide receiver Ike Hilliard, and defensive end Jevon Kearse, as well as NBA's Vince Carter. Black attracted these talents to PMI because he would call his clients at all hours, express care and concern, and give them expensive gifts. The firm grew by developing a system of runners on college campuses and paying prospective clients. Black offered under-the-table payments to University of Florida players in 1999, such as $600 a month for Johnny Rutledge, and he leased a $133,500 Mercedes S600V for Kearse, in violation of NCAA amateurism rules and many state agent regulations. As Black got more capital, he spent more on recruiting. The more he invested in recruiting, the more players he landed, and the more players he landed, the more capital he had at his disposal (Wertheim, Yaeger, & Schecter, 2000).

However, in 2000, federal investigators from the Securities and Exchange Commission claimed Black was involved in the biggest case of agent fraud in the history of sport. Black was accused of defrauding clients and mismanaging approximately $15 million. Fred Taylor lost his entire $3.6 million signing bonus, which Black had invested in a pyramid scheme that promised a 36-percent annual return on loans made to people who used their car titles as collateral. Black actually promised 20 percent and skimmed 16 percent for himself, and charged an additional fee for administering the funds. Some players liquidated legitimate stock portfolios to invest in this, although Black was never licensed as an investment adviser. He also encouraged his clients to invest stock in a company that Black himself had ties to and received a consulting salary, sold them shares they were supposed to receive free, and charged them a commission for it. Black also allegedly laundered millions of dollars for a Detroit drug-trafficking ring with connections in Colombia through an offshore account in the Cayman Islands, for which he made a 25-percent commission (Wertheim et al., 2000).

Black thrived on his clients' lack of knowledge of fiscal and financial matters, and instead of educating them, he exploited this lack of knowledge. His PMI brochure actually read, "A successful athlete simply does not have time to research, study, compare and negotiate every opportunity that arises. Too often the result is a missed opportunity or a hasty decision that results in a less than fair deal" (Wertheim et al., 2000, p. 69). Black denied all allegations, but all of his clients have left him for other agents, and the NFLPA has decertified him.

This example of agent fraud and exploitation illustrates for clients the importance of choosing an agent and staying informed on the agent's dealings. The design and structures of sport agency firms also impact their overall efficiency and effectiveness. The better the design and oversight in a firm and the more attention on the part of the client, the less opportunity for Black-like misdealings.

Another ethical issue facing sport agency is the phenomenon of players leaving agents for other representation. It is something that emerging agencies such as SCS face all the time. Sometimes, players feel like SCS has not had their best interests in mind, as was the case with outfielder Adam Stern, who signed with the firm after being drafted in the third round by the Braves in 2001. SCS negotiated a $347,000 signing bonus (of which they kept $17,500). But Stern felt SCS had too many clients and did not care much about him. The case of closer Bobby Jenks, who left SCS for Boras (the agent described by former client Gary Sheffield as having "an ego the size of L.A."), was a bit more rancorous. Jenks claimed Boras told him he would never have allowed Jenks to be demoted to Double A, even after Jenks, who has a long history of drinking problems, got into a alcohol-fueled shouting match with his Triple A manager.

Jenks said that he fired SCS because "I was getting close to the big leagues and I just didn't think (Sosnick) was doing enough for me, so I decided to make a bigger move." Sosnick later commented to ESPN Magazine, "If Bobby gets to the big leagues, he'll free-fall. He can't handle success." Jenks later fired Boras for not doing enough for him and jumped to another firm (Crasnick, 2005, pp. 177, 208).

And this mindset is also a problem for teams, as described by Colorado Rockies general manager Dan O'Dowd, "When a player jumps from one agent to the next, he's jumping based on a set of promises that he's been given, or something he feels he's entitled to. Now there's this attitude of, 'What's in it for me?' Or, 'How does that benefit me?' (Crasnick, 2005, p. 30). And it is not only the small fish firms who get players poached from them—Miguel Cabrera jumped from Reich, Katz & Landis to Boras, then jumped back to his former firm, and Eric Chavez left the Beverly Hills Sports Council for former MLB pitcher-turned agent Dave Stewart. All this jumping is fuel for lawsuits between agents, as was the case when NFL player agent Andy Joel sued Octagon for $41 million, alleging that Octagon interfered with Vick's contract with Joel when Vick jumped to Octagon before he became the top pick in the 2001 NFL draft. Most of such cases are dismissed in favor of the defendants. To deal with poaching, the NBA players association has formed a committee to manage such complaints (Mullen, 2004).

Organizational design and sport agency

A key decision for emerging professional athletes is the choice of whether to sign with a large sport agency firm or to sign with an individual sport agent. Their choice is not a simple one. The next section outlines the essential elements of organizational design and how they impact these two basic models of the sport agency business.

The essential elements in organizational design

Edgar Schein (1985), a prominent organizational theorist, suggests that four essential elements must be present for an organization to function effectively: common goals, division of work, coordination of effort, and authority structure. According to Schein's model, if any of these elements are missing or poorly designed, the organization is likely to be unsuccessful in implementing its strategies and pursuing its mission.

Common Goals

Common goals, as we saw in Chapter 4, provide the sense of direction, the target to aim for, and the basis of cooperation that are critical for the success of any organization. The concept of using academic achievement to determine interscholastic athletic eligibility is implemented to encourage academic performance. Without goals as a focus for its efforts, the energy of the organization would be wasted on random activities toward no particular end. The emphasis on academic performance sends the message that schools place primary importance on educational activities.

As we saw in Chapter 6, planning is the process of developing goals and strategies to achieve the organization's mission. Schein's (1985) point is that you have to know where you are going (as defined through an organization's mission and goals) and how you are going to get there (using what strategy) before you can design a structure to take you there. Recall that under agency law, the agent is bound to represent the client's wishes. In the case of the sport agency industry segment, a client is seeking an agent who can represent his or her interests most effectively. A prospective agent, therefore, must show that he or she has the ability to produce a plan for clients to achieve their financial, professional, and personal goals. But the goals of the client also impact the goals of the agent.

The organizational design, therefore, must enable the agent to serve the client in the most effective manner and must aid the agent in serving the best interests of the client. Thus, the first essential element in designing an effective organization is shared or common goals—from mission to strategic goals to policies and procedures. In the case of sport agency organizations, this means a mission, strategic goals, policies, and procedures consistent with the goals of the athletes the agencies seek to serve.

Division of work

Common goals alone, however, are not enough. Once the organization's mission and strategic and operational goals are clear, the work necessary to achieve those goals must be divided up in the most productive way possible. Sport agency managers have struggled with this question of how to group and divide the tasks of negotiating contracts, securing endorsements and sponsorship agreements, and producing plans for clients to achieve financial goals. Following this overview of Schein's (1985) four key elements of organizational design, much of this chapter focuses on how organizations in the sport agency segment have chosen to divide up work for maximum effectiveness.

Coordination of effort

Logically speaking, if the work of an organization is divided among separate units or departments, coordination is critical to ensure that the work being done within each unit is consistent with the overall goals of the organization. Also, these units must not work at cross-purposes with one another. Consider a sport agency organization with a mission to provide clients with financial stability combined with a consideration for a client's personal values. The contract department focuses on negotiating the highest rate of compensation regardless of the location of employment, but the client might be content with less money if he or she could be located in an area closer to home and family. The sponsorship unit might be seeking only the most lucrative endorsement agreements, but the client might be unwilling to represent certain products that he or she does not use or feels are unhealthy or destructive (such as alcohol). In essence, these units are working at cross-purposes and need better coordination to ensure the organization's mission is achieved and the organization satisfies the client's goals.

As we will see, these factors are complicated in larger sport agency firms. A comprehensive network of goals serves as a starting point for this type of coordination, but goals are not enough. A steady flow of communication among the various units of an organization ensures that the coordination of efforts is continuous and effective. We discuss how sport agency firms attempt to achieve and maintain effective coordination later in the chapter.

Authority structure

The fourth of Schein's (1985) elements of effective organizational design is authority structure. *Authority* is often defined as the right to guide the actions of others (Weber, 1947). Organizations, as we have said, are collections of individuals who share common goals. However, sharing common goals does not mean they will also agree on what must be done to achieve these goals or on who must do what. For this reason, authority—the right to direct the actions of others—is a key element in designing the organization. For an organization to succeed, there must be an authority structure, what Henri Fayol would call a "chain of command," to define the goals, divide the work, and require coordination to the extent that others will accept and follow this direction. An organization without an effective authority structure is like an individual without discipline or an agent who does not follow the rules of agency law: The goals and plans may be clear and in place, but without the ability to require action, the desired actions will not be performed.

For most of the last century, authority was assumed to be most effective when it rested in the hands of managers at the top of the organization, the so-called executives. It was assumed that only the people at the highest levels of the organization had the education and information necessary to exercise authority responsibly.

Decentralization

The overall trend in organizations has been toward greater decentralization: Authority to make decisions is distributed throughout the organization so decisions can be made more quickly and with more focus. Management thinkers David Conklin and Lawrence Tapp (2000) refer to the organizational structures that are emerging in response to decentralization as creative webs, because changing environments and technological innovations require "that all parties interact on an ongoing, extended basis.…If there is a free exchange of information and communication, all parties benefit" (p. 221). The creative web focuses on creating change, continual collaboration, and ongoing mutual dependence. Such webs may be created between separate organizations as well.

Another expert, Mick Carney (1998), points out that today's organizational structures need to achieve trust while undergoing decentralization and diffusing power. Trust and communication are especially key factors in the agent–client relationship and must be emphasized in any sport agency firm. The firms that emphasize these aspects must cede to their individual agents the authority to make decisions in the best interests of their clients in today's heightened atmosphere of real-time communication.

From the perspective of clients, these communication and related services are important. As we have seen in the case of SCS, once many of their players begin to have success in the minors, other agents begin to try and woo them away. SCS signed pitcher Dan Haren, a former All-American out of Pepperdine University, and negotiated a $530,000 signing bonus when Haren was selected with the 72nd pick by the St. Louis Cardinals. But soon thereafter, Haren told SCS he was leaving for SFX, one of the industry's multipurpose sport marketing and agency companies. Haren was not unhappy with SCS, but we felt an industry big dog could do a better job for him (Crasnick, 2005). For an overview of SFX ("About SFX," 2001), see Fig. 7.2.

So how does such a change, going from a small, baseball-only firm to SFX, part of the massive and complex Clear Channel Communications, impact clients such as Haren in meeting their own personal goals? Does it mean that Haren will no longer get the direct service from his agent now that he is part

SFX Sports Group, the player representation segment of large-firm SFX Entertainment, owned by Live Nation, represents numerous athletes including Andre Agassi, David Ortiz, Andy Roddick, and John Daly. In recent years, SFX spent more than $350 million to acquire 21 companies to create the Sports Group, including Tellem & Associates, David Falk's FAME, and Hendricks Management Company.

Live Nation is also a huge presence in the concert and theater industry, promoting and/or producing in 2005 by their count 28,500 events [including concerts, theatrical shows (including The Lion King and the Jaegermeister Music Tour), family entertainment shows, and 500 specialized sport and motor racing shows (including the EMC Golf Skills Challenge and monster truck shows)]. Live Nation either owns and operates or holds the booking rights to 153 entertainment venues in the U.S., including Avalon in Boston, the Bi-Lo Center in Greenville, South Carolina, the Cincinnati Music Hall, BC Place Stadium in Vancouver, and Bass Concert Hall at the University of Texas at Austin, as well as venues in the United Kingdom ("About SFX," 2006; "About us," 2006).

Figure 7.2 SFX overview.

of a much larger organization with many more clients and with potential conflicts in communication, coordination of effort, and common goals? To serve clients such as Haren, SFX must address design issues such as decentralization effectively. However, decentralization can pose challenges in the areas of coordination and consistency. In response to this challenge, many organizations are highly centralized in setting goals for the organization's many units, but are decentralized when it comes to deciding how these goals are achieved (Peters & Waterman, 1982). The key to developing an effective authority structure is balance: Authority must be centralized enough to ensure consistency and coordination and decentralized enough to provide for timely and focused decisions and action by managers in the various units of the organization. In sport agency organizations, this means it is management's responsibility in designing the organization to ensure that this balance in terms of authority is effectively achieved and maintained.

A fifth element of design: structure follows strategy

Clearly, Schein's (1985) four elements of organizational design are essential for the success of an organization. Without common goals, effective division of work, coordination of effort, and authority structure, an organization is unlikely to achieve its purpose. In a sense, Schein's elements are like a chain that is only as strong as its weakest link.

So, although these four elements are essential, more is needed to ensure that the design of an organization will be effective. Based on his study of successful U.S. corporations, management historian Alfred D. Chandler (1962) suggests what might be termed a fifth element of effective organizational design: structure follows strategy. Chandler found that successful organizations were designed by management to pursue specific strategies, and when they changed their strategies, they also changed their structures.

Structure follows strategy in sport agency

A few large firms represent the bulk of professional athletes. But what does this mean, this distinction between large and small firms? According to Berry (1990), three basic organizational design models operate in the sport agency business: the freestanding sport management firm, the law practice, and the law firm/sport management firm affiliation. Each of these designs also has a strategic advantage.

The large freestanding sport management firm such as SFX offers a wide range of services to athletes. These firms not serve their players' needs in the areas discussed earlier, but also serve corporate clients interested in sport-related sponsorships and managing sport-related events. Firms designed in this way can offer advantages for clients who can benefit from these various activities. These firms seek to serve all the clients' needs in these areas and can make more money from these services, increasing potential revenue sources. The larger firms are also usually more established and have a higher profile because of their other prominent clients. For example, SFX Sports Group represents many star athletes in a number of sports. This can help generate positive influence by association for an up-and-coming player. SFX is also a huge presence in the concert and theater industry and also owns and/or operates 135 live entertainment venues in 31 of the top 50 U.S. markets. SFX also runs an affiliated but autonomous corporate consulting and client service under the CMI brand, which, according to general manager David Paro, is a "marketing services company that really focuses on…lifestyle pursuits such as entertainment and music and sports" (Martzke, 2001, p. 2C).

Larger firms also can benefit clients because of their extensive resources. For example, IMG runs a predraft camp for their NFL prospects in Bradenton, FL, where players train and are coached by former NFL staffers to increase their draft value. At this same site, the company also operates IMG Academies, a for-profit school where more than 500 boys and more than 400 girls, ages 9 to 18 years, who are looking to develop careers in baseball, basketball, golf, ice hockey, soccer, and tennis, train. Attendees practice six hours a day and attend classes there as well. Thirty-six percent of attendees are foreign-born, and alumni include tennis star Maria Sharapova. The annual cost of attendance ranges from $31,400, for basic sports instruction, to as much as $70,000, which includes school tuition and, several private training and mental conditioning instruction options. Says admissions director Carolina Murphy, “I get plenty of grownups in my office who are trying to enroll the next Tiger or Andre.” One sport psychologist who is familiar with the academy puts it this way, “I’m seeing an increasing number of parents who are willing to spend a lot of money to help their kids’ chances whatever way they can” (King, 2002, p. 54). For their efforts, IMG now has a tidy profit center and a potential leg up in signing the next star academy graduate to a representation deal.

But size and growth can be problematic. When compared with IMG (which no longer represents team sport athletes), SFX, and Octagon, SCS describes its strategic advantages as competitive advantage: They could not outspend the industry giants, so they would focus on the personal touch. Crasnick (2005) describes it this way, “They wouldn’t represent players as much as adopt them. They invest emotionally in their clients and are available for counsel on everything from money worries to girlfriend problems, regardless of the time of day.” Dontrelle Willis sees this effort: “Matt’s crazy. He doesn’t stop working. He works until he sleeps. There’s no leisure time.” But there is time for fun as well. Sosnick and Willis attended a Halloween party together a few years back. Sosnick was decked out in a Randy Moss jersey, gold chains, and wave cap, and huge jeans, whereas Willis sported a yarmulke, bar mitzvah suit, and a prayer shawl. “It was absolutely hilarious,” said Willis. “It was one of the greatest nights of my life” (Crasnick, 2005, pp. 4–6). Would Scott Boras do this? Does he even have to? Heightened levels of attention and personal service are generally recognized as the major benefits of the small firm’s organizational structure.

So to Schein’s (1985) four elements of effective organizational design, we add a fifth: To be effective, organizations must be structured to implement their strategies. The relationship between structure and strategy can be thought of this way: Structure follows strategy, structure reflects strategy, structure implements strategy, and structure supports strategy. We next consider the model of organizational design consistent with these five elements.

Traditional models of organizational design

Functional structure

Like many organizational changes, the next major advance in the design of organizations came in response to the changes in the internal and external environments. Remember, most large organizations at the beginning of the twentieth century were business organizations involved with some form of mass production. Typically, this involved the operation of a large facility filled with a variety of machines, employing large numbers of people to perform many specific and relatively simple tasks. To ensure that a steady flow of products from these factories was being matched by a steady supply of customers, sales became an important function. Sales work was different from manufacturing, and yet the sales tasks were essential to the success of the organization.

"Sales are important in the sport agency business," says a golf agent.

> I wish I had more practice in college. I wish I had known I was going to need to do it. I always told myself, 'I don't want to be in sales.' Well, I've got news for you. I'm in sales in a big way, whether it's selling one of my athletes to a company that we're trying to create a relationship with, whether it's trying to sell my firm to a client we're trying to recruit, whether it's me trying to sell myself to my bosses. I'm constantly selling. I'm selling what I believe in, my thoughts and my ideas. I'm always selling.

A similar pattern of specialization can be seen for marketing, for accounting and finance, and for the other kinds of work that become essential in all agency organizations.

But no individual or group of individuals could be expected to perform all the different kinds of work that needs to be done in all organizations. Different people now specialize in specific areas. The organizational structure that emerged to implement this specialization strategy is called the functional structure. Under this framework, the organization is divided into units, with each unit performing one of the specialized functions essential to the operation of the business.

Organizational structures are usually shown on organizational charts. The chart of a sport agency organization designed according to the functional model is shown in Fig. 7.3. The functional model is most effective for organizations producing a single product for a single market, and in the case of sport agencies, the basic units of the organization are contract negotiation, athlete marketing, and financial planning.

Although functional structures have an ever-increasing number of units as organizations become more complex, the basis for dividing the work remains the same: A separate unit or department of specialists is created to perform each function essential for achieving the organization's goals.

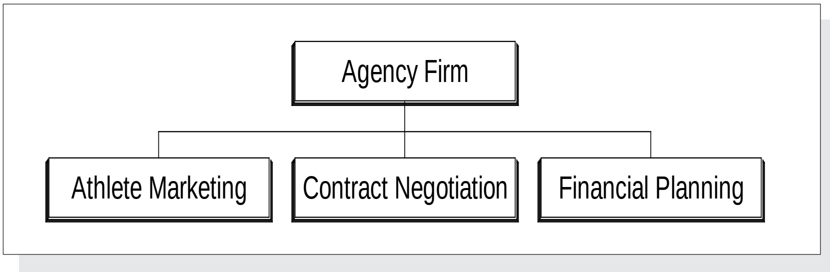

Figure 7.3 Functional structure of a player representation agency.

Division structure

In the *division structure*, the work of the organization is divided according to the kind of products or services being provided, the type of customer being served, or the geographic area in which the organization competes. Firms such as SFX Sports Group have separate divisions for each sport.

For many large and complex sport agency firms, which provide a wider range of financial and marketing services for clients, an organization's structure might actually combine the functional and divisional models. Separate divisions are created to focus on the organization's different types of customers or products, and functional departments provide services to these various divisions.

In each of the preceding examples, we see a common thread: The organization is divided into separate units to focus more effectively on the factor most essential to the organization's success. The divisional model allows the agency organization to respond more effectively to the special needs and requirements of different kinds of clients or markets, whichever of these factors is the focus of its strategy.

Conglomerate structure

The 1980s saw a significant increase in what came to be known as the *conglomerate structure*. As shown in Fig. 7.4, organizations with a conglomerate structure have separate divisions operating in entirely different industries. SFX, which operates entertainment events and venues, as well as its agency business, fits this type of description. The conglomerate structure allows organizations like SFX to expand into many types of entertainment activities, and it uses these separate, yet similar, divisional operations to the benefit of the company. In the case of SFX, the expertise used in representing athletes

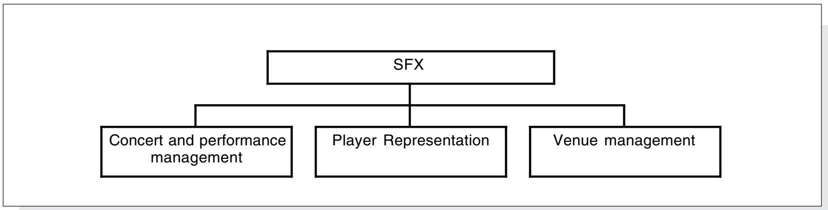

Figure 7.4 Conglomerate structure of SFX.

can translate into representing music artists, and the expertise in running sport-related events translates well into running concerts and other performances.

Problems with traditional models of organizational design

Virtually every successful organization that emerged during the twentieth century was bureaucratic in design. Whether the design of the organization was functional, divisional, conglomerate, or a combination of all three, the model was organization by rules with a fully developed chain of command (authority structure) to ensure that the organization's decisions followed the rules, which is exactly what is meant by the term *bureaucratic*. And for most of the twentieth century, bureaucratic organizations, because of these qualities, were impressive in terms of their efficiency and effectiveness.

Recently, however, the bureaucratic design has begun to show signs of ineffectiveness. The bureaucratic model seems to work well when the environment changes very slowly, because the rules can be gradually modified to reflect these changes. As the rate of change begins to speed up, however, changes in rules begin to fall behind changes in technology, the competition, and customer demands. At some point, the rules and structure intended to make the organization more efficient become obstacles that impede the organization.

Recall that endorsements, the important source of revenue for athletes and agents. Endorsements are complicated by three factors that are notoriously unpredictable and uncontrollable: injuries, performance, and personal behavior. Companies seek to sign athletes who embody the personal skills and abilities that potential customers admire so the company will benefit from the endorsement association, but these can be blunted or obliterated when an athlete gets hurt, plays poorly, gets arrested, or a combination of the three. Situations such as these are numerous, for example, When NBA star Kobe Bryant lost his endorsements after he was charged with rape in 2002.

To be responsive to these kinds of sudden, uncontrollable changes, according to Rosabeth Moss Kanter and John D. Buck (1985), leading management scholars and consultants, “The organizations now emerging as successful will be, above all, flexible” (p. 6). To be effective in the changing environment, organizations must now satisfy an additional requirement for effective organizational design. In addition to common goals, division of work, coordination of effort, and authority structure, the design of the organization must also be flexible. A structure that enables an agency firm to react quickly, deal with the changes in the environment described here, and respond rapidly to new opportunities is a requirement of organizational design.

Flexible models of organizational design

Matrix structure

One of the earliest forms of flexible models of organizational design was the *matrix structure*, in which specialists are assigned to a specific project, product, or customer account. In a traditional agency organization, for example, marketing specialists work only with other specialists in their own department. In a matrix agency organization, these specialists work directly with specialists from other areas such as event management as part of an ongoing group or team assigned to a long-term project or to develop a new project. Figure 7.5 shows a matrix structure for SFX.

One such new project area in the agency segment is the growth of new and emerging sports. As new women’s professional leagues such as the WNBA emerge, as women’s intercollegiate athletics continue to grow, and as more lucrative opportunities develop for women in traditional areas such as figure skating, golf, and tennis, agency firms need to be in position to capitalize on

SFX

	Athlete / Talent Representation	**Athlete / Talent Marketing**	**Venue Management**	**Event Management**
Lion King	Agents	Sales staff	Operations staff	Operations Staff
Monster Truck	Agents	Sales staff	Operations staff	Operations Staff
Jaegermeister Tour	Agents	Sales staff	Operations Staff	Operations Staff

Figure 7.5 Matrix structure for SFX.

these market changes. Ty Votaw, commissioner of the Ladies Professional Golf Association (LPGA; website: http://www.LPGA.com/), reinforces the value of female endorsers and the associated market opportunity for agency firms (Brennan, 2001):

> We have in women's professional sports the most accessible, approachable, appreciative, accommodating professional athletes in the world today. That's an enormous signal to corporate America and the youth of our nation that there are huge positives to be had in bringing the positive attributes of women's sports into their lives [p. 3C].

These emerging markets mean that matrix agency firms with specialists from each functional area can focus their expertise on a specific project or product area, such as the emerging endorsement market for female athletes. Another advantage is that it facilitates communication and coordination among specialists. Instead of having to communicate through channels, specialists communicate directly with each other, dramatically increasing their ability to respond quickly to challenges and opportunities.

One weakness of matrix organizations is that the authority structure can be confusing. Most who work in a matrix organization have two managers to answer to, instead of the one superior prescribed by Henri Fayol's unity of command principle described in Chapter 1. Workers are then responsible both to the manager of their functional department (accounting, sales and marketing, finance, etc.) and to the group manager in the area or project to which they are assigned. When an individual's managers fail to communicate and coordinate with one another, it can lead to conflicting demands being made on the worker and can leave the worker in the middle, not knowing which manager's directions to follow. One of the keys to an effective matrix structure in sport agency firms, then, is to train managers in effective communication and coordination skills, so important in dealing with relaying information to clients, to enhance their ability to provide clear and unified direction to workers in the firm.

Network structure

A second design option for meeting the organization's need for speed and flexibility is the network structure (Snow, Miles, & Coleman, 1992). The network structure is a temporary alliance of organizations that come together to take advantage of a strategic opportunity. Most organizations do not have all of the in-house expertise needed to respond to every opportunity and challenge—and by the time they develop the necessary expertise, it may be too late to take advantage of the opportunity. The network organization brings together inde-

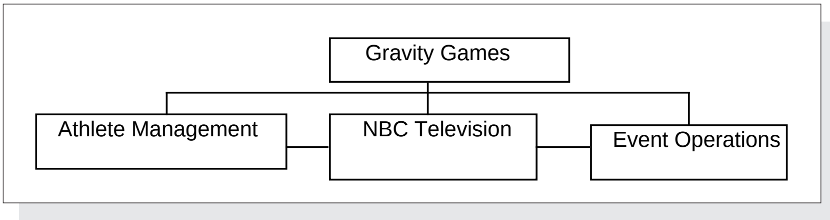

Figure 7.6 Network organization for the Gravity Games.

pendent companies with different areas of expertise to function as temporary organizations.

Many large sport agency firms that also perform event management functions often work in a network with companies that seek to create brand identity and sales opportunities. When ESPN created "B3, The Bikes, Blades, and Boards Tour" as an action–sports broadcast complement to their X Games competition, they employed Octagon to run the competition and sell sponsorships, whereas ESPN handled all the broadcast elements. Octagon, in turn, employed several other smaller companies to run certain aspects of the actual sport competitions (Covell, 1999). ESPN eventually expanded to take over all aspects of the event, but Octagon was then able to take its expertise gained from B3 to combine with new partner NBC and produce the Gravity Games, a competition similar to the X Games. Octagon later left the partnership with NBC and created the Mountain Dew Action Sports Tour. Figure 7.6 shows a network structure where organizations come together for a specific project and then disband after the project has been completed.

The potential weaknesses of the network model of organizational design are in three of the areas identified by Schein (1985): common goals, coordination of effort, and authority structure. Obviously, in an organization consisting of several different independent companies, the management will have to take great care to define common goals and an authority structure and develop effective means of coordination. And even if all these challenges can be worked out, there are still more handoffs and, consequently, increased potential for disconnects when more than one company is involved in manufacturing a product or providing a service.

Still, it is clear that when managed effectively, network organizations give their constituent organizations more speed, expertise, and flexibility than each possess individually. For Octagon, NBC provided significant expertise in broadcast production and access to media outlets. For NBC, Octagon provided knowledge of the action–sports segment, access to potential sponsors, and a demonstrated ability to pull off such an event. With such success stories, we can expect a steady increase in the number and variety of sport organizations moving into network structures.

Although organizational design is a significant challenge for firms involved in sport agency, the reliance on cooperation between individuals means an increased reliance in teamwork. The remainder of the chapter will focus on understanding the nature and importance of teamwork in for sport agency firms.

Teamwork

Chances are you have been on a sports team, or you may be on one currently. Think about this for a moment: What was the team supposed to do? At some point when your team was in trouble or struggling, you may have heard someone—a player, a coach—shout at the group, "Hey, we have to start playing like a team." Well, that may be true, but that is not the goal. The goal is for a team to be successful and to achieve a goal, namely, winning a game. And for this you need a team, because one person (even you) is not good enough to achieve most goals alone. A full complement of participants is needed, all functioning at full capacity in their specific roles to get the job done. And if the other team is more proficient at working together, they will probably be the ones celebrating at the end of the game.

In sport organizations off the field, we find teams everywhere. A work team is a designed group of individuals who together are responsible for a significant unit of work—a product or service that is delivered to a customer either inside or outside an organization. Work teams are known by various other names, including autonomous work groups and self-managing teams. Work teams are more like departments than they are like project teams, because the members of the teams work together on a long-term day-to-day basis. In its most advanced form, the work team essentially replaces the manager by taking on responsibility for most of the tasks traditionally performed by management: planning and scheduling the work, hiring and training team members, and providing discipline and resolving conflicts among team members or work teams. The move toward increasing work teams in sport organization has been prompted by the competitive requirements of speed and flexibility, as outlined in Chapter 1.

Although effective teams are powerful tools for improving performance, teamwork is not necessarily the tight work design in very situation. For tasks in which individual talent, insight, or intuition is the most important element, a team-based work design might only complicate or undermine the effort. The task for sport managers is to recognize the kind of work that can best be done by teams and, in those situations, to create and support the conditions necessary for teams to be effective.

In terms of the sport agency business, many firms refer to themselves as "teams" in an effort to convey to clients the fact that they work with them to achieve their personal and financial goals. The best agents not only convey the message effectively, but also follow through on the promise. But how do these teams become effective?

Conditions for effective teams

As team-based work designs have become more and more widely adopted throughout the sport industries, important lessons have been learned about how to make teams work and how to ensure that team-based work is as productive as possible. Katzenbach and Smith (1999) studied the differences between high and low performing teams by interviewing hundreds of people on 50 different teams in 30 different organizations. Based on their research, Katzenbach and Smith composed the following definition of a high-performance team: "A team is a small number of people with complementary skills who are committed to a common purpose, a set of performance goals, and an approach for which they hold themselves mutually accountable" (p. 45).

The six characteristics identified by Katzenbach and Smith (1999) are summarized in Fig. 7.7 below. We will consider each in detail in terms of whether they can be identified at SCS.

Small number of people	Three to eight members, no more than 40
Complementary skills	Each team member contributes some of the skills necessary for the team's success
Common purpose	The team commits to a shared mission or purpose
Performance goal	The team sets specific targets for its performance
Common approach	Teams need to agree on the best approach to reach their goals
Mutual accountability	The team has a sense of shared responsibility for the team and its work

Figure 7.7 Conditions for effective teamwork.

Small number

The first lesson noted by Katzenbach and Smith (1999) is the importance of keeping teams small in terms of the number of people who are members. They suggest that small can be as few as three or as many as 40. Their point is that there appears to be limits to the number of people who can maintain the level of communication and coordination necessary to operate as an effective team. The larger the team, the more effort management and team members must exert in ensuring that the requisite levels of communication and coordination exist. If the team size exceeds 40, the performance of the team begins to suffer.

These numbers would seem to favor not the industry conglomerates but rather the small- and medium-sized firm approach of SCS and, yes, even Scott Boras (who has 15 researchers on his payroll—How else would he be able to come up with the arcane statistics used to sell his clients, such as the fact that only seven other players saw more pitches during plate appearances than Johnny Damon in 2004 and 2005?) (Curry, 2005). But with only Paul Cobbe and Matt Sosnick on board, is SCS too small to work as an effective team? Possibly, which is why they hired an additional scout to help them discover new talent in Texas and Oklahoma, a consultant to assist with preparation for upcoming salary arbitration hearings, and freelance pitching coach Tom House to work with their clients (Crasnick, 2005).

Complementary skills

As discussed earlier, any successful on-field team needs members with a variety of different skills. Just watch a National League game where pitchers have to hit, and you will understand this concept immediately. Katzenbach and Smith (1999) point out that team efforts are likely to be most effective when members possess complementary skills, that is, when each team member contributes some of the skills necessary for the team to achieve success. Work teams benefit when team members' different skills, which could be technical or functional expertise, problem-solving and decision-making skills, or interpersonal skills, complement those possessed by others. It is not essential that each team member possess all the skills required (again, think of that pitcher, any pitcher, trying to hit), but rather it is critical that the team as a whole possesses all the skills required to perform.

In the case of SCS, some of the complementary skills needed have to do with personalities. Paul Cobbe, Matt Sosnick's boyhood friend and business partner, is described as the calmer, more analytical half of SCS. Cobbe had been a successful computer programmer for 10 years for several large companies and had a gift for thinking strategically as well as working with people. Paul began to feel comfortable in the role by applying his business instincts to recruiting and negotiations (it was he who finalized Dan Haren's bonus with the Cardinals) and, unlike Sosnick's mile-a-minute banter, spoke to prospective clients more like a big brother. Cobbe believes in the power of complementary skills, for he believes, "There might be guys out there who are smarter than Sosnick or me, but no two guys can possibly be smarter than the two of us combined" (Crasnick, 2005, p. 68).

Common purpose

The third key ingredient for successful teamwork is the commitment of team members to a common purpose. Without this shared commitment, work groups are likely to be little more than collections of individuals each performing independently. With a shared commitment to a common purpose, work groups become genuine teams. Shared commitment requires a purpose all team members can believe in, much like the sense of organizational mission outlined in Chapter 4. Katzenbach and Smith (1999) suggest that the sense of common purpose is most powerful when it raises the sights of team members and that team purposes that truly motivate often have to do with winning, being first, or being on the cutting edge.

Much of what we have been discussing relating to the sport agency business has been an explanation of how the business works, but we have not delved much into why those in this highly volatile business choose to be in it. Paul Cobbe left a lucrative and secure career and something at which he excelled because it was not his passion. He looked at his life 30 years down the line and did not want to see a wealthy, comfortable executive who felt unfulfilled because he never had the guts to take a chance. Matt Sosnick, a reformed gambler who estimates he won and lost more than $1 million, lived for the rush of being a sports agent. Paul Cobbe wanted the challenge of taking on something where his success or failure was based solely on his performance (Crasnick, 2005). They chose to pursue agency because it allows them to chase their personal goals. But to be successful, they will have to make sure they perform for their clients, and that means making them money, either through contract negotiations or endorsements.

Performance goals

The right size, complementary skills, and strong commitment to a meaningful common purpose are the critical starting point for effective teams. Not surprisingly, the best teams are also able to translate their common purpose into specific goals. The common purpose for SCS is to perform for their clients, but is that specific enough? Clients such as Haren, Hafner, and Jenks left SCS; they did it because they believed others could earn them more money. SCS's performance, indeed, their long-term viability, will ultimately be measured by how much money they can make for their clients through contracts, endorsements, and prudent financial planning.

As we discussed in Chapter 4, such specific goals provide a clear target to aim for and the possibility of feedback, but common purpose alone is not sufficient. It is the combination of shared purpose and clear performance goals that is essential, for as according to Katzenbach and Smith, "specific performance goals help a team track progress and hold itself accountable; the broader, even nobler aspirations in a team's purpose supply both meaning and emotional energy" (1999, p. 55).

Committed to a common approach

Katzenbach and Smith (1999) define "common approach" as the way teams will work together to accomplish their purpose, which includes agreeing on which team members will do what jobs. In addition, they found that effective teams have members who assume important social as well as leadership roles such as challenging, interpreting, supporting, integrating, remembering, and summarizing. These roles, they conclude, help promote the mutual trust and constructive conflict necessary to the team's success. What is established, they state, is "a social contract among members that relates to their purpose, and guides and obligates how they must work together" (p. 59).

In many ways, this commitment is connected to the aspect of complementary skills outlined previously, but translates more into what tasks agents actually execute. In working on behalf of Dontrelle Willis, it is Sosnick who handles the contract talks with Willis's club, the notoriously penurious Marlins. When trying to encourage the team to sign him to a long-term deal in 2004 before he becomes arbitration-eligible, Sosnick hears from management that they will decline and offer him some basic performance incentives instead. He does not hold back. "This is insulting. It's insulting and embarrassing," he tells them. Later, he is still taking a hard line: "Dontrelle and I are all about goodwill and trying to do the right thing. When I felt like they sort of punished me and my client, I have absolutely no loyalty to them anymore." But Willis still reports to camp. Taking a hard line and being the bad guy is a necessary part of the process in many negotiations. Sosnick was not afraid to take on that role, and it was appreciated not only by Willis but by his mother Joyce. “Dontrelle loves Matt,” she says, “he really does. He loves Matt dearly, and Matt’s been a great asset to our family” (Crasnick, 2005, pp. 165–166, 168).

Mutual accountability

The final component in the establishment of an effective team is a shared sense of responsibility for the team and its work. In the highest-performing teams, members hold themselves individually and collectively accountable for the team’s performance. They may receive their initial direction from management, but the most effective teams eventually define their own purpose and their own goals and hold themselves responsible for achieving them. According to Katzenbach and Smith (1999), this sense of shared responsibility produces a unique satisfaction for team members. In the case of SCS client Freddy Sanchez and Paul Cobbe, this means an award from an arbitration hearing of $32,000 and 25 days of big-league service time for Sanchez after the arbitrator ruled Sanchez was not healthy enough to report to the Pittsburgh Pirates’ Triple A affiliate and should have been able to recover while on the major league’s disabled list. The ruling garners SCS credibility with the players’ association and solidifies their reputation with their clients. But for Cobbe, it means that his preparation was sufficient and that he gave the proper advice to a client in need. “A big portion of the effort we put into this is for clients who’ll probably never make it to the big league,” says Cobbe. “We’ll never see a cent from these guys. So if that’s the case, why don’t we just drop them? Because we’ve made a commitment” (Crasnick, 2005, pp. 292–293).

We have defined management as responsibility for performance, so it is no surprise that the most effective teams are self-managing, that is, they take responsibility for their own performance. SCS’s long-term success is dependent on just this sort of self-management.

Stages of team development

There is another key issue to remember when discussing teams: They are not created, they develop. Simply assigning even the most talented individuals to a task does not ensure that they will function as a team. Becoming a team is a process of growth; it takes time. Effective teams invariably move through a series of stages (shown in Fig. 7.8). As with any developmental process, there are challenges at each stage. To be effective, teams such as SCS need to meet each of them as they arise.

The Stages	Forming	Storming	Norming	Performing
The Challenges	Ensuring a clear mission and a team with the right skills and the right personalities	Resolving conflict over how authority will be exercised within the team	Achieving shared expectations about behavior and its consequences	Maintaining full commitment to performing tasks to achieve the mission

Figure 7.8 The stages and challenges of team development.

Forming

The first stage of team development echoes three of the conditions for effective team composition: shared mission, complementary skills, and a common approach. It is sensible to conclude that for a team to get off on the right foot, it needs to have a clear and specific mission, a clear initial sense of direction to serve as a focal point for team members. Without a clear mission, a team is very likely to waste time and energy either deciding what its mission should be or pursuing the wrong mission. Without the right mix of skills, teams will quickly become frustrated pursuing a direction they are not equipped to achieve. Lastly, the right personalities committed to their specific tasks is also a crucial element connected to the forming stage.

At SCS, all the elements of this first stage were well established and served the company well as to solidify its place in the industry. The fact that SCS's clear sense of mission and the evidence of skill and personality variation provided the foundation for the firm's early efforts.

Storming

The second stage of team development suggests that effective teams move through an early phase of internal conflict. The term storming refers to an observed pattern of disagreement over how teams choose to organize and operate, who is going to perform which tasks and in what manner, and how decisions are to be made. These are really questions about how authority will be exercised within the team and an issue all sport organizations must face, as we discussed in Chapter 5.

In some cases, sport managers can facilitate this process for a team by establishing operating procedures and guidelines during the formation process. But as teams take on missions that require innovative problem solving, they must address these issues themselves. Not surprisingly, when teams have to decide for themselves the manner in which they will operate, team members are likely to differ in their opinions on the best method to follow. And if those differing opinions are held strongly, the result can be conflict. Successful teams are able to resolve conflicts for themselves, whereas teams that are unable to agree on key operational questions will be severely hampered as they attempt to pursue their mission.

There is plentiful evidence of agency firms dissolving over internal operational disputes. One such case involved Assante, one of the most established firms in the country and operated by agent Leigh Steinberg. Steinberg began his career representing Atlanta Falcons quarterback Steve Bartkowski in 1975 and made millions representing Troy Aikman, Steve Young, Warren Moon, and Drew Bledsoe, along with fellow agent Jeff Moorad and David Dunn, through an approach based on crafting a wholesome image for their clients. But once the NFL reigned in costs through the establishment of a salary cap and Steinberg began representing clients with less-than-stellar reputations (such as famous quarterback flameout Ryan Leaf), his partners began to view Steinberg as losing his commitment to the job of representing clients and taking care of their needs, with him showing up late to meetings and losing key pieces of information (such as when a prostitute Steinberg had hired in Las Vegas stole his wallet). As Steinberg delegated more responsibilities to Dunn and sold the firm to Assante Sport Management Group, the firm became a place where, according to one employee, “the majority of employees were unhappy and where the bottom-line approach we were forced to adopt led to the neglect of clients” (Keating, 2002, p. 94). Soon thereafter, Dunn and another agent left to start their own firm and took many of Assante’s key clients with them.

The point illustrated here is that any sport organization seeks to avoid conflict as much as possible. With teams such as Assante, the opportunity to storm over questions relating to authority would have been a healthy, even necessary stage of development to ensure the firm’s success. So what can SCS learn from this? The challenge with teams, even one as formerly successful as Steinberg’s, is not to discourage conflict, but rather to provide support and guidance when conflict arises so that the firm can move successfully through the storming stage.

Norming

A norm is a shared expectation about behavior. A team that successfully moves through the storming phase is, by definition, at the stage of norming, the stage where expectations of member performance and behavior and what consequences will result from members' performance are clarified. In the sport agency industry, firms such as SCS have created a norm, the expectation that they will be available 24/7/365 to take care of any needs their clients have. Matt Sosnick did this when he drove his Jaguar down an embankment to the scene of Dontrelle Willis's car accident.

But another example of this norm is the "mutual accountability" condition of effective teams outlined in the previous section. This is the expectation that everyone on the team—in the case of SCS, that means agents and clients—will accept responsibility for the team achieving its goals. Research suggests that the most effective teams are those that move successfully through the norming stage, achieving wide and solid agreement on positive norms that support productive performance. Teams that fail to develop norms that are held strongly by members are less likely to achieve their goals. For SCS to succeed, clients and agents must demonstrate belief and loyalty in each other. Although many high-profile young stars have fired SCS, others like Willis have not. Cory Dunlap, a top prospect in the Los Angeles Dodgers system, demonstrates this norm when he considers representation. "I don't have no plans to change agents," he says. "It's a loyalty thing. Matt's loyal to me. I'm loyal to him. I made my decision on who I picked and I'm gonna go with him. I'm gonna stick with him." During an off-season, Sosnick allowed Dunlap to share his apartment just like he had with Willis a few years earlier. "As long as I can bring girls over there, it's all good," says Dunlap (Crasnick, 2005, pp. 294–295).

Performing

The final stage in a team's development is in response to the challenge to maintain the strong commitment to norms and perform at last the work needed for the team to achieve its goals. Ultimately, teams must perform to be successful. As we will read in Chapter 8, there are many ways sport managers can support positive performance. Here, we suggest that two such methods to allow teams to become strong and productive are effective goals and meaningful consequences.

In discussing the necessary conditions for effective team composition, we highlighted the importance of well-defined team goals. These goals serve as a clear set of performance targets on which the team can focus its efforts. Another advantage of such goals, as you recall, is that they provide the kind of feedback that can reinforce performance. In the case of SCS, they may set goals in terms of contract and endorsement income for their clients, and it can

- Recording quality control statistics
- Making scheduling assignments
- Solving technical problems
- Setting group of team goals
- Resolving internal conflicts
- Assessing group or team performance
- Delegating assignments to team members
- Preparing a budget
- Training members
- Selecting new members
- Allocating pay raises for members

Figure 7.9 Activities often performed by self-managing teams.

be highly reinforcing to Matt and Paul if they are able to meet or come close to the totals they determine. They also know that try as hard as they might, there will always be clients who will fire them. SMART goals, as we discussed in Chapter 4, are equally important for supporting the efforts of teams as with any other organizational unit. A goal of no client defections is not realistic, so it should not be set. But when goals are achieved, there is an opportunity for tremendous satisfaction.

The team and the personal sense of satisfaction that comes from attaining goals is a clear key to maintaining commitment to the team's mission. Just as important are external awards, recognition, and celebration for successful team performance. Rewards can take the form of bonuses or other financial benefits, but successful teams also view the opportunity to work on other challenging projects as highly rewarding. In the case of SCS, Matt and Paul often will pay to have the family members of players fly to league all-star games in which their kids are playing and always host a party for each year's draft picks. On one such junket in San Francisco, as the group trolled through the streets of San Francisco in Sosnick's XJ8 after taking in a 49ers game and dinner, Cory Dunlap, scans the sidewalks for women: "Hey, drop the zeroes and get with the heroes!" he yells at two attractive women standing with their dates outside a nightclub, causing the SCS posse to bust up laughing (Crasnick, 2005, p. 295).

We will discuss the elements of performance motivation in further detail in the next chapter, but the key point here is that once teams have moved through the first three stages successfully, they must find effective methods to reinforce and maintain high levels of performance once achieved.

Self-managing teams

Research suggests that self-managing work teams in sport organizations can be involved in a wide variety of management activities and tasks, including those listed in Fig. 7.9.

Not every team design includes responsibility for all the tasks shown in the previous figure, but it is reasonable to suggest that any truly self-managing work team will perform a significant number of these responsibilities. In the case of SCS, these issues will become more important as the firm grows and adds clients, with a specific importance placed on providing team members with training in each activity for which they are responsible. Some of this training will be technical (e.g., educating new agents in the specifics of MLB's CBA), but much of it will be managerial (in the areas of planning, organizing, providing feedback, managing conflicts between agent and client and between client and teams, and so on).

SCS's future work teams will be effective in managing themselves only if members understand and possess the necessary management skills. This is an important point, especially when we consider Henri Fayol's caution from Chapter 1: To improve performance, train managers in the functions of management and provide these managers with the training and skills needed to manage effectively. In work team design, teams share in the responsibilities that are part of management. For SCS's future teams to achieve their full potential, they must receive the training needed to allow them to perform their tasks effectively.

The challenge of converting to team-based work

The potential effectiveness of the team-based work design is clear. It is equally clear that making such a team work effectively can be a challenging task for sport managers. In Chapter 10, we will discuss in detail the natural human resistance to change. As with any work redesign, the move to team-based work may represent a significant change in the way people are asked to perform their daily tasks. As a result, not everyone makes this sort of change willingly. This can be especially problematic in the agency business, where individual risk and personal effort are what gets most agents to the top of their firms. And it is also likely that many agents share similar skill sets and personality types, therefore composing teams of members with complementary skills and a commitment to a common approach more problematic. In the case of SCS, Matt Sosnick asked Paul Cobbe to join him in large part because they trusted each other and because Paul brought different skills and approaches to the business (Crasnick, 2005).

One strategy for reducing resistance to team-based work is training. If people feel they possess the skills to be successful in a new team environment, they are more likely to follow through on the transition to teams. On the other hand, it is important to realize that even with training, some workers will be unable to make the transition. Even with an effective campaign of worker education and training, a period will likely be required for any sport organization to allow less willing employees to leave and to recruit new workers who are more comfortable with the demands of working in teams.

It is also important to realize that individual workers are not the only source of resistance to work team design. The large firms such as SFX, IMG, and Octagon, designed around highly managed departments of experts, can have great difficulty learning how to function as self-managing teams. Issues of chain of command (who reports to whom) and channels of information (who tells what to whom) take time to refine. These agency firms, like many individuals, often require training and education to work effectively through teams.

Teamwork: The bottom line

As Katzenbach and Smith (1999) summarize it, "Focusing on performance—not chemistry or togetherness or good communications or good feelings—shapes a team more than anything else" (p. 61). Once again, the goal is not to play as a team, but to achieve the team's goal. To this end, teams enhance the speed of work processes in all sport organizations; they have the potential to increase quality and productivity. Where workers are motivated by growth needs, teamwork can increase job satisfaction. However, the barriers to effective teamwork are also apparent. They include the natural human resistance to major change, the inherent difficulty of organizations in learning to operate in new ways, and the need for work teams to develop the skills necessary to manage themselves effectively. It is the task of sport managers to have the patience and commitment necessary to meet these challenges to improve overall organizational performance.

Epilogue

Former agent Jeff Moorad (now general manager for the Arizona Diamondbacks), who negotiated slugger Manny Ramirez's 10-year, $160-million deal with the Boston Red Sox in 2000, had this to say about sport agency, "It's not a profession for nice guys" (Crasnick, 2005, p. 150). Herein lies the challenge for SCS: Can they be ethical and still do business in a cutthroat industry? In a moment of honesty, even Dontrelle Willis wonders about Matt Sosnick's killer instinct. As a kid from the streets of Alameda, California, he knows his agent needs a mean streak when things get tough. "I was worried because Matt's such a nice, sweet guy," said Willis. "I was like, when everything comes down, is he going to fight or hit the fence? You always want people in your corner to be good people and kind-hearted, but if someone throws a beer bottle at you, you want your group to be ready to mount up. Sometimes there's no time to be rational. Sometimes you just have to get it done." When Willis and Sosnick sat down to discuss his upcoming salary arbitration hearing with the Marlins, Sosnick makes clear his approach. "I want to be known as a good guy and so does he," Matt says. "I also want him to get a ton of money. I mean, we're talking about one of my best friends, and this really sets up his family. But it's also the deal that I'll be evaluated on by all the other players and the draft picks who are going to consider going with me or leaving me. This deal right here is going to be paramount to my business." After the meeting, Willis is assured of Sosnick's approach: "He has times when he's good, and he had times when he wants to kill everybody, and that's cool. I respect that. It fires me up when I see that" (Crasnick, 2005, pp. 290–291). So even after all these years, Sosnick is still selling himself to his oldest, most trusted client.

Summary

The organizing responsibility for sport agency firm managers is to implement the company's strategic direction effectively. The design of a sport agency's structure is a critical factor in how effectively it will achieve its strategic goals and satisfy its various clients.

Edgar Schein (1985) has suggested four elements that must be present for the design of an organization to be effective: common goals, division of work, coordination of effort, and authority structure. The careful development of each of these elements is essential for the organization to function effectively.

A number of models for designing organizations have emerged since the late nineteenth century. Each of these models is bureaucratic in the sense that each is designed around rules, plans, and policies to ensure efficiency and objectivity in decision making. The functional, divisional, and conglomerate models are all bureaucratic, and each has specific advantages.

As the rate of change has accelerated in sport agencies, firm managers have been challenged to develop organizational designs that are faster to respond and more flexible than the traditional bureaucratic models. Firm structures based primarily on plans and policies can be slow to adapt to rapidly developing threats and opportunities in the environment. Matrix and network structures have emerged to give sport agency organizations greater flexibility for adapting to the realities of changing environments.

It is highly unlikely that the bureaucratic organizational structure will ever disappear. Within every sport organization, there are difficult tensions. On the one hand, there is the need for the kind of rules and clear authority structure that bureaucracy provides. On the other, there is the need for speed and flexibility. It is management's responsibility to recognize both these needs and to exercise creativity and judgment in structuring the organization for optimum performance and for effective response to change.

The growing emphasis on teamwork in sport organizations has meant an increasing need for sport managers to understand the conditions for effective teamwork. Research has shown that complementary skills, a commonly shared purpose, specific performance goals, a commonality in the approach to work, and a sense of mutual responsibility are essential for team-based efforts to be successful. Once teams are formed, it is also necessary for them to progress through the stages of forming, storming, norming, and performing to achieve optimum results.

Management exercise

Driving Ms. Barrett

Unless noted, information in this section is from Hoffer (2006).

Many believe the life of a professional athlete is glamorous, full of adulation from fans, and extravagant, paid for by endorsements and fat contracts. How great it must be, we think, to do something you love and get paid for it. Hell, we think, we would do it for nothing. Well, if you were good enough to play any sport professionally, you should expect to get paid for it. You would be one of the tops in your chosen field, so why should you not be compensated? And if Tiger Woods (an IMG client) can earn nearly a hundred million a year, does he not deserve it? There are no guaranteed contracts in golf, so anything Woods gets he has to earn on the course (and to keep his endorsement deals). Golfers also have to cover their own expenses as they work their way across the world playing tournaments—no team-chartered jets and equipment guys taking care of their luggage. Golfers also have to take care of their caddies. One golf agent describes the world of golf this way:

> Golf is unique. There are no guaranteed contracts, there's no draft. If you're out there on the PGA Tour, it's because you earned it. You didn't come out of high school drafted by the NBA and get a guaranteed fat contract regardless of how you play. If you go out there (in golf) and have a bad year, you're probably not going to be out there the following year. The professional golfer has to pay for his taxi to the airport. He has to pay for his flight to California to play at Pebble Beach. He has to pay for his hotel, pay for his caddie. I would estimate the cost of a single guy traveling on the PGA Tour for a full season would be close to $100,000.

PGA Tour average earner Dudley Hart put it this way when asked why he did not stay at the pricey Four Seasons like some others professionals during a tour stop in Dallas: "Five hundred dollars a night there, one hundred dollars a night (at the Marriott). No problem for me deciding where to stay" (p. 59).

And, oh, by the way, then players have to go out and actually play well enough to earn their money. Said one agent,

> If you have a couple of million dollars in endorsements waiting for you, there's pressure to show that you're earning those endorsements, but that's a little bit different pressure than knowing that if you don't make the cut this week, you might not be able to afford taking a flight out to your next week's event. That's the harsh reality of golf: you're not getting paid unless you're earning it.

But below the high-earners such as Tiger, Phil, and Annika Sorentam toil the vast majority of golfers. Consider the case of Tina Barrett, an average earner on the LPGA Tour. Barrett ranked 48th on the tour money list in 2005, with winnings of $253,484. In her rookie year of 1989, she won a tournament (a paycheck of $22,500), giving her a five-year exemption to stay on the tour. This allowed Barrett to play through some subsequent struggles until she took home a career high of $410,973 in 1999, which placed her 19th on the tour money list. That 1989 victory is still Barrett's only tournament win, although she has finished in the top 10 in tour events 56 times, but it has been good enough for her to earn nearly $3.2 million during her career.

So Tina, like the majority of the players on the golf and tennis tours, must earn her living every time she goes out. There is nothing guaranteed. In an effort to help her capitalize on the final years of her professional golf career, Tina is looking to earn as much as she can from outside income in the way of endorsements and sponsorship. She has been working on her own to secure these revenue streams, but is thinking about hiring an agent for those duties instead. That is where you come in.

1. Tina has asked you to advise her on her choice of representation. She is considering industry leader IMG, along with Creative Artists Agency and SCS, both of which are making initial forays into golf and tennis representation. Explain to her Schein's four elements of an effective organization and how each of these three choices might exhibit them.
2. Explain to Tina how the bureaucratic structure of these firms will protect her from the abuses similar to those experienced by Tank Black's clients.
3. Explain to Tina how these firms exemplify functional, divisional, and conglomerate structures and why it is important for her to understand these distinctions.
4. Outline for Tina the component elements of effective teams and which firm is most likely to possess the elements outlined by Katzenbach and Smith.
5. Finally, using all this information, along with the concept of structure, follows strategy; explain which of the three choices would be best for Tina in terms of selling her to prospective sponsors and endorsees.

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8

Motivation and leadership and professional league sport

Introduction

This chapter focuses on the indispensable role of leadership and the function of performance motivation within the rubric of professional league sport. The chapter reviews the evolution of leadership theory and the increasing importance of more recent leadership forms, as well as the critical act of motivating personnel to make these organizations as successful as possible within the framework of a highly competitive and unique business environment. Communication, perhaps the most essential component for effective leadership, is also discussed, along with the dynamic of leadership in the team context.

Check the stats

Purpose: To provide packaged events to spectators at a venue or via the mass media (Mullin, Hardy, & Sutton, 2000).

Stakeholders: Players, agents, player unions, coaches, individual franchise management personnel, individual franchise employees, franchise owners, league management personnel, league employees, broadcast networks, franchise and league sponsors, franchise and league advertisers, sport broadcast, print and online media, fans.

Size and Scope: In 1999, Daniel M. Snyder purchased the Washington Redskins NFL franchise, the team's 80,116-seat stadium (now named FedEx Field for a naming rights fee of $205 million for 27 years), and the team's Ashburn, Virginia, practice facility for $800 million, a record for the purchase of an existing professional league franchise. Snyder, who previously owned Snyder Communications, borrowed $350 million for the purchase. The franchise is now valued at $1.264 billion (Gruen, 2001; Nethery, 2006a). In 2005, NFL revenues were $5.7 billion, MLB's were $4.1 billion, the NBA generated $3 billion, and NHL teams averaged $51.4 million. On average, NFL franchises are worth $819 million, compared with $332 million for MLB franchises (Greenfeld, 2006).

Governance: The league system has centralized considerable management power at the league level rather than with individual franchises. Rules to be followed by franchise owners, which were created to support this centralization, included playing a regular schedule solely against other league clubs, which led to a league championship, setting a uniform admission process, and promising not to poach players from other league teams (Leifer, 1995; Seymour, 1960). The power to uphold these rules would eventually evolve to the commissioner.

The current commissioner system emerged from a model initiated by professional baseball in response to the 1919 Black Sox scandal. Eight players for the Chicago White Sox were accused of throwing games in that year's World Series against the Cincinnati Reds. MLB owners, in an effort to deal with the fallout from the accusations, hired former federal judge Kenesaw Mountain Landis as its commissioner, dismantling the former three-person governance model. Landis took the job only after receiving assurance that he would have the exclusive authority to act in any way he saw fit in the best interests of the game. Landis responded to the Black Sox scandal by banning all eight players from organized baseball for life (Pietrusza, 1998).

Although current commissioners do not wield the absolute power held by Landis, they do possess discretionary powers in the following areas: (1) approval of player contracts; (2) resolution of disputes between players and clubs; (3) resolution of disputes between clubs; (4) resolution of disputes between player or club and league; (5) disciplinary matters involving players, clubs, front office personnel, and owners; and (6) rule-making authority (Yasser, McCurdy & Gopelrud, 1997).

More recently, commissioners have gained responsibilities in other areas, especially in marketing and revenue generation.

Inside look: America's game

In the words of author Michael MacCambridge (2004), "In the second half of the twentieth century in the United States, professional football's popularity as a spectator sport grew to eclipse that of Major League Baseball," and has become "one of the few solid pieces of common ground left on the increasingly balkanized map of American popular culture." It was during the 1960s when the percentage of Americans who identified professional football as their favorite sport nearly doubled, and by the early 1970s, the NFL's Super Bowl gained national holiday status. MacCambridge cites various reasons given by many to explain this shift: That football was better on TV than baseball; that football reflected more accurately American culture and its infatuation with power, passion, technology, and teamwork. MacCambridge acknowledges the influence of these factors, but credits Commissioner Alvin "Pete" Rozelle for engineering the game's transformation from what a former NFL player described as "a localized sport based on gate receipts and played by oversized coal miners and West Texas psychopaths to a national sport based on television ratings." This occurred in large part because, according to MacCambridge, "(Rozelle's) mastery in tailoring the NFL's image for a broad middle-class audience helped make the game more appealing both in person and on television. In short, Rozelle sold sports as they'd never been sold before—as a sophisticated passion, rather than a trivial juvenile pursuit," while articulating a vision of competitive balance in terms of revenues, competition, collaboration, and corporate outreach (pp. xiv, xvi, xix).

Rozelle promoted this concept, defined by Helyar (1994) as "league-think," to NFL owners, emphasizing that the pooling and sharing of revenues would make for a better overall product because all teams could share equally in the league's success. As a result of all teams in the NFL sharing equally in the league's revenues, the fans of the Green Bay Packers, for example, know they have a realistic chance to reach the Super Bowl in any given year. Yet, those same fans who cheer for the Milwaukee Brewers are virtually certain that, because of the lack of revenue sharing in MLB and the huge disparity in local revenues between franchises, although the Brewers began playing state-of-the-art Miller Park in 2001, their team will struggle just to reach .500.

For all of these factors, the NFL is the country's, and in the opinions of some, the world's, preeminent professional sport league. With all cultural factors aside, in organizational terms, Rozelle, his predecessor Bert Bell, and his successor Paul Tagliabue, created a high-performance environment in which all the league's factions—the owners, coaches, and players of each individual franchise—were motivated to perform at levels that allowed them to succeed personally while allowing simultaneously their teams and the league to prosper. Creating this kind of workforce has become an essential management responsibility. However, the task is neither simple nor easy. According to Detroit Lions owner William Clay Ford, "You've got 32 owners who are very independent. It's a tough group to manage because most of these people are used to speaking and not listening" (Greenfeld, 2006, p. 63). As a result, even the most carefully developed strategies and structure are not enough to make an organization like the NFL competitive unless its people are highly motivated to perform. This chapter will examine performance motivation and leadership at both league and franchise levels of professional league sport to understand its critical organizational impact.

Understanding performance motivation

For several decades, scientists, researchers, and theorists, primarily in the fields of psychology and organizational behavior, have worked to develop a clearer understanding of the factors that influence and shape individual and group performance. The combination of these factors is called *performance motivation*. The results of these efforts strongly support the view that human performance reflects a highly complex set of dynamics, involving people's needs and goals, their skills and abilities, and the demands and challenges of the task itself.

In this section, we consider four different models or theories of performance motivation. Although each of these theories differs in emphasis, each makes an important contribution to our understanding of how to improve human performance in pursuit of the organization's goals.

Goal theory

As we discussed in Chapter 4, the power of goals is to enhance organizational performance. Effectively defined goals are no less important for individual and team performance. SMART goals provide direction, the basis for decisions on where to invest energy and effort and the basis for feedback. Each is a key element in performance motivation.

On the playing field or in the arena, specific goals are a natural part of the environment. Competitive or recreational sports almost always include a goal or target outcome. Throughout the chapter, we will look at examples from not only the NFL league level but also from one specific franchise—the Baltimore Ravens. Noted author and journalist John Feinstein spent the entire 2004 season inside the Ravens organization, not because he was a fan of the team, but because he was fascinated by the leagues aura and its ability "to do things that no other professional league can do … the league has become a cultural monolith" (2005). One example is its clout with its TV network broadcasting partners. In 2003, ESPN ran *Playmakers*, a dramatized series that was pulling in strong ratings for the network by depicting the seamier aspects of the off-field lives of professional football players. Commissioner Paul Tagliabue was less than enthused over the show's content, claiming the show contained "the worst racial stereotyping I have ever seen" and reportedly threatened ESPN (itself a monstrously powerful entity) that it would take its Sunday night games away when the contract ended if the show continued. ESPN cancelled the show after one season. The irony of this, according to Feinstein, is that given the cost of the rights fees, networks do not make money on NFL broadcasts. "They don't care," he writes, "they just want to have the NFL on the air" (Feinstein, 2005, pp. 5, 7, 13; Greenfeld, 2006, p. 62).

The Ravens are not the typical NFL franchise. The team moved to Baltimore from Cleveland in 1996, causing great anguish among the fans of the Browns (as the Ravens were formerly known), so much so that the NFL placed a new team, also known as the Browns, back in Cleveland several years later. The city of Baltimore had also lost an NFL team in 1982, when the Colts packed up several moving trucks in the middle of a winter night and took off for Indianapolis. The Ravens won the 2001 Super Bowl under the leadership of head coach Brian Billick, team president Dick Cass, and general manager Ozzie Newsome (a Hall-of-Fame tight end with the Browns), and have had to deal with organizational challenges such as the murder charges and subsequent suspension of star linebacker Ray Lewis in 2002, and the drug-trafficking charges and suspension levied against running back Jamal Lewis (no relation). As Ravens owner Steve Bisciotti put it, "If you have 53 young rich guys, they're going to make mistakes" (Feinstein, 2005, p. 11).

Given these factors, the Ravens and every other NFL team must face challenges that can be addressed through goal theory. For the Ravens in June 2004, Brian Billick stated in a meeting with the entire team that they had a two- to three-year window in which to win another Super Bowl goal: "In this room, we have the talent, the experience, and the understanding of what it takes to win to get to the Super Bowl and to win it. We can do it this year, we can do it next year, and perhaps the year after, the way we're structured. We've built to this the last two years. We're ready for it" (Feinstein, 2005, p. 15). This is a goal that is specific, meaningful, and challenging, to say the least. From that point on, through spring workouts and summer training camp, Billick's task would be to create a climate in which the players believed the goal could be achieved and that it was realistic enough for the players to accept the goal fully and to put forth all the work and effort that winning the Super Bowl would require. The message from goal theory is that to enhance motivation, managers must establish goals that engage and challenge their people to achieve the levels of performance needed for the organization to compete and succeed.

Reinforcement theory

A second lens through which to bring performance motivation into focus is reinforcement theory: All behavior is shaped by the consequences of that behavior. Consequences are what happen as a result of that behavior. B. F. Skinner (1953, 1972), perhaps the most prominent reinforcement theorist, describes the four types of consequences, what happens after people perform, shown in Fig. 8.1.

For the members of the 2004 Ravens, the positive reinforcers were obvious: The reward of celebrating a Super Bowl win and holding aloft the Lombardi Trophy on the field, as well as the potential for increased financial payoffs in terms of endorsement deals, salary and bonuses, either with the Ravens or with another team looking to bid for the services of a proven Super Bowl champ.

Negative reinforcement, which includes the avoidance of negative consequence, is also a powerful force. Because there are no guaranteed contracts in the NFL (unlike in other professional league sports), any Raven could be terminated with only his signing bonus payment assured. According to Feinstein (2005), the job of an NFL player is the least secure in all professional sport. Players know they can be cut based on performance or because they make too much based on the team's salary cap. At that same meeting in June, Billick told his players, "We want you all back. But we know that won't happen. We all know the realities of this business. We talk about them all the time.… Some of you have to make decisions about whether you want to come back.… Think about that in the off-season." Players know that NFL can also mean "not for long," so to avoid the end of their career, they are constantly working to stay sharp. Once such Ravens player is safety Will Demps, who made the team in 2002 as an undrafted free agent, after walking on at San Diego State, having received not a single Division I grant-in-aid offer. "I'm the guy who they al-

<u>Consequences that strengthen behavior</u>
Positive Reinforcement = Behavior + Positive Consequence
Negative Reinforcement = Behavior + Avoidance of Negative Consequence

<u>Consequences that weaken behavior</u>
Punishment = Behavior + Negative Consequence
Extinction = Behavior + No Consequence

Figure 8.1 Types of consequences in reinforcement theory.

ways think they can replace every year, says Demps. "They're always going to think they can bring in someone better than me. All I know is, I'm still here" (Feinstein, 2005, pp. 19, 109).

Punishment, when behavior results in negative consequence, is also a common part of the NFL. Any player who does not perform is benched. Before the 2003 season, the Ravens drafted quarterback Kyle Boller out of the University of California-Berkeley, but intended to let veteran Chris Redman start the season and let Boller ease into the position over time. But Boller progressed quickly and outperformed Redman in preseason, so Billick named Boller as the starting quarterback for the season opener. The NFL also instituted punishment onto the Ravens when they fined linebacker Ray Lewis $250,000 when he was found guilty of obstruction of justice connected to two murders in Atlanta in 2002, which police believed was committed by two of Lewis's friends (the two were later acquitted). Lewis had also been charged with committing the crimes and spent 15 days in jail. The NFL also levied a four-game suspension on running back Jamal Lewis after he tested positive for (and admitted to) marijuana use a second time in 2001. After that point, a player can be tested up to ten times a month, year-round, and Lewis had remained clean. But the league came down again on Lewis in 2005 after it was learned that Lewis fell afoul of an FBI sting operation when he arranged for a female acquaintance to buy drugs from friends. After Lewis plead guilty with the agreement he could serve his jail time in the off-season, the league, concerned about the public perceptions of their players, suspended him for two games in 2004, although the incident had occurred before he had even signed his Ravens rookie contract. "I did smoke some marijuana when I was younger," said Lewis. "But I've been clean for a while now and I've never done hard drugs and never once sold drugs.… I made a mistake. No one can say I'm not paying the price" (Feinstein, 2005, p. 268).

The final aspect of reinforcement theory is extinction, when no reinforcement, neither positive nor negative, is forthcoming after performance. Skinner predicts that without reinforcement, organization members will not maintain high levels of performance. After entering the 2005 season with aspirations for winning the Super Bowl, the Ravens finished 8–8. In his end-of-season press conference, Billick admitted that the team had set a lofty goal, perhaps too lofty, but that the team had fallen short nonetheless. As a result, Billick fired two coaches, offensive coordinator Matt Cavanaugh (who had been under fire from the media and fans all year because of the team's low point outputs) and offensive line coach Jim Colletto. "Some days this business isn't very fair," said Colletto as he cleaned out his desk (Feinstein, 2005, p. 482). But to Billick, if no punishment or negative reinforcement had been forthcoming, he had little reason to believe that the team's poorer-than-expected performance would be extinguished in 2006.

The message from reinforcement theory for sport managers is that to build high levels of performance motivation, positive performance must be shaped by a carefully selected set of consequences that reinforce and strengthen that performance.

Needs theory

A third perspective on performance motivation is provided by needs theory, which suggests that all human behavior, including behavior in organizations, is an effort to satisfy the individual's needs. In other words, people work and perform at a level that will allow them to satisfy their needs. Some of the most important contributions to our understanding of human needs have come from psychologist Abraham Maslow (1970), who concluded that most of our needs can be grouped into five categories and arranged in levels, as shown in Fig. 8.2.

Self actualization: The need for the feeling or sense that you are achieving your full potential as a human being.

Esteem: The need for the sense of respect first from others and then self-respect.

Social: The need for the sense of belongingness and acceptance by others.

Security: The need for those things that will allow us to feel physically and psychologically safe.

Physiological: The need for those things that will keep us alive and functioning physiologically.

Figure 8.2 Maslow's hierarchy of needs.

Maslow suggested a number of interesting elements about human needs. He began with the assumption that, in any given situation, human behavior or performance tends to reflect the particular need level of an individual in a particular situation. For example, Maslow states that different individuals in exactly similar situations might behave or perform in totally different ways depending on their needs at the time. Someone at the esteem-needs level, for example, might work extremely hard to receive recognition. Someone at the social-needs level might only work hard enough to be accepted by the group in which he or she is working. And someone at the security-needs level might purposely perform only well enough to keep his or her job and seek to avoid any attention at all.

The message from needs theory is that managers must recognize and understand the need levels of employees and create opportunities for them to pursue the satisfaction of these needs through what they do. An NFL franchise such as the Ravens provides an excellent illustration of Maslow's hierarchy of needs in action. At the final meeting before the first practice of preseason training camp, Billick described player motivation in strict physiological and security terms (Feinstein, 2005):

> You rookies, you want to make this team, draw an NFL salary. Special teams guys and backups, you want a chance to start. Starters, you want to get to the Pro Bowl level, get that big contract that sets you up forever. Pro Bowlers, you want to be All-Pro, take that next step toward the Hall of Fame. Hall of Famers, you want one more big contract. Position coaches, you want to be coordinators. Coordinators, you want to be a head coach. So, all of you have something to play for, something to reach for, something to work for. It starts tomorrow [pp. 138–139].

The members of the team would be operating at the social-needs level if they were satisfied simply with being accepted as a member of the Ravens. However, as noted earlier, the life of an NFL player is an unstable and unpredictable one, with the possibility that a career could be cut short in an instant because of an injury or a management decision. As a result, to ensure that these individuals bond into a highly cohesive group concerned with each other at both personal and performing levels is a particularly steep demand for Brian Billick and his staff.

The 2005 Ravens' performance suggests the members may not have been motivated sufficiently by esteem and self-actualization needs, but it was not for a lack of an effort to instill these factors by the staff or by star linebacker Ray

Lewis. Before the Ravens' final preseason game, at home against the Detroit Lions, Lewis took on the motivator's role. The pregame scene:

> The starters were treating this like a real game, the younger players like a final exam. If there was any doubt that the game was to be treated like the real thing, it was erased when almost as soon as Ray Lewis walked into the locker room.… Lewis's eyes radiate intensity from the minute he enters the locker room until the game is over. He almost always keeps up a running commentary that is alternatively funny and insightful, if not always logical.… "We need to show (Lions running back) Kevin Jones what the NFL is about! I hope he doesn't think this is a preseason game, because it's not. It's personal. It's football; that means it's personal!"

Later on in the season, before their home game with the Pittsburgh Steelers, Lewis implored his teammates, "This opportunity only comes around once in a lifetime, fellas! Once in a lifetime!" Lewis was not the only Raven to expand on this point, as teammate Harold Morrow added, "Fellas, you've got to realize that we are God's Chosen Few! Only a few get the chance to do this. We need to bring passion to every play today!" It is also Lewis who electrifies the home crowd during pregame lineup announcements when he screams, gestures, and does his infamous dance. Although teammate Todd Heap joked that Lewis "may be the only guy I know who can get intense talking about cereal," Lewis's approach is clearly based in needs theory. In terms of esteem, Lewis portrays the Ravens efforts in terms of respect—the respect they will get only if they do their jobs and defeat the Lions. In terms of self-actualization, this means the Ravens were driven by an intense desire to achieve all they were capable of as players. As one Raven put it as the team was ready to take the field, "You come out of that tunnel, you feel like you're a god" (Feinstein, pp. 188, 190, 260–261). To feel as if one were a god is probably as self-actualized as a human being can be. From a needs theory perspective, the intensity of these upper-level needs can help determine the level of performance achieved by a team.

Expectancy theory

Developed by Victor Vroom (1964), expectancy theory suggests that the level of effort an individual puts into a task depends on three factors:

1. The strength of the individual's expectation that he or she is able to perform at a level that will result in success. According to Vroom, the more positive the expectation, the greater the likely effort.

2. The strength of the individual's expectation that success will result in reward. Some rewards are extrinsic (e.g., money, recognition, a promotion); others are intrinsic (e.g., learning new skills, sense of personal satisfaction). However, for motivation to be positive, the expectation must be positive that success on a task will result in reward.
3. The valence of the reward, or how much the reward for success is valued by the individual. Just having a reward is not enough. For motivation to be positive, the reward for success must be something valued by the individual.

According to expectancy theory, each of these conditions must be met to ensure a high level of performance motivation. In the case of the 2004 Ravens, the question was the extent to which the members of the team valued the reward of winning the Super Bowl. The reward included the personal satisfaction of winning, the recognition and respect that comes with that kind of achievement, and the professional and financial opportunities that accompany being a member of a world championship team.

There can also be no question that the members of the Ravens knew that if they were successful with their task, they would be assured of receiving these rewards. The only uncertainty in this equation was whether their best level of effort would, in fact, result in success. And it is this expectation that the Ravens' coaching staff was challenged to establish and strengthen. But there are countless variables that determine the outcomes of games in the NFL, many of which are outside the direct control of players and coaches. No coach can absolutely guarantee success. In their game at home against Cleveland, the Ravens trailed 13–12 midway through the fourth quarter when, after Jamal Lewis scored the go-ahead touchdown and a successful two-point conversion put Baltimore up seven, Ravens' offensive lineman, Orlando Brown, received a personal foul penalty, a problem that dogged the Ravens all season. The penalty would mean the Ravens would kick off from deep in their own territory, giving Cleveland good field position for a potential game-tying drive. Billick confronted Brown, "When are you going to learn to keep your poise?" Brown, a 6′7″, 300-pounder, who is usually great to be around, but becomes scary when he loses his temper, responded angrily and tried to defend his action. Billick snapped, "I don't want to hear it now. You can't do that kind of stuff. You just can't." "Fine then," sulked Brown, "I just won't play if you feel that way" (Feinstein, 2005, p. 350).

The question here, in terms of expectancy theory, is how should Billick respond to Brown. Was he demanding too much of Brown in asking him to play penalty-free? No, but the heat of the moment got to Brown, who was playing injured and taking painkillers because of an arthritic knee. Billick knew this and knew that Brown had lost it before when confronted by offensive line coach Colletto. So he needed to give his angry and injured player direction and feedback to bring him back to the point where he could help the 4–3 Ravens hold on for the win. Billick followed Brown back to the bench, "Listen to me, you can't quit on us now. You can't let them play you for a chump. Get yourself calmed down" (Feinstein, 2005, p. 350). The lesson from expectancy theory for Billick was the importance of creating strong links between success and rewards that people value and of creating the strongest possible expectations that high levels of effort will lead to performance. In the case of Orlando Brown, that meant communicating that his personal performance was critical in ensuring the team's success. The Ravens went on to score again and won, 27–13.

Theory into practice: creating a high-performance work environment

The true value of performance motivation theories is that, taken together, they provide clear direction on how to structure the work environment for high levels of performance. Four key factors—goals, training, incentives, and involving employees—help support performance motivation to contribute to the achievement of organizational success.

Engaging and challenging goals

High levels of performance motivation clearly begin with a set of fully developed goals and standards that define exactly the performance target. These goals and standards provide the basis for focus, challenge, and feedback, all essential for high performance. As stated previously, the goal for the Ravens was to win the Super Bowl, which was unquestionably a challenge and one that would only be met if all organizational members found it sufficiently engaging.

Training

High levels of performance motivation also require high levels of skill. Expectancy theory makes clear that workers must be confident that the skills they possess will allow them to achieve the performance goals. Training is the critical means for ensuring that people have the skills they need to meet the performance challenge. As we show in Chapter 9, training—effectively provided and continuously updated—is essential for ensuring the levels of confidence and competence necessary for high levels of performance motivation.

Training is a significant part of life in the NFL, and it began in earnest for the Ravens in late July. A typical day at the team's training camp in Westminster, Maryland, meant breakfast at 7 a.m., followed by morning meetings (to review the plans for the day's practices), medical preparations, then the morning practice. After lunch and a rest period came more meetings (reviewing the morning's practice) and a second practice, then dinner and an evening meeting (for additional review). While the players were resting, the coaches were busy going over practice videotape and assessing player performance. After the first day's morning session, Billick was pleased with the team's performance, until the last 15 minutes, when players started missing tackles and dropping passes. When the team gathered at midfield at the end of the session, Billick saw an opportunity: "Fifteen minutes ago I was ready to kiss your ass. Then you started dropping balls and making mental errors at the end. That's no good. You can't afford to play well for an entire game or practice and piss down your leg at the end. Don't think you can't get cut, you can. So let's come out here this afternoon and be sharp the *whole* practice." Billick also liked to quote Washington Redskins head coach Joe Gibbs, who worked toward establishing a need for "every practice to matter to every single person on the field from the first snap to the last" (Feinstein, 2005, pp. 140, 166). The message here is that training, the type that is correct and focused, will contribute to organizational success.

Performance incentives: creating a stake in achieving success

A third key element in creating a high-performance environment is rewards, also known as incentives. Both expectancy and reinforcement theories emphasize creating a clear link between high levels of performance and incentives or rewards for achieving performance goals. Needs theory helps the manager understand the needs level of her or his people and also helps determine the types of incentives that will be most valued. Thus, a third key element in creating a high-performance work environment is a clear link between achieving performance goals and the assurance of highly valued rewards for pursuing and achieving those goals.

In the case of an NFL team, the efforts of stars such as Ray Lewis, and the gaudy contracts and endorsements they garner, are well documented. But to ensure that a team achieves its goals of winning a Super Bowl, it needs contributions from all 53 players on the roster. For the 2005 Ravens, this meant relying on players like B. J. Sams, a 5′10″, 185-pound, receiver–kick returner from McNeese State University in Lake Charles, Louisiana. Sams, the youngest of 26, had good speed (a 40 time of 4.41) and was sure-handed, but went undrafted and was signed as a free agent, but with no bonus. During training camp, he had no car and was making $460 a week, hoping he would make the final cut and sign contract for the rookie minimum ($235,000 in 2004). Sams looked good enough in camp to get a chance in the Ravens' first preseason game, but broke a bone in his hand in a scrimmage and could not play, which put his future with the team in doubt. But in the team's final preseason game, Sams went back for the first time to field a punt, caught it at the Ravens' 11 yard line, made two cuts, found a seam, and, after burning by two defenders, went in for the 89-yard touchdown. Although the play was called back because of a penalty, the Ravens mobbed Sams along the sideline. Punter Matt Stover shook Sams' hand and said, "Congratulations, kid, you just made the team." "I hope you're right," said Sams. "Oh, I'm right," Stover replied, "You're on the team." Sams made the cut and was the team's kickoff and punt returner throughout the season, and when the coaching staff evaluated the team at the end of the season, Sams was looked to as the starter going into 2005 (Feinstein, 2005, p. 191).

Involving employees: sharing responsibility for performance

A fourth key element is directly involving employees in problem solving and decision making. This strategy of employee involvement has most recently been called *employee empowerment* (Conger & Kanungo, 1988; Manz, 1992). Even the most effective goal and incentive systems are almost always part of an overall management effort to more fully involve people in the responsibility for their own performance.

In the case of the Baltimore Ravens, the specialized nature of the sport means that coaches spend hours reviewing videotape and preparing game plans for each new opponent. At the beginning of the 2004 season, offensive coordinator Matt Cavanaugh and staff would put together the team's game plan for the week and then introduce it to quarterback Kyle Boller and the offense, and Cavanaugh would have the responsibility to call the offense's plays during the games. But Boller had not been performing well, and the offense was struggling to score points. During a conversation with Jim Fassel, his position coach, Boller said, "I just wish Matt would call more of the plays I'm really good at." Fassel encouraged Boller to speak with Cavanaugh before the game plan was finalized. "Tell him the plays you want called. If I go in there and do it," said Fassel, "that accomplishes nothing. But if you go in and tell him this is what's best for you, he'll do it. I guarantee it. The job of the coordinator is to let his quarterback lead, and one of the ways to do that is to make the calls he feels confident about." To meet this goal, Cavanaugh had already started delegating the running of the pregame video meeting to Boller. "The guys don't need to hear my voice, they need to hear his," said Cavanaugh. "That's smart coaching," said Fassel, himself a former head coach with the New York Giants. The effort worked in terms of building confidence for Boller. "If we run the stuff we talked about, it'll be great," said Boller. "The more input I get from Kyle, the better," said Cavanaugh. "Eventually, he needs to feel as if this is his offense. If he doesn't walk into the huddle feeling like it's his offense, it won't be and he won't be successful" (Feinstein, 2005, pp. 359–361).

Empowerment strategies are certainly consistent with needs theory. More specifically, sharing responsibility for performance responds directly to people's esteem and self-actualization needs. Empowerment represents a significant form of recognition of employees' judgment and skills, as well as an opportunity for employees to test and develop their own potential. This combination of recognition and opportunity for development results in an enhanced level of performance motivation.

The leadership factor

Leadership has emerged as one of the most critical ingredients for success in all organizations, not just in sport organizations. All organizations are in a seemingly never-ending quest to define leadership and seek those with the abilities to lead effectively. A quick check of the business and management sections in any local bookstore will reveal dozens of titles devoted to the study of leadership in organizations. In one such book, *Leaders* by Warren Bennis and Burt Nanus (1985), the authors emphasize the crucial importance of leadership: "A business short on capital can borrow money, and one with a poor location can move. But a business short of leadership has little chance of survival" (p. 20).

Think about this: Are the definitions for the terms *manager* and *leader* interchangeable? Do we expect managers to be leaders? Most of us probably do. However, management scholar John Kotter (1998) identifies an important distinction:

> Management is about coping with complexity. Its practices and procedures are largely a response to the emergence of large complex organizations in the 20th century. Leadership, by contrast, is about coping with change. Part of the reason (leadership) has become so important in recent years is that the business world has become more competitive and more volatile. More change always demands more leadership [pp. 37–38].

Because of this element of change, leadership is a crucial component for every kind of sport organization. Leadership in organizations is the process of directing and supporting others in the pursuit of the organization's mission and goals. From this perspective, leadership is as much every team member's responsibility as it is the highest level managers' and CEO's responsibility. Everyone is a potential leader, capable of contributing to the direction and support of others as he or she pursues the mission and goals of the organization.

The question for all sport organizations is how best to provide the kind of direction and support people need to be productive. The answer to the question is not a simple one. It has been evolving and ever changing as research reveals more about the leadership process, and the very nature of leadership has altered to meet the realities of the contemporary workplace. Our discussion of leadership begins with a review of some of the early research and theories, which focused on the personality and characteristics of effective leaders, and then highlights how individual leaders, namely, the commissioners, influenced the development of the NFL.

The psychology of the leader

The early research on leadership focused on the leader as a person, on the personality traits of the effective leader, on the leader's attitudes and assumptions, and on the leaders' expectations of their followers. The underlying assumption was that if research could determine the kind of person who would be an effective leader, organizations might be better able to identify and select people with the greatest leadership potential.

Leadership and personality

Initial leadership research focused on determining whether there might be specific personality traits common to effective leaders. For many years, the results from this research did not substantiate that premise, and little or no evidence supported the concept of a particular leadership personality. By the 1980s, however, expanded research identified at least five personality traits consistently associated with effective leaders (Kirkpatrick & Locke, 1991). The personalities of those considered effective as leaders might vary in other ways—whether they were shy as opposed to outgoing, for example, or reflective versus immediately reactive. But most effective leaders were found to possess many of the five traits listed in Fig. 8.3.

Recognizing the key personality characteristics of effective leaders can assist organizational efforts to identify potential leaders. It can also aid in efforts to develop leadership potential among employees who are not yet in leadership positions. An individual who possesses drive and initiative, for example, as well as the desire to lead, honesty, and integrity, might be provided specific training and assignments to improve self-confidence, which is also associated with effective leadership. In the case of the NFL, in 1960, the franchise owners were struggling over the naming of a new commissioner to replace De Benneville "Bert" Bell, who had died suddenly several months earlier. Bell, in the post since 1946, had shepherded the league through factional struggles, becoming, as described by MacCambridge (2004), a necessary force that was "an impartial arbiter to determine qualifications, league games, rules, (and) procedures." To that point, the league had been run by the owners of the more powerful teams, such as the Chicago Bears and New York Giants. Said former Pittsburgh Steelers owner Art Rooney, "The owners who had the staying power were the ones that came away with the decent schedules. The guys who snuck out to get some sleep or go night-clubbing wound up getting murdered the next season." Bell, voluble, portly, and kinetic, had been a former (although unsuccessful)

- Drive, ambition, energy, tenacity, initiative
- Desire to lead
- Honesty and integrity
- Self-confidence
- Intelligence

Figure 8.3 Personality traits of effective leaders.

head coach and owner of the Philadelphia Eagles and knew all the owners and their personalities and feuds. To Bears owner and head coach George Halas, Bell's "mission in life was football. He had a sure instinct for conducting the business of the game" (MacCambridge, 2004, pp. 38–39). Bell was one of the NFL clan, and was dedicated, hardworking, and believed strongly in the NFL. Under Bell's leadership, the NFL instituted its first player draft, which would allow weaker teams the chance to acquire talent before the stronger teams in the league, a practice commonly adopted by all professional league sports. Identification of key personality traits is an important contribution to solving the leadership puzzle, and it worked in the case of Bert Bell and the NFL. Understanding the assumptions of leaders is another such important contribution.

Leader assumptions

Management researcher Douglas McGregor (1960) studied a different aspect of the leader as a person, focusing on leaders' assumptions about which factors are most important in motivating people at work. McGregor's research suggested to him that leaders' assumptions about worker motivation tended to fall into one of two categories, which he called Theory X and Theory Y. The difference between these two sets of assumptions is shown in Fig. 8.4.

One of McGregor's concerns as he considered his research findings was that Theory X might represent an inaccurate set of assumptions about what motivates most people at their work. He felt that as the educational level of the workforce continued to rise, people would become less motivated by the security needs, which are the focus of Theory X, and more motivated by the higher level needs of acceptance, esteem, and self-actualization, which are more consistent with Theory Y.

McGregor (1960) did suggest that, in some situations, Theory X assumptions may be more appropriate than Theory Y. For example, when people are being asked to perform tasks they would otherwise reject, work is not "as natural as play." In this kind of situation, the security need may become a significantly more important source of motivation, and the leader needs to realize this. From McGregor's perspective, however, an effective leader is one who recognizes that people are looking not just for security in their work (Theory X) but also for opportunities for growth and development as well (Theory Y).

The power of expectations

Research on the leader as an individual also suggests a strong direct relationship between the leader's level of expectations and the followers' level of per-

Theory X	Theory Y
• Work is inherently distasteful to most people.	• Work is as natural as play, if the conditions are favorable.
• Most people are not ambitious, have little desire for responsibility, and prefer to be directed.	• Self-control is often indispensable in achieving organizational goals.
• Most people have little capacity for creativity in solving organizational problems.	• The capacity for creativity in solving organization problems is widely distributed in the population.
• Motivation occurs only at the physiological and safety levels.	• Motivation occurs at the social, esteem, and self-actualization levels, as well as at the physiological and safety levels.
• Most people must be closely controlled and often coerced to achieve organizational objectives.	• People can be self-directed and creative at work if properly motivated.

Figure 8.4 The difference between Theory X and Theory Y.

formance (Single, 1980). According to this research, not only must the leader's assumptions about followers be accurate, the leader's expectations as to what the followers are capable of achieving must be as positive as possible.

In studying the reasons for strong links between leader expectations and follower performance, researchers discovered that leaders with positive expectations provide their followers with significantly more direction and supervision than leaders with less positive expectations about their followers with (1) a greater degree of challenge, (2) more direction on how to complete the tasks, (3) greater feedback on how to improve performance, and (4) in general, a more positive work climate.

In other words, high-expectation leaders provide much more leadership.

This pattern of effective leaders working hard to help their people succeed is an example of a self-fulfilling prophecy. Positive examples of this pattern can be found in every type of sport organization. The leadership lesson of the self-fulfilling prophecy is this: To influence the performance of their followers positively, leaders must expect the best of them. Only a leader with high expectations is likely to provide the amount and quality of direction and support that his or her followers need to achieve the highest levels of performance.

Both Bert Bell with the All-America Football Conference (AAFC) and Pete Rozelle with the American Football League (AFL) had to deal with challenges to the league from newly formed competitor leagues. The AAFC had a roster of owners wealthier than those of the NFL, and competition for players had threatened to bankrupt both leagues in 1947 and 1948. The AAFC had been dominated by the Cleveland Browns, which hurt the overall league product, and as a result, merger talks had been ongoing quietly throughout 1948 and 1949. In December 1949, talks concluded, with three teams from the AAFC (Cleveland, the San Francisco 49ers, and the Baltimore Colts) joining the NFL. Bell had acted throughout the process as a conciliatory force between the strong personalities involved, such as Browns head coach and founder, Paul Brown. According to MacCambridge (2004), the merger did not make Bell's job easier—meetings were still contentious, and the league was not yet financially prosperous—but there was finally hope for prosperity for the league. There was finally stability and the opportunity to profit from the postwar American economic boom and the concomitant increase in leisure time most Americans were enjoying.

The NFL faced another challenge a decade later with the formation of the AFL. Much like with the AAFC challenge, teams in both leagues were facing substantial losses due to skyrocketing player-acquisition costs. The landmark event in this battle for talent occurred when, in 1964, the New York Jets outbid the then-St. Louis Cardinals and signed University of Alabama quarterback Joe Namath to a three-year deal worth $427,000 (which included a Jet-green Lincoln Continental automobile worth $7000 and the hiring of three of Namath's relatives as scouts), at the time considered to be the largest such deal in American professional league sports. The Jets coveted Namath not only for his on-field abilities, but also for his playboy image as they went on a head-to-head encounter with the Giants in the New York market. The AFL had also landed a TV broadcast deal with NBC, where the network had advanced as much as

$250,000 to some AFL teams in 1965 so that they could sign their new draft picks (MacCambridge, 2004).

The AFL's aggressiveness, which was forcing many of its own teams close to bankruptcy (San Diego Chargers head coach Sid Gillman recounted later, "It was all so costly. There were very few men who could stand the losses the owners absorbed in those years"), also led to a bitter realization by many in the NFL that some franchises were in trouble. Dallas Cowboys general manager Tex Schramm said, "I wanted to kill the AFL. But from a practical standpoint, the (NFL) had to be successful first" (MacCambridge, 2004, p. 216).

It was at this point that another merger was in the offing. There had been some initial backroom conversations as early as 1959, and, over the years, some specific parameters had evolved, including the NFL's demand that any new configuration would have to have Pete Rozelle as commissioner. Rozelle himself initially had been against a merger and had to be convinced of its merits. On behalf of the owners, Schramm told Rozelle in 1966, "We want the merger, and we want you to lead us in the merger. But if you're not going to lead us in the merger, then we're going to have to go ahead without you." After a brief moment to think over the ultimatum, Rozelle responded, "If that's what they want, let's go do it" (MacCambridge, 2004, pp. 223–224). From that point on, Rozelle worked to hammer out the details in the merger during the next few months, and the merger served to solidify the league's place as America's preeminent professional sports league.

Research on the personality of the leader, McGregor's Theory X and Theory Y, and the concept of the self-fulfilling prophecy each contribute to our understanding of leadership. Effective leaders do tend to have in common such personality characteristics as drive, intelligence, and integrity, among others, and some of these can be developed through training and experience. Effective leaders like Bell and Rozelle clearly and accurately recognize the full range of needs that motivate their followers and have the highest expectations about their followers' performance potential. The two commissioners had helped the NFL capitalize on their market opportunities by conveying to them the power of working together for their mutual benefit. Educating the league's owners to put aside some of their own short-term gains for the opportunity for much greater long-term rewards was to expect much of them, but both Bell and Rozelle were able to make it happen.

Leadership behavior

A second major focus of the research on leadership has been on the behaviors of the effective leader. In addition to studying the leader's personality, assumptions, and expectations, researchers have attempted to analyze and understand what the effective leader actually does.

In some of the initial work on leader behavior, researchers suggested that leadership could be defined as a combination of two different kinds of behavior: task behavior and relations behavior (Fleishman, Harris, & Burtt, 1955; Katz, Maccoby, & Morse, 1950). *Task behavior* is defined as leader behavior focusing on the design and completion of a specific task. It includes setting goals and establishing priorities, providing direction and instruction, and supervising and monitoring tasks to completion. In contrast, *relations behavior* focuses on satisfying the needs of the people performing the task and includes providing support and encouragement, answering questions, and problem solving with followers. A more complete comparison of task and relations behaviors is shown in Fig. 8.5.

These studies defined leadership as various combinations of these two kinds of behaviors. The different combinations of leader behaviors are often called *leadership styles*. Defining leadership in these terms was important in that research on leadership could now concentrate on identifying which combination of leader task and relations behaviors or which leadership style, resulted in the most effective leadership.

Task Behavior	Relations Behavior
• Goal setting	• Giving support
• Organizing	• Communicating
• Establishing time lines	• Facilitating interactions
• Directing	• Active listening
• Controlling	• Providing feedback

Figure 8.5 Differences between leader task and leader relations behavior.

Styles of leadership

Robert Blake and Jane Mouton (1982, 1985) created the "leadership grid" to present in graphic form the leadership styles possible from integrating task and relations behavior. They call the task behavior dimension "concern for production" and the relations behavior dimension "concern for people." Based on an extensive review of the leadership research then available, Blake and Mouton concluded that the most effective pattern or style of leadership combines high levels of concern both for people and production. They termed this high-task/high-relations behavior approach the *team management style of leadership*. According to Blake and Mouton, team management was the leadership style used in more than 60 percent of situations reported in the research.

From Blake and Mouton's (1982, 1985) leadership grid point of view, the task of management is to ensure that leaders have the skills necessary to implement the team management approach to leadership effectively. To develop these team management skills, training is the key. Individuals being prepared for leadership positions must be provided with training and work experiences that will enable then to be both high task and high relations in their leadership behavior. In the case of both Bell and Rozelle, each were challenged to manage how the NFL dealt with an emerging technology—television—and how best to manage it to benefit all league members. Training was an important factor here, because the league was trying to determine how to best handle TV essentially from scratch. In the early 1950s, TV was seen as a potential detriment to attendance, so in 1951, Bell ordered that no team could televise home games. This dictum brought a challenge from the U.S. Justice Department, which charged that the league was restraining fair trade. A 1953 court decision upheld the NFL's right to black out games, but TV was becoming the dominant media, with 25 million sets in use in 1954 (up from 172,000 just six years earlier). According to MacCambridge (2004), MLB struggled to understand how to benefit from TV, whereas the NFL, under Bell's leadership, maintained its control by blacking out home games in home team markets and telecasted all road games back to the home team's market. However, each individual team still had the right to negotiate their own individual TV deals, which, in general, is still the case in other professional leagues. Bell also wanted to make sure the broadcasts portrayed the league in a positive way, so he prohibited cameras from showing injuries or fights. Bell was also not above calling announcers and critiquing them on their work, as he did with Bob Wolff after a Colts–Redskins preseason game in 1955: "Good call, good excitement, but a couple of flaws … in the last quarter, you said a fullback was wrestled to the ground. Bob, that's another sport. We're football. Otherwise, good job." But even Bell, with his newfound experience, had a limit when it came to TV. "As long as I have anything to do with this league," he said, "home games won't be televised (locally), period" (MacCambridge, 2004, pp. 105–106).

But many experts point to the nationally televised 1958 NFL championship game as the seminal event in cementing the NFL as the nation's number one professional sports league. In that game, quarterback Johnny Unitas led the Baltimore Colts to a 23–17 "sudden-death" overtime win over the New York Giants in Yankee Stadium. The Colts had tied the game with seven seconds left after a Unitas-led drive, and as they were about the go in for the winning score, a TV cable was inadvertently unplugged and NBC's feed was lost. Forty-five million TV screens across America went black. An NBC worker, feigning the antics of a drunken fan, ran on the field and delayed the action long enough for technicians to reconnect the cable, missing only one play (MacCambridge, 2004). TV was there and made it possible for everyone, not just fans of the visiting Colts sitting on their couches back in Baltimore, to see the action.

Pete Rozelle, whose background was in public relations and had worked in that capacity for the Los Angeles Rams, had the training to understand how powerful not only TV but also other forms could be in communicating the image of the league. One such other form was the creation of NFL Films. One of Rozelle's early tasks as commissioner was to sell the filmmaking rights to the NFL championship games. Rozelle sold the rights to the 1962 game for $5000 to Ed Sabol, a retired Philadelphia coat maker who had just started a production company that had never filmed a football game. Sabol had won the bid by convincing Rozelle of his filming vision, to use multiple camera angles, zoom lenses, and slow-motion to bring the viewer as close to the action as possible. The resulting film, entitled *Pro Football's Longest Day*, not only showed the Green Bay Packers defeating the Giants on a frigid day in New York, but also highlighted the contrasts between small-town Green Bay and metropolitan Manhattan and used dramatic music and narration written by Sabol. Rozelle called it "the best football film I've ever seen" (MacCambridge, 2004, p. 183).

After filming the 1963 and 1964 title games, Sabol proposed to Rozelle that the league bring Sabol's production company in-house, to do highlight reels for each team as well as weekly highlight shows, for a one-time up-front investment of $20,000 per team. Rozelle agreed and hired Sabol at $30,000 a year. The resulting NFL Films became a vehicle, as described by MacCambridge

(2004), "to expand the prestige and profile of the league." Rozelle and the league had "found a way to set itself apart" from the other American professional leagues. "Up until the '60s, sports had been something to do, something to read about, or something to watch. With NFL Films, it became something to be experienced.… Pro football wasn't just for Sundays anymore … a movie about football could be as entertaining as the game itself" (MacCambridge, 2004, p. 185).

The work of Blake and Mouton (1982, 1985) seemed to have answered the question of which pattern of leader behavior is effective in most situations, but the challenges encountered by the NFL in mastering the new technology of TV and film raise an even more difficult question of how to determine which leader behavior pattern might be most effective in a *particular* situation.

Contingency leadership

The contingency theory of leadership claims there is no "one best way" to lead or influence people, and that leadership style depends on the situation. Supporters of the contingency view point out that the team management approach represents only 60 percent of the success stories in the research on leadership styles. They say that many situations require leaders who are high-involvement team-manager types, similar to the NFL in the 1940s and 1950s under Bell. Other situations may require a leader who encourages greater participation by followers in establishing goals and direction, such as Rozelle. Still others may require a more directive and less personal "boss" approach, as utilized by Rozelle's successor, Paul Tagliabue, especially in the area of labor negotiations with the NFL Players Association (NFLPA) and the league's stadium construction fund (see subsequent discussion). According to the contingency theory of leadership, different leadership styles are effective in different situations.

There are a number of situational or contingency models of leadership. In the situational leadership model, developed by Paul Hersey and Ken Blanchard (1982), the key situational variables for a leader to consider are the competency and commitment of his or her followers. The leader must first determine the level of training, education, and experience of the followers (*competency*), as well as their level of motivation and confidence (*commitment*) to perform the task. Together, these two variables are called the *readiness level* of the followers. The leader must then match his or her style of leadership to these key follower variables. Hersey and Blanchard's four options in terms of leadership style and the matching degrees of follower readiness are shown in Fig. 8.6.

Figure 8.6 Hersey–Blanchard situational leadership model.

Regardless of the specific aspects on which the situation is focused, all of the contingency models emphasize that different styles of leadership are required for different kinds of situations. The challenge for the sport manager is to be flexible in his or her approach to providing the support and direction needed for high performance.

Transformational leadership

Most of the research on leadership, including the models described in the previous section, has focused on the leadership of organizations. The emphasis has been on how managers influence subordinates to perform well. Historian James McGregor Burns (1978), in his efforts to understand the essence of effective leadership, took a different approach. Burns reviewed and analyzed the actions of important political and social leaders such as Jesus Christ, Mahatma Ghandi, and Franklin D. Roosevelt. Based on his research, Burns coined the term *transformational leadership* in relation to those leaders who actually transform or change the beliefs, attitudes, and needs of followers. Traditional models of leadership, as we have said, have been concerned with directing and supporting the performance of followers. These are what have been called transactional leadership, because the leader provides rewards, recognition, support, and direction as a part of an exchange for follower performance consistent with the organization's goals.

In recent years, as interest in achieving continually higher levels of performance has increased dramatically, a number of researchers and theorists have focused their efforts on identifying what the essential elements of transformational leadership might be. Researchers James Kouzes and Barry Posner (1987, 1990) identified five behaviors common to transformational leaders (see Fig. 8.7).

The transformational leader, in contrast, endeavors to transform the belief system of his or her followers to enable them to achieve new and significantly higher levels of performance. Each of the modern NFL commissioners made successful transactional leadership moves, some of which have been outlined previously. Such was the case with Paul Tagliabue, named to replace Rozelle in 1989. The end of Rozelle's tenure had been somewhat rocky, with two work

1. ***They inspire a shared vision***. They have a mission in which they passionately believe, and they tirelessly enlist others to share in that mission and to help make it happen.
2. ***They challenge the process***. They are unwilling to accept things as they are, they push for change, and they risk mistakes to find better solutions.
3. ***They enable others to act***. They emphasize cooperation and collaboration. They build teams and empower their followers.
4. ***They model the way***. They live their beliefs. They communicate their vision through the consistency of their actions.
5. ***They encourage the heart***. They dramatize encouragement, reward performance, and celebrate winning. They love their people, their customers, their products, and their work.

Figure 8.7 Characteristics of a transformational leader.

stoppages (in 1982 and 1987). Rozelle had chosen not to become intimately involved with the increasingly problematic and contentious negotiations between owners and players (e.g., during one heated session, Tex Schramm had spat to the other side, “Don’t you see, you’re the cattle, we’re the ranchers).” A corporate lawyer with expertise in antitrust law who had also worked for the United States Department of Defense in the 1960s (as well as a former basketball player at Georgetown University), Tagliabue had worked as Rozelle’s primary legal advisor for two decades previous to taking over the top slot. In 1986, after the league, in part through the efforts of Tagliabue, successfully defused a court challenge from the United States Football League, yet another rival, Rozelle took Tagliabue aside and said presciently, “You know, you’ve made a great contribution to the league. You understand the business, you understand the people. At some point, who knows, *you* might be commissioner.” Now that the NFL was a full-fledged corporate giant thanks to the efforts of Bell and Rozelle, it was facing a new era of legal and business challenges, and Tagliabue was selected to help the league manage these new concerns (Greenfeld, 2006, p. 59; MacCambridge, 2004, p. 361).

Part of what enabled Tagliabue to guide the league through this rocky period to its current level of success can be explained by his embodiment of the five transformational leadership traits identified by Kouzes and Posner. Specifically, Tagliabue, inspired a shared vision of revenue sharing, especially the nearly $4 billion in broadcast revenue, between owners and between owners and players to ensure competitive equity and franchise stability. When Tagliabue took office, each team was receiving $16.7 million a year in broadcast money; by 2005, each received $87.5 million (Corbett, 2006; Greenfeld, 2006).

Tagliabue challenged the process and pushed for change by lobbying the league’s owners to establish a fund to build stadiums rather than rely on public money, a tempting enticement cities were using to lure teams to jump from one locale to another. During his tenure, 17 new NFL stadia were built. He enabled others to act through an emphasis on cooperation and collaboration. Tagliabue often referred to managing the owners as “herding cats,” but demonstrated an ability to get the necessary three-quarters of the owners to agree on any new policy or plan by listening to the owners, which, in the words of one league employee, makes “the owners feel smarter than they actually are” (Corbett, 2006; Greenfeld, 2006, p. 63).

Tagliabue modeled the way and communicated his vision through the consistency of their actions in several ways. NFLPA head Gene Upshaw saw this firsthand in labor meetings, stating, “He never once did not accept the players as equals.” Tagliabue also demonstrated equal measures of patience, the ability to listen, and, at times, to be aggressive and demonstrative. Said Jerry Jones, owner of the Dallas Cowboys, “We’ve had our issues.… Certainly we’ve raised our voices with each other. And he is *very* effective when he raises his voice” (Greenfeld, 2006, p. 63).

Finally, Tagliabue showed love for his people, their customers, their products, and their work by working to maintain what he called “a sacred bond between football and fan,” lauded football for its ability to generate “contrived adversity,” especially through the existence of nonguaranteed contracts, and dismissed baseball as being “about as exciting as standing in line at the supermarket checkout” (Greenfeld, 2006, p. 62).

Leadership and communication

Effective leadership requires effective communication. Virtually all the leader behaviors, practices, and skills presented in this chapter involve communication. Every leadership task—from providing direction, support, and encouragement to providing inspiration and meaning—can be accomplished only through effective communication.

The conditions for effective communication

Scholar Howard Gardner (1996) took an approach similar to Burns in seeking to understand the nature of leadership. In studying significant social, political, religious, and business leaders, Gardner identified four factors that he cites as crucial to the practice of effective leadership, each of which relates to the key function of communication. The NFL’s newest commissioner, Roger Goodell (who took over in September 2006), will face the dual tests of building on the successes of his predecessors and identifying new challenges as they emerge. Goodell’s success in his endeavor will be partly determined by Gardner’s factors.

A tie to followers. Gardner states that the relationship between leaders and followers must be ongoing, active, and dynamic, and leaders and followers must take cues from each other. Leaders and followers, says Gardner, must work together to build organizations that embody their common values. This type of connection and collaboration cannot occur without communication. Goodell’s tie to the NFL is unmistakable. He reportedly slept with an official NFL football when he was six years old and started in the league office as an intern in 1981. He then served in several public relations posts, and vice-president roles in operations and business development. Since 2001, he was the league's executive vice president and chief operating officer (Corbett, 2006).

A certain rhythm of life. Gardner states that a leader must be in regular contact with his or her followers while maintaining a sense of his or her own mind, thoughts, values, and strategies. This will be a particular challenge for Goodell, who is following in the footsteps of the charismatic Rozelle and the substantial successes of Tagliabue. Opportunities for reflections are important for preserving these personal attributes. Those in the NFL are confident in Goodell's ability to make his own mark. Like all commissioners, Goodell will be challenged to meet these expectations, keeping contact with the many stakeholder groups while sustaining his own individual concepts of what is important for the success of the NFL. Communication with these groups will be critical to maintaining this regular and constant contact.

An evident relation between stories and embodiments. Gardner argues that leaders exercise their influence through the stories and messages they communicate and through the traits they embody. To Gardner, these stories grow out of life experiences and are naturally embodied in the presentation of the self. Goodell's story is one of long and dedicated service to the NFL in many important organizational facets, so he is uniquely and well qualified to serve in the league's top post. The range of his responsibilities in the league office was of particular importance in being named to the post. New York Giants owner John Mara describe him as having "a successful track record and brings great relationships with the leaders of the players union and most of the owners. He's been at the forefront of every major decision the league has made over the past dozen years" (Corbett, 2006, p. 2C). Goodell's capabilities thus become his story, one he can communicate to followers and stakeholders to hasten the achievement of the league's goals.

The centrality of choice. To Gardner, effective leaders are those who are chosen by followers, rather than those who take power by means of brute force or instruments of terror. Goodell was selected by the owners over Gregg Levy, the league's outside counsel, who was touted by some because of his knowledge of labor issues. Goodell was selected by acclimation on the fifth ballot (approval from three-fourths of the 32 owners was necessary). Other early candidates included a collection of lawyers, investment company CEOs, and former NYC2012 bid chairman Daniel L. Doctoroff (see Chapter 1). The selection process for Goodell was much smoother than that to replace

Rozelle, which took four months (and 11 ballots) after a small contingent of owners pushed hard for Jim Finks, then the general manager of the New Orleans Saints. This time, the owners on the selection committee, which included New England Patriots owner Robert Kraft and Steelers owner Dan Rooney, had worked diligently to develop a consensus among their colleagues (Battista, 2006b; Nethery, 2006c).

Epilogue

At the end of his tenure as commissioner, Paul Tagliabue was universally lauded as a professional sports leadership giant. Nearly 46 million households tuned in to watch Super Bowl XL, and a 30-second ad during the game cost $2.5 million (up from $67,500 in 1989). In his final year in office, Tagliabue's salary and compensation totaled $9.58 million, which ranked him above CEOs at firms such as Wachovia, Honeywell, and Prudential Financial, but behind NFL players Simeon Rice, Charles Woodson, Brett Favre, and Derrick Brooks (Nethery, 2006c).

Tagliabue was universally lauded by his peers for his effectiveness when he announced his retirement. Major League Soccer commissioner Don Garber called him "one of the greatest commissioners of all time"; NBA head David Stern admired his ability to focus on all the myriad of matters commissioners face, whereas MLB's Bud Selig praised Tagliabue for his management of the NFL's labor agreements. NFLPA general counsel Richard Berthelsen lauded Tagliabue for realizing "how important players were to the success of the league and forged a partnership with them." In 2006, the league and players agreed to extend the collective bargaining agreement (CBA) through 2011, retaining its most essential element—a cap on player salaries, set at $102.5 million per team in 2006 (Nethery, 2006a; pp. 24–25; Nethery, 2006c).

Although there had been failures—when Tagliabue had entered the office, Los Angeles had two teams, when he left it had none, and there were already grumblings from some owners that the recently approved CBA was too favorable to players—there was little doubt that the NFL was a more successful organization in 2006 than it had been when Tagliabue came on board in 1989. In looking back on his time in office, Tagliabue had this to say, "I think over the years we accomplished a lot of things, certainly the expansion of the league to 32 teams; the growth and popularity of the sport and as part of that the equality of the game growing out of the collective bargaining agreement" (McClung, 2006, p. 29). Although he may have differed greatly in personal style from the boisterous Bell and the suave Rozelle, the reserved and lawyerly Tagliabue kept the same approach as his predecessors: To operate a league that maintains partnerships that benefit all sides. If his successor, Roger Goodell, maintains this approach, the NFL will be America's game in the 22nd century as well.

Summary

Creating a high-performance workforce has become an essential management responsibility, particularly with the increased level and intensity of global competition that sport organizations face. Four theories help managers understand the factors that influence and shape individual and group performance. First, goals provide the direction and feedback to engage and challenge people toward high levels of performance. Second, reinforcement theory provides the basis for shaping behavior through a carefully selected set of consequences. Next, needs theory suggests that managers must understand the needs level of employees and create opportunities for them to pursue the satisfaction of their needs in the workplace. Lastly, expectancy theory emphasizes the links between success and the rewards that people value.

Reflecting ideas from this range of theories, sport organizations increasingly are focusing their efforts in four areas: (1) defining tasks in the most challenging and specific terms possible; (2) providing continuous training to ensure the competence and confidence required for high performance; (3) empowering employees by sharing responsibility with them for decisions and problem solving around their own performance; (4) providing employees a stake in the success of the organization, a reason to pursue high performance.

Leadership is the process of directing and supporting others in pursuit of the organization's missions and goals. With the competitive pressure of the changing international sport environment, leadership is more important than ever as sport organizations seek to develop high-performance workforces.

One focus of the research on leadership has been on the leader as a person, on the psychology of the leader. This research has resulted in identifying a number of personality traits that are associated with effective leaders. Two sets of assumptions that leaders have about their followers—Theory X and Theory Y—have also been identified, which emphasize the importance of leaders having accurate assumptions about worker motivation. Additionally, in terms of the psychology of the leader, the importance of leader expectations has been documented.

Research has also examined the behaviors of effective leaders. Initially, the focus was on identifying the one most effective leadership style. Subsequent research resulted in developing contingency models of leadership that emphasize the importance of matching leadership style to the needs or demands of the situation. Most recently, there has been interest in the transformational leader, the leader who succeeds in changing the beliefs and attitudes of followers to enable them to achieve unprecedented levels of performance.

Communication is the tool through which the leader provides support and direction. Effective communication requires an understanding on the manager's part of followers' needs and concerns. For this reason, effective communication relies on a leader's tie to followers as each takes cues from the other, a certain rhythm of life where leaders stay in regular contact with followers, an evident relation between stories and embodiments, and the centrality of choice.

The leadership responsibility in all sport organizations is a critical one. In many ways, leadership represents the connection between the sport organization and its people. Understanding how to develop most effectively and to maintain the leadership connection is a significant challenge, to say the least. NFL commissioners met different aspects of this challenge, proving that high performance is a difficult goal to achieve in such a complex set of organizational relationships, but possible when the leadership connection works.

Management exercise

Goodell to great

August 8 is now the unofficial national holiday for all of those who have worked as interns in sport organizations. On that day in 2006, Roger Goodell, who slept with a football at age 6, wanted to play professionally but had a knee injury during his freshman year in college, and told everyone he knew his dream was to work in the NFL, became the patron saint for interns everywhere when he was named to succeed Paul Tagliabue as NFL commissioner. Goodell's story is a familiar one to all of those who have toiled at the lower rungs of the sport organization ladder. While working part-time as a bartender as he finished his undergraduate studies, Goodell received a stream of rejection letters from NFL teams. He finally got a chance through an NFL internship in 1981, and he jumped at it. In 1983, he worked for the New York Jets as a public relations intern cutting out articles. Said Mike Kensil, the former vice president of operations with the Jets, of Goodell (Battista, 2006a),

> The thing that impressed you was, no job was too small. He is such a doggedly hard worker. And he has the ability to talk to people and hear what they're saying, yet at the same time get his point across. When he left to go back to the league office at the end of the year, we were all saying this guy was going to go somewhere. Little did we know [p. 8-6].

As the chapter has outlined, the NFL is hardly in dire straits, but there are challenges ahead for Goodell, much like those of his predecessor, in the area of labor relations. Patriots owner Robert Kraft, who worked to get Goodell approved, said the players' association leader Gene Upshaw "did a good job for his members, but he overreached. If it's not good for both sides, in the end it won't work. By November 2008, we have to decide." Wayne Weaver, owner of the Jacksonville Jaguars, also opposes the recently agreed-to CBA, specifically the clauses relating to increased revenue sharing among teams. Said Weaver, "we need to start thinking now about the opener when this agreement comes up," offering that the agreement would not last beyond 2009. Said Giants owner Mara, "The pressure I feel for (Goodell) is to address the labor issue and the revenue sharing issue. There are a lot of people who are very concerned about that and it's something he's going to have to pay immediate attention to" (Battista, 2006b, p. C15; Borges, 2006b, p. C12).

If the CBA challenges were not enough, experts believe Goodell should address financial growth issues such as the league's usage of technology and digital information (such as distributing content over the Internet and mobile phones—efforts seen as critical in securing the interest of younger consumers), tapping into new markets in Asia, India, Europe, and South and Central America, and returning an NFL team to Los Angeles. Then, there was also the long-term viability of the Saints franchise in New Orleans after the devastating effects of Hurricane Katrina in 2005. But ownership has faith in Goodell. Said Kraft, "We're continuing something that has been very strong. Roger said he got his M.B.A. from Pete Rozelle and Paul Tagliabue" (Battista, 2006b, C13; Borges, 2006b; Nethery, 2006b).

In response to these challenges, Goodell had this to say based on his experiences to date: "The league has always tried to find a better way of doing things and be responsive before we need to. That's been the hallmark of our leadership under Commissioner Rozelle and Commissioner Tagliabue" (Battista, 2006b, C15).

Questions

1 As noted earlier, in supporting high-performance work teams, the focus of the leader's energy and activities shifts from the team members to the organization surrounding the work team. Roger Goodell's task is to reduce or eliminate the barriers and interference that might hinder the team's performance and to assist the team in securing the resources it needs to achieve its goals. Which teams are we talking about? Which organizations? What barriers and interference? What resources?

2 Can Goodell's behaviors, in response to labor relations conflicts, influence the performance of followers and other stakeholder groups? How might he affect them positively? How might he affect them negatively? What specific leader behaviors would you recommend to solve Goodell's challenge? Cite models or concepts from this chapter to support your recommendations.

3 How can Goodell become a transformational leader for the NFL as it looks to capitalize on international expansion?

4 Which of the performance motivation theories can Goodell adopt to promote the leagues entrée into new forms of digital media?

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9

Human resource management and the tour sport industry

Employee relations

Unions and collective bargaining
Sexual harassment
Americans with Disabilities Act
Family and Medical Leave Act

Summary

Management exercise

References

Introduction

Human resources are considered to be the sport organization's most important asset. People, in essence, are the organization. Their skills, knowledge, and abilities dramatically shape the organization and have a critical impact on the organization's ability to carry out its mission and achieve its goals. In this chapter, the reader will be introduced to the human resource function through an examination of the tour sport industry.

Students will be asked to consider the human resource function within a sport organization from the perspective of both potential employee and manager within the organization who is responsible for the staffing function.

Check the stats

Purpose: To present and promote sport competition through single events and series.

Stakeholders: Tour athletes, tour facilities, facility designers and managers, maintenance and equipment providers, host communities, spectators, sponsors, media, sport-governing bodies/agencies, volunteers, media, general public, federal, state, local government.

Size and Scope: The tour sport industry consists of thousands of professional and amateur sport events and series throughout the United States, such as traditional tour sports, outdoor-adventure/extreme sports, and sport entertainment enterprises.

Governance: Federal, state, and local regulation. Professional organizations, associations, and trade groups such as the United States Golf Association, Professional Golf Association (PGA), United States Tennis Association, International Jet Sports Boating Association, American Speed Association, Gravity Games, Professional Rodeo Cowboys Association, Harness Tracks of America, X Games, Bass Anglers Sportsman Society.

Inside look: Can Rob get a job?

Rob Warinski had just completed his senior year in college and was planning to graduate in 2 weeks. Rob has been an avid golfer all his life. He had received his first set of clubs from his parents for his 10th birthday and had hung out at his local golf course during just about every spare moment since then. He secured his first part-time job at the course on the grounds maintenance staff when he was 14 years. For the next 8 years, Rob spent summer vacation, holidays, weekends, and after school time working at the course in a variety of capacities. He worked in the pro shop, at the snack bar, at tournaments, and on the course itself. Rob was eager to learn everything he could about the golf business and was happy to take on any job that came his way. Rob scheduled tee-times, took inventory in the pro shop, resolved customer complaints, met with golf equipment sales representatives, fixed golf carts, assisted the pro with junior lessons, helped with landscaping, and even cleaned the restrooms.

During Rob's college years, he participated on the university golf team and as part of his sport management curriculum, completed an internship with Titleist. He also volunteered at the annual United Way Golf Tournament, assisted with the intramural golf program, and worked three nights a week as an assistant manager of the golf department at a large retail sporting goods store. Rob also volunteered to help with the university athletic department golf tournament. He coordinated student volunteers and managed golfer registration. At the tournament, Rob was able to work directly with corporate sponsors and had the opportunity to meet and become friends with many of the university alumni, including several alumni who work in sport. In fact, it was through one of these contacts that Rob was able to secure the internship at Titleist. At Titleist, Rob was invited to attend several PGA and LPGA tournaments. At each event, Rob effectively networked as his supervisor introduced him to PGA and LPGA officials, golf course managers, sponsors, members of the media, and some players. At the end of his internship, Rob felt a new enthusiasm for his major and felt for the first time that he really had a good idea of what he wanted to do with his passion for golf.

As the last few months of his undergraduate program and his final season of collegiate golf began to wind down, Rob scheduled an appointment with his college advisor to discuss his postcollege plans. He knew he wanted to work in the golf industry and was particularly interested in tour events. He was eager to explore his options. What should he do? Where should he look? How should he start? Looking over the resume he developed with the university's placement counselor, Rob felt good about both his experience and his education. He knew he was ready to start his professional career and fully expected to realize his lifelong dream of working in tour sport. More than anything else, Rob wanted a job that involved professional golf.

The tour sport industry

The tour sport industry consists of those sport organizations that sponsor and participate in sport competitions at various tour event site locales throughout their season. It may be useful to look at the tour sport industry as consisting of three specific segments: traditional tour sports (e.g., golf, tennis, horse racing, auto racing, rodeo), outdoor-adventure/extreme sports (e.g., skateboarding, fishing, ski surfing, mountain climbing, logrolling), and commercial sport entertainment (e.g., World Wrestling Entertainment, Harlem Globetrotters) (see Fig. 9.1).

The typical tour sport event usually features a number of individuals or teams that compete in a tournament-type format. Results of individual events may or may not be compiled and recorded as part of a tour series with individual contestants or teams competing for points toward a tour season championship. Such events can take place on a single day or may be held for a period of days. Among the sports currently being offered through the tour sport system are tennis, golf, auto racing/motor sports, rodeo, volleyball, speed boating, mountain biking, cyclo-cross, running, bicycling, skiing, motor cross, skateboarding, kayaking, fishing, and white-water rafting.

CATEGORIES ORGANIZATIONS	**EXAMPLES OF SPORT**
Traditional Tour Sports	PGA, LPGA, ATP, NASCAR, IRL
Outdoor Adventure/Extreme Sports	The Great Outdoor Games, X-Games, Gravity Games
Sport Entertainment	Harlem Globetrotters, WWE

Figure 9.1 The tour sport industry.

Traditional tour sports include professional golf (e.g., the PGA, LPGA, Senior PGA tours) and auto racing (e.g., NASCAR Nextel Series, NASCAR Busch Series, NASCAR Craftsmen Truck Series, Indy Car, and Champ Car Series). Tennis features the U.S. Open Series with both women's and men's tours. On the international scene, clearly, two of the best-known international tour events are soccer's World Cup and bicycling's Tour de France. Traditional tour sports have gained great popularity in the last decade, with professional golf and auto racing accounting for much of the new and heightened interest in this segment of the tour sport industry. Once thought to be a regional interest sport for blue-collar fans, professional stock-car racing continues to capture the attention of sports fans throughout the country. Television ratings speak to the increasing population of NASCAR. The 2006 Daytona 500, considered the premier event of the Nextel Cup Series, posted a 0.23 rating share, a 3.7-percent increase from the previous year (Johnson-Reid, 2006). Also contributing to the growth of the tour sport segment is the rising popularity of niche sports, such as professional sport rodeo, which boasts a loyal fan base of 29 million nationwide (Abel, 2006).

The second category of tour sport includes outdoor-adventure/extreme sports. These events feature an amalgamation of competition or contests. Some of these tour events encompass nontraditional sport activities that have been identified as adventure sports or extreme sports because they are characterized as being rebellious and high risk. Some people even suggest that part of the attraction of these types of sports is that they are inherently dangerous and athletes are constantly pushing the limits as they attempt to jump higher, go faster, and add new twists and elements that have never been done before. Participation in extreme sport events requires a high level of skill and a willingness to push both the human body and the sport equipment to the limit. Extreme sport events feature competition in nontraditional sports such as motocross, freestyle skiing, and skateboarding. The emphasis is frequently on the performance of the individual athlete rather than a team.

Extreme sports are particularly identified with young athletes who have created the extreme sport culture to counter what they have viewed as a conservative and excessively commercial traditional sport industry. The Gravity Games, created in 1997, and X Games, which began 2 years before, are examples of tour sport competitions based on extreme sports. These events are targeted to young extreme sport athletes and their fans, an audience that corporations often identify as a highly desirable demographic group. It is also a group that has money. Extreme sports enthusiasts ages 10 to 24 years are estimated to have a total discretionary income of $250 billion and, as a segment, will grow to

64 million by 2015 (Krantz, 2001). Corporations whose products are targeted toward younger consumers including cell phone companies, footwear companies, fast food, and soft drinks have signed sponsorship deals with extreme game events and athletes.

Interestingly enough, it may be argued that in the creation of these extreme sport events and competitions, extreme athletes and their fans have begun to adopt some of the trappings of highly organized traditional sports (corporate sponsorship, endorsements, television deals) that this countersport culture had previously criticized. In effect, counterculture events that had been considered fringe sports come into the mainstream through the formal organization of tour events and the subsequent popularization of extreme sport competition. This is even more significant as some researchers have suggested that more and more kids are less apt to be involved with traditional team sports, even the de rigueur ones such as soccer and lacrosse, and are more likely to gravitate toward individual pursuits like the so-called extreme sports (Putnam, 2001).

Other tour sport events in this category offer outdoor-adventure activities rather than extreme sports. Adventure-type tour sports also feature activities or sport events that have been characterized as being outside of the sport mainstream. For example, the Great Outdoor Games, created by ESPN, features 21 events in four competition areas that include fishing, target sports, timber events, and sporting dogs. The event draws more than 300 competitors and is nationally televised on both network and cable television.

The third category of tour sports may be defined as sport entertainment. Sport entertainment events are commercial in nature and may have a predetermined outcome. The sport event is often tightly scripted, and comedy or drama is played out within a sport context. The most well-known examples of sport entertainment include the Harlem Globetrotters and the World Wrestling Entertainment. Both of these sports organizations offer sport entertainment as part of a tour or series and have been very successful in playing to full arenas throughout the country. Other tour sport entertainment organizations include the Harlem Wizards (basketball) and King and His Court (softball). Some tour sport entertainment teams travel from city to city and often arrange to play a home team made up of local all-stars or celebrities as an exhibition or fundraising event. Exhibition-type sport contests such as a tour of figure skating or gymnastic champions may be included in this category. A portion of the proceeds of these sport entertainment event may be designated to a local charity or the sponsoring organization.

Another interesting feature of the tour sport industry is its dependence on sponsorship. Most tour sports are dependent on sponsorship because of the high cost involved in putting on these events. Partnerships with corporations, media, or businesses may bring a host of benefits to the event, including equipment, volunteers, operations capital, media opportunities, and prize money. ESPN has actually created tour events as a way to develop compelling programming and attracting specific target audiences. Sponsors may be secured on the tour series, individual event, and athlete levels. For example, NASCAR's championship series is known as the Nextel Cup Series and Western clothing manufacturer Wrangler is the title sponsor of the professional rodeo tour. One of the best examples of individual event sponsors is the professional golf tour, where events often carry title sponsors such as the Buick Open.

Individual athletes who participate in the tour sport system often rely upon sponsorship as well. Golfers, tennis players, cyclists, skateboarders, runners, surfers, and drivers often utilize corporate partnerships to help pay for entry fees, travel, equipment, lodging, food, clothing, and living expenses. Tennis players or golfers, for example, may sign a deal with a sneaker or equipment manufacturer. They may agree to use the particular brand of equipment in competition in return for free equipment or cash. A sponsor need not necessarily be obviously related to the particular sport. However, the corporate sponsor always seeks an appropriate fit with the property (series, event, athlete) and the fan base. For example, the PGA's Tiger Woods is considered to be the professional athlete with the highest annual total sponsorship deals at $85 million in endorsement money (Horrow, 2006). His corporate sponsors include Nike, Buick, and Target. Each of these companies utilize their association with Woods to reach a wide variety of marketing goals including access to specific target markets, increase in sales share, and brand recognition and enhancement. Tour sport organizations ranging from horse racing to speed boat racing to bull riding have all utilized sponsorship to support their operation.

Certainly, NASCAR has deservedly received recognition as the most effective and efficient organization in utilizing corporate sponsorship in the tour sport industry. The Nextel Cup series, along with NASCAR's other tours such as the Busch and Craftsman Truck Series, has long-since broken out of its good old boy, moonshine-running roots to reach fans and markets across the United States. NASCAR is the sport organization that has most successfully leveraged sponsorships on the tour, event, and athlete level. The fact that fans and media alike refer to cars not solely in terms of their drivers, but also in conjunction with the car's main sponsor. It is not Jeff Gordon's number 24 car; it is Jeff Gordon's number 24 Dupont Chevy. Dupont spends approximately

$2 million annually for the prominent hood, rear quarter panel, and back panel locations and the de facto naming rights for the car. Dupont and the makers of nonautomotive products and services such as Home Depot (who sponsors Tony Stewart), Lowe's (Jimmy Johnson), Bass Pro Shops (Martin Truex Jr.), and UPS (Dale Jarrett), along with companies that make automotive products like GM Goodwrench (Kevin Harvick), Texaco/Havoline (Casey Mears), and Valvoline/Stanley Tools (Scott Riggs) make these investments because they know that fans identify strongly with the drivers. In addition, they know that fans can identify and recall their sponsorship activities and that they make purchasing decisions in part based on these sponsorships. Research shows that nearly three-quarters of NASCAR fans buy products to support their favorite drivers (Hagstrom, 1998). Simply put, if a fan likes Dale Earnhardt Jr., then he or she is nearly 75 percent more likely to buy Budweiser beer because of Budweiser's support of Earnhardt.

Sponsors will continue to turn to tour sport organizations to promote and sell their products and will become increasingly creative in developing mutually beneficial sponsorship partnerships. A sponsorship package developed jointly by ESPN, Capital One, and Dish Network may provide insight into future directions of tour sport sponsorship. The three organizations developed an Interactive Indy channel that it rolled out for the Indianapolis 500 in 2006. The channel featured six camera feeds, taped content, driver bios, and up-to-the-minute race and driver stats (Ourand, 2006). The channel that featured Capital One advertising was available free to subscribers on Dish's Home Channel. Plans are in the works to develop an interactive X Games channel as well (Ourand, 2006).

Human resources in the sport industry

The challenge of securing a position in the sport industry can be daunting to any graduating sport management student. Although competition for jobs in sport is intense, there are many opportunities available to a skilled student who is willing to work hard, be persistent, and consider the full spectrum of segments that make up the sport industry. For students and nonstudents alike seeking to secure a job in sport, it is important to understand how the human resource function works in sport.

There really are two different tracks or types of human resource development in sport organizations. One is the athlete, performer, or "talent" track. It may be useful to think of this track as being the "on-field" side of human resource management. It is the means by which sport organizations secure athletes or other highly skilled specialty performers for their organization. In professional sport, for example, this area is called *player development*. The player or talent development side of the sport business is distinct in that there are a variety of unique systems and practices that have been developed to assure that the organization is able to find, develop, and secure players.

Components of this system are controlled on the league level for the express purpose of managing the on-field side of human resources. For example, league rules set forth the terms and conditions for acquiring players either through the draft or by trades. Leagues, through basic labor agreements with players unions, may also set minimum salaries, requirements for free agency, and other important policies and guidelines for the management of player talent. Leagues, owners, and player unions have a vested interest in influencing how player talent is managed. Leagues and owners are particularly interested in the distribution and management of player talent and its effect on league operations. For example, the draft system has been seen as a mechanism by which competitive balance among teams can be created—teams that have finished poorly in any year have better draft positions and theoretically are able to improve their teams by bringing in new young talent. Players unions are focused on establishing and protecting players' interests and influence policies and procedures related to the treatment of players through the collective bargaining process.

There are a variety of systems related to player development. They include scouting, drafts, developmental leagues, coaches, trainers, and instructional leagues. Sport organizations that are dependent on the performance of player talent create divisions or departments that focus specifically on player development. The player development division, for example, is likely to include player talent specialists including scouts and instructors, whose sole focus is on the identification, evaluation, and acquisition of appropriate player talent. On the collegiate level, the player development function rests within the athletic department and specifically with the individual sport program. Coaches and their staffs are responsible for identifying, recruiting, and developing player personnel. In college sport, player development is controlled not only through institutional oversight, but through NCAA or other governing body that establishes rules and guidelines pertaining to the recruitment and treatment of the student-athlete.

This first track of sport human resource management includes coaches as well as players. Coaches are, in fact, the second critical component of the on-field talent equation. They are an important on-field asset because of the unique abilities, personality, and skills they bring to the sport organization. The professional team and Division I college sport coach has risen to celebrity status, and some sport organizations view the acquisition of a marquee coach as being more important than the acquisition of a star player. Because of the coach's role in managing player talent and making critical game decisions, the head coach position is vital to the performance of the sport organization.

Although this first track of human resource management in sport organizations has predominantly come to mean players and coaches as on-field talent, the category also includes top-level sport broadcasters in the sport media industry segment. These broadcasters are performers who work in a high-profile environment of "on-air" rather than on-field. For example, sports media personalities such as college basketball analyst Dick Vitale, ESPN's Stuart Scott, and FoxSports' Jim Rome are distinct talents who are unique assets to their sport organizations. They fall into this first track of human resource management because, like coaches and players, they are specialty talents. They are highly skilled and have reached the highest level of success within their profession. Like the player and coach, they are at the center of public attention and provide the talent that directly shapes the sport organization's product and, ultimately, its success.

Most sport organizations, however, are predominantly engaged in the second track of sport human resource development. That track may be best described as the "off-field" or front office side of human resource management. This area deals with those employees who are not athlete performers, coaches, or media personalities, but are actively engaged in administrative, managerial, or service delivery components of the organization. For example, where professional tennis player Andy Roddick, professional figure skater Michelle Kwan, and Indy Racing League driver Danica Patrick provide the "talent" and are sport athlete-performers, the concessions manager, marketing director, arena manager, sports information director, athletic trainer, equipment manager, aerobics instructor, lifeguard, park attendant, and ticket taker are the other half of the human resource equation for sport organizations (and would be the place where most college students who major in sport management would fit in).

In this chapter, emphasis is placed on the off-field or front office side of human resource management because the majority of human resource management in the sport industry occurs in this area. For students studying sport management, a general understanding of human resource practices for the off-field side is most important. Because students themselves are potential front office employees and because someday they will be involved in managing others, an understanding of human resource management track is relevant. Clearly, the majority of sport management students will pursue careers in sport that focus primarily on managing the front office staff rather than on-field or on-air personnel.

Additionally, relatively few segments of the sport industry are extensively involved in on-field human resource management. Most sport organizations, including golf courses, athletic departments, sport facilities, sporting goods manufacturers, and fitness clubs, are predominantly engaged in the management of front office or administrative staff. It may be argued that on-field personnel management is, in fact, a specialty of human resource management in sport. Those few students who pursue careers in sport that involve the on-field side of human resource management can build on their academic preparation in the specialty of on-field human resource management through an appropriate internship and professional experience in that area. Although many students see themselves as future general managers of professional sports teams, those jobs are few and far between. For those students who are interested in working in the on-field personnel area, there are certainly other opportunities available in agency, scouting, coaching, and recruiting. There are several unique issues related to working with on-field personnel that must be mastered. They include labor law, contract negotiation, agency, drafts, salary caps, injured reserve lists, player unions, marketing, and collective bargaining. Although some of these issues are addressed in other chapters throughout the text and to a limited degree in this chapter, thorough examination of this topical area can be found in a good sport law or sport labor law text or course.

As students begin their job search in sport, they are often most concerned with personal issues. How does my resume look? Who would hire me? What do I want to do? How much will I be paid? What type of benefits can I expect? Where do I want to live? Am I qualified for a job in this industry? What can I expect in an interview? Although all of these questions are important to the job seeker, it is also very valuable to look at the job search from the sport organization's perspective as well. What is the sport organization looking for? Where will they find good candidates? How will they know that they are hiring the right person for the job? By looking at the human resource function in sport organizations from management's perspective, sport management students can not only gain insight into the job-seeking process, but can also develop critical knowledge and skills that they can then put to good use as employees of a sport organization.

Importance of human resource management

The sport industry is a growing enterprise that requires sport managers to find and develop the right people with the right skills to move their organization forward. Clearly, the success of the organization hinges on management's ability to secure necessary human resources. In this way, sport organizations are not all that different from other nonsport organizations. In a poll of American managers several years ago, they identified the most significant barrier to the success and growth of their businesses as "attracting and holding on to the people with the right attitudes and the right skills" (*"The Worried Rich,"* 1994, p. 8). Overcoming this barrier is the challenge of human resource management.

For much of the twentieth century, whether the job involved processing paperwork or producing products, most work was organized in an assembly-line approach. Each worker was responsible for performing fairly simple tasks and then passing the work on to the next person to continue the process until the job was completed. Training for this kind of work was fairly simple and long lasting, with the technology involved in performing these tasks changing very little over the years. In this approach, the worker is really just an element in the production process and, with just basic education and a good work ethic, could perform the typical job quite well.

During the past 25 years, however, all of that has changed dramatically. The work to be done has become progressively more complex and demanding. Teamwork is now the basic approach, requiring interpersonal and problem-solving skills that simply weren't necessary on the product or paperwork assembly line. Competency in computer and other information technologies is essential, and increasingly, individuals and teams share in the responsibility for managing performance and promoting and sustaining quality throughout the organization. Ensuring that the organization is attracting and holding onto people with the right attitudes and the right skills is the challenge of human resource management.

The function of human resource management may be defined as "a strategic, integrated collection of employee-centered activities and processes whose objective is to help the organization meet its short and long term goals" (Linnehan, in Parkhouse, 2001, p. 111). Although some sport organizations have their own human resources department or staff, other smaller organizations often rely on executive management to carry out this function.

Some sport enterprises, including many tour sport organizations, have the complex human resource challenge of not only working with paid staff, but also many volunteers. Volunteers can be a critical resource for many sport organizations, particularly those that require a great deal of manpower to carry out their activities. For example, thousands of volunteers work for golf and auto racing tour sport organizations every year. They serve as hosts, course

Human Resource Planning

Staffing

Training and Development

Compensation

Employee Wellness

Employee Relations

Figure 9.2 A general model for human resource management.

marshals, parking attendants, concessions workers, members of the set-up and clean-up crew, and others. Sport organizations need volunteer coaches, field maintenance staff, game officials, and scorekeepers. The list of possible event jobs is endless, and event organizers and sport programmers readily admit their reliance on volunteer assistance. The effective performance of volunteers is frequently an important component of successful sport events or sport programs. For this reason, sport managers "must understand volunteer motivation and their satisfaction with the volunteering experience in order to respond effectively to management needs in the areas of recruitment, retention, and daily operations" (Farrell, Johnston & Twynam, 1998, pp. 288–289), so that they are able to develop and maintain a strong volunteer corps.

Sport organizations must also rely on volunteers to serve as board members or trustees. As board members, volunteers play a critical role in setting the mission, creating a strategic plan, establishing policy, facilitating community relations, and securing resources for the sport organization (Ingelis, 1997). Volunteer board members can bring expertise, experience, and other critical resources to the table.

Human resource management systems

Progressive and successful sport organizations treat all employees as valuable resources. The process of providing appropriate human resources for the organization involves a series of areas or systems that are essential to the development and support of human resources necessary for developing and supporting a high-performance workforce. These human resources management systems are shown in Fig. 9.2. With these systems in place, management can recruit, develop, and retain the highly skilled people needed for an organization to pursue and achieve its goals.

GOLF COURSE MAINTENANCE

- IMPROVE AESTHETICS OF THE COURSE
    1. BE MORE PROACTIVE WITH TREES, SHRUBS AND LANDSCAPE BEDS IN DECLINE
    2. IMPLEMENT LARGE TREE REPLACEMENT PROGRAM
    3. CONTINUE LARGE TREE PRUNING PROGRAMMING
    4. REBUILD ALL TEE BEDS
    5. CONTINUE IMPROVEMENT PLAN FOR MULCH HILL
    6. CLEAN AND WEED NATIVE ROUGH ON WEEKLY BASIS

(staffing: hire three new maintenance staff; one with expertise in tree management)

GOLF SHOP

- LIMIT MERCHANDISE SHRINK TO $200 FOR YEAR
    1. IMPROVE MANAGEMENT OF CONSIGNMENT PIECES
    2. DEVELOP RETURN AUTHORIZATION FORM
    3. CONTINUE TRAINING EMPLOYEES ON ASSET PROTECTION

(staffing: one additional clerk; secure intern for golf shop)

Figure 9.3 Sample goals with objectives and projected staffing needs for the TPC at River Highlands.

Human resource planning

As with virtually all of the management responsibilities, the human resource management process begins with human resource planning. The human resource planning process actually flows naturally from the strategic management process. Once the organization is clear on its mission and on its strategy for pursuing that mission—whether it is a growth or a retrenchment strategy, it becomes essential to develop a plan to ensure that the organization has the right number of people with the right skills to accomplish the work necessary for the organization to achieve its strategic goals. For example, at the Tournament Players Club (TPC) at River Highlands, the home of a PGA tour event, managers set forth very specific goals for each year in the areas of administration, accounting, golf course maintenance, golf shop and outside operations, food and beverage, marketing, and tennis and pool (see Fig. 9.3) based upon their mission and strategy. These goals are then analyzed on the basis of staffing needs and requirements to achieve the goals.

Job analysis: assessing current capabilities

Once the manager has determined human resource needs by examining the strategic plan and reviewing goals for the organization, the next task is to look closely at what the organization is currently doing and how this work is being carried out. At this point, the manager should have a thorough understanding of what type of work is required for the organization to achieve its goals. He or she must assess current capabilities against these needs to construct a human resource plan.

Good managers recognize that an effective human resource plan begins with a clear and comprehensive understanding of all of the types of work the organization is currently capable of performing. Job analysis is the process of determining the skill and other requirements of each of the jobs performed in the organization. Typically, this analysis is performed by individuals who are specifically trained in evaluating and categorizing the range of skills and personal characteristics required for effective performance in each job.

Position description

The product of this job analysis process is a job or position description, which is a clear and concise summary of responsibilities, skills, and other key elements required in each job. Figure 9.4 provides a sample job description for the position of a banquet manager for a sport facility that sponsors recreational play and hosts a tour sport event.

In many ways, the position description provides the foundation on which much of the rest of the human resource management process is built. The position description plays a major role in shaping the staffing, training and development, performance evaluation, and compensation elements of that process.

Understanding strategic requirements

Once the organization is clear on its current capabilities, the next task is to compare the current level of human resource capabilities with the demands of the organization's strategy. As sport organizations increasingly attempt to adapt themselves to the Internet and other information-based technologies, for example, they may require a level of capability—in terms of both numbers of people and their level of expertise—beyond what is currently available in the organization.

The same would be true in a case where changes in strategy require changes of levels in capability in areas such as marketing, finance, customer service, or even human resource management itself. The development of position descriptions allows the manager to look at all of the jobs currently being performed and the required skill and expertise within the context of the entire organization. In this way, the manager can see what existing workers have to offer. Once the manager has assessed the skills of existing employees, he or she is ready to identify and understand any gaps in terms of human resource requirements that now exist because of changes in the organization's strategy.

For example, recall the position description for the banquet manager of the North Beach Tennis Club. Let us assume that an outside company had previously handled the food service function at the club. Club trustees decided to adopt a growth strategy by taking over their own food service, thereby entering an industry that they had previously not competed in. The club chose not to renew their contract with the private food service company and then built a new food service building complete with snack bar and banquet facility. It was their plan to provide all elements of club food service. The club's

North Beach Tennis Club Banquet Manager

The North Beach Tennis Club Banquet Manager, under the direction of the General Manager of the North Beach Tennis Club, carries out the administrative, managerial and service work related to the successful operation of the North Beach Tennis Club banquet facilities. The North Beach Tennis Club Banquet Manager will function as a critical part of the Club's management team. Responsibilities are carried out with latitude for independent judgment and action, subject to the requirements of applicable laws, rules as established by the North Beach Tennis Club Board of Directors and established North Beach Tennis Club policies. Individual will also by necessity work closely with the North Beach Tennis Club food service division, maintenance division, accounting division, security division and marketing and member service division. Responsibilities may include, but are not limited to the following;

- Gives tours of the banquet facility with prospective clients
- Establishes room layouts for various types of functions
- Establishes and reviews informational packet for clients
- Maintains schedule for banquet facilities
- Handles contracts for sales, clients, bartenders, cleaning services and other outside contractors as necessary
- Collects deposits and balances due from clients and patrons at each function, coordinating financial management with accounting division
- Schedules and hires all necessary event staff
- Orders all necessary supplies and materials for functions
- Maintains accurate inventory
- Develops equipment and facility maintenance schedule with maintenance division
- Serves as liaison with outside tour event management and staff in the area of hospitality
- Other related duties as assigned.

The North Beach Tennis Club Banquet Manager will have demonstrated expertise in the area of food service and event management. The individual will need to have the ability to plan, organize and execute high quality events that are in keeping with the mission and goals of the Club. The Banquet Manager must demonstrate excellent communication skills as the Banquet Manager will be required to represent the Club before community groups, private clients, media, members and other key constituents. A high level of professionalism is expected of the Banquet Manager at all times. A bachelor's degree in hospitality management, sport management or related field is required with 5 years progressive experience highly desirable.

Figure 9.4 Sample job description.

general manager was then faced with the challenge of staffing the facility. In writing position descriptions for food service employees, he was able to identify what skills, experience, and expertise would be needed for the club to carry out its strategy. In Fig. 9.3, the manager set out the responsibilities and qualifications for a banquet manager. Once the manager examined the requirements for this new position in context of existing positions and their requirements, he recognized that these skills were not available within the organization. The manager realized that it would be necessary to do something to bring the requisite skills to the organization to successfully move forward with the new strategy.

Formulating and implementing human resource management strategy

It is at this point that the club's general manager must devise a strategy to ensure that the organization's human resource needs are met. The goal of this phase of the human resource planning process is to ensure that effective systems are in place to support a high level of performance by current employees and to recruit and select new employees with the skills and other characteristics needed to achieve the organization's strategic goals.

At the North Beach Tennis Club, the general manager was faced with an important decision. Once he had determined that the skills, experience, and expertise needed to manage the new banquet facility was not currently available to him through the existing staff, he identified two alternatives for securing the skills needed to run a new banquet facility. He realized that he could either train an existing employee to fill the new position or he could conduct a search to hire someone who already possessed the requisite skill needed to manage the banquet facility.

Once a manager has developed and examined position descriptions and reviewed available human resources within the organization, the next task is to formulate and implement a strategy not only for filling positions but for developing systems, policies, and procedures that will facilitate optimal performance by employees.

Staffing

The process by which an organization brings new employees into the organization is called the *staffing process*. In recent years, this process has become increasingly challenging. As the workplace requires ever-increasing ranges and levels of skills and as economic growth has resulted in ever-greater competition for people with the right skills, the task of staffing has become significantly more difficult. In the sport industry, one of the major challenges for sport managers is to sift through the ever-increasing numbers of applicants for jobs to find the individual who has the right skills and personal attributes that will allow them to contribute to the success of the organization.

Sport jobs often attract hundreds of applicants who believe that because of their interest in a particular sport or knowledge of relevant sport statistics or because they have either played or followed the sport all their lives that they would be perfect for the job. Sport managers are not unfamiliar with candidates who profess their love for the game, their status as a die-hard fan (e.g., of baseball, gymnastics, weightlifting, soccer), and their reputation as being people oriented. Although these personal attributes may be interesting to a particular sport employer, they are not always significant. Sport managers generally assume that all candidates will have knowledge of the game, enjoy the sport or activity, and possess people skills. What they are really interested in are individual skills, experiences, ideas, and personal abilities that will benefit the organization. Prospective employees of sport organizations should think about what makes them stand out from the crowd of literally hundreds of applicants for any sport position.

Recruiting new employees

Once it is clear what the needs are in terms of additional employees to implement the organization's strategy, the first step in the staffing process is to notify potential employees of job openings and encourage them to apply. This is called *recruiting*. In the past, most sport organizations recruited new employees primarily by means of word of mouth (employees telling colleagues and associates, family, and friends about job openings) or industry or trade paper advertising. Historically, the word-of-mouth approach in sport organizations led to patterns of nepotism and/or political hiring in sport. Critics still suggest that there is an old-boy or old-girl network in sports that dictates hiring of friends, associates, and/or colleagues. Career counselor Virginia Goldsbury suggests that in sport, personal connections are critical: "The truth is, it's not who you know, it's who knows you. Having a degree is simply not enough. In the sport industry, as much or perhaps more than in just about any other industry, people hire someone because of a personal recommendation from someone else. The importance of networking cannot be overstated" (Goldsbury & Hums, in Masteralexis, Barr, & Hums, 1998, p. 478).

Although a candidate may learn of a job through a colleague or friend, there are several trade or industry magazines that are used for the placement of sport job advertising. For example, college sport jobs are usually listed in the classified section of the *NCAA News* or *The Chronicle of Higher Education*. Individual segments of the industry have trade magazines, papers, websites, or newsletters that list job openings. There are also several commercial electronic sport job services that require job seekers to pay a registration fee for access to sport job classified websites. Some sport organizations such as the PGA offer a resume bank service (of PGA-trained professionals) that is designed to help sport organizations identify qualified candidates. Sport job seekers need to acquaint themselves with the variety of sport-related employment vehicles available and should make it a habit to subscribe to and read these publications and visit sport-related job websites.

For the most part, the sport industry may be described as a hidden industry because most sport organizations do not broadcast job openings in daily newspapers or through general employee recruitment vehicles such as daily newspapers or general employment websites. Sport managers tend to be much more targeted in their staffing efforts and focus on those recruitment strategies that are efficient in that they are cost-effective and most likely to provide them with a viable candidate pool.

Word of mouth, trade advertising, and internal promotion are utilized by sport managers because they are targeted strategies. In an attempt to only attract legitimate qualified candidates, sport organizations focus on recruiting employees through sport-specific vehicles. Sport managers recognize that any general broad announcement of a sport position is likely to result in hundreds of resumes. In fact, many sport organizations receive hundreds of unsolicited resumes a year. For the human resource manager, processing these resumes is a laborious task that is neither an efficient use of time nor particularly productive. That is why sport managers have consciously devised recruitment strategies that are most likely to yield a pool of legitimate candidates.

As position requirements become greater and more specialized, the search strategy usually becomes more narrowed. That is to say that where staffing of entry-level positions usually is done through a more broad-based approach such as general or trade industry advertising, top-level executive management searches are much more focused on strategies related to industry networking. For example, a municipal golf course manager who is looking for a new head pro would be more likely to network with industry colleagues and use golf industry trade magazines and associations to identify potential qualified candidates than to advertise the position in a general newspaper or on a general employment website.

Although this approach to human resource recruitment in sport organizations has been productive, it is not without its problems. A targeted approach to recruitment may fail to identify strong candidates that exist outside of the scope of the search. For example, although Rob, the young man introduced at the beginning of the chapter, has developed a good network within the golf industry and reads trade publications, as a college student, he might not be aware of certain positions in the industry that are advertised through word of mouth among industry professionals. The reality is that the word-of-mouth strategy has its limitations. There is no guarantee that individuals will pass along the appropriate information to good candidates. This approach is clearly unsystematic and relies on a busy network of colleagues who may or may not subjectively help to identify quality candidates. Another problem with the targeted recruitment approach is that it tends to perpetuate existing hiring patterns. Most people find it easy and comfortable to build relationships and network with people who are similar to one's self; however, for the sport industry to grow and take advantage of the skills and talents of a diverse population, it is necessary to broaden recruitment strategies so that opportunities in sport will be available to all.

All sport managers must be aware of their organization's policies and practices that pertain to staffing. Public sport organizations and sport programs in educational institutions are required to follow the human resource policies of their directing or sponsoring agency. For example, the city's general human resource department could carry out the human resource function for a municipal golf course. If there were a city policy that all jobs are to be announced in the local paper and published in a municipal employee newsletter, this would be done, although the golf club manager may believe that it would be unlikely to reach qualified candidates in this fashion. Similarly, a college athletic department may be required to internally post a job for a new soccer coach, although the athletic director believes that there is currently no qualified internal candidate for the job.

It is important, however, not to overlook existing employees. Internal promotion has historically been a successful recruitment strategy. Sport organizations, like other businesses, often emphasize job advancement. Career growth can be a powerful motivator for improving human performance and retaining talented employees.

- Recruiting on the Internet using such sites as prosportjobs.com, sportscareers.com and others.
- Creating a memorable identity at industry trade shows.
- Sending recruiters to beaches, ski areas and other recreational locations to hand out t-shirts, frisbees and other materials encouraging new applicants.
- Recruiting on college campuses – sending job announcements to faculty of sport management programs.
- Seeking referrals from colleagues or industry peers.
- Holding open houses, sporting events, and tournaments to showcase the organization to potential applicants.
- Using direct mail to target specific categories of people with the desired skills, e.g. professional association members.
- Using sport job head hunting, executive search firms or industry resume banks.
- Sponsoring internships to create a relationship with students who will soon be entering the workforce.

From "Stellar Recruiting for a Tight Labor Market," by C. M. Solomon, August 1998, *Workforce,* p. 69. Copyright 1998 by Crain Communications. Adapted with permission.

Figure 9.5 Recruitment strategies in sport organizations.

More recently, as sport organizations have recognized the necessity of extending their recruitment horizons so that they may find the right people with the right skills, they have had to broaden and become much more innovative in their recruitment strategies. Figure 9.5 lists some of the approaches now being used.

The key point here is that it is often no longer sufficient just to rely on word of mouth, trade advertising, or internal promotion to effectively identify viable candidates. Attracting the most skilled and talented job applicants now requires creativity and initiative in terms of the sport organization's recruiting efforts. This is not to say, however, that importance of networking within the industry has diminished. Sport organizations will continue to rely on candidate referrals. At a time when sport management programs are becoming more pervasive and competition for sports jobs is at an all-time high, sport organizations are likely to rely on this strategy to help them hone in quickly on serious candidates.

For example, many sport organizations will utilize the internship as a prospective employee-screening program. Through the internship, the sport orga-nization is able to effectively assess the performance of the intern to determine whether he or she has the skills and/or personal traits that the organization deems necessary for success. This strategy has helped sport managers to identify highly skilled potential employees while helping the organization avoid making the human resource mistake of hiring someone who looks qualified on paper but who fails to live up to the organization's performance expectations. For this reason, it is critical that students treat the internship seriously and conduct themselves as if they are being auditioned for future work. Although any organization is unlikely to hire an intern that performed poorly, the consequences of poor performance are magnified because of the reliance on industry peer referrals across the sport industry. Sport organizations rely on friends, peers, and associates within the industry to identify qualified candidates. It is not unusual for an intern site supervisor to assist a highly regarded intern in identifying and securing employment with other sport organizations when no position is available within the host organization. Peer recommendations are usually given a great deal of weight by sport managers, and therefore, a good word on a student's behalf could open doors for the job seeker. Conversely, a negative performance appraisal by an internship site supervisor may become an insurmountable obstacle for someone seeking employment in the sport industry.

For a student to improve his or her chances of securing a positive reference upon completion of the internship, it is important that he or she makes every effort to understand and abide by the organization's written and unwritten rules of conduct. Some sport organizations have formal intern handbooks or manuals that detail specific requirements and expectations for behavior. Written guidelines may detail policies for everything ranging from complimentary tickets to dress code to fraternization with players or clients. Other sport organizations have few written guidelines and, therefore, it becomes the intern's responsibility to initiate a discussion of organizational policy related to interns with the site supervisor and the faculty advisor. In all situations, it is in the student's best interest to ask questions to clarify any concerns he or she might have about the organization's behavioral standards and performance expectations rather than make an assumption that leads to a mistake that can have long-term negative consequences on his or her career in sport. As a rule, the student should always treat the internship as a professional opportunity that serves as a critical building block for a successful career in sport.

Selection process

The process of evaluating applicants to determine their "fit" for the jobs that are available is called the *selection process*. In many ways, this phase of the staffing process has become even more challenging than the recruiting phase. Not only has it become more important than ever that the right person with the right skills is identified for each job, but there are also legal considerations that make important additional demands in terms of selection.

Selection and the law

There are several pieces of federal legislation that, in particular, shape and influence the selection process. The first, Title VII of the Civil Rights Act of 1964, guarantees all American citizens equal employment opportunity. This law forbids discrimination on the basis of sex, race, color, religion, or national origin. An organization cannot refuse to hire, train, promote, or transfer employees simply on the basis of any of these characteristics. This means that selection and all other employment-related decisions must be made on the basis of objective standards, such as the actual requirements of the job as indicated in the position description.

Similarly, the Age Discrimination in Employment Act (amended in 1986) and the American with Disabilities Act (ADA) of 1990 prohibit discrimination in employment decisions on the basis of age and disabilities, respectively. Enforcement of these laws is the responsibility of the Equal Employment Opportunity Commission, which has the ability to accept lawsuits and impose heavy fines against employers with discriminatory practices.

The key for managers, then, is to ensure a selection that focuses both on attaining the right "fit" in terms of the requirements of the job, but also provides equal employment opportunity to all applicants.

Testing

Equal Employment Opportunity guidelines define employment testing to include any procedure used as a basis for the employment decision. This means that employment test, which may be considered as application forms, pencil-and-paper tests, performance tests, interviews, education, or experience requirements, must be administered and used in ways that avoid discrimina-

Type of test	Use
Psychological and personality tests	Measure personality characteristics felt to be essential for performance.
Pencil-and-paper honesty tests	Evaluate integrity/degree of comfort with risk for engaging in dishonest behavior.
Skills tests	Assess skills in areas such as math, English, written communication skills, computers, etc.
Assessment centers, simulations	Evaluate more complex skill sets such as teamwork, organizational skills, leadership, etc. in a "hands-on" situation.
Drug tests	Check for the presence of controlled substances through chemical analysis of urine, blood or hair samples.
Handwriting analysis	Infer personality characteristics.

Figure 9.6 Examples of types of employment tests.

tion. Figure 9.6 summarizes some of the more common employment tests currently in use.

Preemployment screening

In addition to the more formal testing techniques shown in Fig. 9.6, reference and background checks are also important elements of most selection processes. In checking references, it is best to request multiple references, speak with each of the individuals provided, and focus the discussion on job performance rather than on areas that might be viewed as violating the applicant's rights to privacy.

Preemployment screening for volunteers has become the subject of discussion in the sport industry, particularly for those segments of the sport industry that deal with children or young adults, specifically youth sports, high school sports, college sports, youth development leagues, and recreation. There have been several documented incidents of sport volunteers, specifically coaches of youth sport teams physically and sexually abusing players (Nack & Yaeger, 1999). Although many states require criminal and sexual criminal offender checks for employees working with children, laws may not extend to volunteers (Lazar, 2000). Sport managers must be extremely diligent in screening volunteers for programs that involve children. Professional associations, parent groups, and politicians are leading the charge to make Criminal Offender Record Investigation and Sexual Offender Record Investigation checks mandatory for youth sport volunteers.

As the members of our society become more mobile, many sport organizations are now conducting background checks as well as reference checks as a way to receive additional information about potential employees and volunteers. Through services available on the Internet, for example, it is now possible to receive credit reports, criminal conviction records, worker's compensation claims, court judgments, personal address histories, and more (Perry, 1999). Although extreme caution must be exercised, so as not to violate the applicant's privacy rights, the responsible acquisition and use of this kind of information can help ensure that a sport organization does not hire someone who will become a problem for the organization, its employees, members, or clients.

Job interview

Although the job interview is perhaps the most common of all employment tests, it is, in its most common forms, the least valid and least reliable predictor of eventual performance on the job. Most of the problems with the job interview are related to the fact that many managers are not trained in providing effective interviews. As a result, interviewer bias and inconsistencies in the way interviews are conducted tend to raise questions about conclusions drawn from the interviews.

To reduce the impact of interviewer bias and interview inconsistencies, two techniques are combined. The first is to require structured interviews in which specific interview questions are developed in advance, and each applicant is asked the same questions. This is combined with a multiple rater approach in which applicants are interviewed by a team of interviewers (in some cases, the search committee) or by a series of individuals, each of whom asks some of the preselected interview questions. This combination of multiple interviewers using a structured interview format tends to result in an employment test that is both more fair to the applicant and more useful to the sport organization. Many sport managers effectively utilize the search committee strategy.

Training and development

Because of the constantly changing demands of business, training has become an increasingly important human resource management process, not just for new employees but for virtually all employees. Training for new job-specific skills and/or professional development that contributes to the overall competencies and knowledge base of the employee is the responsibility of the sport organization. Training of the worker does not stop with the initial employee orientation. Although new employees and volunteers need a basic orientation to the organization, systematic continuous employee training programs are critical to the employee's or volunteer's long-term success with the organization.

In previous decades, most training focused on the basic skills needed to perform a specific job such as machine operator or concession worker, and much of that training occurred on the job. A volunteer, for example, might have been assigned the task of being a court monitor and was sent to the court with the instructions "just figure out what needs to be done and do it." Today's sports organizations have realized that in addition to specific job skill instruction, training efforts must increasingly focus on developing employees at every level including skills in teamwork, problem solving, communication, information systems, and creativity. For example, at the TPC at River Highlands, introduced earlier in this chapter, one of the organization's goals is creating a "continuous learning atmosphere to promote employee commitment to personal and company growth" (TPC at River Highlands Employee Training Packet, 1998, p. 31). Club management has instituted several ongoing training activities that focus on helping employees to develop customer service, teamwork, and communication skills. Training initiatives include encouraging and supporting management staff's attendance, seminars, and industry shows, holding daily, weekly, and quarterly staff meetings that include an education and training session, and continually giving feedback to employees on their progress.

In providing continuous training for all of the organization's employees, there are two critical challenges: selecting the most appropriate approach for the particular type of skill being targeted and ensuring an overall training design that is consistent with the fundamentals of how learning can best be facilitated.

Selecting the most appropriate instructional approaches

In a survey of training practices, organizations were asked to indicate the areas of training they included in their programs and the instructional approaches they used to provide this training ("Industry Report," 1999). A summary of the results of this survey is shown in Fig. 9.7.

One significant trend in terms of the selection of instructional approaches is the dramatic increase, since the mid-1990s, in the use of computer-based learning technologies. In one national survey of the training practices of some of the most successful U.S. businesses, the percentage of training time spent in instructor-led training formats fell from 80 percent or higher in 1996 to approximately 60 percent in 2000. Almost all of this decrease was accounted for by an increase in training time spent in technology-based learning formats, from 8 percent or less in 1996 to approximately 25 percent in 2000 (Bassi & Van Buren, 1999). Part of the key to effective training, however, is to select the training format most appropriate for the kind of learning being targeted. For example, learning about teamwork is likely to be more effective through approaches that include simulations (role plays) in which the trainees are actively involved in exercises designed to enhance teamwork, rather than through an approach involving simply viewing a video on teamwork. On the other hand, information intended to enhance the employee's understanding of a product or process can be very effectively communicated through video-based instruc-

Most frequently cited areas of training	Percent of organizations
Computer applications	95%
Communication skills	88%
Management skills/development	85%
Customer service	83%
Supervisory skills	82%
Computer systems/programming	81%
Executive development	78%
Technical skills/knowledge	77%
Personal growth	67%
Sales	57%

Most frequently cited instructional approaches	Percent of organizations
Classroom programs--live	90%
Workbooks/manuals	74%
Videotapes	69%
Public seminars	56%
CD-ROM	54%
Self-study (non-computerized)	39%
Role-plays	37%
Audiocassettes	36%
Internet	36%
Case studies	33%

Figure 9.7 The top 10 areas of training and instructional approaches.

tion. For example, Craftsmen Truck Series team managers utilize a variety of strategies to teach members of the pit crew how to improve their performance. Not only do they provide written instructions, hands-on training, and review sessions but they also videotape pit crew members and guide them through self-assessment of performance.

The most effective training designs match the area of training being targeted with the instructional approach most appropriate for that type of learning. As in the previous example, the most effective training often combines two or more instructional approaches.

Fundamentals of effective learning

Although there is obviously a wide range of options in terms of instructional approaches, there are a number of fundamentals for effective learning that should be present in every training program, regardless of which approach is chosen. These "fundamentals" for learning skills (behaviors) or information (understanding) are summarized in Fig. 9.8.

Whether the training is instructor-led or computer-based or whether the training occurs in groups or individually, to be effective there must be clearly defined learning goals, effective presentation of the skill or information, and sufficient opportunity for practice and feedback.

Beyond these fundamentals, it is also important to realize that the most effective learning occurs when the individual has the opportunity to actually use the new skill or understanding on the job. This means that learning is most complete when the individual has the opportunity to continue to practice and receive reinforcing feedback as part of the day-to-day work he or she does (Wexley & Latham, 1981). In other words, it is not enough that skills be practiced and refined in the training setting. For optimal learning, the reinforcement of new skills requires continued practice and feedback as part of the individual's regular work activities. Whether a NASCAR pit crew member, a volunteer customer service representative at a rodeo tour event, or a professional volleyball tour marketing director, continued professional development is critical to success. All sport managers should assure that their employees consider professional development and training to be part of their regular job responsibilities. Effective sport organizations continue to educate and support their employees long after the initial orientation is complete. By doing so, they ensure that all members of the organization have the skills and understanding required for overall strategic effectiveness. Appropriate

1. **Learning goal(s)--**A clearly defined target in terms of what the trainee will be able to do or understand as a result of the learning.
2. **Modeling**--a demonstration of the targeted skill broken down to its key components.
   OR
   Meaning--a detailed and engaging presentation of the key information.
3. **Practice**--multiple and varied opportunities to "try out" the targeted skills or understanding.
4. **Feedback**--reinforcement and information about performance during practice and beyond.

Figure 9.8 Fundamentals of effective learning.

training programs then require instruction in the right skills, using the right mix of instructional approaches, delivered the right way in terms of the fundamentals of learning.

Performance evaluation

Effective staffing and training are two of the core elements of an organization's human resource management system. A third is effective performance evaluation. Performance evaluation, sometimes called *performance appraisal* or *performance planning and review*, is the formal process of assessing how well each employee in the organization is performing her or his job. Perhaps no tendency in sport is stronger than the tendency to assess performance. In virtually every sport, performance is continuously monitored and statistical measures are developed and constantly updated as a means for assessing individual, team, or organizational performance.

In professional golf, for example, key performance measures include average strokes per round, percentage of greens reached in regulation, percentage of tournaments in which the golfer "made the cut," and so on. In car racing, driver performance is measured in terms of average speed per lap, percentage of finishes in the top 10, number of laps in the lead, and more. For off-field employees, performance is measured in terms of numbers of tickets sold, percentage increase in sponsor renewal, gross sales, number of customer contacts, number of new members, and so on. The point is that in sports, measures of performance have emerged naturally to allow effective assessment of how well individuals or teams are doing their jobs. The challenge is to develop simi-larly effective means of assessing or measuring the work of everyone in the organization.

Performance evaluation formats

A wide variety of formats have emerged to evaluate work performance in organizations. Probably, the most common general format involves the use of graphic rating scales. In this approach, employees are rated on a range of different traits (creativity, cooperativeness, initiative, etc.) or behaviors (see the example in Fig. 9.9) using a numerical scale indicating the level of performance in this area (1 = *low*, 5 = *high*), the quality of performance (1 = *poor*, 5 = *excellent*), or the frequency of performance (1 = *never*, 5 = *always*). Figure 9.9 shows an example of a particular type of graphic rating scale, Behaviorally Anchored Rating Scale (BARS). Using the BARS technique, combinations of specific behaviors are used to determine the level of performance in the various areas of performance required in a specific position. In the example in Fig. 9.9, the scale shown is for communication skills. Other areas of performance required for the position, interpersonal skills, technical skills, and so on, would have separate BARS allowing evaluation of performance in each of those areas.

Another common performance evaluation format is the balanced scorecard or management by objectives approach described in Chapter 6. You will recall that, in the balanced scorecard approach, managers work with individuals to define specific performance objectives for the individual consistent with the organization's goals. Some organizations combine BARS and balanced scorecard, using the rating scale component for those job requirements that are consistent year to year and the goal setting component for areas of performance

Communication skills

Presents ideas clearly, responds constructively to others' ideas.

10 =	Communicates effectively in writing, one on one, in small groups, and with management.
8=	Communicates effectively in writing, one on one, and in small groups; appears less comfortable communicating with management.
6=	Communicates effectively in writing and one on one; appears less comfortable communicating in small groups, and with management.
4=	Communicates effectively in writing; appears less comfortable communicating one on one, in small groups, and with management.
2=	Needs improvement in all phases of communication: written, one on one, in small groups, and with management.

Figure 9.9 Sample BARS to evaluate the communication area of performance.

that might be of particular importance in a given year. For example, an advertising sales position in a marketing department of a tour sport organization might be evaluated using BARS for the areas of performance relating to how well the individual deals with existing advertisers, but use a balanced scorecard approach for evaluating how well the individual performs in terms of attracting new advertisers or increasing sponsorship revenues for a tour event or series.

Performance evaluation and equal employment opportunity

Performance evaluation usually occurs on an annual basis for each employee and the results of this evaluation are very often the basis for decisions on whether and how much to increase the employee's pay for the coming year, as well as for decisions relating to the future training opportunities, promotion, and potential reassignment of the employee. Because performance evaluation does provide the basis for so many important decisions relating to pay, future training, and promotion, the federal antidiscrimination legislation discussed earlier in the chapter requires that an organization's performance evaluation process be legally defensible. Although the Equal Employment Opportunity Commission has not defined specific guidelines for a legally defensible performance evaluation process, research on a large number of court decisions on employment discrimination cases suggests four criteria (Kreitner, 2001).

A job analysis should be used to develop the performance evaluation instrument. Job analysis is the systematic assessment of what skills, personal characteristics, and other qualifications are actually required to perform the job successfully and ensures that the evaluation process is focusing on the actual requirements of the job. It also minimizes the extent to which a manager's bias might result in different evaluation processes for different employees. Every employee with the same job description will be evaluated on the same items.

The evaluation should focus on behavior, rather than on traits or characteristics. This ensures that the actual performance of the individual is being evaluated, rather than the individual's personality or other traits. The problem with evaluating personality or traits—unless they are defined in terms of specific types of behavior—is that judgments on characteristics such as initiative or attitude tend to be very subjective and, for that reason, less consistent. The BARS approach represents the kind of behaviorally oriented format supported by these guidelines.

The performance evaluation process should be performed consistent with specific written instructions. Written instructions on exactly how to conduct the performance evaluation ensure that every employee is being evaluated using the same system. This reduces the likelihood that managers, for whatever reason, might treat different employees differently in terms of the evaluation process.

Managers should review the results of the evaluation with their employees. This guideline reflects what the courts have tended to view as one of the characteristics of a legally defensible performance evaluation process. But sharing the results of evaluation with the individual is also good management. If one of the key goals of the performance evaluation process is improved work performance, then feedback on work performance to the individual is essential. When conducted effectively, the performance evaluation process provides a valuable opportunity for the manager to recognize and reinforce positive performance and to exchange views and information with the employee about how work performance might be improved.

In summary, each of these criteria for a legally defensible performance evaluation process represents an important guideline for an effective performance appraisal process. Organizations following these guidelines are creating a system of evaluation that is not only more likely to be fair in terms of validity and reliability, but also likelier to be more accurate in the judgments it produces for purposes of pay and promotion and more productive in terms of enhancing future work performance.

Compensation

The next core element of an effective human resource management system is compensation: the rewards individuals receive for performing the work of the organization. The challenge for sport organizations is to design a total compensation system that (a) allows the organization to attract and retain individuals with the skills and qualifications it needs to be successful, (b) supports a high level of work performance by its members, and (c) allows the organization to remain profitable or financially viable into the future. There are a number of potential elements that can be included in an organization's compensation system.

Base pay

Base pay is the compensation provided for performing the basic duties required by a given job. Traditionally, salary ranges are established for each position in the organization. These salary ranges set the lowest level and highest level of base pay available for individuals in that position. Employees progress upward through the salary range for their position, most often on the basis of how long they have spent in the position and how well they do their job as determined by their annual performance evaluation.

The salary ranges established by an organization usually reflect industry standards in terms of what the going rate is for similar positions at other companies in the same geographic area or in the same or competing industries. Organizations research what other organizations are paying their employees to ensure that their own pay scales are high enough to allow them to attract and retain good employees and at the same time not paying more than what the market requires.

Performance-based pay

In recent years, as organizations have focused on becoming more competitive by improving their performance, there has been an increased emphasis on compensation systems that reward employees for performance beyond the basic requirements of their jobs. Performance-based pay can include incentive pay, bonuses, or commissions, usually for attaining specific individual or team performance goals in terms of quality, efficiency, or productivity. For example, a sales staff member might be compensated based on a percentage of ticket revenue developed, sponsorship fees collected, or gross premium sales. Similar to this is gain sharing or results sharing in which employees receive additional financial compensation in return for contributing to the organization's overall success as measured by increased profits, reduced expenses, or some other indicator of improved organizational effectiveness.

Another form of performance-based pay is pay-for-skills or pay-for-knowledge, in which additional compensation is awarded to employees who learn and successfully apply new skills or knowledge considered valuable to the organization's success. For example, a sport program supervisor who completes a course in advanced lifesaving or emergency medicine or achieves certification in athletic training may be financially compensated for his or her new skills. A manager who completes computer network training, an advanced sales training course, or an advanced degree may be awarded a pay increase for their new knowledge or skill.

Actually, there has been some criticism of the increasing emphasis on performance-based pay. Critics argue that it can be difficult to measure performance in some jobs, such as customer service or jobs where the focus is on the quality of what is done, rather than the number of units produced.

Critics also charge that tying pay to performance focuses employees' attention on reaching short-term goals rather than on the kind of problem solving that can use up a lot of time over the short term, but significantly improve performance over the longer term. In an attempt to overcome such possible negative effects, some sport managers have financially awarded creativity or new ideas. Even if the ideas have produced poor results or have failed outright, some managers believe that risk-taking and creative problem solving should be encouraged, and to ensure that employees remain committed to trying new things, they will provide bonuses for unconventional thinking and creative problem solving.

Finally, unless managed carefully, pay-for-performance programs can result in employees competing with each other to be judged "above average" or "exceptional," rather than cooperating with one another for the greater good (Kohn, 1993). For example, some sport managers create friendly competitions among sales teams in an effort to motivate high performance. One negative outcome of these competitions is that employees assume a win-at-all-costs attitude and may focus on sabotaging other sales teams or employing high-pressure sales strategies that may be detrimental to the organization in the long run. These criticisms represent important warnings to sport organizations as they attempt to use pay-to-motivate-work performance.

Another compensation issue of concern to sport managers and students entering the sport industry is salary scale. There is a general misconception that sport salaries are high. Media stories reporting the gargantuan salaries of professional athletes do not represent compensation on the off-field side. Generally, salaries in sport, particularly starting salaries' are low. Organization type (i.e., nonprofit or for-profit) often affects salary scale as does industry segment and organization location. Although senior level executives and staff may be well compensated in some sport organizations, there is little trickle-down effect. Because of the glut of potential employees who are willing to work for little or nothing just to be in sport, sport salaries are generally deflated. The reality for most sport managers is that they need to pay their dues. They must work long hours—often times on nights and weekends—at pay levels that are lower than other business enterprises. Success in the sport industry is often about perseverance and dedication. It is possible to move up the ladder within the sport industry and be well compensated for skills and demonstrated performance. As many sport managers are quick to advise their young employees, "it's not always about the money, but the opportunity." Certainly, there are other benefits for those who are passionate about a career in sport that can help to compensate for a deflated salary.

Benefits and other nonfinancial compensation

In addition to direct pay, or financial compensation, there are also nonfinancial forms of compensation. The most common forms of nonfinancial compensation are called *benefits*. Typically, these include medical and life insurance, vacation, holiday, and other paid time benefits, and some form of company-sponsored retirement or savings programs. Most often, the costs of these benefits—which can represent 35 to 40 percent of total compensation expenses—are shared with the employee.

Finally, there are other forms of nonfinancial rewards that can vary from organization to organization. For sport organizations, these types of benefits are particularly useful for compensating poorly paid employees and/or thanking volunteers and cultivating volunteer support. These range from dinners and event tickets to access to athlete performers, company-sponsored trips, golfing privileges, preferred parking, merchandise discounts, and clothing. At many tour sport events, there are special functions held specifically for volunteers. They may include concerts, luncheons, and/or receptions with tour athletes.

For employees, other rewards vary from additional vacation time and flexible scheduling to paying for college courses and other forms of career development opportunities. The key to an effective compensation component of the overall human resource management process is to develop a combination of pay, performance incentives, benefits, and other nonfinancial rewards that will enable the organization to attract and motivate a high-performance workforce. It is also important for the sport manager to understand employee and volunteer motivation, as will be discussed in Chapter 10, and design compensation or reward packages that are attractive to employee and volunteer groups. (For a more complete discussion of the topic of compensation, see “A Quick Breakdown of Strategic Pay,” by V. L. Williams and S. E. Grimaldi, December 1999, *Workforce*, pp. 72–75.)

Employee wellness

Every year, more than 6000 workers die in the American workplace, and more than 6 million are injured or become ill as a result of working conditions. Although most of these accidents and illnesses are in manufacturing organizations, 40 percent are in the service sector (in which sport organizations are included), and more than 80 percent of these resulted in lost work time, medical treatment beyond first aid, loss of consciousness, work restriction, or job transfer (Bureau of Labor Statistics, 2005). Clearly, one of the major challenges of human resource management in sport organizations, especially with on-field talent, is maintaining employee safety and wellness.

NASCAR, its stakeholders, and fans felt the impact of safety and wellness issues to a devastating degree at the 2001 Daytona 500, when on the race's last lap, legendary driver Dale Earnhardt was killed when his number 3 GM Goodwrench Service Chevrolet Monte Carlo skidded right and crashed full speed straight into the track's concrete retaining wall. The death of Earnhardt, stock-car racing's equivalent of Michael Jordan, followed less than a year after fatal crashes of fellow drivers Kenny Irwin and Adam Petty (grandson of NASCAR legend Richard Petty and son of current driver Kyle Petty), both at New Hampshire International Speedway, and Craftsman Truck series driver Tony Roper. Earnhardt's fatal crash was followed by weeks of controversy over whether the death had been hastened by a broken seat belt and legal wrangling over whether Earnhardt's autopsy photos would be made public. Florida governor Jeb Bush eventually signed a bill to keep the photos from public release ("A Look Back," 2001).

As noted previously, NASCAR's greatest asset is its drivers and has placed rules governing car speed and certain equipment to help protect drivers and ensure close and fair competition. However, in its rule book, the organization states that (Wood, 2001b):

> Stock car racing is an inherently dangerous sport. Each competitor assumes that risk when he or she participates in an event. The risk of serious injury or death cannot be eliminated and, in fact, will always be present at a high level. Members are required to advise their spouse and next of kin, if any, of this fact.... Although safety generally is everyone's concern, NASCAR cannot be and is not responsible for all or even most aspects of the safety effort [p. 8C].

Regardless of this disclaimer, after the recent spate of fatalities, the organization was roundly criticized for not requiring more precautionary safety equipment, such as the HANS (head and neck safety) restraint device that many experts claim would have saved Earnhardt Sr. Although NASCAR claims that the drivers do not want HANS mandated, some opine that if the organization requires it, it assumes the legal liability if the device fails, so it leaves the choice to employ the device to the individual drivers. Says Geoff Smith, president of Roush Racing, one of the teams that races cars in NASCAR, "There is a legal proposition that is built into the sport,... that says that (drivers) are responsible for (their) own safety. If I were running a business I'd do it the same way.... But there's a public relations awkwardness that goes with a discussion of safety" (Wood, 2001b, p. 8C).

NASCAR, founded in 1948 by William France, is a private, family-owned organization. (The France family also controls International Speedway Corporation, a publicly held company that owns 12 racetracks, on which half of the NASCAR races are held [Wood, 2001c].) For decades, the France family has run NASCAR in whatever way they felt was best, but because the sport has boomed in popularity during the last decade (in no small part due to the Frances's savvy business practices), they will find public scrutiny more of a factor in safety and wellness decisions. And unlike many professional league sports, the fact that tour drivers are not unionized means that, unlike in major league baseball, the drivers have not presented a united front to push NASCAR to address these issues. Some experts, like sport marketing guru Bill Sutton, says that NASCAR has said that it might have acted differently to prevent the deaths of Earnhardt Sr. and others, but "now they need to go the rest of the way and say they're sorry…that (they) didn't handle it the way they should have" (Wood, 2001a, p. 2C).

Safety and government

As serious a problem as worker safety is today, 30 years ago, the problem was even more severe, with more than 14,000 work-related deaths in 1970. In that year, the U.S. government created the Occupational Safety and Health Administration (OSHA) to set health and safety standards for the American workplace and to monitor organizations to ensure work conditions free from recognized hazards. OSHA requires that employers maintain conditions consistent with federal safety standards, submit to periodic workplace inspections, and record and report all workplace accidents and injuries. Where violations of safety standards are found, OSHA is able to levy penalties of up to $70,000 for each violation, with increasing penalties if the violation is not corrected in a timely fashion.

Critics charge that some OSHA requirements or limitations on employers are excessive and that the paperwork required by OSHA can be time consuming and expensive. But there is little question that the effects of OSHA had been a safer workplace and much greater attention by employers to the health and safety of their workers.

Alcohol and substance abuse

The history of alcohol and substance abuse with prominent sports idols is a long and storied one. Babe Ruth was beloved in part because of his profligate lifestyle, and many of the baby boomers who worshipped Mickey Mantle, blissfully unaware of his drinking binges, forgave him for his hard-drinking ways once he came clean and approached death because of liver disease. Modern sport is beset almost daily by stories of drug involvement and alcohol abuse by high-profile athletes and sports personalities. Recently, however, public focus has been on the use of performance-enhancing drugs such as steroids or human growth hormone in sport. In 2005, Congress summoned professional athletes, league officials, and labor leaders to Washington, DC, to testify on the prevalence and use of steroids in professional sport. Government officials also grilled league and labor leaders on policies related to testing and disciplinary action. Congress was interested not only in understanding how leagues dealt with the issue, but also about the availability and use of illegal steroids in the United States. Heightened public interest in steroids and other performance-enhancing drugs followed the publication of a tell-all book by former major league baseball player, Jose Canseco, deaths of several young athletes linked to steroid use, and a federal investigation into BALCO in California, which purportedly manufactured and distributed illegal substances to a wide variety of professional athletes, including professional baseball players and track-and-field stars. Congress also heard testimony from doctors and parents of young athletes who used steroids, and the discussion focused on how the government could force leagues to tighten up their policies and rules pertaining to the use of performance-enhancing drugs.

Clearly, one of the most serious threats to wellness in the sport workplace is the prevalence of a variety of dangerous substances, including alcohol and drugs. This is a problem that is not unique to sport, and it impacts all of American society. It is estimated that approximately one in every eight American workers abuses either drugs or alcohol, with significant consequences not only for themselves, but also for their employers and coworkers. For example, employees who abuse drugs or alcohol are 10 times more likely to be absent from the job and 3 times more likely to either have or cause an accident (Castro, 1986). To minimize the impact of this problem, approximately one in every four employers tests employees for alcohol, and nearly half test for drugs (Ivancevich, 2001). Many conferences, leagues, and athletic departments across the country have extended drug testing to coaches, student-athletes, and other athletic employees. However, there are legal restrictions on testing employees for substance use, and the tests themselves are not always reliable, leaving employers open to lawsuits.

In addition to testing, many organizations have taken the route of providing employees with substance abuse and other emotional or behavioral problems access to an employee assistance program (EAP). The philosophy behind the EAP approach is that employees are important to the organization, and every effort should be made to assist employees with problems that affect their performance. Most EAPs include some form of the following (Ivancevich, 2001, p. 465):

1. Employees who are identified as needing assistance are referred to the program.
2. The employee's problem is evaluated, and counseling or options for treatment are discussed—all in a confidential manner, and where appropriate, a referral for treatment is provided.
3. Employees receive professional counseling or treatment, usually by an outside provider or agency.

The EAP approach has actually expanded in recent years to include programming for the full range of employee health and wellness issues that impact workplace productivity. In school-based sports particularly, there has been an emphasis on education through programs such as the NCAA Champs/Life Skills program. In professional leagues or sports, teams, agents, unions, and other governing bodies play a role in educating their employees (including athletes) about the potential dangers of illegal substance use.

A wellness approach to employee health

There is actually a much better reason than the existence of OSHA or substance abuse problems for organizations to focus on the health and safety of their employees. The fact is that a healthy workforce is simply more productive than a workforce where employees are unable to perform their jobs well as a result of accident, injury, illness, or unhealthy behaviors. It is for this reason that employers are increasingly taking a wellness approach to employee health.

A wellness approach focuses on preventing accidents, injuries, or illnesses before they happen. In this approach, employees are encouraged to engage in a range of behaviors and activities associated with better health. These include improved nutrition and regular exercise, stress management training, employee counseling for personal problems, programs for reducing or eliminating use of alcohol, tobacco, and other unhealthful substances, and regular medical examinations. Although there are definite expenses associated with supporting a wellness approach to employee health and safety, these expenses are generally found to be much lower than the potential productivity gains from a healthy workforce.

In the area of performance-enhancing drugs, however, the line between personal health and human performance often becomes blurred. Athletes often believe that to maximize their abilities, they must use supplements or other chemical interventions to achieve peak performance and be competitive with other athletes who might also be using artificial means to achieve results. Realizable gains through chemicals, however, may be dangerous and may have long-term negative consequences, but it is often difficult to convince an athlete of potential long-term negative health effects when they can see the immediate gains in size, strength, and speed. There is also the ethical question of whether sports organizations see it in their best interest to curb use of these substances when the organization itself is benefiting directly from the newly developed skills of its athletes who are winning games, setting records, and attracting fans.

Employee relations

The final challenge of human resource management that we will discuss is the challenge to maintain a productive and mutually satisfying relation between employees and the organization. Fairness and competency in implementing each of the processes already described in this chapter are essential for positive employee relations. But there are other challenges as well. Some of the most prominent include unions and collective bargaining, sexual harassment, and government-mandated accommodations for employees.

Unions and collective bargaining

Before the last few decades, when one out of every three American workers were union members, relations between employers and employees were largely defined by the union contract, more formally known as the collective bargaining agreement. Although fewer than one in seven U.S. workers now are union members, there are several segments in the sport industry where unions play an important role. For example, in the sport facility industry, labor union members may supply critical services such as electrical service, plumbing, construction, sound and lighting, and transportation. Often, public sport agencies such as recreation and park departments and educational institutions deal with municipal or state labor unions or professional labor associations. As discussed earlier, the operation of professional sport industry is widely influenced by players, officials, and labor unions or associations.

Employees usually form unions as a way to improve their ability to have an impact on their working conditions, on how they are paid, how work is scheduled, and so on. The federal government formed the National Labor Relations

Board (NLRB) to ensure that there would be a fair and orderly process for workers seeking to form a union. Employees interested in forming a union must first obtain the signatures of 30 percent of the potential members of the union. Once this is done, the NLRB supervises an election in which employees vote by secret ballot as to whether they support the formation of a union. If a majority vote in favor of the union, the NLRB certifies the union as the employees' official representative in negotiating with management.

Collective bargaining is the process of negotiating a labor contract that is acceptable to both management and employees. Typically, the labor contract that is negotiated contains agreements about wages and hours, conditions of employment, promotion, and layoff, discipline, benefits, overtime vacation and rest periods, as well as grievance procedures (Griffin, 2000). Union members have the opportunity to accept or reject the terms suggested in the proposed contract by voting for or against it. Again, ratification of a new collective bargaining agreement requires a majority of those voting.

If relations between management and employees are not well managed, the collective bargaining process can become extremely difficult, with employees sometimes resorting to work slowdowns or labor strikes as a way to express their displeasure. As management and unions have learned to cooperate more effectively in the negotiation process, collective bargaining agreements have become an important tool for ensuring positive relations between employees and the organization and for making workers and the workplace more productive.

Sexual harassment

A second area of challenge in terms of employee relations is the need to maintain a work environment free from sexual harassment. As more and more women have entered the workforce at every level and in every industry, the frequency of complaints of sexual harassment has increased. Sexual harassment is generally considered to include unwanted sexual attention or behavior, either directly toward a specific group or individuals or contributing to an offensive or intimidating work environment.

Sexual harassment is never acceptable, but as a result of the Civil Rights Act of 1964, employers are considered legally responsible for maintaining a work environment free of the conditions that constitute sexual harassment. The consequences of failing to maintain such an environment can be considerable in terms of legal settlements, fees, and lost employees. What is much more difficult to calculate are the costs to these organizations in terms of the increased difficulty of attracting and recruiting skilled and talented workers who will now question working for a company with a reputation resulting from the publicity of lawsuits.

For all of these reasons, most American businesses now have formal programs to ensure an environment in which sexual harassment is clearly unacceptable. These programs typically include the following elements: (1) a clearly articulated policy on sexual harassment, including definitions of unacceptable behavior and penalties for violating the policy; (2) clearly defined procedures to ensure that employees with complaints in this area can receive a fair hearing without fear of retaliation; and (3) training throughout the organization—for managers, supervisors, and other employees—to ensure widespread understanding of the organization's sexual harassment policy and the processes available to employees for registering complaints (Segal, 1998).

Sexual harassment represents a serious threat to the goal of positive employee relations. Reducing this threat to the lowest possible level will pay off, not only in avoiding costly legal battles, but also in the value of achieving a more productive work environment.

Americans with Disabilities Act

There are two other areas where the government has intervened to ensure fair treatment of employees. The first is in the area of accommodating the needs of workers with disabilities. In 1990, Congress passed the ADA. This law requires employers to make "reasonable accommodations" for qualified individuals with known disabilities. A qualified individual with a disability has been defined as an individual with a disability who, with or without reasonable accommodation, can perform the essential activities required by the job (Ivancevich, 2001).

In the years since the passage of ADA, court cases have provided clarification of what is meant by reasonable accommodation and known disabilities. As employers' legal responsibilities continue to become clearer in this area, the ability of employers to respond to the needs of workers with disabilities will continue to improve.

Family and Medical Leave Act

Over the course of the last several decades, the number of women entering the workforce continued to increase, as did the number of single women heading households. The number of families with children younger than 18 years headed by women doubled between 1980 and 1990, from 2.9 to 5.8 million (Cook, 1992). In response to the need, primarily of women, to balance the demands of work and home, Congress passed the Family and Medical Leave Act (FMLA) in 1993.

With some exceptions, the FMLA requires employers with 50 or more employees to provide up to 12 weeks of unpaid leave to eligible employees during any 12-month period. The unpaid leave can be for births, adoptions, the care of sick children, spouses, or parents, or for the employee to recover from their own illness (Hall & Walker, 1993). Sport organizations that exceed the 50-employee minimum would be required to provide the leave specified in the FMLA.

Summary

In this chapter, students were introduced to the tour sport industry. The tour sport segment consists of a single or series of sport competitions at various locales throughout a tour season. They may feature individuals (as in golf) or teams (as in volleyball) that compete in a tournament-type or championship event format either on the basis of one single event or as part of a series. The tour sport industry consists of three distinct segments. The first segment is known as traditional tour sport and encompasses traditional sport competition such as golf, tennis, rodeo, bicycling, or auto racing where individuals and teams may compete in one event and/or as part of a championship event series. The second segment is outdoor-adventure/extreme sport, which features non-traditional sport activities such as freestyle stunt skiing, sky surfing, logrolling, or skateboarding. Examples of this segment include the Gravity Games and X Games. The third segment is tour sport entertainment, which is usually commercial in nature and features sport activity that is usually scripted to some degree and has predetermined outcomes. Examples of this segment are the World Wrestling Entertainment and Harlem Globetrotters.

This chapter also focuses on the people factor in sport organizations through the examination of the human resource function. Both employee and employer perspectives of the human resource function are presented. Human resource management is described as the responsibility of management to establish and maintain specific programs and systems needed to attract, develop, and support a high-performance workforce. The human resource function is directly tied to the organization's strategic initiatives and may be viewed in the context of two separate human resource tracks—on-field personnel management and off-field or front office personnel management. The sport organization must employ a human resource management system that includes job analysis, human resource planning, recruiting and selection, training and development, performance evaluation, compensation and reward systems, and employee safety and wellness. The human resource manager's responsibility also includes complying with organizational policies, legislation, and guidelines established by the sport organization's governing bodies.

Management exercise

Imagine that you are Rob Warinski, the sport management student introduced in the opening discussion case in this chapter.

- How would you go about finding a job in the sport industry?
- What jobs might be of interest to you? What jobs in sport are you qualified for?
- How would you find out about potential job openings in your chosen sport career area? What employment resources would be most valuable to you?
- What special skills, experience, or knowledge would you bring to the sport organization?
- Do you think Rob has been successful in preparing for a job in sport? Why? Why not?
- Marketing perspective: Develop your own resume. (What resources are available on your own college campus to assist you in putting together a professional resume?) What skills, experience, or knowledge do you have that differentiate you in the sports marketplace? Can you think of other ways to "sell" yourself to potential employers?
- Research available positions in your chosen sport industry segment. What types of entry-level jobs are available? What skills, education, and experience are necessary to secure an entry-level position?
- International perspective: What types of entry-level positions are available internationally in your area of interest?
- Legal perspective: Do some research on the interview process with your own career and human resource office or through a human resources course. What questions can/should not be asked in an interview? How will you handle these questions should they be raised by a future employer?
- Interview a sport management professional. Write a two-page career analysis. How did they come to hold their present position? What is their educational background? Did they undertake an internship? What types of skills

are needed to perform their job? What advice do they give someone just starting out in the sport business?

- Divide the class into teams of four students. Each group should prepare a job description for a position within the sport tour industry. Detail job responsibilities and requirements. What level of education, skills, and experience are required of the successful candidate? What questions should the committee ask of candidates? Devise several recruitment strategies.

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10

Managing change in collegiate athletics

Introduction

Throughout this book, students have been presented with the notion that management is a complex organizational task that is made even more challenging by the dynamic nature of the sport industry. Change is both the most daunting challenge confronting management and the most promising opportunity. Change threatens to overwhelm the organization on the one hand and reveals unprecedented possibilities on the other. New competition, technology, and performance standards are just some of the changes that managers must not only anticipate, but must bring about.

Change is inevitable. The question is not whether to accept the challenge of change but how to manage change to make it as productive as possible and a process for strengthening and renewing the organization. In this chapter, students will be introduced to the principles and process of managing change. Lewin's (1951) model of organizational change is introduced as a simple theoretical framework for managing change. Strategies for overcoming resistance to change and effectively bringing about change in the organization will be identified. Lastly, the concept of the learning organization will be introduced.

There may be no better segment in all of the sport industry than collegiate athletics to examine the process of managing change. Intercollegiate athletics have evolved from their beginnings in the 1800s as diversionary student-organized and student-directed activities to multimillion dollar businesses today. Collegiate athletic organizations of today are clearly dynamic organizations that must constantly change and evolve to fulfill their responsibilities in support of the institution's mission and stakeholder interests.

Check the stats

Purpose: To provide opportunities for college students to engage in athletic activities that are designed to enhance the educational experience and character development of participants; to generate visibility and enhance the reputation of the institution; to attract support to the institution; to create community spirit and to unify the various communities and stakeholders of the institution.

Stakeholders: Participant athletes, students, parents, coaches, related support personnel (trainers, officials), equipment suppliers, conference/league member schools and administrators, media, alumni, faculty, university administration, national administration officials (e.g., NCAA; website: http://www.ncaa.org/), licensees, corporate partners, local, state, and federal taxpayers.

Size and Scope: The NCAA, which oversees the overwhelming majority of intercollegiate athletic programs, has more than 1000 member schools that offer intercollegiate athletic programs. The National Junior College Athletic Association (NJCAA; website: http://www.njcaa.org/) is currently made up of approximately 550 junior college intercollegiate athletic programs. Currently, there are approximately 50 big-time athletic programs, or "power schools," that compete at the highest levels and have gained the bulk of national media attention and coverage and are considered to be members of an elite inner circle of intercollegiate sport programs.

Governance: The NCAA, founded in 1905, is considered to be the primary governing organization for intercollegiate sports. Other governing bodies include the NJCAA and National Association for Intercollegiate Athletics (NAIA; website: http://www.naia.org/).

Institutions are also governed through conference affiliation (the Big East, Big Ten, Atlantic Coast Conference, New England Small College Athletic Conference [NESCAC]), where member institutions agree on specific policies, procedures, and practices that comply with national association guidelines.

The intercollegiate athletic program is also governed internally through the institution's own governance and control mechanisms. Presidents of institutions have come together to influence the operation of the intercollegiate athletic systems. The NCAA supports the notion of presidential control of intercollegiate athletics.

The NCAA oversees 88 championships in every sport for all divisions except Division I-A football.

Inside look: In the wake of *Oneida*

Although the beginnings of intercollegiate athletics were firmly rooted in higher education long before August 1852, this was when it all began. Before Duke–North Carolina, before UCLA–USC, before Auburn–Alabama, before Michigan–Ohio State, before Joe Paterno, Adolph Rupp, Knute Rockne, Michael Jordan, Matt Leinhart, and Doak Walker, there was Harvard and Yale. But the first battle was neither in football nor in basketball, but in crew, or more specifically, rowing. And this seminal tussle took place neither on the Charles River by the gates of Harvard Yard nor in New Haven Harbor, but on Lake Winnipesaukee in bucolic New Hampshire, miles and miles from either campus. But why then and why there? Or maybe more importantly, why do it all?

From its earliest inception at Harvard, American institutions of higher education have sought to integrate all facets of life into the collegiate experience. Turner (1984) noted that Harvard's founders intentionally chose the English collegiate system where students and masters lived, ate, studied, worshipped, and played together, rather than the European or Scottish model where students lived and boarded in the community. This choice was based on academic and religious principles to form a sense of community within the school, in much the same manner as intercollegiate athletics would later be used to build and promote school loyalties. This institutionalizing of nonacademic student life would inevitably give rise to the college's involvement in sponsoring, at least by virtue of its responsibility of in loco parentis, the extra curriculum.

This meant activities beyond classes and required chapel and would soon come to mean athletics. Nearly a century before the advent of intercollegiate athletics, activities such as literary societies, Greek-letter fraternal organizations, and organized on-campus "intramural" athletics were established by students (Rudolph, 1990). Athletic participation was usually decried by faculty, as evidenced as early as 1787, when Princeton faculty forbade students to participate in "shinny," a form of hockey, because it was "low and unbecoming gentlemen and scholars" (Rudolph, 1990, p. 151). Nonetheless, an annual game between the junior class and the sophomore class was quite popular in Princeton (Sheldon, 1969), and the students also played an early form of baseball as early as 1786 (Seymour, 1989).

Despite these concerns, student persisted in these athletic pursuits because, as one Amherst College student of the day noted, such activities "served to vary the monotony, and relieve the dryness of college duties" (Cutting, in Smith, 1988, p. 15). Students participated in exercise regimens as a precipitate of the gymnasium movement of the 1820s, with colleges opting then to formally incorporate such programs by midcentury. Amherst was the first school to add a department of hygiene and physical education in 1860, in hopes of channeling student activity into higher purposes (Rudolph, 1990). Soon, though, the movement was perceived by students as "so mechanical, so business-like" (Bruce, in Rudolph, 1990, p. 153).

In response to the disinterest in gymnastics, but a real interest in other forms of physical activity, students chose instead to compete in sports such as baseball, crew, track, and football. As the popularity of sport grew on campuses, students began to look beyond the campus boundaries for challenges, as evidenced by the Harvard–Yale crew race. But the offer to support the race financially came from James Elkins, a railroad superintendent for the Boston, Concord, and Montreal railroad. The company believed that enough spectator interest existed in an intercollegiate athletic event that it paid for the travel and room and board for the two teams, whereas the teams looked forward to a "jolly lark" (Smith, 1988, p. 28). With a thousand or so spectators in attendance, the Harvard crew in their boat, *Oneida*, won first the 1.5-mile morning race and, after a respite of lunch, mineral water, ale, brandy, and cigars, won the 2-mile afternoon race as well. With presidential candidate Franklin Pierce looking on, the winners received a prize of a handsome pair of black, silver-tipped walnut oars (Smith, 1988). Commercialization had led to the first intercollegiate athletic contest, but other factors would lead to its establishment and entrenchment into American culture.

Rudolph (1990) aptly summarized that,

> For the American college student, the gymnasium, the boat club, the baseball team (and before long the track team, the football team, and cricket team) were necessary for the fullest enjoyment of life. They were the institutions in which the student embedded his values, the values of worldly success; institutions in which he clarified the nature of distance that stretched between his view of life and the view that the college purveyed [pp. 154–155].

A lot has happened since the crew of the *Oneida* won the day. At the close of the twentieth century, and nearly a century and a half after the Lake Winnipesaukee duel, American intercollegiate athletics are more popular than ever. This point is succinctly articulated by a former Miami football player who said, "You don't get 70,000 people to watch a chemistry experiment" (Dealy, 1990).

From its humble beginnings as a "jolly lark" for male students to today's multifaceted and broad-based athletic programs for both male and female students, intercollegiate athletics have experienced incredible expansion in size, scope, and purpose. But now that collegiate athletics are inextricably intertwined with higher education, the questions that arise are: Do we need collegiate athletics? Can colleges and universities get along without them? What do they have to do with higher education?

The challenge of change in collegiate athletics

Jeremy Foley, athletic director at the University of Florida, suggests that the evolution of collegiate athletic programs into business enterprises has changed the role of the athletic director, “there’s no question that with the dollars that are involved and the facilities that are involved and the legal issues that are involved, the person behind this (athletic director’s) desk has to understand business—and I mean really understand business” (King, 2000, p. 35). Where athletic directors of the past focused on hiring and managing coaches, creating team schedules, and purchasing athletic equipment, today’s athletic director must successfully navigate an environment of constant change while securing the necessary financial, human, facility, equipment, and technological resources needed to succeed.

The athletic director must develop and manage relationships with a wide variety of stakeholders, including student-athletes, alumni, faculty, students, administrators, parents, and members of the media. He or she must continually shape the operation of the organization to comply with new rules, policies, and procedures promulgated by the NCAA, the university itself, and other governing bodies. The ultimate challenge for the athletic director is to manage a complex enterprise that includes not only the business functions of marketing, accounting, finance, information services, and others, but also to create and oversee more than 20 individual sports teams that compete and operate within the boundaries of NCAA guidelines and the university’s educational mission.

University of Arizona athletic director Jim Livengood confirms that the athletic director of today must be a change specialist. Athletic directors must be flexible and possess a broad range of managerial competencies. He or she must not only be a good manager of people, but must also be part fund-raiser, financial analyst, marketer, politician, and lawyer. “There’s not a week that goes by that we don’t have to think about legal problems,” says Livengood. “That means dealing with liability involved with our venues, our coaches, our student athletes, our fans” (Schwartz, 2000, p. 36).

For Foley, the most important change to intercollegiate athletics has been the increase in the amount of capital required to run a successful athletic program: “It’s changed because the dollars have gotten bigger and continue to get bigger every day (and with that) the expectations get bigger every day” (King, 2000, p. 35). The financial pinch is being felt in athletic departments throughout the country. One of the biggest myths in college sports is that all athletic programs make money when, in fact, very few programs make a consistent profit partly because of the associated costs of running a competitive quality athletic program. Without school contributions, only approximately 40 percent of athletic programs in Division I break even or make a profit (Wieberg, 2006).

There are many internal factors that contribute to budget deficits. They include salaries, travel costs, scholarships, equipment, training, facility, and insurance costs. Environmental and other external factors are also partly responsible for deficits. These may include the economy, size, and makeup of the surrounding corporate community, which affect the athletic department's ability to raise revenue by increasing ticket prices or securing additional corporate sponsorships. Fan and student expectations, changes in technology, and political interests are just some of the many other factors that influence and shape collegiate athletic department operation.

The university itself may also force changes on the athletic department. When university administrators are faced with limited financial resources that must be allocated across the institution, athletic department funding may be seen as a lesser priority. Administrators and faculty may view athletics as unnecessary to the school's educational mission. As a result, in times of institutionwide financial exigency, athletic directors are asked to shoulder budget cuts or may be required to generate whatever money they need to operate.

Livengood and Foley suggest that the athletic director of the future must not only be able to enhance revenue streams and perform essential management tasks, but they must also be able to understand the dynamic environment of intercollegiate athletics and successfully manage change. Athletic directors are faced with increasing pressure from both within and outside the university not only to run financially solvent programs, but also to win and to run clean programs as well.

Not only are individual athletic programs faced with constant change, but the NCAA itself serves as a change agent. As the NCAA celebrates its centennial in 2006, there are several key change initiatives on the horizon. According to NCAA president Myles Brand, they include evaluation of proposals for player compensation, competitive disparity, academic integrity, gambling, and diversity. For Brand, sports play an important role in raising public awareness of important societal issues and can effectively influence social change (Wieberg, 2006).

There is little doubt that successful collegiate athletic managers will not only be those who can successfully wear the many hats of business as strategic planner, fund-raiser, lawyer, politician, and financier, but they will need to be able to manage change in a dynamic environment and innovate as they lead their athletic departments in achieving both on- and off-the-field goals.

The intercollegiate athletic system

The intercollegiate athletic system in the United States is complex, with more than 900 schools competing as members of the NCAA at Division I (Division I-A/Division I-AA), Division II, and Division III levels. All schools must offer a minimum number of sport programs, meet specific student-athlete financial aid qualifications, and agree to be bound by NCAA regulations (Fig. 10.1).

Division I (I-A , I-AA, I-AAA)

Strives for regional and national excellence; believes in offering extensive opportunities in varsity intercollegiate athletic sports programs for both men and women; emphasizes scheduling other Division I institutions; committed to offering one or both of the traditional spectator and revenue producing sports (football or basketball), focuses on being self-supporting; grants highest number of permissible athletic scholarships, minimum limits for football stadium size and attendance at home football games. (*An institution may earn a Division I-AA designation by offering a football program that is more regional in orientation and is one step down from traditional big-time, Division IA football programs*.)

Division II

Strives to offer a maximum amount of opportunities in intercollegiate athletics sports programs for as many students as possible; encourages competitive excellence; recognizes the athletics program should serve both the campus and the general public; focuses on scheduling other Division II institutions; grants athletic scholarships but to a lesser degree than Division I.

Division III

Strives to emphasize the importance of athletics on the participants and the student-athletes total educational experience; encourages broad-based participation; focuses on regional in-season competition and conference championships; emphasizes athletics as part of the campus community and focuses on internal stakeholders rather than the general public; grants no athletic scholarships.

Note: All divisions subscribe to principles that encourage sportsmanship, fair play and gender equity. Additionally, the operation of each program should support the mission and philosophy of the institution as a whole and encourage excellence in both academic and athletic pursuits.

Source: NCAA Manual

Figure 10.1 Summary of NCAA Division I, II, and III philosophy statements. From *1999–2000 NCAA Manual*, by NCAA, 2000, Indianapolis, IN. Copyright 2000 by the NCAA. Reprinted with permission.

Schools petition to join the NCAA as a member of one of the three divisions. Division I schools are usually larger in terms of student population, budget, number of sport programs offered, and staff size. Division I schools offer athletic scholarships, seek regional and national prominence, and focus on producing athletic-related revenues to support the operation of the program. Division I schools have two specific functions that relate to separate constituent groups. NCAA Division I schools must serve both the campus community and the general public by providing entertainment to fans within the broader community. Within Division I, two major subdivisions exist. They are Division I-A schools that offer football at the nationally competitive level and Division I-AA schools that field regionally competitive football programs. In most instances, Division I-A schools are considered to be on the high end of the intercollegiate athletic program spectrum because they gain the most national media coverage, bring in millions of dollars in sponsorship and television revenue, and generally attract the most athletically gifted student-athletes.

Division II schools focus on providing broad participation opportunities in athletics. They seek competitive excellence and provide some scholarship support to athletes, but to a lesser extent than Division I institutions. They are interested in serving the campus community, but they also focus to a lesser degree on creating entertainment value for the general public. Division III schools award no athletically related financial aid and focus primarily on participants and members of the campus community rather than on entertainment needs of the general public. Although Division III schools also focus on achieving athletic excellence, the major concern of Division III schools is to support the student-athlete and coaches and to assure that athletics support the institution's broader educational mission.

Despite the fact that NCAA member institutions ascribe to the specific divisional philosophy as adopted by that division's membership, there is great variance among schools within each division as to how the philosophy is translated into action. Consider, for example, Widener University, a Division III institution in Pennsylvania, and Williams College in Massachusetts. Both schools have attained national prominence with their athletic programs and secure corporate sponsorships. Clearly, despite the schools' designation as Division III institutions, one might argue that these athletic programs exhibit some typical Division I behaviors.

Although the NCAA is considered to be the premier association for intercollegiate athletics in the United States, institutions may choose to join other athletic associations including the NAIA or NJCAA.

In addition to their voluntary national association with the NCAA, schools may also become affiliated with like institutions through conference membership (e.g., the Big East, Pac-10, Atlantic Coast Conference). Conference membership facilitates scheduling through the provision of available opponents (the conference schedule), provides opportunities for postseason play, and creates opportunities for joint marketing, licensing, or broadcast fee negotiation.

The management of an intercollegiate athletic department is a complex task. As intercollegiate athletics have become an integral part of campus life at institutions of higher learning throughout the United States and national interest in sport has blossomed, athletic directors in the last decade have faced the challenge of a growth binge in college athletics. For example, some Division I athletic programs such as those at Florida, Ohio State, Texas, and Tennessee currently operate with annual athletic budgets of more than $50 million a year (Schwartz, 2000).

Understanding change in sport organizations

Sport management theorist Trevor Slack (1997) states that sport organizations are in a constant state of change. Intercollegiate athletic programs are no exception. Student-athletes graduate and new coaches are hired. New facilities are built. Budgets are cut. New sports are added. New training methods and equipment are developed and tried. The list of changes that occur within the life of an intercollegiate sport organization is endless. For the intercollegiate sport manager, the challenge of change is the challenge to make change not a problem for the athletic department to overcome, but rather a key competency for the organization as it continues to pursue improvement and success.

To understand change, it is necessary to examine why change occurs. Slack (1997) suggests that change emanates either from external sources or from within the sport organization itself.

External forces

Impetus for change in the external environment seems to originate from either one of two sources: external stakeholders or external conditions. External stakeholders may include the federal or local government, college sport governing bodies, competitors, parents, media, alumni, boosters, licensees, recruits, conference member institutions, and community members. The Knight Commission and the Collegiate Athletes Coalition, which we have discussed previously, are examples of external stakeholders who are seeking to force change in the operation of intercollegiate athletic programs.

Effects of pressure to change exerted by external stakeholders are easy to identify. For example, the federal government as external stakeholder has imposed several changes to intercollegiate sports programs. Federal mandates including Title IX and the American with Disabilities Act have required athletic departments to develop and invest more resources in women's programs and provide better stadium access to disabled fans, respectively. Certainly, the impact of the NCAA on individual athletic programs is of paramount importance to the athletic director. The NCAA virtually controls all aspects of intercollegiate athletics in the United States. Its rules and regulations pertaining to every aspect of intercollegiate sport, including recruitment of student-athletes, eligibility of student-athletes, length of playing season, championships, sports information, and game management, as well as its ability to penalize member institutions and athletes for breaking these rules, continues to shape the daily operation of the athletic department.

Whereas external stakeholders include specific constituent groups, external conditions include general trends, interests, or factors that directly impact the operation of the sport organization. External conditions may include the economy, waning interest or rising popularity of a particular sport, the political, religious, or social climate, and development of new technology.

An example of a change brought about by an emerging environmental trend was the increased popularity of women's ice hockey in the years following the U.S. women's winning of the gold medal at the 1998 Olympics. Young women throughout the country became interested in playing ice hockey ("Boost for Women's Game," 1998). Girls' youth ice hockey programs were developed on the local level, and colleges and universities throughout the country began to evaluate the benefits of adding women's ice hockey to their sport offerings. The link between the U.S. women's success in the international arena to growth of women's ice hockey programs in colleges and universities is undeniable.

The advent of new technology is another example of change, and it has resulted in one of the most perplexing challenges faced by intercollegiate athletic department managers. For example, many sport managers agree that the development of broadcast technologies significantly changed the operation of sport organizations. New markets were opened up, new fans were reached, and new sources of revenue were made available. Evidence of the change brought about by cable television, the Internet, and wireless communication can be seen in athletic departments throughout the country. Several athletic directors continue to willingly change game schedules and starting times to accommodate the needs and interest of television broadcasters, the development of college-sport-only channels has begun, the popularity of the men's and women's basketball final four is fueled by television coverage, and television rights fees are a significant revenue line item for many college athletic programs.

The Internet has brought a new dimension to collegiate athletics. Athletic directors now are faced with the challenge of devising strategies to capitalize on Internet technology. The combination of the availability of this technology and demands by parents, prospective students, media, alumni, and fans for instantaneous and comprehensive sports information makes it necessary for athletic directors to transform the sports information function within their departments to an electronic platform. For example, at University of Richmond, the latest sports information, including game scores and highlights, is now available 24 hours a day through the athletic department's website. Game schedules, profiles of coaches, live game broadcasts, booster club information, and on-line athletic merchandise shops make it convenient for fans to follow the Spiders anytime, night or day.

Internal forces

Whereas external sources exert pressure on the athletic department to change, internal forces lead to change as well. Slack suggests that an emphasis on service quality, a move to self-managed teams, and the demand for flexible operating procedures have produced pressures for change from within the sport organization (Slack, 1997). Change may also be triggered by such simple operational activities as the hiring of a new employee, the development of a new policy, or the cutting of a budget item (Slack, 1997).

The construction of a new sport facility is a good example of how change can be driven from within. With the construction of a new sport facility, for example, the athletic director may see opportunities to add new sports programs, sell advertising or corporate sponsorship, or institute a priority point seating program for season ticket holders. Such a plan awards points for donations to the athletic department, alumni, or faculty status, purchase of other sports season tickets, and volunteer contributions to the athletic department. Season ticket holders would then be assigned seats based upon their point total. This type of system is designed to encourage contributions to the athletic fund and to generate additional season ticket sales. The adoption of a priority point system would necessarily bring about additional changes in the athletic department operation. New staff members may be needed to manage the point system. New computer software to support the program might be purchased, and staff training programs would be initiated. A new system for the processing of season ticket applications would then need to be developed and introduced. In this example, it is easy to see how change in one area is likely to bring about change in other areas.

Categories of change in collegiate athletics

Whether the impetus for change comes from internal or external sources, the manifestation of change occurs in one of four areas within the sport organization: technology, structures and systems, products and services, and people (Slack, 1997).

Technological change refers to a change in production methods, service provision, or equipment based upon the development of new technology. Examples would include the adoption of new ticketing software, website development, or creation of a fan loyalty card program that rewards fans for swiping their fan loyalty card at kiosks in the arena so that they may accumulate loyalty points that may be used to purchase tickets or merchandise.

Structural and system changes encompass those changes to the organization's structural elements, including division of labor, reporting structure, or organizational control. The creation of the senior women's administrator position or the development of a private booster club or foundation that exists outside of the university structure and authority are examples of structural and system changes.

Products and services changes reflect changes to operational areas, including the basic supply of goods and services, marketing, finance, and facility management. Examples would include the construction of a new arena, moving the hockey program from Division II to Division I, and introducing a new logo and mascot.

Lastly, changes in the people area involve human-resource-related concerns. For example, these might include a policy change in recruitment of student-athletes, the hiring of a new coach, creation of a captain's council, or initiation of a student-athlete life-skills program.

The domino effect of change

Although it is useful to examine change on the basis of how it affects each of these areas—technology, structures and systems, products and services, and people—change does not occur in isolation. As in the example of the priority points system mentioned previously in this chapter, change in one area is frequently related to change in another area. There is in fact a domino effect for sports organizations whereby one change brings about subsequent changes throughout the organization.

This type of network of change is not unusual. In fact, there is little doubt that as long as intercollegiate athletics exist, there will be both internal and external pressures to grow, improve, and innovate. For the intercollegiate athletics manager, change is not only inevitable, it is necessary.

Identifying the change

Regardless of the specific change that an organization might pursue, effective management of the change process begins with comprehensive understanding in two areas. First, there should be a vision of the desired change or a comprehensive set of goals that define the change for the organization. Nowhere is vision more critical than in the process of achieving effective change. Management must develop a comprehensive set of goals that is so specific it will communicate an unmistakable vision of what the changed organization will look like. Second, there needs to be an understanding of the factors and forces that are likely to influence and shape the change process. The manager needs to carefully assess and consider all possible influences emanating from both the internal and the external environment and should necessarily forecast how these factors will shape the change process.

Developing the vision

Consider the case of former University of Connecticut (website: http://www.uconn.edu/) athletic director Lew Perkins and the university's goal of elevating their athletic program to national prominence. UCONN men's basketball coach, Jim Calhoun, describes Perkins as a "good leader, a terrific businessman and a true visionary" (Steinbreder, 2000, p. 34). When Perkins was hired in July of 1990, he talked with people throughout and beyond the university. He asked people to tell him about their aspirations for the athletic department and to define the future of UCONN athletics. He then began to carefully articulate a vision for the University of Connecticut to all of the athletic department's stakeholder groups. His vision was to upgrade all aspects of the athletic department and its operations, to make the athletic program an integral part of the university, and to have winning teams, but never to the detriment of the student-athlete or the university (Steinbreder, 2000). He carefully created a comprehensive set of goals, including increasing fund-raising revenues, securing more corporate sponsors, generating more licensing revenue, lobbying state budget decision makers, attaining sex equity, and constructing new sport facilities, including a student recreation center, ice arena, football stadium, and outdoor sport complex field. He also set a goal of running a clean program where there would be no NCAA violations, problems, or investigations under his tenure. Jeff Hathaway, who currently serves as the school's athletic director, is currently building upon Perkin's vision. For Hathaway, Perkin's vision for the future of UCONN athletics was not only well conceived, but it also represented a thoughtful and strategic idea that positively positioned the athletic department for the future.

Perkins's actions demonstrate what management expert Noel M. Tichy calls *envisioning*, a process that involves not just the management, but the entire organization: "The visioning process is creative and often chaotic. A vision is a group effort. It is what the group believes to be important. It is also a work in progress, an architectural rendering that constantly gets modified. As many people as possible should be involved, thinking 'out loud' and getting feedback from many different stakeholders" (1993, p. 118).

The first responsibility of the sport manager in directing change involves not just stating one's individual philosophy or ideas about what the organization should look like or what changes should occur; instead, he or she must include all members of the organization in the thinking and planning process.

Leadership researchers Warren Bennis and Burt Nanus came to the same conclusion: "The leader only rarely was the one who conceived of the vision in the first place. Therefore, the leader must be a superb listener, particularly to those advocating new or different images of the emerging reality.... Successful leaders, we have found, are great askers, and they do pay attention (1985, p. 492).

In managing change, the sport manager's first responsibility is to "get" the vision, to listen, and to "think out loud" in conversations throughout the organization to develop a specific set of goals that will define exactly what the change should look like in his or her organization. Through a vision that can be directly translated into clearly defined goals and with a strong and specific sense of exactly what the change should be, the manager then can turn to the next task in the change process. This task involves understanding all the forces and factors that will affect the organization as it pursues the change goals.

Force field analysis

Social scientist Kurt Lewin (1951) developed a process for identifying and analyzing the forces operating in a change situation that he called *force field analysis*. Lewin suggested that in any organizational change effort, two kinds of forces affect the change operating in any change situation: driving forces and restraining forces.

Lewin (1951) defined *driving forces* as forces or factors in the situation that initiate, assist, and support the change. Driving forces include such things as changes in the organization's environment that make change necessary or that represent an opportunity to the organization. They include key individuals and groups within the organization who favor and support the change. They also include the availability of training, technology, and other resources necessary for the change to be effective. Driving forces might also include information or experiences that make clear what will happen if the organization does not change.

To understand the effect of driving forces in bringing about change, one need only look at how college athletic programs add or drop sports programs. A school's decision to drop football, for example, may be the result of driving forces, including the need to trim athletic expenses, the lack of attendance at football games, and the school's failure to field a competitive team.

Restraining forces are forces or factors working against the change, forces generating resistance at the individual and corporate culture levels. In many ways, restraining forces are the opposite of driving forces. They include opposition from key individuals and groups within the organization and lack of availability of training and other resources needed for the change to succeed. Restraining forces might also include negative information or experiences relative to the change.

Restraining forces working against the decision to drop a football team might be angry alumni, institutions who had depended upon a game, the school as part of their schedule, a long football tradition at the school, and current football players who felt as if they had been recruited under false pretenses.

A force field analysis for the change from a football playing institution to a nonfootball institution is shown in Fig. 10.2.

For change to be effective, managers must begin with a careful and complete force field analysis. They must first identify the driving forces in the situ-

Should the university athletic department eliminate the football program?

Driving Forces Reasons for dropping the football program	Athletic Budget Red Ink Football Program Budget Deficit Challenge to Compliance with Title IX Stakeholders Lobbying for Gender Equity Potential Law Suits for Title IX Non-Compliance Lack of Fans at Home Games Lack of Student Support of Football Potentially Positive Publicity Number of Scholarships Allocated to Football Non-Competitiveness of the Football Team Elimination of Associated Expenses
Restraining Forces Reasons against dropping the football program	Tradition Football Boosters Football Alumni Group Football Opponents Current Football Players Parents of Current Football Players Potentially Negative Publicity Backlash from Athletic Donors Football Friendly Trustees Staff Positions Lost – Unemployed Workers

Figure 10.2 Force field analysis.

ation and make full use of them to overcome the obstacles to change. Perhaps more importantly, managers must also correctly identify the restraining forces in the situation and develop strategies to eliminate or minimize them as the change moves forward. Only when this depth and scope of understanding has been achieved is the sport manager ready to begin actually implementing the change process.

Implementing the change process

Once the change goal has been clearly defined and the analysis of the force field relative to that goal has been completed, the task for the sport manager is to begin to implement the change plan. Again, it is Kurt Lewin (1951) who provides a simple theoretical model for understanding how change is brought about within organizations. Although there are several theories that may be useful for the manager in understanding how to manage change, Lewin's theory provides a good starting point for students interested in examining how change takes place within an organization. According to Lewin, there are three stages in a successful change process: (1) the unfreezing stage, during which the organization addresses the problems of resistance and prepares its people for change; (2) the actual change stage, during which the new beliefs and new behaviors are communicated, modeled, and initiated; (3) the refreezing stage, during which the new beliefs and behaviors are supported and reinforced. To successfully achieve the change goal, the manager must manage each of these stages effectively.

Stage 1: Unfreezing—reducing the resistance to change

Change does not come easily, for individuals or for organizations. For reasons we will discuss subsequently, both individuals and organizations tend vigorously to resist change. The first stage in the change management process, then, focuses on reducing the resistance to change. This resistance to change in organizations exists at the individual and the organizational levels. At the individual level, the source of resistance to change appears to be our human nature. At the organizational level, it is the "corporate culture" that tends to resist change.

Stress: the human response to change

The changes required for organizations to be competitive in today's dynamic environment are not minor. People are being asked to learn and use technology that may not have even existed a few years earlier; to do more work, faster, and with greater quality than ever before; and, in the case of sport organizations, to successfully adapt to new rules and regulations that are continuously being promulgated by governing bodies. Often, the natural response to change of this dimension or magnitude is what is called the *stress response* (Seyle, 1976).

The stress response is the fight-or-flight response that prepares us for action when we are in danger. Unfortunately, most people view major change as a potential source of danger, and their natural reaction is one of stress. People become anxious about whether they can do what the change requires in terms of using new technology, doing different work than they are used to, and doing more of it, faster, and with greater quality. People worry about whether there will still be a place for them in the organization. From a needs perspective, change represents a threat to people's security and, often, their natural reaction is to resist and defend against this perceived threat.

For example, as media scrutiny increases on the percentage of athletes in a sport that actually graduate from college, this can be a source of significant stress to coaches and athletic directors who now must worry not only about their student-athletes' athletic performance, but about their performance in the classroom as well. And increasingly, this concern has been extended to include the behavior of these young people outside the sport and athletic arena—in the community. For many coaches, the additional task of monitoring a student's academic and social performance is outside their comfort zone. They are used to breaking down game films, assessing athletes' skills, and devising game strategies. Monitoring student's academic eligibility, interpreting NCAA regulations, and supervising student athlete's social development is not what they are used to, and they are unsure whether they can be effective with this "new work." In an effort to escape the stress associated with these additional responsibilities, the initial response is often one of resistance. Their view can often be that these new responsibilities should be given to someone else. In fact, many coaches have successfully lobbied their athletic directors for the creation of new positions such as team academic advisor, peer advisor, and compliance coordinator to take on the new "work" of facilitating the graduation of student-athletes.

As in this example, the human response to change in organizations tends to be negative. Not only will people question how the change affects them individually, but also how the change will affect the organization. Change may be resisted because stakeholders question the outcomes of the change. Will this change be worth the necessary investment of time, effort, and money to bring about the changes? Is this change good for everyone? Will some of us be left behind? Do the benefits of this change outweigh the total costs to the organization and all of the stakeholders? For this reason, effective change must begin with strategies to help people get beyond this initial stress response to enable them to fully adapt to the requirements of the change.

For management change theorist Robert Kriegel, people are the most critical element of successful change: "People are the gatekeepers of change. They have the power to breathe life into a new program or kill it. If they're excited and positive; it's open sesame. If they're not—and that's most of the time—it's clang! The gate's slammed shut in your face" (1996, p. 5).

Corporate culture

The other major source of resistance to change in organizations is corporate culture. *Corporate culture* is the term used to describe the set of beliefs, norms, and values that are shared by the members of an organization. These beliefs, norms, and values have to do with the way the organization operates and what is important in that organization.

Researchers Terrence Deal and Allan Kennedy (1982) suggest that corporate culture tends to be created and communicated by the stories an organization tells about itself, by the language it uses, by whom the organization celebrates as its heroes, and by its rituals and ceremonies.

College sports are famous for the kinds of stories, language, and rituals that communicate the beliefs and values of sport programs both in society and at specific institutions.

At Oklahoma State, T. Boone Pickens, a football booster, gave the largest gift ever to a college sports program—$165 million to the Oklahoma State football team. The gift will be used to renovate the outdoor practice field, build a $50-million practice bubble, and make improvements to Boone Pickens Stadium (Reilly, 2006).

In the NESCAC, member institutions do not allow student-athletes to participate in postseason play if the games conflict with scheduled student exams.

Auburn announced it was investigating claims that football players had raised their GPAs by taking courses with questionable academic content, minimal workloads, and on an independent study basis, many with the same professor (Pearlman, 2006).

The NCAA instituted a mascot policy that targets schools that have mascots or nicknames that are deemed hostile or abusive to Native Americans. These schools would be barred from displaying the nicknames or mascots and would be prohibited from hosting NCAA-sponsored championships or certified bowl games (Wieberg, 2006).

In a very real sense, the beliefs, norms, and values communicated through these stories, rituals, and heroes provide a mental road map to the members of a sport organization. They define and reinforce in people's minds what is important in the organization and "the way things are done around here."

Because it requires a shift in "the way things are done around here," change represents the most serious kind of threat to an organization's corporate culture. Change requires a new set of beliefs, new norms, and new values. It not only requires new heroes, new language, and new rituals; change renders the old heroes, language, and rituals obsolete.

The NCAA, in its attempt to eliminate purportedly offensive nicknames or mascots, met with a strong, and in some instances, hostile, reaction to its attempt to coerce a name change by 13 schools that were identified as having controversial mascots or nicknames. Many alumni, students, faculty, and boosters at these schools felt that the NCAA was overstepping its bounds, that the nickname honored the contributions and positive qualities of Native Americans, and that the schools' tradition and brand would be irreparably harmed by a name change. For many stakeholders, these nicknames were sacrosanct and a critical element of the schools' and athletic department's culture.

As shown in Fig. 10.3, for the process of change to be successful in an organization, management must recognize both the potentially intense individual

Education and communication	When the source of resistance is a lack of understanding and information
Participation and involvement	When a higher level of input and cooperation would benefit the change process
Facilitation and support	Where resistance is primarily the result of difficulty adjusting to the change
Negotiation and agreement	Where a fuller partnership is required to make the change successful
Implicit and explicit coercion	Where fast, dramatic change does not permit the time or latitude required for a more participative approach

Figure 10.3 Strategies for reducing resistance to change.

human resistance to change and the equally intense collective resistance rising from the organization's corporate culture and utilize the appropriate strategy to diminish their negative effects. The first step in managing change, therefore, is to deal with the reality of this resistance. Management's task in the "unfreezing stage" is to reduce this resistance to change at both the individual and the organizational level. The resistance must be "unfrozen," softened, and thawed to enable the personal and organizational flexibility necessary to accept and embrace the change.

Strategies for reducing resistance to change

John Kotter and Leonard Schlesinger (1979) have identified a number of strategies (shown in Fig. 10.3) for reducing individual and organizational resistance to change in organizations. For our purposes, this collection of strategies for unfreezing can be divided into two categories: agreement-oriented approaches and the coercive approach.

Agreement-oriented approaches to unfreezing. Four of the options identified by Kotter and Schlesinger—education and communication, participation and involvement, facilitation and support, and negotiation and agreement—could be described as agreement-oriented approaches to preparing people for change. Each of these four options represents an effort to work with people to help them accept the need for the change before moving forward. As a result, these approaches each have the important advantage of being more likely to maintain the bond of trust between managers and the other members of the organization. The assumption is that resistance to the change will lessen as management takes the time to address people's concerns and to reach agreement about how best to achieve the change.

In some change situations, however, these agreement-oriented approaches to unfreezing may not be possible. For example, it is conceivable that no amount of lobbying, education, participation, facilitation, or negotiation could prepare a sport organization for the kinds of change required when there is an immediate threat to the athletic program, student-athlete, or athletic department staff member. This brings us to the second category of unfreezing that involves a more coercive approach.

Coercion as a strategy for unfreezing. Coercion is the process of imposing change on an organization. It is the process of requiring people to perform new tasks, to perform their old tasks in new ways, or to perform in conditions that might be dramatically different from what they have been accustomed to, whether they agree or not. Coerced change is not voluntary; it does not involve education, facilitation, or negotiation, and it is usually not gradual. Coercion is used when the need for change is too urgent to permit the more time-consuming agreement-oriented option.

Consider the case of the University of Vermont ice hockey team. In September of 1999, a freshman ice hockey player notified university officials that a party was planned at which freshmen members of the ice hockey team were to be hazed. University officials interviewed every member of the hockey team and were assured that no such party was planned. Athletic department personnel reminded the students of the university's ban on hazing and encouraged students to think carefully about the ramifications of ignoring the ban. In October, the student-athlete complained again to university officials that the party had in fact taken place, and he described in detail the hazing that had occurred. At that time, the university hired an outside law firm to investigate the student's claim and mandated that all players cooperate with investigators. After reviewing the findings of the interviews, the university placed the team on probation, suspended players for one game each, required all players to attend educational programs about hazing, and ordered the team to perform community service (Lively, 2000).

In January, however, the athletic director and university president learned that some members of the team had lied and conspired to cover up their behavior, thus the athletic director and president immediately cancelled the rest of the team's season. An immediate athletic departmentwide hazing investigation was launched that examined all athletic programs. All student-athletes and coaches were compelled to participate in the self-study and were required to attend a mandatory informational session about hazing. The athletic director immediately instituted new policies and practices designed to discourage hazing of any type and to dismiss any student found to have participated in hazing activities. The student-athlete involved in the case left the institution and filed a suit in federal court, alleging that several incidents of hazing took place and that the university failed to intercede adequately (Lively, 2000).

In this case, the sport managers involved determined that the severity of the incident and the likely irreparable harm to participants and the university were so heinous that coercion to bring about changes to eliminate hazing was the only available option. None of this was voluntary; all of these changes were required of the people at the University of Vermont. The athletic director was convinced that the changes could not be participatory. At the very least, there was not enough time for education, participation, and negotiation. These changes were necessary for the athletic program's survival and the safety of student-athletes; so, the changes were coerced.

Some critics might argue that coercion is not a strategy for reducing resistance to change, but rather is a process of imposing change despite continuing broad-based resistance. Although there is some validity to this position, there are grounds for viewing coercion as a legitimate means to reducing resistance. Based on his research on the relationship between feelings and behavior, Harvard psychologist Jerome Bruner concluded, "You more often act yourself into feeling than feel yourself into action" (1973, p. 24). According to Bruner, people tend to adjust how they feel about something to the reality of the situation. This suggests that, even if people are forced into change, once they realize that they can survive new conditions and may even benefit by them, their resistance to the change may at least be reduced, if not eliminated entirely.

Some experts still question whether coercion might not actually increase resistance among resentful employees over the longer term. They point out that the problem with forcing people into change is that you then find yourself operating an organization with a crushed and battered workforce. Defenders of coercion as an approach for unfreezing, on the other hand, argue that coerced change can still be implemented in ways that respect the needs and dignity of people. Still others point out that, given the pressure on organization to change rapidly in response to opportunities and threats, there may be no effective alternative.

Stage 2: The actual change

Once resistance to change has been reduced to the least extent possible, the task for managers is to begin the actual change. The new behaviors, approach, and priorities required by the change must be preached, modeled, and initiated. In other words, you cannot expect people to follow you from the old way to the new way until it is clear to them, in the most specific terms possible, just what the new way is and what it means and that they are an important part of the process.

We have already pointed out that a clear definition of the change goal is essential before beginning the change process. We have also discussed the importance of getting constituents to become invested in the change and take responsibility for the change by participating in the shaping of the vision and resultant change goals. But even the most inspiring vision will not move an organization unless it can effectively be shared. In the second stage of the change process, the challenge for managers is to communicate the change both within and beyond the organization through words and actions.

Words

Words are a powerful force in focusing our attention and mobilizing our energies. Anyone who has heard the motivational words of a coach before a big game understands the power of the spoken word. Change is a political process in which the forces for improvement attempt to overcome the forces of resistance and the status quo. Effective change can be viewed as the result of an effective campaign, and words are a potentially powerful weapon in deciding the outcome of that campaign.

We said at the outset that effective change begins with a clear and comprehensive vision of exactly what the change means and looks like for the organization. The challenge in this second stage of implementing the change is to find the words, phrases, and stories that will enable the stakeholders of the organization to share the change vision and to begin to act on it. The athletic director must truly be an organizational coach who encourages, motivates, and energizes members of the organization and other constituencies with his or her enthusiasm for the change.

Actions speak louder than words

As important as an effective change message is, however, all the words in the world will not be as effective as the example of a leader, especially in communicating new behaviors and values. There is often no more effective way to help people understand the change vision than to have “the new way” modeled for them by the manager.

Words can yield a variety of interpretations in terms of the kind of behaviors people think they mean. But a manager’s actions provide a clear model of exactly the kind of behavior that is required. In the case of change, imitation is more effective than interpretation. A manager who wants people to take a more team-based approach with their people, for example, will almost certainly get better results by taking a more team-based approach himself or herself rather than just by making a speech on teamwork.

The same is true for a sport manager who wants to see his or her staff spending less time in their offices and more time talking and working with their people. If the manager wants his or her managers out of their offices and talking with people, the best way to achieve this is to lead by example. The actions of the leader, if they are consistent with their words, simply provide a much clearer message about the kind of new behavior required by the change.

Communication in actions and in words is the essential task of the manager in the second stage of the change process. Only through a strongly shared sense of exactly what the change is, expressed compellingly in words and shown dramatically in the leader's actions, will the organization be able to begin to move from where it has been to where the change seeks to take it.

Stage 3: Refreezing/rearchitecting

Lewin (1951) termed the third and final phase of the change process *refreezing*. Refreezing is the process of reinforcing the change, once it emerges, to ensure that it endures over the long term. If the new patterns and behaviors developed in the change phase are genuinely to take root and prosper, they must become embedded in the very fabric of the organization, and they must yield positive results. This is what Tichy means by "rearchitecting": designing and building the structures and support needed to sustain the new behaviors and beliefs far into the future.

For change to endure and prosper, the new ways of doing things must become part of an overall positive experience for the people doing them. To achieve this, the refreezing phase requires the elements shown in Fig. 10.4. In other words, successful change requires the development of an entirely new corporate culture focused on the new behaviors and beliefs.

Recognizing heroes

Successful change requires heroes, individuals, and groups who adopt the new behaviors and run with them. The heroism can take many forms, from the sport information director who works extra hours to prepare a last-minute press re-

- Recognizing the heroes and champions of change
- Celebrating the successes of the change
- Rewarding commitment to change

Figure 10.4 Elements of refreezing/rearchitecting.

lease to the booster club member who solicits a major gift from his own company to support the athletic program. Clearly, the successful achievement of change requires the support and dedication of many people. Refreezing the change requires the recognition of those individuals and groups who actively participate in and lead the change.

Sport managers traditionally recognize their heroes through awards and publicity programs. Heroes are awarded trophies or plaques for their contributions as a matter of tradition. However, the celebration of heroes need not necessarily take the form of a certificate of appreciation, university golf shirt, or golden cup. Heroes may be recognized through other positive feedback strategies such as writing a feature story about the hero in the athletic newsletter, appointing the hero to an athletic advisory or booster club board, or recognizing the hero during half-time ceremonies during homecoming weekend. Some sport organizations celebrate their heroes by providing them with premium sport event tickets or inducting them into an athletic hall of fame.

Sport managers must take the time to identify and recognize heroes. In doing so, they not only clarify the direction of the change, but also reinforce the emerging value that views trying the new behaviors as nothing short of heroic.

Celebrations

Celebrations are a powerful way to emphasize and reinforce values and behaviors through a positive social experience. Celebrations are community events that dramatically enrich the experience of the group and the individual. In recent years, organizations have begun to recognize the power of celebration. Initially during this period, celebrations were organized around employee anniversaries: 5 years with the firm, 10 years, 25 years, and so on.

Over time, the forms of celebration in sport have multiplied from the informal postgame pizza parties to the more formal athletic banquets or sport luncheons. Some athletic directors recognize athletic department staff who have championed change by taking them to celebratory lunches or on an afternoon golf outing.

One of the most well-known and traditional celebrations in sport has been the raising of championship banners to the roof of the arena or the retiring of a hero’s uniform number. Although these types of celebrations are often reserved for those athletes or coaches whose performance on the court is worthy of recognition, they are sometimes extended to include other organizational champions, such as the athletic department volunteer or staff member who has successfully spearheaded and implemented an organizational change. For example, the athletic alumni coordinator who created and implemented a new system for securing corporate contributions may be worthy of a half-time celebration or pregame reception in honor of his or her contributions to upgrading the athletic development program at the institution.

In one sense, even those traditional celebrations of athletic performance such as senior night or the awarding of a rookie of the year or most valuable player may be viewed as celebrations of change heroes in that these individuals play an important role in contributing to the positive change or improvement of a particular sport program. Many institutions and conferences, in their efforts to improve graduation rates of student-athletes and dispel the myth of the "dumb jock," celebrate those individuals who are bringing about change through their own academic excellence by naming all-academic teams.

The common thread in these celebrations is that they are community events marking community achievement, whether in terms of athletic performance, fund-raising, sales, service, or just completing another productive week. If a change is to become a genuine part of the life of the organization, it must be celebrated as it unfolds and advances. Recognition and appreciation of the achievement of the change goals must be raised to the level of community celebration. Only very reluctantly do we give up our celebrations; so celebrations, in a sense, serve as insurance that the changes will endure.

Reward

As important as recognition and celebrations are for refreezing or reinforcing the new behaviors required by change, pay and promotion remain among the most powerful means of reinforcing behavior in organizations. The ultimate indicators of an organization's priorities are still most clearly reflected in what you get paid for and who gets promoted. Basing pay and promotion decisions on progress made toward adopting the new behaviors sends a powerful signal that the organization is serious about the change.

For example, if a marketing coordinator has been asked to lead efforts to secure new corporate sponsorships for a new arena or a ticket manager is asked to increase season football ticket sales, then some significant portion of their compensation should be based on how well they perform in these new areas. Additionally, their success may be rewarded with promotions to the assistant director level.

Designing reward systems that directly reinforce the change priorities of an organization can be difficult. By paying and promoting change champions and change heroes, however, and by rewarding the early adopters of change, the organization is sending a clear message about what matters now through one of the most important channels it has.

Change in organizations is a marathon, not a sprint. Many managers will say that for significant change to be achieved and to genuinely take root, it will take closer to a decade than a year. The message from this section is that effective change should be viewed as a managerial triathlon of three events: unfreezing, the actual change, and refreezing. Only successful performance in all three will enable the sport manager to achieve the "gold" of effective change.

Managing continuous change

In the past, any organizational change tended to be viewed as an infrequent event that would likely be followed by a period of stability for the organization. Once a change occurred, the organization would continue in the new direction. However, in today's dynamic environment, change is never ending. Once the three-part change process is complete, it is time to start all over again. It may be argued that change is an ongoing process, and management of change is an ever-present concern that must be viewed as a critical responsibility of management.

The "calm waters" versus "white-water rapids" metaphors

Many years ago, management professor Peter Vaill (1989) used the term "calm waters" to describe the conditions under which managers navigated change. He compares organizations to large ocean liners traveling calm waters with a crew that had made the trip together dozens of times. Under "calm-waters" conditions, change is usually required only when the occasional storm appears. The "ship" (the organization) makes a change in course to avoid the storm, but once the storm passes, the ship resumes course toward its destination.

As we have noted throughout this book, conditions in more recent times have changed sport organizations into business enterprises. The effects on management and operations are dramatic. According to Vaill (1989), the environment is no longer one of calm waters with only occasional storms, and organizations are no longer like large ocean liners with a veteran crew. In his words:

> The organization is more akin to a forty-foot raft than to a large ship. Rather than sailing a calm sea, this raft must traverse a raging river made up of an uninterrupted flow of permanent white-water rapids. To make things worse, the raft is manned by ten people who have never worked together, none have traveled the river below, much of the trip is in the dark, the river is dotted by unexpected turns and obstacles, the exact destination of the raft is unclear, and at irregular frequencies the raft needs to pull to shore, where new crew members are added and others leave.

In the permanent "white-water rapids" described by Vaill, organizations need to be not merely capable of implementing an occasional change, but also built for change, with constant change as one of their fundamental goals.

Although this approach may result in a successful organization that is constantly innovating and creating change, a word of caution is necessary. Change, in and of itself, is not always inherently beneficial to the organization. Some managers in an attempt to become bigger, better, faster, more competitive, or more innovative can dramatically increase employee stress levels, dramatically drain resources and diminish quality and service of existing programs or initiatives. Change can and does fail when an organization tries to do too much all at once, tries to move too quickly, initiates changes that are impractical or impossible (Kriegel, 1996), or fails to fully consider existing resources or potential consequences of the change. Ill-advised organizational change initiatives can create a workplace that resembles a "panic zone" where employees are rushed, stressed out, reactive, nervous, and scared (Kriegel, 1996, p. 299). In this environment, communication breakdowns occur, creativity suffers, good judgment is threatened, and people shift into crisis management mode (Kriegel, 1996). The lesson is that while innovation and change require a certain amount of risk taking, sport managers must not abandon logic, common sense, and sound business practices when positioning their organization as change leaders. Managers must never forget the people component of change.

Thriving on chaos: the innovative organization

Tom Peters suggests that an organization successfully built to seek out and thrive upon change would have a clear competitive advantage. Peters's (1987) point is that, in a genuinely chaotic environment, an organization built to thrive on chaos will certainly do better than one built merely to survive the chaos. According to Peters, the goal of the innovative organization is to create an organization for which the continuous "white-water rapids" are a source of competitive advantage and not a source of continuous insecurity and dread. Peters has suggested a set of principles that typify what he calls the innovative organization, a blueprint for designing organizations to actually thrive on chaos. A number of Peters's principles—or "prescriptions," as he calls them—for creating such an organization are shown in Fig. 10.5.

According to Peters, the goal of the innovative organization is to create an organization designed for "white-water rapids," an organization whose ability to "thrive on chaos" represents a competitive advantage over organizations for whom change somehow represents a continuing problem.

The learning organization

MIT professor Peter Senge has suggested a different prescription for prospering in this era of turbulence and change. For Senge (1990), the key is to convert our traditional command-and-control organizations into what he calls "learning organizations." According to Senge, the only organizations that will successfully adapt to the conditions of continuous change are those that are constantly engaged in learning from their own and others' experiences. Only organizations that are deeply committed to continuous learning will be capable of the continuous adjustments necessary for success in the

- Set specific goals for innovation
- Invest in applications-oriented small projects aimed at innovation
- Encourage pilots and prototypes of new ideas rather than getting bogged down in detailed analysis.
- Support champions, individuals and teams committed to innovation.
- Support "perfect failures" – those unsuccessful efforts in which the organization learned or tried something new.

Figure 10.5 Principles for creating innovative organizations.

constantly changing environment. Significantly, although learning may be a management responsibility, according to Senge, it is not exclusively—or even primarily—the task of managers. Organizations in general at all levels must become more "learningful." A culture of change readiness must pervade the entire organization.

Jon Spoelstra (1997), president of the Teams Division of Mandalay Entertainment and former president of the NBA New Jersey Nets, suggests that sport organizations must change and innovate to survive in today's sport industry. For Spoelstra, the key is creating an organization that not only rewards and values innovation and change, but encourages it. By creating think-tank sessions away from the office for employees, rewarding even innovative failures, and recognizing budding superstars of innovation, Spoelstra was able to create an organizational culture within the Nets organization that thrived on "little experiments" that often gave birth to "breakthrough ideas" that greatly increased ticket revenues. Sport organizations must be willing to embrace change, harness it, and realize its promise of improving and enhancing the organization. Successful organizations are those that create change, embrace change, and lead change, rather than those that seek to be sensitive to change, react to change, or adapt to change (Kriegel, 1996). Sport organizations that integrate change readiness into their culture are those organizations that question existing beliefs, assumptions, and standards while seeking out opportunities to innovate, lead, take risks, and challenge existing ways of doing things.

Summary

Collegiate athletics is a segment of the sport industry that has changed dramatically and continues to pose a challenge for the sport manager. The sources of change include the changing environment, advancing technologies, new structures and systems, products and services, and people concerns. Athletic directors face continuous pressures from outside and inside the organization to grow, improve, and innovate.

Managing the change involves developing a vision and translating the vision into clearly defined goals. Through force field analysis, the manager undertakes the task of understanding the factors supporting the change and the sources of resistance.

Implementing the change process includes three stages. The first stage, unfreezing or awakening, must prepare people and awaken them to the need for change. The second stage is the change or envisioning stage. In this stage, the goals of the change are defined, clarified, and communicated. The third stage, refreezing or rearchitecting, requires that reward structures be created to reinforce the change as it begins to happen to ensure that it endures over time. Without the successful completion of all three stages, the process of change becomes more dubious.

But making even the most successful change is probably not enough. One of the most significant changes for management is that in today's environment, change never ends. Continuous change is the new requirement. This means that management must develop organizations built for change. Tom Peters talks about the innovative organization designed to thrive on chaos. Peter Senge speaks in terms of the learning organization, in which everyone learns from their experience and makes the adjustments required by whatever change lies ahead. Jon Spoelstra argues that successful sport organizations must be willing to challenge the status quo, question common conventions, and encourage risk taking. Clearly, good sport managers are those that can quickly shape their organizations and adapt to change in an ever increasingly dynamic environment. Excellent sport managers are those that will initiate change and create organizations where change is the norm and innovation is the standard.

Management exercise

The fighting sioux

In 1968, the National Congress of American Indians launched a campaign to address stereotypes in print and media. As part of the campaign, a spotlight was directed on the use of Native American images, particularly logos and mascots, by college athletic teams. Debates over the use of such names as "savages," "warriors," and "redmen" ensued on college campuses across the country. It was argued that the use of these names and symbols were disparaging to Native American culture and that their use represented racist treatment of Native American people. Colleges and universities, as our nation's leading educational institutions, should not sponsor or promote the use of these symbols that were offensive to Native American cultures. Although many colleges and university's across the country supported the movement to eradicate these symbols, some organizations including alumni groups and booster clubs suggested that such names were intended to honor the bravery, determination, and spirit of Native Americans and, therefore, were appropriate names and mascots for athletic teams.

In 1969, Dartmouth College changed its nickname from "Indians" to "Big Green." Other schools followed, including Marquette University, which abandoned its "Willie Wampum" mascot, and Stanford University, which changed its nickname from "Indians" to "Cardinals." In 1988, the states of Michigan, Minnesota, and Wisconsin issued governmental reports criticizing the use of Native American logos and mascots at educational institutions, and in 1989, a University of Illinois graduate student began to protest the use of the school's mascot Chief Illiniwek. Her protest received national media attention and was featured in a documentary, *In Whose Honor?*, which was shown on public television stations throughout the country. In 1998, the NCAA Committee on Racial Diversity issued a report stating that the use of Indian-type mascots indicates a lack of respect for Native American peoples and suggested that the practice should be abandoned.

Although dozens of schools abandoned nicknames and mascots deemed to be offensive, other institutions refused to change and argued that such a change would violate school tradition, damage school spirit, and tarnish school history. Suggesting that their name would perpetuate respect for Native American people, some school officials claimed that they would not bow to the pressures of political correctness or to the demands of "outsiders" who did not understand the school's traditions or intent.

At the University of North Dakota, the "Fighting Sioux" nickname and mascot were challenged, and the campus quickly became divided over the issue. In 1976, the school decided to keep the nickname, but adopted a generic, more abstract Indian head design that was considered to be less offensive. The men's hockey team retained the original logo, which resembled that of the NHL Chicago Blackhawks. As national debate over the use of Native American nicknames and symbols escalated and public attention became focused on the hockey team's use of the original logo, University of North Dakota president, Kendall Baker, announced in 1992 that the team's logo would be replaced with the abstract logo used by other teams. North Dakota hockey alumni, including multimillionaire Ralph Engelstad, approached Baker and encouraged retaining the original mascot. Engelstad, considered to be the school's wealthiest alumni benefactor, was already angry with the school for forcing the resignation of his friend hockey coach John Gasparini after three straight losing seasons in 1994. At the time, Engelstad told Baker that he would withhold millions of dollars in donations as long as current athletic director Terry Wanless remained employed by the school (Dohrman, 2001). When his pleas for retention of the hockey mascot were rebuffed, Engelstad allegedly made it known that he wanted both Wanless and Baker ousted. By September of 1998, both Wanless and Baker resigned. In December, Engelstad announced a $100-million gift to the school, with $50 million earmarked for a new hockey arena (Dohrman, 2001).

In 1999, the University of North Dakots alumni association presented new university president Charles Kupchella with a new logo design for the new arena. The logo, which was designed by a Native American artist, was remarkably similar to the old design. When the president accepted the gift, there was a public outcry on the campus from faculty and students. Native American leaders of the nine tribes from North and South Dakota that been encouraging the school to drop the “Fighting Sioux” name and logo rallied the media behind their cause. Protests on campus followed, and the president formed a committee to study the issue. In late December of 1999, Kupchella wrote to the chairman of the state board of higher education that he saw “no choice but to respect the request of the Sioux tribes” (Dohrman, 2001, p. 49). A few days later, Englestad wrote a letter to Kupchella and sent copies to members of the state board. The letter reiterated Englestad’s support of the new logo and the “Fighting Sioux” nickname and informed the president that construction of the new arena would stop if the president failed to utilize the new logo and retain the school nickname. The next day, the Board of Education voted to keep the name and adopt the new logo and suggested that because the president was in an untenable situation, they would act to resolve the controversy.

Construction continued on the arena that Engelstad developed into a marquis showplace for collegiate ice hockey. The arena, which opened in 2001, features all-leather seats, state-of-the-art locker rooms, and expansive training and weight room areas. No expense was spared, either within the $100-million arena or in its landscaping. There is a large hedge in the front of the building that spells out “Fighting Sioux” and massive plantings that echo the team logo. The new Indian head logo is featured more than 1000 times within the arena itself. Engelstad retains ownership of the arena, but has leased it to the university for $1 a year. There are hopes that Engelstad will continue his support of his alma mater.

On February 1, 2006, the NCAA’s new policy on Native American nicknames, mascots, and logos went into effect. Thirteen schools were identified as having potentially offensive nicknames and were blacklisted by the NCAA. They would not be allowed to host NCAA-sponsored championships or certified bowl games and would not be allowed to display these names or mascots at NCAA events.

Florida State, Utah, and Central Michigan filed appeals with the NCAA. Illinois, Bradley, North Dakota, and Indiana University of Pennsylvania all mounted a challenge to the NCAA policy. Campus protests ensured. Extensive media coverage followed, and some alumni, faculty, administrators, and students around the country appear to be drawing a line in the sand. NCAA president Myles Brand admitted that he was "surprised by the level of reaction" but feels that the NCAA was successful in generating a national dialogue on the practice (Wieberg, 2006).

Questions

1 Identify the driving and restraining forces affecting the change process at the University of South Dakota and at other targeted institutions.

2 Discuss the culture of collegiate athletics in the United States. How has this "culture" evolved from the early years of collegiate athletics to today? What role has cultural change played in shaping policy toward the use of Native American nicknames and mascots in educational institutions?

3 What do you suspect about the organizational culture of the University of South Dakota and other targeted schools?

4 What factors shaped the changes that occurred in this case? What factors are likely to shape the reaction of stakeholders at any of the targeted institutions?

5 As an athletic director of a school that currently utilizes a Native American nickname or symbol, how would you go about effecting a name or logo change? How might you go about resisting the NCAA mandate?

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Index