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# PRACTICING BUSINESS FOR SPORT SUCCESS: A FEW EXAMPLES

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## ABSTRACT

Applications of business related principles, concepts and practices are briefly illustrated. Examples used include Minnesota Twins baseball, the Capital Centre near Washington, D.C., Nebraska Cornhusker football, team sports in Columbia, Missouri public recreation, and water and land sports in Florida. The use of business principles is predicted to increase in sports and leisure settings.

## PRACTICING BUSINESS FOR SPORT SUCCESS: A FEW EXAMPLES

### INTRODUCTION

This paper is used to review applications of business principles, concepts and practices in sport and leisure related situations. Examples from sports will illustrate the utility of applying business principles in these settings. Because of space constraints, business terms are not explained in detail and their usefulness is not fully explored. Nevertheless, in spite of brevity, it is hoped that the interconnection between sports and business will be seen.

### DISCUSSION

Sports and similar phenomena have developed in almost all human societies. Wide ranges of experiences fit cultural definitions and meet society member needs. Satisfaction is provided, when expectations are met. Although this writing is not to define sport, several example continua illustrate the range and diversity of experiences provided: individual--team, participant--spectator, one--few--many participants, unsupervised--closely controlled, amateur--professional (definitely, societally defined), no equipment--specialized equipment, private--public agency provided and so on. Wide ranges of activities are considered as

sports, including those on land or in water, involving domesticated or wild animals, or requiring other conditions or factors.

Acceptance of sport experiences can vary from one culture or group to another. Bullfighting, revered by many in Mexico, Spain, Portugal and southwestern France, is viewed as cruel and unacceptable by others, especially in different cultures. Rodeo animals in the western United States might be perceived as abused, when viewed by spectators from other regions. Even the revered Saturday institution of college football in the U.S. might be questioned by an "outsider". A concerned New Zealander visiting a scrimmage asked this author, "How many people are killed each year doing this?" Societal and individual perceptions of sports and leisure affect participation.

Sports and leisure provide settings and situations in which to apply consumer behavior and business principles, including the examination of cultural and other differences. These principles became increasingly important as sports participants, the consumers received more freedom to choose different products and services. Useful concepts include: culture, social class and stratification, reference groups, family and other agents of socialization, personality, attitude, motivation, perception, the purchase decision process and others. Many marketing, management and other business principles have evolved from the study of consumers.

Business principles facilitate providing sport related experiences. "There ain't no free lunch" has become an axiom in both the private and public sectors. To provide experiences in the long run, one must make a profit, break even or find funds from other sources. Adequate financial planning and accounting are needed to monitor finances, budget, cash flow, working capital and other monetary considerations. Personnel management principles must keep the enterprise running smoothly. Marketing principles must be used to research and select the target market(s), develop the product to fit the market(s), price the product properly, place it for good access and promote to communicate with those in the target market(s). Research and development must continue to advance sports enterprises.

The marketing of the Minnesota Twins, 1987 World Series winners, illustrates the application of marketing and consumer behavior principles in a spectator sport setting. Don Schiel, Vice President-Marketing for the Twins related the progress of the franchise to Travel and Tourism researchers in 1985. The following quotes are his words. (9, pp. 54-57) Management evaluated the "product" being offered and researched why fans had not been attending. They "set up a marketing strategy" to improve attendance and decided to "market the Twins as entertainment . . . People only have so much leisure time and discretionary income." Management wanted to "position the Twins" and promote the themes "Baseball . . . a family tradition" and "You are the home field advantage." They "further positioned the Twins as a good value." The product was stabilizing by keeping players for a longer period of time, so that they could become veterans and still be in Minnesota. In 1985, a new all time attendance record was set, even though the team was not in first place. Persistence evidently paid off with the 1987 championships. The "fans" as consumers and buyers were analyzed, and "a successful marketing

strategy" developed. This tale reads like a classic success story for a retail goods business and not one for an enterprise selling sports experiences.

The Capital Centre, an indoor sports arena and entertainment facility just outside Washington, D.C. in Prince Georges County, is big business. For example, the Atlantic Coast Conference Basketball Tournamets held in 1976 and 1981 were estimated to have contributed \$12 to \$15 million to the County and its businesses. (7) Lease and other payments to the County Park and Planning Commission from the Centre owner total several hundred thousand dollars per year.(1)

Completed in 1973 at a cost of \$18 million, the Centre is owned by a private partnership and located on a 60 acre tract of public land. This arrangement in itself is a creative use of business and financial negotiation by private and public sectors to provide sports and other entertainment. The Centre has been home to the Washington Bullets of the National Basketball Association, the Washington Capitals of the National Hockey League, and the Georgetown University Hoyas of the Big East Basketball Conference. Each year more than 2 1/2 million people attend events.(2-4)

In the list of staffing for the Centre, business related expertise is evident in comptrolling, public and community relations, marketing, personnel, concessions and team management, finance, legal counsel and other areas. Centre management and marketing is big business in action in the world of sports and entertainment.(5)

Successful college sports programs also require astute business management and marketing. For financial success, images and traditions must be developed and maintained. On football Saturdays, downtown Lincoln, Nebraska becomes a sea of red, and Cornhusker home games are sold out long in advance of the contest. The existing traditions began decades ago as Nebraska won or was a strong contender for the top position in the U.S. The team became positioned as "strong and worthy of support." Currently, marketing and business management principles are being used to help maintain eminence.

Management and philosophy of the Columbia Missouri Parks and Recreation Department for programming their six field Rainbow Softball Center illustrates public sector business applications to satisfy playing customers and spectators.(6) Departmental personnel look at the Rainbow Center and other sports programming as business. The "no free lunch" philosophy has been forced to the forefront throughout the U.S. by public financing austerity exemplified in California's Proposition 13. Programs aim to break-even, including costs for management, officiating, maintenance and other expenses. Expenses must be cut and income increased, while providing satisfying programs for participants.

Use of the Center, open since 1983, is maximized by having league play on weekday evenings and organized tournaments on weekends. With leagues, expenses are regularly scrutinized, and recent cost cutting measures include using more effective, less expensive umpires and having teams purchase and furnish their own game balls. Lost balls had become a large expense in running the leagues. Savings kept participation fees

from increasing and facilitated public relations work with local sporting goods stores. Balls are stamped with the Rainbow Center and the Parks and Recreation Department logos.

Tournament development positions are targeted throughout the state in softball publications. When newspaper advertisements are used, attention is paid to placement and timing. To reach sports enthusiasts, ads are placed on high profile sports days, like Super Bowl Sunday or during football, basketball or other playoffs. Additional ads are placed to reach potential participants not completely wrapped up in sports. High circulation times are selected, such as weekly grocery sale editions or Fridays and weekends with entertainment sections. Shortly before tournament registration, previous participants like coaches are targeted for direct mailings as reminders.

Sponsors are sought for cooperative promotions and other ventures to help share tournament expenses. Cooperative relationships with lodging properties have been developed. Properties bid to serve as tournament headquarters, thereby providing additional income revenues.

Personnel working with the public are trained in public and customer relations. Team members are welcomed, and efforts made to provide positive experiences throughout each tournament.

Tournaments are big business and can contribute millions of dollars to a community's income. Agencies managing them are well served by using business principles.

To broaden perspective, a brief mention is needed of business and sports at resorts, other private facilities and public agencies in Florida. Throughout the state, managers use principles and concepts already mentioned in providing golf, tennis, swimming, fishing, boating and other land and water sports. Target marketing and cooperative promotion and sponsorship seem to be particularly useful. In fact, consultants have developed programs to teach business concepts and practices to sports managers.(8)

#### SUMMARY AND CONCLUSIONS

The examples described above illustrate fundamental interconnections between business principles, sports and leisure. Even though detailed descriptions were not possible, knowledge of principles can be seen in the management and staffing strategies used in the situations and settings described. Numerous, diverse examples could not be mentioned. The list of locations using business practices will continue to grow across the range and breadth of sports experiences as the utility of business principles and practices are further demonstrated.

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