

**GEORGE MASON UNIVERSITY**  
**School of Recreation, Health, and Tourism**

**SPMT 612 Economics and Financial Management in the Sport Industry**  
**Fall 2010**

**DAY/TIME:** W / 4:30 – 7:10

**LOCATION:** PW - BRH 247

**PROFESSOR:** Ji-Ho Kim

**EMAIL ADDRESS:** jkim76@gmu.edu

**OFFICE LOCATION:** Occoquan Building 228A

**PHONE NUMBER:** 703.993.2060

**OFFICE HOURS (DAY/TIME):**

T / 2:00 – 4:00 pm and by appointment  
(e-mail for appointment)

**CREDITS:** 3

**PREREQUISITES:** None

**COURSE DESCRIPTION**

Examines principles of economics, budgeting, and finance as they apply to the sport industry.

**COURSE OBJECTIVES**

Students will be able to:

1. Interpret financial statements, spreadsheets, and principles of accountability in sport organizations.
2. Identify sources of revenue for financing sport, including public sector vs. private sector, etc
3. Describe principles of budgeting, including types, development, for-profit and not-for-profit and use as a method of control, organization, and reallocation.
4. Understand financial management for sport entities.
5. Assess the present economic status of the sports industry and the role of television in sports.
6. Apply economic impact principles, competitive strategy (supply and demand), and economic theory in sport manufacturing and service industries, labor relations, stadiums and arenas.
7. Identify the application of economic theory across amateur, professional, intercollegiate sports and the sport-club industry.
8. Synthesize and apply knowledge of economic and financial principles in sport.
9. Comprehend and apply the interrelation of development activities, financial management, and economics in the sport industry.
10. Describe the economic growth of the sport industry in the 20th century.
11. Assess the economic impact of sport venues and events.

**COURSE OVERVIEW**

The learning experiences in this course are afforded through assignments, class participation, lecture, notes, discussion, group activities, technology, assisted activities, and a variety of additional instructional approaches that will offer ample opportunities to meet the course objectives. Course content includes, but is not limited to, the following: Principles of budgeting - types, purpose of budgeting, how designed, for-profit vs. not for profit, advantages and disadvantages of each type; Practical budgeting -design of budget types by component categories, event, facilities, professional, university/college athletic, university recreation, etc.; Economic principles - scarcity, equilibrium, demand curve, supply curve, utility, law of diminishing marginal utility, etc; Sources of revenue - public, private, government; Fund raising methods - licensing, sponsorship, concessions, admissions (ticketing), private donors; Theories and methods of financial planning - short term vs. long term investments, liquidity, risk, maximizing profits, treasuries, CDs; Computer program/internet - familiarization with Internet as a research tool; Spreadsheet utilization as financial management tool (e.g. Excel, Lotus, Quattro Pro, Quicken Quickbooks); Economic impact - its use and abuse, multipliers and coefficients, case studies; Economic impact of venues and events; Methods of financing venues - bonds, public taxation, corporate naming rights, and personal seat licenses; Basic accounting principles - assumptions, balance sheets, income statements, depreciation; and Economic

relationships between sport and the media.

**ATTENDANCE AND HONOR CODE:**

Students are held to the standards of the George Mason University Honor Code. You are expected to attend all class sections, actively participate in class discussions, complete in-class exercises and fulfill all assignments. Assignments must be turned in at the beginning of class on the specified date due or **no credit will be given**. All assigned reading for each class is to be completed prior to coming to class. Regular attendance and participation is expected.

Further, upon completion of this course, students will meet the following professional accreditation standards:  
*SMPRC: NASSM-NASPE Standards*

<b>STANDARD 8: FINANCIAL MANAGEMENT IN SPORT</b>	<b>REQUIRED CONTENT (All topics must be addressed)</b>	<b>Primary or Secondary</b>
8	Principles of budgeting - types, purpose of budgeting, how designed, for-profit vs. not for profit, advantages and disadvantages of each type	P
8	Practical budgeting -design of budget types by component categories, event, facilities, professional, university/college athletic, university recreation, etc.	P
8	Economic principles - scarcity, equilibrium, demand curve, supply curve, utility, law of diminishing marginal utility, etc.	P
8	Sources of revenue - public, private, government	P
8	Fund raising methods - licensing, sponsorship, concessions, admissions (ticketing), private donors	P
8	Theories and methods of financial planning - short term vs. long term investments, liquidity, risk, maximizing profits, treasuries, CDs	P
8	Computer program/internet - familiarization with Internet as a research tool	P
8	Spreadsheet utilization as financial management tool (e.g. Excel, Lotus, Quattro Pro, Quicken Quickbooks)	P
8	Economic impact - its use and abuse, multipliers and coefficients, case studies	P
8	Economic impact of venues and events	P
8	Methods of financing venues - bonds, public taxation, corporate naming rights, and personal seat licenses	P
	<b>RECOMMENDED CONTENT (50% must be addressed)</b>	
8	Basic accounting principles - assumptions, balance sheets, income statements, depreciation	P
8	Economic relationships between sport and the media	P

## REQUIRED READINGS

1. Howard, D., & Crompton, J. (2004). *Financing sport*. Morgantown, WV: Fitness Information Technologies.
2. Additional readings will be posted to blackboard or handed out in class. Readings will include current articles and news in sport management (e.g. *Sport Business Journal*, *Journal of Sports Economics*, *Athletic Business*, *International Journal of Sport Management*, etc.)

## EVALUATION

Exams	30%
Course assignments	20%
Project and Presentation	40%
Participation	10%

<b>Grading Scale</b>	B+ = 88 – 89	C+ = 78 – 79
A = 94 – 100	B = 84 – 87	C = 74 – 77
A- = 90 – 93	B- = 80 – 83	F = 0 – 73

Grade	Quality Points	Graduate Courses
A+	4.00	Satisfactory/Passing
A	4.00	Satisfactory/Passing
A-	3.67	Satisfactory/Passing
B+	3.33	Satisfactory/Passing
B	3.00	Satisfactory/Passing
B-	2.67	Satisfactory*/Passing
C	2.00	Unsatisfactory/Passing
F	0.00	Unsatisfactory/Failing

*Note: Although a B is an acceptable grade for a graduate class, students are reminded that a 3.0 average is required for graduation.*

	<b>Assignment</b>	<b>Points</b>
<b>Exams</b>	One exam will be given, including materials from lectures, assigned readings and class discussions.	150 pts
<b>Sport Finance Resource Identification &amp; Analysis Project</b>	<p>The Sport Finance Resource Identification &amp; Analysis Project requires exploration and analysis of the resources available in the area of sport-related finance. The student will:</p> <ol style="list-style-type: none"> <li>1. Identify specific resources that are relevant and valuable to sport finance professionals and researchers.</li> <li>2. Identify resources in a variety of formats to include at least 3 scholarly journals, 3 books, magazines or newspapers, and 3 additional sources such as websites.</li> <li>3. Following identification of resources, provide information on location and availability, quality, specific content area, strengths and weaknesses.</li> </ol>	50 pts
<b>Case Study Assignment</b>	<ol style="list-style-type: none"> <li>1. Economic impact study critique: students will be organized into teams (in groups of 3-4) to present a written solution to case detailing the anticipated economic impact a community will be provided by a new sport facility, park, and recreation service, or major league ball club.</li> <li>2. Working in small teams, student will be required to develop a presentation of a case involving a major sport franchise, athletic department, or sport related business. Analysis of financial aspects such as budgeting procedures and expenses inherent to that specific organization will need to be included. Each case study will be worth 40 points and 10 points for presentation each per individual group member.</li> </ol>	50 pts
<b>Article Review, Analysis, and Discussion Issue</b>	<ol style="list-style-type: none"> <li>1. Students will be required to provide a written summary of recent relevant research in the area of sport economics and finance from approved journals. Students will need to be prepared to discuss each article with the class.</li> <li>2. Each student will be responsible for bringing two articles to class that address a current issue in sport finance. Students will briefly summarize their article to the class, identify the main issues, and lead 10 minute discussion on the topic.</li> </ol> <p>Dates will be assigned. Students will turn in a 3 page written report.</p>	50 pts

<b>Sponsorship Proposal</b>	Students (in groups of 3-4) will be responsible for developing a hypothetical sponsorship proposal on behalf of a designated organization, which will be of the group's own choosing. For the purpose of the assignment, it will be assumed that the sport organization is attempting to solicit sponsorship support for a specific event or ongoing program from a corporation. Each group will be required to prepare a written sponsorship proposal that addresses the elements listed in the guideline. In addition each group will try to convince me (as the sponsoring organization) in a 15-minute oral sponsorship presentation that it is worth it to sponsor the sport organization.	50 pts
<b>Financial Analysis Project</b>	<p>1. Individually, students (in groups of 3-4) will be required to prepare an in depth analysis of a sport organization financing strategies in preparation for in-class presentation.</p> <ul style="list-style-type: none"> <li>1) Budget analysis – revenue vs. profit / recommendations for Improvement</li> <li>2) Revenue development strategies – analysis and critique / recommendations</li> <li>3) Sponsorship/Licensing Agreements – critique / recommendations</li> <li>4) Estimated economic impact on community – calculate using formulas provided in class</li> </ul> <p>2. Project completion, preparation and presentation will be worth 100 points total.</p>	100 pts

## COURSE SCHEDULE

Session	Date	Topic	Reading / Assignment Due
1	09/01	Introduction / Overview of the Course / Syllabus / Financial Challenges in Sports	
<b>Part I: Foundation of Economics and Finance</b>			
2	09/08	Economics and Sport / Accountability Issues	Ch 1 & 2 / Class Exercise
3	09/15	Financial Planning and Basics	Article Review and Discussion Issue
4	09/22	Public Sector Funding Issues	Ch 6
5	09/29	Public Subsidy	Ch 3 & 5 / Case Study Group Work
6	10/06	Economic Impact Analysis	Ch 4 & 7
7	10/13	Case Study: Presentation / Economic Impact	
<b>Part II: Financial Development</b>			
8	10/20	Sponsorship	Chapter 13, 14, & 15 / Class Exercise
9	10/27	Public – Private Partnership	Chapter 8 / Case Study Due (Case Study II: Economic Impact Analysis)
10	11/03	Ticket Sale & Pricing	Ch9
11	11/10	Fundraising	Ch16 / Sponsorship Proposal Due
12	11/17	Broadcasting Rights	Ch 10 & 11 / The Sport Financial Resource Analysis Project Due with Group Discussion
13	11/24	<b>Thanksgiving</b>	
14	12/01	Sale Operation	Ch 11 / Financial Analysis Project discussion
15	12/08	<b>Project Presentation</b>	
16	12/15	<b>Exam (4:30 – 7:10 pm)</b>	

*Note: Faculty reserves the right to alter the schedule as necessary.*



- ❖ All students are held to the standards of the George Mason University Honor Code [See <http://www.gmu.edu/catalog/apolicies/#Anchor12>]
- ❖ University policy states that all sound emitting devices shall be turned off during class unless otherwise authorized by the professor
- ❖ Students with disabilities who seek accommodations in a course must be registered with the Disability Resource Center (DRC) and inform the instructor, in writing, at the beginning of the semester [See [www.gmu.edu/student/drc](http://www.gmu.edu/student/drc)]
- ❖ For Counseling and Psychological Services information, please visit <http://caps.gmu.edu>
- ❖ For additional School of Recreation, Health, and Tourism information, please visit the website at <http://rht.gmu.edu>