

GEORGE MASON UNIVERSITY
School of Recreation, Health, and Tourism

SPMT 420- Economics & Finance in the Sport Industry
Spring 2012

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|---------------|------------------------|----------------|---------------------|
| DAY/TIME: | Tuesday 4:30–7:10 p.m. | LOCATION: | Bull Run Hall 248 |
| PROFESSOR : | Argeris | EMAIL ADDRESS: | sargeris@hunton.com |
| OFFICE HOURS: | Tuesday 4 pm, In-Room | PHONE NUMBER: | (202) 955-1506 |
| CREDITS: | 3 hours | FAX NUMBER: | (202) 828-3725 |

PREREQUISITES: SPMT 201, STAT 250, 60 hours

COURSE DESCRIPTION

This course is a survey examination of principles of economics, budgeting, and finance as it applies to the sport industry.

COURSE OBJECTIVES

The student will be able to:

1. Recognize 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. Develop an appreciation of financial management for sport facilities.
5. Assess the present financial status of the sports industry and the role of television in sports.
6. Apply economic impact principles on sport, 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. Recognize the application of economic principles in sport.
9. Apply knowledge of financial principles in sport.
10. Develop an appreciation of the interrelation of development activities, financial management, and economics in the sport industry.
11. Describe the economic growth of the sport industry in the 20th century
12. Reflect on 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: Basic accounting principles - types of accounting in sport, with a special emphasis on the importance of fund accounting in public enterprise; Use of financial statements in sport; Sources of revenue for financing for sport - public sector vs. private sector, governments, membership, fees, PLS, taxes, bonds, etc.; Principles of budgeting in sport - types (capital master, departmental, line item, zero-based); Budgets as a method of control, organization, and reallocation in sport; Budget development in sport; Spreadsheet utilization in sport; Financial management of sport facilities; Present financial status of the sports industry - collegiate, professional, private, manufacturers; Concessions and merchandising in sport - trademark licensing, inventory, cost control, cash mgmt; For profit and not-for-profit budgeting in sport; Development and sport fund-raising principles and methodology (campaigns, alumni, auctions); Application of micro and macro economic principles in sport; Economic growth of the sport industry in the 20th century; Concepts of competitive strategy (supply and demand) in sport; Economic impact principles in sport; Economic theory applied to sport manufacturing and service industries; Economic theory applied to professional sports; Economic perspectives in labor relations in professional sports; Economic theory applied to sport stadiums and arenas; Economic theory applied to

intercollegiate sports; Impact of the television industry on professional sports; Impact of the television industry on intercollegiate sports; Economic impact of sport venues and events; Economic theory applied to the sport club industry; Relating infrastructure to competitive strategies in the manufacturing and service industries in sport.

HONOR CODE

George Mason shares in the tradition of an honor system that has existed in Virginia since 1842. The Honor Code is an integral part of university life. On the application for admission, students sign a statement agreeing to conform to and uphold the Honor Code. Students are responsible, therefore, for understanding the code's provisions. In the spirit of the code, a student's word is a declaration of good faith acceptable as truth in all academic matters. Cheating and attempted cheating, plagiarism, lying, and stealing of academic work and related materials constitute Honor Code violations. To maintain an academic community according to these standards, students and faculty must report all alleged violations to the Honor Committee. Any student who has knowledge of, but does not report, a violation may be accused of lying under the Honor Code. Students in this course are held to the strictest standards of the George Mason University Honor Code.

STUDENT SUPPORT

Any eligible student with an exceptionality documented through George Mason University's Disability Resource Center must notify the instructor so that suitable accommodations can be implemented. The notification should take place during the first week of classes.

Expectations:

1. All assigned reading for each class is to be completed prior to coming to class.
2. All written assignments must be typed (computer word processing is recommended).
3. Regular attendance and participation is expected.
4. If you miss a class, it is your responsibility to obtain class materials from sources other than the instructor.
5. Students must abide by the Honor Code, guided by the spirit of academic integrity.

Class Attendance:

It enhances your academic success to be in class; therefore, you should attend all scheduled class meetings in accordance with George Mason policy: Students are expected to attend the class periods of the courses for which they register. In-class participation is important not only to the individual student, but to the class as a whole. Because class participation may be a factor in grading, instructors may use absence, tardiness, or early departure as de facto evidence of nonparticipation. **Any student who does not attend at least 60% of the classes will not pass the course.** Excessive absences or tardiness result in lowering of your grade. Students who miss an exam with an acceptable excuse may be penalized according to the individual instructor's grading policy, as stated in the course syllabus.

Participation:

Respect the free exchange of thought in an academic environment and the participants therein. For example: a) do not have any sound emitting devices turned on; b) wait until the teacher/guest speaker has finished prior to gathering your belongings; and c) do not smoke, chew tobacco, eat, sleep, disrupt others by inappropriate talking, or disrespect the class schedule by being tardy. You are encouraged to a) feel free to openly and respectfully contribute your thoughts; b) listen actively to the comments of others; c) be punctual; d) ask any and all appropriate questions that you have; and e) maintain civility in your interpersonal communications. Class discussions will be conducted in a civil, informed fashion wherein disruptive students will be asked to leave the class. Your contributions are not only welcomed, they are essential. **This may also apply to laptops...if they are not needed during discussions, they should not be opened/on.**

Alternative Work:

Make-up work is not allowed in this class. Only those excused absences supported by documentation will be addressed at the instructor's discretion on an individual basis (e.g. a physician's note for an illness). Alternative work due to intercollegiate athletic competitions or other legitimate university activity must be arranged – prior -- to due date. A grade of zero ('0') will be assigned to all missed work unless otherwise determined by the instructor. ***There will be no extra credit option in this course.***

REQUIRED READINGS

Readings will include assigned chapters within the text and/or current articles and news in sport management (e.g. Sports Business Journal, internet articles, etc.) to be determined by instructor.

Students will be required to be prepared each week with a reading (article, internet item, etc.) directly related to the course content for class discussion.

Required Texts: Sawyer, T.H., Hypes, M.G., & Hypes, J.A. (2004). *Financing the Sport Enterprise*. Champaign, IL: Sagamore Publishing.

Subscription to Street and Smith's Sports Business Journal (information on reduced-rate subscription will be provided to students at first class.)

Guest speakers may be utilized to expand upon topics covered in the assigned readings and class lectures.

Professor may provide additional supplemental readings as required by current events and/or class interests.

EVALUATION

Graded Assessment:

Assessment of student objectives and performance will include, but is not limited to, successful completion of a combination of quizzes, exams, written and/or oral projects/presentations, and regular in-class and/or out-of-class assignments.

Specifically, graded assessments will include (please note that requirements and expectations for grading for each assessment will be explained in detail in class prior to assignment being due):

- a) **Two in-class quizzes** (to cover assigned readings and class lectures). Each will include short answer/essay questions, and will count as 15% of final grade;
- b) "Case" paper. A 1000-word report on a topic assigned in Class Three, and will count as 20% of final grade;
- c) "Formal" **group class presentation & paper**, on a topic mutually agreed upon between professor and student on a subject specifically relevant to SPMT 420, exercise will count as 40% of final grade in groups of four or five; and
- d) Cumulative **class participation** will count as 10% of final grade. This will include attendance, participation in class discussions, and any other smaller homework/classwork assignments.

Grading Scale

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| A = 94 – 100 | B+ = 88 – 89 | C+ = 78 – 79 | D = 60 – 69 |
| A- = 90 – 93 | B = 84 – 87 | C = 74 – 77 | F = 0 – 59 |
| | B- = 80 – 83 | C- = 70 – 73 | |

NOTE: A detailed schedule of weekly assignments will be provided during the first class meeting.



- ❖ 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]
- ❖ For additional School of Recreation, Health, and Tourism information, please visit the website at <http://rht.gmu.edu>

| Class Date | Topic | Text | Assignment Due |
|------------|---|------------------|-------------------------------------|
| Jan 24 | Class Introduction; Syllabus Foundations of Sport Finance (Economics & Organizing the Sports Enterprise) | Chapters 1 & 2 | Subscribe to SBJ |
| Jan 31 | Financial Accountability & Planning (Accountability & Analysis) | Chapter 3 | |
| Feb 7 | Financial Accountability & Planning (Financial & Purchasing) | Chapters 4 & 5 | |
| Feb 14 | Quiz #1 Financial Development (Revenue and Sponsorships)- | Chapters 6 & 7 | |
| Feb 21 | Financial Development (Licensing and Franchising) | Chapters 8 & 9 | |
| Feb 28 | Case Paper Review Sales Operations (Customer Retention and Outsourcing) | Chapters 10 & 11 | Case Paper Due |
| Mar 6 | Antitrust and Sports (Part One) | | |
| Mar 20 | Antitrust and Sports (Part Two) | TBD | Research Topic Proposal Due |
| Mar 27 | How to Value a Contract | TBD | |
| Apr 3 | Fundraising (Fundamentals, Committees) Fundraising (Grants, Booster Clubs, Volunteers) | Chapters 12 & 13 | Rough Draft Proposal Due (Optional) |
| Apr 10 | Financial Risk Management (Insurance & Risk Management) | Chapters 14 & 15 | |
| Apr 17 | Quiz #2 | Chapters 19 & 20 | |
| Apr 24 | Game Theory and Auctions | | |
| May 1 | Research Presentations | | Research Papers Due |
| May 15 | Course Evaluation | | |

This schedule may be subject to modest changes from week to week. Small assignments (ie: reaction to an article, etc) may be added, in addition to your projects/quizzes). Such assignments will be topical to what we are studying or in reaction to something current in the SBJ. It is your responsibility, if you miss class, to contact me or a classmate to see what was missed. I will post assignments and assignment documentation on Blackboard, a reference you should get used to using.