TACKLING THE HARD TO FIND INDUSTRIES

PROFESSIONAL SPORTS FRANCHISES ARE OUR PLAYGROUND
TACKLING THE HARD TO FIND INDUSTRIES

INTRODUCTION

Occasionally we come across:

- Industries with a NAICS or SIC code, but few if any publicly traded companies.
- New industries just coming on the market.
- A monopoly with no interest in sharing information.

When charged with researching these industries, how do we do it?
TACKLING THE HARD TO FIND INDUSTRIES

INTRODUCTION

Victoria A. Platt
Director of Research
vaplatt@willamette.com
TACKLING THE HARD TO FIND INDUSTRIES

INTRODUCTION

- Chicago Bears
- Dallas Cowboys
- Denver Broncos
- San Francisco 49ers
- Seattle Seahawks

- Detroit Pistons
- Harlem Globetrotters
- Los Angeles Lakers
- Orlando Magic
- Toronto Raptors
TACKLING THE HARD TO FIND INDUSTRIES

INTRODUCTION

- Baltimore Orioles
- Boston Red Sox
- Chicago Cubs
- Chicago White Sox
- Detroit Tigers
- Kane County Cougars
- Minnesota Twins
- San Francisco Giants
- Texas Rangers
TACKLING THE HARD TO FIND INDUSTRIES

PRESENTATION OUTLINE

1\textsuperscript{ST} QUARTER: OPENING THE PLAYBOOK

2\textsuperscript{ND} QUARTER: USING THE RULE BOOK

3\textsuperscript{RD} QUARTER: WHO’S ON THE TEAM?

4\textsuperscript{TH} QUARTER: HOW DO WE WIN?
TACKLING THE HARD TO FIND INDUSTRIES
FIRST QUARTER

OPENING THE PLAYBOOK
WHAT IS THE GOAL?

- Determine what game we are playing.
- Identify who are the team mates.
- Establish the rules.
- Identify who keep’s score.
- Determine what makes this game so special.
WHAT GAME ARE WE PLAYING?

- Business Cycle Analysis
- Competitive Analysis & Profiling
- Due Diligence
- Financial Analysis
- Growth Opportunities & Capabilities Analysis
- Industry Economics
- Industry Trends
- Market Entry Strategy
- Market Research & Analysis
- Mergers & Acquisition
- Valuation
TACKLING THE HARD TO FIND INDUSTRIES
FIRST QUARTER: OPENING THE PLAYBOOK

WHO’S ON THE TEAM?

- Leagues
- Associations
- Venues/Stadiums
- Legal & Government Sources
- Financiers & Investors
- Sports Consultants
- Specialty Publishing Firms
WHAT ARE THE RULES?
- History of the Game
- Professional Leagues
- Teams
- Statistics
- Financials
TACKLING THE HARD TO FIND INDUSTRIES
FIRST QUARTER: OPENING THE PLAYBOOK

WHO KEEPS SCORE?

- League
- Consulting Firms
- Specialty Publishing Firms
- Magazines/Journals
TACKLING THE HARD TO FIND INDUSTRIES
FIRST QUARTER: OPENING THE PLAYBOOK

WHAT MAKES THIS GAME SO SPECIAL?
- Labor Laws
- In Fierce Competition and Mutually Dependant
- Collective Enterprise
- Sports Governing Bodies
TACKLING THE HARD TO FIND INDUSTRIES
SECOND QUARTER

USING THE RULE BOOK?

![Basketball Scoreboard Image]
RULE ONE

“Never let the fear of striking out get in your way.”
Babe Ruth
TACKLING THE HARD TO FIND INDUSTRIES
SECOND QUARTER: USING THE RULE BOOK

- RULE TWO

- Be Very Organized.
TACKLING THE HARD TO FIND INDUSTRIES
SECOND QUARTER: USING THE RULE BOOK

RULE THREE

Go Old-School
- Never forget books.
- Go straight to the end.
- Use the telephone.
RULE FOUR

Don’t Beat a Dead Horse
- If it isn’t working, move on.
- Move quickly.
- Don’t spend too much time in Google.
- Use multiple search engines.
RULE – FIVE

Go to the Experts
- Consultants
- Industry Analysts
- Media Specialists
- Professors
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER

WHO’S ON THE TEAM?
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

TRADITIONAL SOURCES
STAKEHOLDER GROUPS
EXPERTS
FINANCIALS
TRANSACTIONS
WEBLOGS
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

TRADITIONAL SOURCES
- Texts
- Data Books
- Articles
- Gray Literature
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

TRADITIONAL SOURCES - TEXTS

SEARCHING: WorldCat, Library Catalogs, Google Scholar, or Amazon.com

- Baseball—Economic Aspects—United States
- Collective Bargaining—Baseball—United States
- Sports -- Economic aspects -- United States.
- Professional sports -- Economic aspects -- United States.
- Sports administration -- United States.
- Collective bargaining -- Sports -- United States.
- Athletes -- Salaries, etc. -- United States.
- Sports -- United States -- Statistics.
- Athletes -- Salaries, etc -- United States.
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

TRADITIONAL SOURCES - TEXTS

*Home Team: Professional Sports and the American Metropolis*
Front Office Pub.

*Financing and Lease Summaries: Major League Soccer*
Princeton University Press

*Major League Losers: The Real Cost of Sports and Who’s Paying for It*
Basic Books

*Naming Rights Deals-Pro Sports*
Team Marketing Report

*Relocating Teams and Expanding Leagues in Professional Sports*
Quorum Books

*Sports Economics: Current Research*
Praeger Publishers

AND

CHAPTERS WITHIN BOOKS

*Financial Valuation: Businesses and Business Interests*

1997 Update with Cumulative Index

Editor: James H. Zukin

Chapter 16C

“The Evolving Economics of the National Football League and Franchise Value”
Robert K. Hampe, Paul J. Much, Jeffreys, Philips, and Thomas Macina
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

TRADITIONAL SOURCES - DATA BOOKS

SEARCHING: WorldCat or Amazon.com

Professional sports -- United States -- Directories.
Professional sports -- Canada -- Directories.
Sports franchises -- United States -- Directories.
Sports franchises -- Canada -- Directories.

By the Numbers: The Authoritative Annual Research Guide & Fact Book
Entertainment, Sports, and Leisure Market Research Handbook
European Sports Rights Agencies, Kagan World Media, Inc.
Inside the Ownership of Pro Sports, Team Marketing Report.
Kagan’s European Soccer Business, Kagan Media, Inc.
Revenues from Sports Venues, Mediaventures.
The Business of Auto Racing, Kagan World Media, Inc.
The Business of Baseball, Kagan World Media, Inc.
The Business of Football, Kagan World Media, Inc.
The Business of Hockey, Kagan World Media, Inc.
The Business of Tennis, Kagan World Media, Inc.
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

TRADITIONAL SOURCES – ARTICLES

Searching Periodical Directories Such as Ulrich’s

- American Sports Analysis
- Entertainment & Sports Lawyer
- Forbes
- International Journal of Sport Finance
- Journal of Sports Economics
- Media Sports Business
- Sports Business International
- Sports Business Market Research Handbook
- Sports Licensing International
- Sports Marketing
- Street & Smith’s SportsBusiness Journal
- The Sport Journal
- USA Today
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

TRADITIONAL SOURCES – ARTICLES
Searching Bibliographies, Factiva, LexisNexis, Internet Search Engines

## Tackling the Hard To Find Industries

### Third Quarter: Who’s On The Team?

Article: Forbes Special Report: The Business Of Baseball
Edited by Michael K. Oranian and Kurt Badenhausen 4/20/06

<table>
<thead>
<tr>
<th>Rank</th>
<th>Team</th>
<th>Current Value(^1) ($mil)</th>
<th>1-Yr Value Change (%)*</th>
<th>Debt/Value(^2) (%)</th>
<th>Revenues ($mil)</th>
<th>Operating Income(^3) ($mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New York Yankees</td>
<td>1026</td>
<td>8</td>
<td>12</td>
<td>277</td>
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<td>2</td>
<td>Boston Red Sox</td>
<td>617</td>
<td>10</td>
<td>39</td>
<td>206</td>
<td>-18.5</td>
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<td>3</td>
<td>New York Mets</td>
<td>604</td>
<td>20</td>
<td>42</td>
<td>195</td>
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<td>4</td>
<td>Los Angeles Dodgers</td>
<td>482</td>
<td>14</td>
<td>87</td>
<td>189</td>
<td>13.4</td>
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<td>5</td>
<td>Chicago Cubs</td>
<td>448</td>
<td>12</td>
<td>0</td>
<td>179</td>
<td>7.9</td>
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<td>6</td>
<td>Washington Nationals</td>
<td>440</td>
<td>42</td>
<td>27</td>
<td>145</td>
<td>27.9</td>
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<td>7</td>
<td>St Louis Cardinals</td>
<td>429</td>
<td>16</td>
<td>47</td>
<td>165</td>
<td>7.9</td>
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<tr>
<td>8</td>
<td>Seattle Mariners</td>
<td>428</td>
<td>3</td>
<td>23</td>
<td>179</td>
<td>7.3</td>
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<tr>
<td>9</td>
<td>Philadelphia Phillies</td>
<td>424</td>
<td>8</td>
<td>42</td>
<td>176</td>
<td>14.8</td>
</tr>
<tr>
<td>10</td>
<td>Houston Astros</td>
<td>416</td>
<td>17</td>
<td>13</td>
<td>173</td>
<td>30.2</td>
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<tr>
<td>11</td>
<td>San Francisco Giants</td>
<td>410</td>
<td>8</td>
<td>37</td>
<td>171</td>
<td>11.2</td>
</tr>
<tr>
<td>12</td>
<td>Atlanta Braves</td>
<td>405</td>
<td>6</td>
<td>7</td>
<td>172</td>
<td>27.6</td>
</tr>
<tr>
<td>13</td>
<td>Los Angeles Angels of Anaheim</td>
<td>368</td>
<td>25</td>
<td>10</td>
<td>167</td>
<td>-2.6</td>
</tr>
</tbody>
</table>
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

TRADITIONAL SOURCES – GRAY LITERATURE

Gray literature is defined as "information produced on all levels of government, academics, business and industry in electronic and print formats not controlled by commercial publishing. ..."

GreySource [http://www.greynet.org/pages/3](http://www.greynet.org/pages/3)

GreySource provides a detailed classification listing of Web-based resources on the subject of unofficial or "gray literature." Subject classifications include general, multidisciplinary; agriculture, forestry, fisheries, veterinary sciences; environmental pollution, protection, and control; humanities; biological and medical sciences; earth and atmospheric sciences; electronics, electrical engineering, computer science; energy and power; mathematical sciences; mechanical, industrial, civil, and marine engineering; science and technology; and a few others.


The GrayLit Network makes the gray literature of U.S. Federal Agencies easily accessible over the Internet. It taps into the search engines of distributed gray literature collections, enabling the user to find information without first having to know the sponsoring agency.

The GrayLIT Network is the world's most comprehensive portal to Federal gray literature. By offering a mode of communication for this hard-to-find class of literature, the GrayLIT Network enables convenient access by the American public to government information.
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

TRADITIONAL SOURCES – GRAY LITERATURE

Valuing Professional Sports Franchises: An Econometric Approach
by Kelly Smith
For The 2004 Moffatt Prize in Economics

<table>
<thead>
<tr>
<th>Variable</th>
<th>NFL Average</th>
<th>NBA Average</th>
<th>MLB Average</th>
<th>NHL Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value ($mil)</td>
<td>530.52</td>
<td>247.83</td>
<td>294.53</td>
<td>160.00</td>
</tr>
<tr>
<td>Revenue ($mil)</td>
<td>138.19</td>
<td>91.86</td>
<td>121.73</td>
<td>69.23</td>
</tr>
<tr>
<td>Payroll ($mil)</td>
<td>67.00</td>
<td>52.57</td>
<td>67.46</td>
<td>38.22</td>
</tr>
<tr>
<td>Stadium Age</td>
<td>22.23</td>
<td>10.14</td>
<td>23.63</td>
<td>9.60</td>
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<tr>
<td>Stadium Capacity</td>
<td>69192.71</td>
<td>19749.03</td>
<td>44839.17</td>
<td>18464.07</td>
</tr>
<tr>
<td>Attendance</td>
<td>524016.06</td>
<td>695620.62</td>
<td>2264707.03</td>
<td>687052.03</td>
</tr>
</tbody>
</table>
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

TRADITIONAL SOURCES – GRAY LITERATURE

The Report of the Independent
Members of the Commissioner’s Blue
Ribbon Panel on Baseball Economics
July 2000

Richard C. Levin
George J. Mitchell
Paul A. Volcker
George F. Will
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

STAKEHOLDER GROUPS
- Leagues
- Associations
- Venues/Stadiums
- Legal & Government Sources
- Financiers & Investors
- Sports Consultants
- Specialty Publishing Firms
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THIRD QUARTER: WHO’S ON THE TEAM?

STAKEHOLDER GROUPS - LEAGUES

NFL.com – NFL League History 1998-2003

1998
The NFL reached agreement on record eight-year television contracts with four networks. ABC (Monday Night Football) and FOX (NFC) retained their previous rights, CBS took over the AFC package from NBC, and ESPN won the right to broadcast the entire Sunday night cable package, January 13.

The NFL clubs approved a six-year extension of the Collective Bargaining Agreement through 2003. The extended CBA also created a $100 million fund for youth football, March 22.

1999
Houston, Texas and owner Robert McNair were awarded the NFL’s thirty-second franchise in a vote of the NFL clubs at a league meeting in Atlanta. The team will begin play in 2002. The NFL clubs also voted to realign into eight divisions of four teams each for the 2002 season, October 6.

2000
Johnson & Johnson heir Robert Wood Johnson IV was approved by NFL clubs as the new owner of the New York Jets at a league meeting, January 18.

2001
NFL clubs approved additional league-wide revenue sharing at a special league meeting in Dallas. The teams agreed to pool the visiting team share of gate receipts for all preseason and regular-season games and divide the pool equally starting in 2002, January.

A jury ruled for the NFL in a lawsuit brought against the league by the Oakland Raiders. The state court jury in Los Angeles rejected the Raiders’ claims that the NFL destroyed their 1995 Hollywood Park stadium deal and that they own the Los Angeles market, May 21.

2002
In a special meeting in New Orleans, NFL owners voted unanimously to approve the purchase of the Atlanta Falcons to Home Depot co-founder Arthur Blank, February 2.

2003
Chicago Bears chairman emeritus Edward W. McCaskey died at the age of 83, April 8.
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

STAKEHOLDER GROUPS – ASSOCIATIONS

Association of Luxury Suite Directors  www.alsd.com
Major League Baseball Players Association  www.mlb.com
International Association for Sports Information  www.iasi.org
Ladies Professional Golf Association  www.lpga.com
National Basketball Association  www.nba.com
National Basketball Players Association  www.nbpa.com
National Football League  www.nfl.com
National Football League Players Association  www.nflplayers.com
National Hockey League  www.nhl.com
National Professional Soccer League  www.npsl.com
Professional Football Researchers Association  www.footballresearch.com
Professional Golfers Association of America  www.pga.com
Stadium Managers Association  www.stadianet.com
World Council for Venue Management  www.venue.org
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

STAKEHOLDER GROUPS – VENUES

*Facility Naming Rights*  
Front Office Publications

*Major League Leases*  
Front Office Publications

*Major League Facilities*  
Team Marketing Report, Inc.

*Revenues from Sports Venues*  
Mediaventures

*Stadium Financing and Franchise Relocation Act of 1999*  
U.S. Senate Judiciary Committee, U.S. Gov. Printing Office

*Stadium Revenue Agreements*  
Team Marketing Report, Inc.

*The Economics and Politics of Sports Facilities*  
Quorum Books
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

STAKEHOLDER GROUPS – VENUES

Sources:

TEAM STATISTICS

<table>
<thead>
<tr>
<th>Age of Stadium (Years)</th>
<th>Number of Suites</th>
<th>Number of Club Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlotte Bobcats</td>
<td>212</td>
<td>Golden State Warriors 3,900</td>
</tr>
<tr>
<td>Memphis Grizzlies</td>
<td>180</td>
<td>Chicago Bulls 3,000</td>
</tr>
<tr>
<td>Houston Rockets</td>
<td>160</td>
<td>Houston Rockets 2,860</td>
</tr>
<tr>
<td>San Antonio Spurs</td>
<td>160</td>
<td>Los Angeles Lakers 2,600</td>
</tr>
<tr>
<td>Dallas Mavericks</td>
<td>152</td>
<td>Philadelphia 76ers 1,526</td>
</tr>
<tr>
<td>Miami Heat</td>
<td>148</td>
<td>Dallas Mavericks 1,484</td>
</tr>
<tr>
<td>Atlanta Hawks</td>
<td>126</td>
<td>Los Angeles Clippers 2,500</td>
</tr>
<tr>
<td>Denver Nuggets</td>
<td>114</td>
<td>Los Angeles Lakers 2,500</td>
</tr>
<tr>
<td>Indiana Pacers</td>
<td>104</td>
<td>New York Knicks 2,500</td>
</tr>
<tr>
<td>Los Angeles Clippers</td>
<td>95</td>
<td>Portland Trail Blazers 2,500</td>
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<tr>
<td></td>
<td></td>
<td>New Orleans Hornets 2,450</td>
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</tbody>
</table>
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

STAKEHOLDER GROUPS –
Legal & Government Sources

Seattle Supersonics income/expense statements, 1967-68 and 1968-69

<table>
<thead>
<tr>
<th></th>
<th>1967-68</th>
<th>1968-69</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>$924.0</td>
<td>$992.0</td>
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<tr>
<td>Operating Expenses</td>
<td>$818.0</td>
<td>$886.0</td>
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<tr>
<td>Interest Expense</td>
<td>$58.0</td>
<td>$51.0</td>
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<tr>
<td>Net income/(loss)</td>
<td>$46.0</td>
<td>$55.0</td>
</tr>
<tr>
<td>Player Contract Amort</td>
<td>$322.0</td>
<td>$276.0</td>
</tr>
<tr>
<td>Net Loss</td>
<td>$276.0</td>
<td>$219.0</td>
</tr>
</tbody>
</table>

TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

STAKEHOLDER GROUPS –
Legal & Government Sources

Los Angeles Times

Individual NFL Team Data and Rankings 1995 – 1999

The following pages contain individual team data for each revenue and expense category, along with the ranking of each category (in parentheses) among the 31 teams.

NOTE: These documents provided to the Los Angeles Times do not include a column that is on the far right of the originals showing the compounded annual growth for each category over the five-year period.

latimes.com
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>Rank</td>
<td>$</td>
<td>Rank</td>
<td>$</td>
</tr>
<tr>
<td><strong>Ticket Sales</strong></td>
<td>19,812</td>
<td>(14)</td>
<td>22,665</td>
<td>(10)</td>
<td>21,537</td>
</tr>
<tr>
<td><strong>Local TV and Radio</strong></td>
<td>1,276</td>
<td>(27)</td>
<td>2,069</td>
<td>(21)</td>
<td>3,440</td>
</tr>
<tr>
<td><strong>Loge Boxes</strong></td>
<td>1,182</td>
<td>(15)</td>
<td>1,773</td>
<td>(17)</td>
<td>1,752</td>
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<tr>
<td><strong>Concessions</strong></td>
<td>1,573</td>
<td>(6)</td>
<td>1,572</td>
<td>(8)</td>
<td>1,246</td>
</tr>
<tr>
<td><strong>Advertising/Parking/Other</strong></td>
<td>760</td>
<td>(25)</td>
<td>3,676</td>
<td>(11)</td>
<td>3,133</td>
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<tr>
<td><strong>Miscellaneous</strong></td>
<td>810</td>
<td>(12)</td>
<td>446</td>
<td>(13)</td>
<td>330</td>
</tr>
<tr>
<td><strong>Total Local Revenue</strong></td>
<td>26,057</td>
<td>(16)</td>
<td>32,201</td>
<td>(11)</td>
<td>31,438</td>
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<tr>
<td><strong>Common Revenues</strong></td>
<td>41,336</td>
<td>-</td>
<td>43,572</td>
<td>(10)</td>
<td>44,307</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>67,393</td>
<td>(14)</td>
<td>75,773</td>
<td>(10)</td>
<td>75,745</td>
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<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Player Costs</strong></td>
<td>40,667</td>
<td>(18)</td>
<td>48,366</td>
<td>(4)</td>
<td>40,571</td>
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<tr>
<td><strong>Team Expenses</strong></td>
<td>12,881</td>
<td>(1)</td>
<td>11,768</td>
<td>(4)</td>
<td>10,749</td>
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<td><strong>Stadium Rental</strong></td>
<td>-</td>
<td>(28)</td>
<td>-</td>
<td>(27)</td>
<td>-</td>
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<tr>
<td><strong>Stadium Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>G&amp;A</strong></td>
<td>7,391</td>
<td>(12)</td>
<td>11,693</td>
<td>(3)</td>
<td>15,052</td>
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<tr>
<td><strong>PR</strong></td>
<td>1,230</td>
<td>(3)</td>
<td>697</td>
<td>(21)</td>
<td>799</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>63,469</td>
<td>(6)</td>
<td>72,524</td>
<td>(5)</td>
<td>67,171</td>
</tr>
<tr>
<td><strong>Common Expenses</strong></td>
<td>2,000</td>
<td>-</td>
<td>3,310</td>
<td>-</td>
<td>2,789</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>1,924</td>
<td>(28)</td>
<td>61</td>
<td>(27)</td>
<td>5,794</td>
</tr>
</tbody>
</table>

Notes: Common revenues include National Television and Radio, International Television, NFL Properties, Enterprises, and Films. Common expenses include League Office and Management Council expenses. Stadium Operations Expense broken out for first time; classified in the other expense lines in prior years.
Federal Reserve Bank of Boston’s Education Unit on the Economics of Pro Sports
The Business of Sports and Small Market Viability:  
The Green Bay Packers and the Milwaukee Brewers  
Kevin M. Bahr, Ph.D.  
University of Wisconsin - Stevens Point  

Abstract  
In football and baseball, the state of Wisconsin features professional sports teams in relatively small markets, the Green Bay Packers and the Milwaukee Brewers. Although the franchises are similar in terms of their relatively small size, there have been significant differences in the recent performance of the two teams. The 1990s saw a resurgence of the Packer glory days, culminating with the Super Bowl XXXI victory in the 1996-1997 season. The Brewers have struggled, and have not had a winning season since 1992. To bolster competitiveness, both teams have pursued upgrading their stadiums. The Green Bay Packers are beginning the process of a $295 million renovation of Lambeau Field, and the Milwaukee Brewers moved into Miller Park in 2001, a $400 million retractable dome stadium. This paper will examine the role of the new stadiums in enhancing team competitiveness, and review the industry structure of the National Football League and Major League Baseball.
### TACKLING THE HARD TO FIND INDUSTRIES

**THIRD QUARTER: WHO’S ON THE TEAM?**

---

#### STAKEHOLDER GROUPS – Financiers & Investors

*Source: Economic Values of Professional Sport Franchises in the United States*

By: Soonhwan Lee, D.S.M. and Hyosung Chun, M.S.S. Graduate Student

*United States Sports Academy*

---

#### TV Sports Rights Fees for the NBA

<table>
<thead>
<tr>
<th>Network</th>
<th>Years Covered</th>
<th>Avg. Cost Per Year</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>NBC</td>
<td>1990/91 - 1993/94</td>
<td>$150 million</td>
<td>$600 million</td>
</tr>
<tr>
<td>TBS/TNT</td>
<td>1990/91 - 1993/94</td>
<td>$68.75 million</td>
<td>$275 million</td>
</tr>
<tr>
<td>NBC</td>
<td>1994/95 - 1997/98</td>
<td>$187.5 million</td>
<td>$750 million</td>
</tr>
<tr>
<td>TBS/TNT</td>
<td>1994/95 - 1997/98</td>
<td>$87.5 million</td>
<td>$350 million</td>
</tr>
<tr>
<td>NBC</td>
<td>1998/99 - 2001/02</td>
<td>$437.5 million</td>
<td>$1.75 billion</td>
</tr>
<tr>
<td>TBS/TNT</td>
<td>1998/99 - 2001/02</td>
<td>$222.5 million</td>
<td>$890 million</td>
</tr>
<tr>
<td>ABC/ESPN</td>
<td>2002/03 - 2007/08</td>
<td>$400 million</td>
<td>$2.4 billion</td>
</tr>
<tr>
<td>AOL Time Warner</td>
<td>2002/03 - 2007/08</td>
<td>$366.5 million</td>
<td>$2.2 billion</td>
</tr>
</tbody>
</table>
For financiers, the NHL had long been the ugly stepchild of big-time professional sports. While the NFL was the proud debutante and MLB and NBA a few steps behind, hockey may as well have stayed home crying in the mirror.

Most NHL loan deals involved significant guarantees from owners rather than relying wholly on team and league revenue, which bankers did not consider sufficient. And the loans included large reserve funds, which proved necessary to get many teams through the recent lockout.

Now with news of a management-friendly labor deal that significantly reduces the amount of revenue used to pay player salaries, the NHL may begin to get a sniff of better credit terms.
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?
STAKEHOLDER GROUPS – Sports Consultants

Football Money League by Dan Jones, Partner
Sports Business Group at Deloitte. (soccer)
STAKEHOLDER GROUPS – Specialty Publishing Firms

**Mediaventures**

www.sportsvenues.com  414-354-0966
Revenues from sports venues.
Covers venues of major and minor leagues in baseball, basketball, football, ice hockey and soccer. Some major auto racing venues are covered. Data for NCAA Division 1 schools are available as well.

**Kagan World Media**

www.kagan.com  831-624-1536
Media publisher
A publisher of business news, data, and economic analysis in the professional sports industry.
Senior analysts also assist on or perform valuation services.

**Team Marketing Report, Inc.**

www.teammarketing.com  312-829-7060
Sports Marketing
A publisher of information and resource books for the sports marketing industry.
### TEAM STATISTICS
#### REVENUE AND EXPENSES

<table>
<thead>
<tr>
<th>Team</th>
<th>Revenue ($mil) [a]</th>
<th>Average Ticket Price [b]</th>
<th>Player Costs ($000s) [c]</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York Knicks</td>
<td>$181</td>
<td>$79.21</td>
<td>Charlotte Bobcats</td>
</tr>
<tr>
<td>Los Angeles Lakers</td>
<td>$156</td>
<td>$70.51</td>
<td>Phoenix Suns</td>
</tr>
<tr>
<td>Houston Rockets</td>
<td>$141</td>
<td>$59.80</td>
<td>Atlanta Hawks</td>
</tr>
<tr>
<td>Chicago Bulls</td>
<td>$136</td>
<td>$55.93</td>
<td>New Jersey Nets</td>
</tr>
<tr>
<td>Detroit Pistons</td>
<td>$134</td>
<td>$55.59</td>
<td>Chicago Bulls</td>
</tr>
<tr>
<td>Phoenix Suns</td>
<td>$132</td>
<td>$55.44</td>
<td>Utah Jazz</td>
</tr>
<tr>
<td>Dallas Mavericks</td>
<td>$124</td>
<td>$53.60</td>
<td>Denver Nuggets</td>
</tr>
<tr>
<td>San Antonio Spurs</td>
<td>$121</td>
<td>$52.54</td>
<td>Los Angeles Clippers</td>
</tr>
<tr>
<td>Miami Heat</td>
<td>$119</td>
<td></td>
<td>Milwaukee Bucks</td>
</tr>
<tr>
<td>Sacramento Kings</td>
<td>$119</td>
<td></td>
<td>San Antonio Spurs</td>
</tr>
</tbody>
</table>

TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

EXPERTS

ACADEMIC
Dennis P. Wilson, Univ. of Texas - Arlington

AUTHOR
Michael Leeds, The Economics of Sports

CONSULTANT
Jackie DeRosa, Willamette Management Associates

INDUSTRY ANALYST
Dan Jones, Sports Business Group at Deloitte & Touché

LAWYER
Phil Hochberg, Shulman, Rodgers, Gandal, Pordy, & Ecker

PERIODICALS
Michael Ozanian, Forbes
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

FINANCIALS

• Size of the Team
  • Fan Base
  • Attendance
  • TV Audience
  • Marketing Success
  • Salaries
  • Day to Day Operations
  • Broadcasting Rights
• Sources of Revenue
  • Broadcasting Rights
  • Licensing Contracts
  • Merchandising Contracts
• Outside of the Box (Revenue Opportunities)
  • Broadband
  • Online Gambling
  • Interactive TV
  • Mobile Technology
### Tackling the Hard to Find Industries
#### Third Quarter: Who’s on the Team?

**Financials**

**Source:** Revenues from Sports Venues, 2006

**Team Statistics**

<table>
<thead>
<tr>
<th>Stadium Revenue Sources</th>
<th>Suite Revenue Retained</th>
<th>Parking Revenue Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Naming Rights Revenue Retained</strong></td>
<td><strong>Sacramento Kings 100%</strong></td>
<td><strong>Toronto Raptors 100%</strong></td>
</tr>
<tr>
<td>Indiana Pacers</td>
<td>100%</td>
<td>Utah Jazz 100%</td>
</tr>
<tr>
<td>Memphis Grizzlies</td>
<td>100%</td>
<td>Washington Wizards 100%</td>
</tr>
<tr>
<td>Philadelphia 76ers</td>
<td>100%</td>
<td>Golden State Warriors 90%</td>
</tr>
<tr>
<td>Phoenix Suns</td>
<td>100%</td>
<td>New Jersey Nets 50%</td>
</tr>
<tr>
<td>Sacramento Kings</td>
<td>100%</td>
<td>New Orleans Hornets 50%</td>
</tr>
<tr>
<td>San Antonio Spurs</td>
<td>100%</td>
<td>Los Angeles Clippers 0%</td>
</tr>
<tr>
<td>Toronto Raptors</td>
<td>100%</td>
<td>Los Angeles Lakers 0%</td>
</tr>
<tr>
<td>Utah Jazz</td>
<td>100%</td>
<td>Milwaukee Bucks 0%</td>
</tr>
<tr>
<td>Washington Wizards</td>
<td>100%</td>
<td>Minnesota Timberwolves 0%</td>
</tr>
<tr>
<td>Miami Heat</td>
<td>95%</td>
<td><strong>Cleveland Cavaliers 0%</strong></td>
</tr>
<tr>
<td><strong>Orlando Magic 70%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Jersey Nets</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Seattle SuperSonics</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>100%</td>
<td>Median 100%</td>
</tr>
</tbody>
</table>

*Note: The percentages represent the revenue retained by each team.*
**FINANCIALS**

**SOURCE:** Forbes.com, Kagan Media Business, USA Today

**TEAM STATISTICS**

**REVENUE AND EXPENSES**

<table>
<thead>
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<td>$ 141</td>
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</tr>
<tr>
<td>Chicago Bulls</td>
<td>$ 136</td>
<td>Boston Celtics $ 55.93</td>
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<tr>
<td>Detroit Pistons</td>
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</tr>
<tr>
<td>San Antonio Spurs</td>
<td>$ 121</td>
<td>Chicago Bulls $ 52.54</td>
</tr>
<tr>
<td>Miami Heat</td>
<td>$ 119</td>
<td>Miami Heat $ 50.87</td>
</tr>
<tr>
<td>Sacramento Kings</td>
<td>$ 119</td>
<td>Washington Wizard $ 46.83</td>
</tr>
<tr>
<td>Boston Celtics</td>
<td>$ 110</td>
<td>Los Angeles Clippe $ 46.38</td>
</tr>
<tr>
<td>Philadelphia 76ers</td>
<td>$ 110</td>
<td>Indiana Pacers $ 45.79</td>
</tr>
<tr>
<td>Indiana Pacers</td>
<td>$ 108</td>
<td></td>
</tr>
</tbody>
</table>
FINANCIALS


July 2000

Richard C. Levin
George J. Mitchell
Paul A. Volcker
From 1995 through 1999, only three clubs achieved profitability: Cleveland, Colorado and the New York Yankees.

Prior to the expansion in 1998, each quartile consisted of seven clubs. After the 1998 expansion, Quartiles I and III have eight clubs and Quartiles II and IV have seven clubs.
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

FINANCIALS
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?
FINANCIALS
<table>
<thead>
<tr>
<th>TEAM</th>
<th>DATE</th>
<th>OWNER</th>
<th>%</th>
<th>PRICE</th>
<th>BUYERS</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston Texans</td>
<td>Feb-02</td>
<td>Ken Lay</td>
<td></td>
<td></td>
<td>McNair</td>
<td></td>
</tr>
<tr>
<td>Houston Texans</td>
<td>Mar-03</td>
<td>Chuck Watson</td>
<td>5</td>
<td></td>
<td>McNair</td>
<td></td>
</tr>
<tr>
<td>Houston Texans</td>
<td>2002</td>
<td>Chuck Watson</td>
<td>5</td>
<td></td>
<td>McNair</td>
<td></td>
</tr>
<tr>
<td>Miami Dolphins</td>
<td>1990</td>
<td></td>
<td>15</td>
<td></td>
<td>H. Wayne Huizenga</td>
<td>also bought 50% in stadium</td>
</tr>
<tr>
<td>New Orleans Saints</td>
<td>1993</td>
<td>10 partners &amp; 35 investors</td>
<td></td>
<td></td>
<td>Tom Benson</td>
<td>Benson bought to gain sole ownership</td>
</tr>
<tr>
<td>Oakland Raiders</td>
<td>1966</td>
<td></td>
<td>10</td>
<td>$18,500</td>
<td>Al Davis</td>
<td>to increase Davis stake to 28% &amp; had right of first refusal</td>
</tr>
<tr>
<td>St. Louis Rams</td>
<td>1995</td>
<td></td>
<td>30</td>
<td>$60,000,000</td>
<td>Stan Kroenke</td>
<td>w/ option to increase share in 5% increments</td>
</tr>
<tr>
<td>St. Louis Rams</td>
<td>1998</td>
<td></td>
<td>10</td>
<td>$20,000,000</td>
<td>Stan Kroenke</td>
<td>total now at 40%</td>
</tr>
<tr>
<td>Washington Redskins</td>
<td>2000</td>
<td>Zuckerman</td>
<td>15</td>
<td>undisclosed</td>
<td>Drasner &amp; Snyder</td>
<td></td>
</tr>
<tr>
<td>Washington Redskins</td>
<td>2003</td>
<td>Snyder</td>
<td>20</td>
<td>$225,000,000</td>
<td>Robert Rothman, Fred Smith, Dwight Schar</td>
<td></td>
</tr>
</tbody>
</table>
## TRANSACTIONS – MAJORITY SHARES

<table>
<thead>
<tr>
<th>TEAM</th>
<th>DATE</th>
<th>PRICE</th>
<th>BUYER</th>
<th>PERCENT</th>
<th>SELLER</th>
<th>METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona Cardinals</td>
<td>1932</td>
<td>$ 30,000.00</td>
<td>William Bidwell</td>
<td></td>
<td></td>
<td>franchise</td>
</tr>
<tr>
<td>Atlanta Falcons</td>
<td>2002</td>
<td>$545,000,000.00</td>
<td>Arthur Blank</td>
<td></td>
<td>Taylor Smith</td>
<td>Expansion team 1965</td>
</tr>
<tr>
<td>Baltimore Ravens</td>
<td>1999</td>
<td>$275,000,000.00</td>
<td>Stephen Bisciotti</td>
<td>49%</td>
<td>Arthur Modell</td>
<td>purchased franchise</td>
</tr>
<tr>
<td>Baltimore Ravens</td>
<td>2004</td>
<td>$325,000,000.00</td>
<td>Stephen Bisciotti</td>
<td>51%</td>
<td>Arthur Modell</td>
<td></td>
</tr>
<tr>
<td>Buffalo Bills</td>
<td>1959</td>
<td>$ 25,000.00</td>
<td>Ralph Wilson Jr.</td>
<td>100%</td>
<td></td>
<td>franchise</td>
</tr>
<tr>
<td>Carolina Panthers</td>
<td>1993</td>
<td>$140,000,000.00</td>
<td>Jerry Richardson</td>
<td></td>
<td></td>
<td>expansion team purchased franchise</td>
</tr>
<tr>
<td>Chicago Bears</td>
<td>1920</td>
<td>$ 100.00</td>
<td>The McCaskey Family</td>
<td>80%</td>
<td></td>
<td>purchased franchise</td>
</tr>
</tbody>
</table>
WEBLOGS

Technorati: http://www.technorati.com

This site allows registered users to conduct a keyword search of a specified set of bloggers on Technorati.

Technorati is the largest aggregator and tracker of blogs and blog postings. It was founded by David Sifrey and is headquartered in San Francisco.

CAVEAT: Although doing business research via searching blogs is getting increasingly popular, the big problem is how to separate the quality, credible blog postings from all of the noise and nonsense.
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You are visitor # 4522 since 2005

Second Edition of my textbook Currently available: Sports Economics 2ed Read More Here

New Journal Announcement: International Journal of Sport Finance -- Read More Here

Jump-off to My Stuff

Rodney Fort's Web Pages

Contact Information

For University/Academic Business:
School of Economic Sciences
Washington State University
Pullman, WA 99164-4741
(509) 335-1538 FAX: (509) 335-4362 fort@wsu.edu

Consulting and Other Business:
SE 715 Kamiaken
Pullman, WA 99163
(509) 334-5210

Welcome to Rod’s Pages - Microsoft Internet Explorer
TACKLING THE HARD TO FIND INDUSTRIES
THIRD QUARTER: WHO’S ON THE TEAM?

WEBLOGS
National Hockey League Payroll 2003-2004

<table>
<thead>
<tr>
<th>Team</th>
<th>StarTrib</th>
<th>SBN</th>
<th>USAToday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anaheim</td>
<td>$54.40</td>
<td>$51,759,750</td>
<td>$53,296,750</td>
</tr>
<tr>
<td>Atlanta</td>
<td>$27.20</td>
<td>$28,057,500</td>
<td>$28,547,500</td>
</tr>
<tr>
<td>Boston</td>
<td>$45.80</td>
<td>$49,300,000</td>
<td>$46,569,000</td>
</tr>
<tr>
<td>Buffalo</td>
<td>$33.00</td>
<td>$34,421,000</td>
<td>$32,954,250</td>
</tr>
<tr>
<td>Calgary</td>
<td>$35.20</td>
<td>$37,977,750</td>
<td>$36,402,575</td>
</tr>
<tr>
<td>Carolina</td>
<td>$37.80</td>
<td>$33,480,000</td>
<td>$35,908,738</td>
</tr>
<tr>
<td>Chicago</td>
<td>$31.60</td>
<td>$22,980,002</td>
<td>$30,867,502</td>
</tr>
<tr>
<td>Colorado</td>
<td>$60.90</td>
<td>$68,246,958</td>
<td>$63,382,458</td>
</tr>
<tr>
<td>Columbus</td>
<td>$32.10</td>
<td>$26,580,000</td>
<td>$34,000,000</td>
</tr>
<tr>
<td>Dallas</td>
<td>$67.60</td>
<td>$75,728,885</td>
<td>$68,578,885</td>
</tr>
<tr>
<td>Detroit</td>
<td>$77.80</td>
<td>$82,306,109</td>
<td>$77,856,109</td>
</tr>
<tr>
<td>Edmonton</td>
<td>$30.80</td>
<td>$35,667,500</td>
<td>$33,375,000</td>
</tr>
<tr>
<td>Florida</td>
<td>$26.40</td>
<td>$22,205,000</td>
<td>$26,127,500</td>
</tr>
</tbody>
</table>
TACKLING THE HARD TO FIND INDUSTRIES
FOURTH QUARTER

HOW DO WE WIN?
TACKLING THE HARD TO FIND INDUSTRIES
FOURTH QUARTER

HOW DO WE WIN?

1st Quarter

Know the Game
Know the Players
Know the Rules
Know the Nuances
TACKLING THE HARD TO FIND INDUSTRIES
FOURTH QUARTER

HOW DO WE WIN?

2nd QUARTER

Fear Nothing

Be Organized

Go Old-School

Don’t Beat a Dead Horse

Use Experts
TACKLING THE HARD TO FIND INDUSTRIES
FOURTH QUARTER

HOW DO WE WIN?

3rd QUARTER
USE THE ENTIRE TEAM
TACKLING THE HARD TO FIND INDUSTRIES
FOURTH QUARTER

HOW DO WE WIN?

4TH QUARTER
BE PROUD OF A JOB WELL DONE