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The ILR Cornell Sports Business Society


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Fall 2010

## Sports, Inc. Volume 3, Issue 1

ILR Cornell Sports Business Society

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## Sports, Inc. Volume 3, Issue 1

### Description

The ILR Cornell Sports Business Society magazine is a semester publication titled *Sports, Inc.* This publication serves as a space for our membership to publish and feature in-depth research and well-thought out ideas to advance the world of sport. The magazine can be found in the Office of Student Services and is distributed to alumni who come visit us on campus. Issues are reproduced here with permission of the ILR Cornell Sports Business Society.

### Keywords

sports, sports business, sports management, collective bargaining, negotiation

### Disciplines

Benefits and Compensation | Civil Rights and Discrimination | Collective Bargaining | Dispute Resolution and Arbitration | Entertainment, Arts, and Sports Law | Labor and Employment Law | Labor Economics | Unions

### Publisher

ILR Cornell Sports Business Society

### Comments

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# SPORTS, INC.

*Advancing the World of Sports*

*Soccer Analysis:*

**Comparing the World's  
Best Leagues**

*And:*

**Defensive Evolution**

*Plus:*

- ESPN 30 for 30 Reviews
- 2010 Ivy Sports Symposium Coverage
- Interview with Daniel Halem '88, MLB SVP Labor Relations

Welcome,

Thank you for reading this latest *Sports, Inc.* issue. As former editor-in-chiefs Jeffrey Lebow '11, Joshua Erenstein '11, and I graduate this spring, we take this space to briefly give thanks and share a vision for the magazine's future.

Each current and former writer and editor has contributed with great effort and dedication. Working through first and second (and sometimes third and fourth) drafts, the time our student editors have dedicated, while balancing many other responsibilities, to this issue and the previous four is greatly appreciated. Additional thanks are due to our printer, Bloomberg LP, as well as the club's faculty advisor, Kevin Harris, for his advice and enthusiasm.

This magazine itself is in a broader sense a "thank you" to our professors and advisors. The goal for each issue is to present intelligent, educational, and accessible articles. Whether the subject is MLS labor negotiations, NCAA football attendance, or advanced NFL player metrics, the analytical tools used—which could be statistical, financial, legal, mathematical, historical, or cultural—are essential to our mission. Subject matter we learn in ILR and our time at Cornell influences and inspires all that we do.

Current ILRSMC seniors started the first issue two years ago and grew with each subsequent installment, yet we have great faith in our next editor-in-chief, Jake Makar '13, and the still-expanding editorial team. We trust that the magazine will continue to strive for higher editorial standards and develop stronger relationships with writers and readers. Previous issues and articles have been mailed to alumni, handed to an NBA and MLB General Manager, shared with high school students considering applying to ILR, emailed to league commissioners and presidents, discussed by professional journalists, presented in Cornell courses and lectures, linked to by blogs, cited by national media and research papers alike, and even read cover-to-cover by Fortune 500 executives, but there is more the magazine can and will do. Our writers and editors aren't content to simply observe and comment on the sports industry; we truly wish to advance it.

We hope you find this current issue interesting and insightful and come back for the next one.

Happy reading,

Gabe



The ILR Sports Management Club is located in Cornell University's School of Industrial and Labor Relations (ILR). We are an undergraduate student organization dedicated to involving our members in the sports industry and advancing the world of sports. Our club supports this mission through four main activities:

1. Guest speakers and club events
2. Weekly radio show
3. Blog
4. (This) semesterly magazine

Learn more about the club through our official website:

[rso.cornell.edu/ilrsmc/home.php](http://rso.cornell.edu/ilrsmc/home.php)

And connect with us through:



The ILR School Quad – home of Wiffle Ball Wednesdays. This publication is not reviewed or approved by, nor does it necessarily express or reflect the policies or opinions of, Cornell University or its designated representatives. All photo credits are on page 50.

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# The INC.'s INK

Volume III, Issue 1: Fall 2010



## **Dissecting the New NFL Overtime Rules**

*Why new rule changes extend the game and the debate*

**4** Ross Berger & Joey Shampain

## **Minimum Age Restrictions in Professional Sports**

*A tantalizing tango of antitrust and labor law*

**7** George Yorgakaros

## **Quantifying Succession Planning and Player Development**

*What the HR nine-box can learn from baseball analysis, and vice versa*

**10** Gabe Gershenfeld

## **Comparing the Best Soccer Leagues in the World**

*A 'style of play' statistical breakdown*

**14** Chris Anderson

## **Soccer's Defensive Evolution**

*Strategy and statistics from Herrera catenaccio to modern catenaccio*

**18** Ramzi BenSaid

## **Football as America's New Pastime**

*Storylines as the gridiron stole the crown*

**21** Alfonse Muglia

## **Street League Skateboarding**

*Marketing an extreme sport to a mainstream audience*

**24** Jake Makar

## **The 2004-05 NHL Lockout**

*Was it financially beneficial for the league?*

**26** Mathew Mullery

## **ESPN 30 for 30 Reviews**

**30** Compiled by Joey Shampain

## **Madden NFL**

*The game's influence around the league*

**32** Michael Hansen

## **The (In)significance of BABIP**

*Luck and future performance in baseball*

**33** Willie Candell

## **Joe Mauer's Power**

*Home run analysis*

**34** Mat Sevin

## **Television Blackouts in the NFL**

*A progressive plan for the future*

**36** Louis Goldstein

## **MLB Salary Arbitration**

*Has it raised salaries to free agency levels?*

**38** Elizabeth McInnis

## **The Commitment Behind Fan Loyalty**

*"I bleed red"*

**40** Leanne Westfall

## **The Dodgers Move West**

*A history of negotiating franchise relocation*

**45** Pyrs Carvolth, Gabe Gershenfeld, Michelle McCutcheon-Schour, & Rustin Rodewald

## **2010 Ivy Sports Symposium**

**51** Compiled by Jake Makar

## **Daniel Halem Interview**

**51** Gabe Gershenfeld

# Dissecting the New NFL Overtime Rules

## Why new rule changes extend the game and the debate

Ross Berger, CALS '14 & Joey Shampain, A&S '13  
*rlb283@cornell.edu & jrs433@cornell.edu*

### Introduction

The battle has lasted for 60 minutes. The score is tied. The coaches prepare their players. The fans cross their fingers. The most important play of the game is underway. A flick of the ref's fingers and it is... heads.

The NFL coin flip to determine possession in overtime is one of the most crucial plays in all of sports, and the players are not even on the field. Fans, players, and coaches have all had their gripes about this act of chance that determines a game of skill and determination. This is not only because the teams have no control over the outcome, but also because statistically the team that wins the coin flip has a better chance of winning the game. Only 7 teams in the 36-year history of the NFL overtime system, encompassing 445 overtime regular-season games, have chosen to kick off rather than receive. In the past decade, there have been 158 overtime games. 96 times or 61% of the time, the winner of the coin flip won the game. 58 times or 37% of the time, the losing team's offense never touched the ball (Burke). Essentially the team that wins the coin flip has 3:2 odds of winning the game, which has caused years of debate and recently resulted in a rule change.

On March 23<sup>rd</sup>, 2010, NFL owners voted by a margin of 28-4 to establish new overtime rules in the playoffs. In many ways the new system is similar to the old one; there is a coin flip, a kickoff, and in many scenarios the game will revert back to sudden death. However, the new rules increase the likelihood of the kicking team getting a possession and the game does not necessarily end with the first score.

Imagine this hypothetical situation - Team A has won the coin toss and elected to receive the ball, while Team B must kick off. If Team A scores a touchdown, it wins; if it scores a field goal,

Team B must answer with a score of its own, a touchdown winning the game or a field goal resulting in a sudden death situation. If Team A fails to score on its first possession, the next team to score wins.

These changes decrease the competitive advantage gained by a random coin toss, yet after a thorough analysis, it is evident that further improvements and changes are still needed.

### Analysis of the Problem

The root of the NFL overtime dilemma is the increased skill of field goal kickers. In 1974, the league field goal percentage was 60.6%; in 2008, this number increased to 84.5%. In 1974, 36% of field goal attempts were from 40+ yards; in 2008, this number increased to 41%. These statistics prove that, "in decades past, when teams kicked off from the 35 or 40 yard line and when field goal kickers were not as accurate as they are today, starting overtime with the ball did not offer much, if any, edge" (Leonhardt). In today's game, the kickoff is at the 30-yard line and the current field goal kickers make field goals of well over 50 yards meaning that the receiving team does not even have to drive half of the field to get into scoring position.

It is no secret that teams play for the field goal in overtime. Since 1994, 73% of overtime games have been won by a field goal. The significance of 1994 is that this is the year that the NFL made a rule change, moving the kickoff from the 35 to the 30-yard line. NFL rule changes in conjunction

with the increased skill of field goal kickers have made the NFL overtime format unacceptable.

This fact was evident in the 2010 NFC Championship game, when the New Orleans Saints beat the Minnesota Vikings in overtime by kicking a field goal on their first possession. Brett Favre threw an interception to end regulation; his offense would never see the ball again. The Saints won the coin flip in overtime and returned the ball to the 39-yard line. Thirty-nine yards later – composed of two questionable penalties totaling 17 yards and a measly 22 yard offensive gain - Garrett Hartley converted a 40-yard field goal, which eliminated the Vikings and sent the Saints to their first super bowl in franchise history. It took an event of this magnitude to make the NFL realize that the current overtime system was compromising the integrity of the game. After much controversy and debate, league officials and the owners decided to enact the new postseason overtime rules this past offseason.

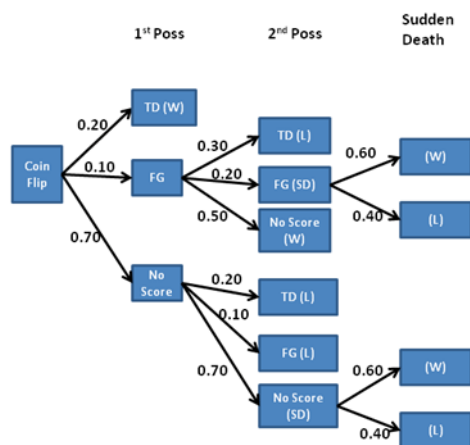


*A Brett Favre interception, two questionable penalties, and unfair OT rules sent Drew Brees and the Saints to the 2010 Super Bowl.*

### Overtime Changes

Overtime games are seemingly a rarity in the NFL, but according to Peter King of Sports Illustrated, the NFL plays 12 overtime games per season. Assuming these games are randomly distributed, the probability of any one game going into overtime is 4.7%; conversely, the chance that a game will not go into overtime is 95.3%. Raising this number to the 16<sup>th</sup> power gives us 46.3% - the odds of a team playing 16 consecutive games without playing in overtime. However, this means that the odds of a team playing in at least one overtime game in the regular season, are 53.7%, and this number increases with teams that make the playoffs. Overtime games are likely to affect every team in the league at least once every other season, substantiating the importance placed on this aspect of the game in a 16 game season when every game is critical.

The main goal of the new system is to reduce the advantage of the team who wins the coin toss. At a recent meeting of the NFL's Competition Committee, Eric Winston, tackle for the Houston Texans, stated the need for a change in a few words: "They're trying to prevent the 45-yard kick return, then a pass-interference call, then kneeling on the ball on third down, then kicking an easy field goal" (King). According to Brian Burke of Advanced NFL Statistics, the new rules somewhat succeed; he calculates that the winning percentages in favor of the winner of the coin toss will move from 60/40 to 56/44. Burke uses calculated drive outcome rates and a visual model to calculate the probability of certain scenarios. When multiplying through the percentages on the chart below, the receiving team is predicted to win only 56% of the time.



This percentage is possibly an overestimate when considering that the kicking team will have use of all four downs when they receive the ball after a converted field goal. The chances of scoring improve drastically as this team has 33% more downs available to them. This added down will increase the probability of a score by the kicking team, which further increases their odds to win.

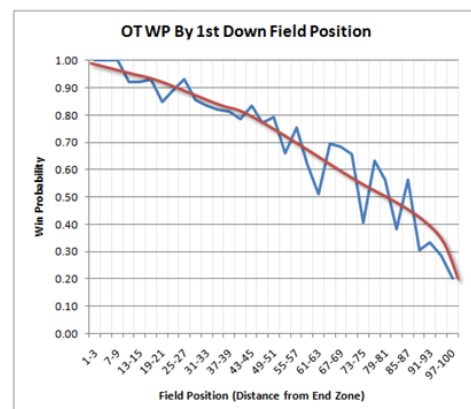
Although it is clear that the new overtime rules are an improvement over the old rules, they are far from a permanent solution. The most pressing issue is that the rules are only in place for playoff games. The restriction of the rules to the postseason limits the sample size and hinders the league's ability to analyze how the winning percentages will change. On average, there are 1.2 playoff games that are decided in overtime each year, so within the next ten years we may see a total of 12 overtime games governed by the new rules. This is clearly not a large enough sample size for any noticeable trend to emerge.

Additionally, the rules create new scenarios that coaches have never encountered, forcing them to make decisions without any true experience. For example, on fourth down, a team within field goal range will have to debate whether to kick the field goal or go for the game-ending touchdown. Making these decisions for the first time should not be during the postseason, when the outcomes of the games are most important. If the NFL feels their new rules are the answer to the overtime dilemma, why not extend them to the regular season? Teams could then practice working with the new rules and scenarios during the regular season.

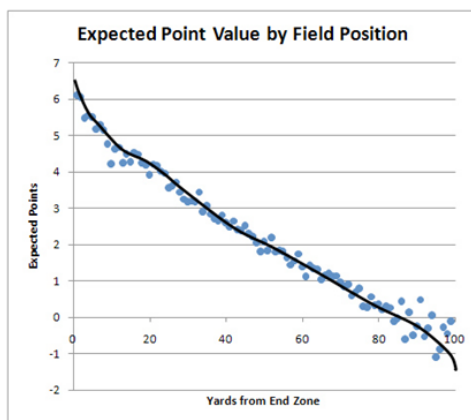
### Alternative Solutions

The new rules were not the only proposed solution to the overtime debate. One option was moving the kickoff up from the 30-yard line to the 35 or 40-yard line. This would decrease average starting field position, lowering the likelihood of the receiving team scoring on its first possession. Due to more touchbacks, teams would start more often at their own 20-yard line, where, according to the following Brian Burke graph, there is an equal likelihood of both teams scoring next. However, under this proposal, a team can still drive down the field on its first possession and kick a field goal to win the game without the other team

touching the ball.



Based on Burke's subsequent graph of Expected Point Value by Field Position, we created another proposal in which the receiving team must start with the ball on their 15-yard line. At this point on the field where a team has an expected point value of 0, there is essentially no advantage of having the ball. Therefore, it would be wise for teams with relatively stronger defenses to play defense first, trying to ultimately win the field position battle. Unfortunately, this proposal eliminates aspects of special teams and kickoff coverage, both of which are critical factors in football.



Another solution that has gained some widespread support is an overtime in which the first team to score six points wins the game. This proposal is similar to the new rules implemented by the league, but differs in some critical ways. The second team to touch the ball would not necessarily have to match a converted field goal to stay alive in the game. This would increase their odds of winning the game. However, if the receiving team fails to score and the kicking team scores a field goal, the game does not end which could damage the kicking team's chances of winning. Other point totals have been suggested, such as the first team to 4 points, but the common flaw among all of

these proposals is that football is not a game controlled by a scoring requirement; rather it is a game controlled by a limited amount of time, which is the basis of the argument for the final possible solution.

Imposing a restriction on the length of field goal is another popular idea. As previously stated, the root of the NFL overtime dilemma is the increased accuracy of field goal kickers. Their ability to now kick field goals of well over 50 yards has decreased the length of the field a team must travel to score points. This proposal would force teams to make it to the opponent's 13-yard line or further to attempt a field goal, which would therefore be 30 yards or less. The odds that a team would not see the ball would greatly diminish, and if the receiving team were to score on the first possession it would most likely be the result of a long drive. The negatives of this solution include the fact that it takes out an aspect of special teams as it restricts field goal kickers and takes away the value of a kicker with superior leg strength in overtime.

One more proposal is a ten-minute overtime in which the team with the most points after the ten-minute period wins. This proposal has garnered much support because it keeps the integrity of the game intact. Overtime should not change the way the game is played. In the NBA, there is a five-minute overtime

period, not a race to score ten points. In the MLB, there are full innings played, not a home-run derby to decide the winner. This NFL overtime scheme proposes that the game continues as an extension of regulation and the 10-minute limit should allow for more than one possession as drives rarely last over 10 minutes. At most, the average time per drive is about 3 minutes, so both teams should see the ball in the overtime period. The only drawback to this proposal is that games would be considerably longer, increasing the chances of an injury and causing a stir among television networks.

### Conclusion

It is the greatest folly in all of the sports. From the second we step foot on the Pee-Wee football field, we are taught that practice and determination are the foundations of success in sports. An overtime scheme based on a random coin toss contradicts these values as players lose control over the outcome of the game. This must be changed. Enough of the political influence on the overtime format; enough of the crying over injuries that may result from extended play. A system must be implemented for the good of the game. Yes, it is impossible to make the perfect rule, but there are several changes that could be made right now to make the game fairer. Every fan, every

player, every coach, and every owner has a different perspective, which is why it is tough to make changes in the system, but everyone agrees that modifications must be enforced. The proposals in this article are only a few of the countless possibilities for different overtime systems and it is imperative that pressure be put on league officials and owners to make the necessary changes.

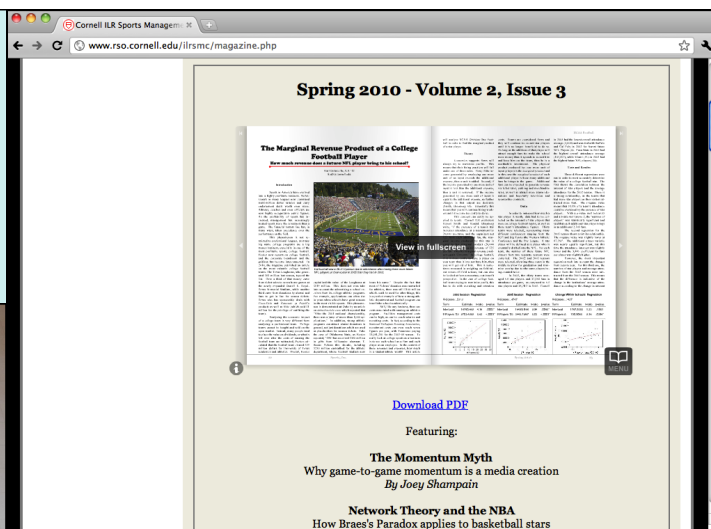
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# Minimum Age Restrictions in Professional Sports

## A tantalizing tango of antitrust and labor law

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From Reggie Harding (Detroit Pistons) in 1962 to Andrew Bynum (Los Angeles Lakers) in 2005, a basketball player who is drafted immediately out of high school makes news. Opponents argued against this eligibility from two different angles: 1) that an eighteen year old player's physical development is not yet complete and the constant pressure to train and perform would have detrimental effects on his future health; and 2) that drafting an eighteen year old would set a precedent of crowding out the older players in the league by replacing them with younger players. These opponents push for professional sports leagues to set minimum age restrictions for all athletes in the league.

This route to oppose the employment of younger athletes is made by people who do not understand the extent of case law surrounding this very topic in the United States legal system. The fact of the matter is that, subject to a "rule of reason" analysis, the antitrust laws of the United States prohibit leagues from setting such a restriction.

What makes an agreement barring players of a certain age illegal? How did this come to be? How does it still exist today? This article aims to answer these questions by offering a concise history of the antitrust laws in general and how these laws are applied to professional sports leagues through a case study of *Clarett v. NFL*. 306 F. Supp. 2d 379 (2004). Additionally, a brief analysis of the law's potential implications on the decision for a players' union to decertify is included.

But first, here is some background information on the general body of antitrust legislation.

### What the Trust?! Some General Background on American Antitrust Law

The field of United States antitrust law as it applies to professional

sports leagues stems from almost beautifully simple language from Section 1 of the Sherman Act of 1890, which reads:

"Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal." (15 U.S.C. § 1)

If one were to stop and think about the language used above, one would say to themselves: "Whoa! That is some sweeping language right there!" And that person would be correct. Simply reading the language above makes any contract where money changes hands illegal. For example, any labor contract would be illegal, as it restrains a firm from hiring an employee under specific terms and restrains an employee from seeking employment under those terms – the terms themselves would, in theory, restrict trade. Obviously the U.S. Congress did not intend to stop the formation of all contracts and had more practical applications in mind. Using this language as a guide, the U.S. courts have defined antitrust law through cases, specifically aiming, above all, to preserve competition and to protect American consumers while maintaining a logistically feasible framework within which to decide cases.

However, professional sports leagues must define their employment practices even more narrowly than within this framework. Because the players in the big four sports leagues are unionized, the leagues must tailor their practices to be legal with regard to the aforementioned antitrust laws and American labor law which allows for concerted economic behavior as long as it is in the context of a collective bargaining agent (e.g. a union). The case of *Clarett v. NFL* (*Id.*) provides an example of the ambiguous territory



When Senator John Sherman wrote the Sherman Antitrust Act in 1890, he probably did not expect it to so profoundly affect the business of professional sports. Dr. James Naismith would invent basketball one year later.

posed to professional sports leagues regarding minimum age restrictions on players by these two canons of diametrically opposed law.

### A "Clar-ifying" Example

The case of *Clarett v. NFL* not only shows how the agreement between teams within leagues to only recruit players of a certain age is illegal, but also explains the *only* type of agreement a league is actually allowed to make regarding, well, *anything*.

The facts of the case are pretty simple. Prior to this case, all of the professional football teams in the National Football League (hereafter, the NFL), made an agreement that they would not hire players for their teams that were less than three years out of high school. Maurice Clarett was a star running back for Ohio State who led the Buckeyes to a national championship his freshman year. After several incidents led to his dismissal from school, he attempted to enter the 2004 NFL draft a year before he was eli-



After his dismissal from Ohio state following his freshman season, Maurice Clarett challenged the NFL's Draft eligibility rule under antitrust law. The court ruled in favor of Clarett, but the decision was overturned. He was later drafted, but never played a down. Unfortunately, Clarett may be best known for his legal troubles since the end of his football career.

gible, as he felt he would have been recruited to play professionally without the minimum age restriction.

Now you might be thinking: "but wait, the antitrust laws have to do with trade. How does this whole situation qualify as trade?" Consider each football team as a company buying raw materials to create a product. The product, in this case, is a football game. Continuing this line of thought, imagine that each player is a company selling their labor as one of the raw materials that go into creating the product. Thus, the "sellers" in the market are the players themselves and the "buyers" are the teams.

The facts of the case then boil down to the teams coming together and forming an agreement to boycott the purchase of a

good, which violates the language in the Sherman Act almost perfectly. This is clearly an agreement in restraint of trade and thus in crystal clear violation of the antitrust laws.

So why is this case in court? Is it not plainly obvious that this is a direct violation of the Sherman Act?

Think about the nature of the "product" described above: a football game. In order for this product to exist at all, some agreements *must* exist between the "companies" that make it. Teams must agree on rules for how the game is to be played and to determine who wins. Even more fundamental than the rules of any sports game, the teams must agree to meet in order to compete; in other words, you cannot have a game with only one team. There must be agreements in order

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**Because the players in the big four sports leagues are unionized, the leagues must tailor their practices to be legal with regard to antitrust laws and American labor law which allows for concerted economic behavior as long as it is in the context of a collective bargaining agent (e.g. a union).**

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to create the product. Such was the logic that the Supreme Court followed in its opinion in *NCAA v. Board of Regents*, 468 U.S. 85 (1984), the opinion that set the precedent that *all* agreements within a league that have some sort of impact on

trade must be examined for a "pro-competitive justification."

According to case law to date, this is the *only* defense that will hold up in court. Leagues must prove that whatever agreements they make actually encourage competition, not hinder it; the agreements must be "pro-competitive." All agreements necessary for the existence of the product itself fall within this category. In the same opinion, the Supreme Court determined that all cases involving agreements within leagues would have to undergo a deeper analysis to decide whether or not the agreement was pro-competitive.

This was only one of the arguments presented to the court in the case of *Clarett v. NFL*. One other argument is the one that most people wrongfully believe is the justification for a minimum age hiring restriction within a sports league – the fact that the demands of the sport, be it in the game itself or due to the strenuous training regiment, could have adverse effects on the future health and well-being of the player. Hypothetically, imagine a coach seeing a 300 pound fifteen year old and thinking he could use that person on his defensive line. If that player were to be hit incorrectly during practice or in a game, his future health would be compromised. Under the United States antitrust laws, a coach could technically hire that player. Why does this potentially

moving argument have no bearing in the court? Prior case decisions, while not dealing directly with sports, address this question.

In *National Society of Professional Engineers v. United States*, 435 U.S. 679 (1978) the “for the public good argument” was raised. In that case, the attorney on behalf of a group of professional engineers argued that “... bidding on engineering services is inherently imprecise, would lead to deceptively low bids, and would thereby tempt individual engineers to do inferior work with subsequent risk to public safety and health” (*id.*). Translated, the argument is that competition is bad in the industry and goes against the public interest by following the logic that by having engineers bid against each other and creating a race to the lowest price, competition would actually encourage engineers to cut corners during design and production and thus inherently harm the public. Justice Stevens refutes this argument in his opinion saying that it misinterprets the very point of the Sherman Act, which forbids agreements in restraint of trade. Stevens says that nowhere within the law is there any discussion about protecting the public interest, only about protecting trade from restriction. He writes:

... [The Sherman Act] prohibits unreasonable restraints on competition. [The Society of Professional Engineers’] ban on competitive bidding prevents all customers from making price comparisons in the initial selection of an engineer and imposes the Society’s views of the costs and benefits of competition on the entire marketplace...it is this restraint that must be justified...and [the Society’s] attempt to do so on the basis of the potential threat that competition poses to the public safety and the ethics of its profession is nothing less than a frontal assault on the basic policy of the Sherman Act. (*id.*)

This case set the precedent that arguing that a restraint of trade is justified because it is in the public interest will not hold up in court and, in fact, is “a frontal

assault on the basic policy of the Sherman Act.” (*id.*) Applying this rule to professional sports leagues means that these leagues cannot justify agreements barring certain players from being employed on the grounds that it is in the players’ best interest.

At this point, allow me to remind you that the district court decided in favor of Claret in *Clarett v. NFL*. The NFL argued that their agreement to bar players of a certain age promoted competition in that it was an agreement necessary for the “product” to exist. The court disagreed and thus banned such agreements (the case was appealed and eventually reversed by the Court of Appeals of the Second Circuit on separate grounds).

Now, having just read that sentence, you may be saying to yourself and wanting to say to me: “but wait! The NFL, NBA, NHL, and MLB still have minimum age restrictions. What’s the story, George?”

The story varies from league to league, reader.

### **How Minimum Age Restrictions Can Exist Today Despite What You Just Read**

It is true the NFL is not allowed to make such exclusionary agreements (as mentioned earlier, all such agreements are subject to “rule of reason” analysis). However, this league did something very clever to maintain the minimum age standard by taking advantage of a loophole in the antitrust laws. Earlier I mentioned that collective bargaining agents (unions) have a statutory exemption from antitrust restrictions under the National Labor Relations Act and are allowed to conduct concerted economic behavior such as strikes. The minimum age restriction is now a clause in the collective bargaining agents’ constitution and by-laws between the NFL and the players’ union. Under the National Labor Relations Act, organized labor has a blanket antitrust exemption; any agreement or term made within the players’ union contract is immune from antitrust prosecution. The league bargains for the right to maintain the minimum age restriction and

union membership agrees to keep younger players from crowding out the older players.

This legal strategy also carries through to other North American professional sports leagues. The NBA took advantage of this same loophole as the NFL when they established the college “one-and-done” minimum age restriction

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## **The NFL and NBA face a large risk under antitrust laws if membership were to decertify their union**

ing agreement. Under this agreement, NBA players have to wait a full year after the date of graduation from high school to be drafted. Likewise, the NHL has bargained for player minimum age eligibility, and amateurs must be 18 years old before September 15<sup>th</sup> of the year of the entry draft to be eligible. MLB is slightly more complicated, because the courts have excluded MLB from antitrust legislation from 1922 in *Federal Baseball Club of Baltimore, Inc v. National League of Professional Baseball Clubs*, 259 U.S. 200 to 1998 when congress passed the Curt Flood Act. Now that baseball has the same antitrust vulnerability as the other sports, MLB agrees with their players’ association to only draft high school players and college players who have either completed their junior year or are twenty-one (with some exceptions). Teams are eligible to sign international players at sixteen years old, but this might change in the upcoming CBA negotiations (see interview with MLB VP Labor, Daniel Halem ’88, on page 58).

What does this mean for leagues and players today? Because of the modern policies outlined above, the NFL and NBA face a large risk under the antitrust laws with respect to the restriction of players within the league. The risk arises only if membership were to decertify their union, which is a legitimate weapon when current collective bargaining agreements’ term comes to a close. This decision is a major one, as both management and union membership lose the ability to maintain the minimum age agreement protection from the antitrust laws.

# Quantifying Succession Planning and Player Development

## What the HR nine-box can learn from baseball analysis, and vice versa

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Baseball general managers may not like to hear this, but they are essentially glorified human resource managers. If they paid more attention to this reality, they may be able to do their job better.

Work performed in the Baseball Operations department of an MLB team—player evaluation, coaching players, administrative filings, arbitration strategy, and contract negotiation—are transferable to those performed in corporate human resources departments. Replace “player” with “employee” and “coaching” with “managing” and drop a couple zeroes off the salaries. A player trade can even be compared to mergers and acquisitions (for which HR departments play crucial roles), as the due diligence that went into the Proctor & Gamble and Gillette fusion was similar in scope for the Reds and Rangers in the Josh Hamilton / Edinson Volquez trade. The core issues in both business and baseball are similar, and the same fundamental theories apply, but the practices between a Baseball Operations and Human Resources office often vary greatly.

This article explores these concepts through a common Human Resources tool, the nine-box. What could Human Resources professionals learn from applying the nine-box to baseball players? And what can the baseball industry take away from corporate HR practices?

### The Nine-Box

The nine-box is a tool that HR professionals use to evaluate the talents of their current workforce and plan for succession. This three-by-three matrix labels workers into nine boxes, or four simplified and condensed color categories. The horizontal rows denote a particular employee’s performance trend as “high”, “medium”, or “low”, and vertical columns denote his or her growth potential in the same three ratings:

Performance Trend	High	Pro in Position	High Promotable	High Potential
	Medium	Steady Performer	Solid Promotable	Solid Potential
	Low	Organizational Exit	Performance Coaching	Career Intervention
		Low	Medium	High
		Growth Potential		

The terms for each box may vary across companies, but are used to describe the current status of the worker according to his or her past performance and future potential. Here is an example nine-box count of 580 managers and executives that could be typical of a Fortune 500 consumer goods company:

Performance Trend	High	200	75	10
	Medium	200	75	10
	Low	0	5	5
		Low	Medium	High
		Growth Potential		

Note that this nine-box designated the lowest performing workers as “reds” and the remaining medium- and high-performing workers as “yellows”, “blues”, and “greens” according to their growth potentials. Greens may be considered the most desirable employees, but a successful organization requires the proper mix of all colors to achieve their group’s objective. This company categorizes much of its workforce as steady yellows (69%) and blues (25.9%) to pass along the institutional knowledge involved in producing and selling their mainstay products. In contrast, a company in the technology industry may be more likely to be made up of high-potential greens to innovate new products.

Besides providing a current snapshot of a company’s talent, the nine-box is a key tool for succession planning.

By categorizing employees according to these four simple colors, an employer has a quick tool to see which employees are most prepared to replace current leaders. If a company has a discrepancy in yellows and greens across different departments, then management may choose to rotate high-potential leaders throughout or re-evaluate their recruiting or training strategy across departments. Brad Patrick, an EVP and Chief Human Resources Officer at Tempur-Pedic International, writes that the nine-box helps to “create a useful inventory of an organization’s talent and how the talent will move through the organization” and “provides a nice linkage to both individual development opportunities and identifying what needs to be managed to satisfy organization capability needs.”

The nine-box is clearly an important personnel tool, but what are some of its flaws? Patrick says its static, point-in-time inventory is limiting—the tool needs to be maintained regularly and accurately in order to be effective. A green who is promoted only to be reclassified as a yellow or blue the next year is not uncommon. Did this employee’s “true” growth potential really change with their new job? An employee’s nine-box label is sometimes determined through his or her supervisors and co-workers sitting around a table, calibrating their opinions, and coming to a consensus. Hard records of performance criteria are sometimes brought into the discussion, but determining growth potential is often subjective and can be self-fulfilling. If a boss doesn’t think you will succeed, then you probably won’t—at least not at that company under that boss.

Furthermore, the evaluation categories are limiting. What is the exact difference between a “high” and “medium” performance? These categories are equivalent to categorizing all baseball players as “subs”, “average players”, or “all-stars,” for example. St. Lou-



Can Red Sox GM Theo Epstein (left) really learn anything from fictional Dunder Mifflin HR Representative Toby Flenderson (right)? Their job functions in fact have many similarities, and tools from one field reveal valuable insights when applied to the other.

is first basemen Albert Pujols and Oakland pitcher Trevor Cahill were both voted onto the 2010 All Star Team, but any serious baseball fan would not say that their value was equal. The nine-box is meant to be a quick assessment, not a thorough performance evaluation, yet the strategic implications for the nine-box mean that the input data must be carefully selected.

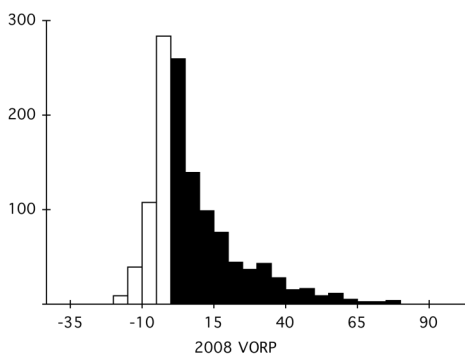
Most importantly, the “performance trend” and “growth potential” variables are not independent. The word “trend” implies recent actions affecting the future, and thus would seem to overlap with that same employees’ future potential. Indeed, during nine-box meetings at certain companies, evaluators generally select the single color or nine-box they think seems correct, choosing performance trend and growth potential together at once instead of separately. Independence, and an accurate portrayal, can only be found when *past* performance is separated from *future* potential.

**A Baseball Perspective**

Major League Baseball analysis provides another framework for formulating a more objective nine-box. Fans and professional analysts scrutinize player performance daily, and the segmented, individualistic nature of the game allows for attempts at all-encompassing value statistics that can be more objective than qualitative performance reviews – measuring past performance and future potential in separate and more precise ways.

Baseball Prospectus’ Value Over Replacement Player (VORP) statistic is a

quick tool to quantify past performance. VORP measures “the number of runs contributed beyond what a replacement-level player at the same position would contribute if given the same percentage of team plate appearances,” ignoring defense. The following is the distribution of all 1,200 Major League players’ VORP who were on a 40-man roster at the end of the 2008 season:



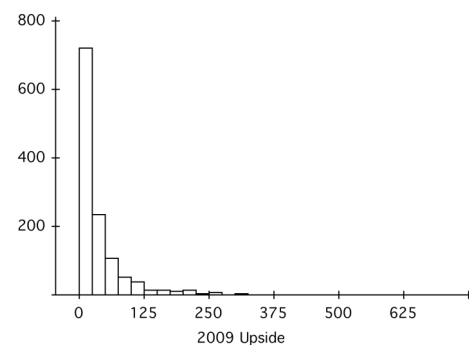
This histogram spread is centered on zero and skewed to the right, with a mean 8.4 runs, median 2.9 runs, and standard deviation of 16.5 runs. Pujols led the majors with 99.1 runs produced over what a generic “replacement” AAA third-baseman could have been expected to produce, while Rangers pitcher Luis Mendoza was the worst at allowing 31.9 runs more than what a “replacement” AAA pitcher would have (he had a 3-8 record and 8.67 ERA in 63.1 innings). The 64% of players with a positive VORP are highlighted in black.

“Upside” is another relevant Baseball Prospectus statistic; this one can be equated to future potential. This number is calculated through the past perfor-

mances of players most similar and comparable to the player in question at the same age. Above-average performances are double-counted while below-average performances are counted as zero, thus rewarding those with the highest potential. An upside score will thus always be positive, and can be interpreted as projected VORP over approximately the next five years. In a February 1, 2007, article explaining the concept, former Prospectus author (and current Five Thirty Eight blogger) Nate Silver shared the following key:

Upside Score	Definition
100+	Excellent Prospect—“strong chance of long major league career, perhaps with several All-Star appearances”
50-100	Very Good Prospect—“strong chance of meaningful major league career”
25-50	Good Prospect—“reasonable chance of a meaningful major league career”
10-25	Average Prospect—“some chance of a meaningful major league career, but more likely to end up on fringe.”
0-10	Marginal Prospect—“very little chance of becoming a major league regular”

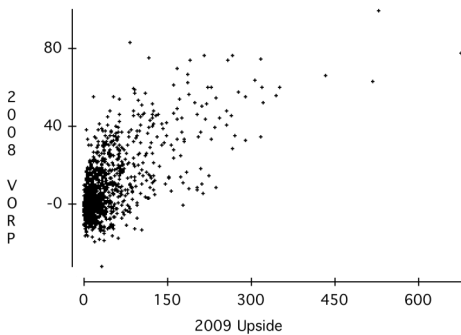
This statistic is most relevant for minor league prospects and young major leaguers, but VORP and Upside data is only available for the same set of 1,200 Major Leaguers on a 40-man roster entering the 2009 season. The following is their distribution:



Upside is strongly skewed right: mean of 40.2, median of 19.2, and standard deviation of 60. Numerous role-players and older players had scores close to zero, while Hanley Ramirez had the highest 2009 upside of 677.1. Only ten other players had upside scores greater than

300: Chase Utley (306.4), Tim Lincecum (316.0), Evan Longoria (317.6), Dustin Pedroia (319.0), Brian McCann (321.4), Joe Mauer (344.9), Grady Sizemore (349.9), David Wright (433.6), Jose Reyes (517.4), and Albert Pujols (528.7). Any baseball fan would agree that these young players would expect to have many more productive future years at that point in time.

With data on past performance for the 2008 season (VORP) and projections of future potential entering the 2009 season (Upside), one can combine these variables in one scatter plot:



The majority of players are clustered around the replacement level of zero and minimal upside, with a spread upwards and to the right. To fully compare this spread to a corporate nine-box, the same color codes are added according to subjective benchmarks: red for all players below replacement level (35.6% of all players), yellow for those remaining with upside scores below 50 (43.9%), blue for those very good prospects with upside scores between 50 and 100 (10.8%), and green for those excellent prospects with

upside scores greater than 100 (9.8%). Player labels are also added for select data points in the scatter plot below.

In a corporate HR setting, this data would suggest that Aubrey Huff is a “pro in place”, Kevin Youkilis is a “high promotable”, Jose Reyes is a “high potential”, Cameron Maybin is a “solid potential”, and Luis Mendoza is need of an “organizational exit.” Manny and Hanley Ramirez both had very comparable 2008 performances in terms of total value, but Hanley (age 25) is in the fair right corner because he is expected to provide much more value over the next five years than Manny (age 37). What about all the blank space on the bottom right triangle of the plot? This is where the minor leaguers would be—those with high upside but low actual performance. Matt Wieters’ 623.4 2009 Upside score is phenomenal, but his minor league numbers translated to only a 7.1 VORP. He and many other top and solid prospects are not included because they were not placed on the 40-man roster at the end of the 2008 season with these other data points. These minor leaguers are the players most in need of “performance coaching” and time to mature.

What value does this exercise provide for HR professionals? The key takeaway should be the difference between discrete and continuous performance measurement variables. In the traditional nine-box, an employee is bounded into one of nine boxes, whereas baseball measures past and future performance quantitatively on a continuous spectrum. According to the artificial col-

or boundaries, Carlos Gomez is a red and Jay Bruce is a green. The implications for these labels in succession planning can drastically affect organizational strategy, and so if the exact statistical difference between Gomez and Bruce (5.9 VORP and 35.5 Upside differential) is not the same as between Mendoza and Pujols (131 VORP and 496.6 Upside differential), for example, why should Gomez / Mendoza and Bruce / Pujols be put in the same boxes? The challenge is for HR departments to develop and implement similar performance and potential measurements to quantify their talent so that evaluations can as precise and accurate.

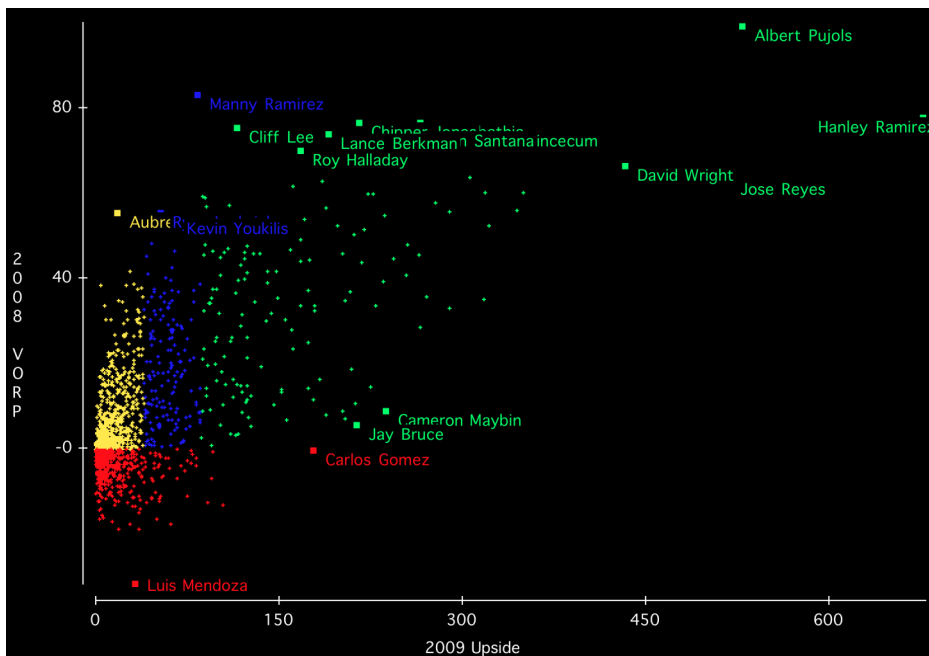
Additionally, the upwards-skewed talent distribution in baseball represents one of many ways true talent can be distributed across any given population. When HR professionals force employees into nine-box categories, they are making implicit assumptions about talent distribution across their workforce that may or may not be valid.

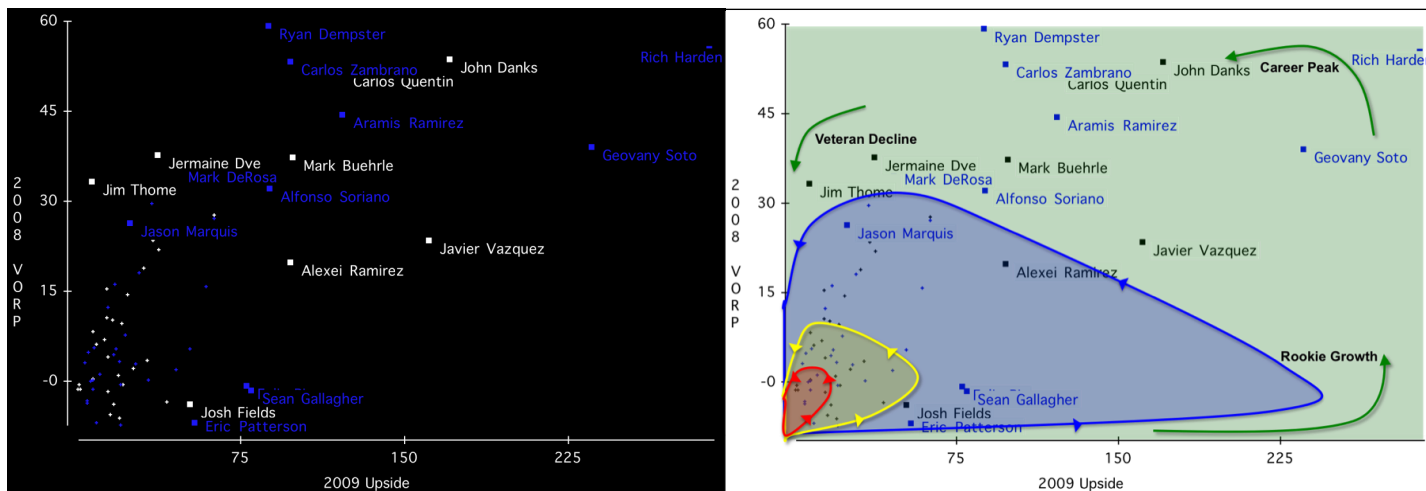
From a labor economics perspective, another important concept is the replacement-level. In baseball, this is the performance level of a AAA minor leaguer who would presumably make the major league minimum salary (currently \$400,000 / year). In the corporate world, this could be the talent of a worker a company could hire at the state or federal (currently \$7.25 / hour) minimum wage. The decision of whether to hire at this level will affect the make-up of reds, yellows, blues, and greens in any organization. A baseball team made up of replacement-level players will not win. Each company must determine whether replacement-level workers and managers can perform their work and provide the desired succession potential.

### Next Steps

This practice of plotting past performance against future potential has key implications for comparing organizations and quantifying player development. The plot on the upper left corner of the opposite page displays the same 2008-9 data for the Chicago White Sox (in white) and the Cubs (in blue).

The White Sox’s Jim Thome is the yellow “pro in place” and the Cubs’ Rich Harden is the green player with the second-highest ’08 VORP and ’09 Upside. All data points are generally dispersed in the same upwards trend as the





plot for all major league players, but the White Sox seem to have more players on the upper left side (veterans) while the Cubs may have more players on the far right side (prospects). Such plots can be a quick tool for comparing the spread of prospects and veterans across organizations. What is the optimal distribution of talent for an organization? In 2008, the Cubs finished with 97 wins and White Sox with 89, while in 2009 the Cubs won 83 and the White Sox won 79. Further longitudinal research on the distribution of talent across more teams can explore organizational optimality questions.

What is the typical career progression for an individual player? These 2008-9 data are snapshots of past performance and predicted performance at one point in time, but historical VORP and Upside data can show the progression of one player over time. Then-37-year-old DH Jim Thome hasn't always owned 33.3 VORP and 19.0 Upside; one can imagine him as high blue first-basemen when he hit 47 home runs for Philadelphia in 2003, as a green third-basemen when he hit .311/.450/.612 for Cleveland in 1996, and as a far-right red when he dominated A-ball as 19-year old in the Appalachian and Carolina leagues. And just as Matt Wieters and Hanley Ramirez have advanced from the negative VORPs (red zone) they started their careers at, they can be expected in future years to continue providing strong value as they get older and their potential decreases. The career "path" of each player will of course be unique, but similar routes for similar players can be expected. The plot on the upper-right superimposes potential career paths for greens, blues, yellows, and reds on the previous Chicago White Sox / Cubs plot.

Again, these lines and arrows are arbitrary designations, but further analy-

sis of historical data can suggest typical career paths for groups of players across this Cartesian plane. A player's color at any one point in time from this last plot can suggest previous performance and future career progression, from their rookie growth (high upside, low value) to career peak (high upside and value) to veteran decline (low upside and declining value). However, unlike the nine-box, in this model their color reflects their "true" ability throughout their career, and does

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**A player's color at any one point in time from this last plot can suggest previous performance and future career progression, from rookie growth to career peak to veteran decline.**

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not change depending on what career stage they are currently in. It may also be worth noting that the geometric length of the blue line is longer than yellow and red, as a blue or green player is expected to enjoy a longer career than a yellow or red. The Baseball Prospectus PECOTA model is an empirical system to predict future performance based on comparable players, and such performance vs. potential historical / predictive plots can provide original and complementary career progressions visuals.

This approach can also be extended to player analysis in other sports. What is the career progression for an NFL running back drafted out of college? Or a European soccer player signed by a professional team at age 12? In both of these sports, there may not already be VORP- or Upside-equivalent statistics.

However, these sports must be challenged to "quantify the qualitative"—in the same manner as HR professionals—so that a more thorough story can be shared.

### Conclusion

The concept of plotting quantitative measures of past performance against future potential on two-dimensions is a practice that has not been previously utilized in either Baseball Operations or Human Resources. The cross-sectional data used are limited, but such a framework can give a more accurate succession picture as well open up new visual methods for baseball player development analysis. Previous *Sports, Inc.* issues have documented the increasingly interconnected world of sport and business: Volume 2, Issue 2 analyzed how MLB GMs are increasingly younger, better educated, less likely to have played professionally, and rising up with more analytical backgrounds (pp. 11-18), while Volume 2, Issue 3 covered the value sports analysis holds to outside businesses at the 2010 MIT Sloan Sports Analytics Conference (pp. 26-35). In a competitive climate, true analytical innovation in both worlds must draw off each other to "think outside the box."

*The author presented portions of this article in an Evolution of Sports Address at the 2011 MIT Sloan Sports Analytics Conference.*

#### Sources:

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# Comparing the Best Soccer Leagues in the World

## A 'style of play' statistical breakdown

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Trying to follow top-level soccer while living in the U.S. isn't always so easy. Sure, with MLS we now have a viable and high quality professional soccer league in the U.S., and it's lots of fun to go to MLS matches, especially in the new built-for-soccer stadiums. But the truth is that the very best soccer is still played in Europe and will be for some time to come. So one of the perennial questions soccer fans have debated over the years is which leagues are the very best, and how you may be able to tell. To answer that question, UEFA, Europe's soccer governing body, has been in the business of measuring the quality of leagues. This is meant to take some of the subjective judgments out of the debate, but more importantly, it helps UEFA determine how many teams from each league get a chance to participate in the crown jewel of international soccer competition, the UEFA Champions League.

UEFA does this by calculating a so-called league "coefficient," which is determined by the results of the clubs of the leagues in UEFA Champions League

and UEFA Europa League games over the past five seasons. UEFA's most recent (2010) coefficients of the European leagues reveal the following hierarchy of leagues: the English Premier League (EPL), Spain's La Liga, Italy's Serie A, and the German Bundesliga are currently the top 4 leagues with some distance to spare (with the leagues in France, Russia, Ukraine, Romania, Portugal, and the Netherlands rounding out the top 10 leagues). A closer look at the coefficients reveals rough parity between the English and Spanish leagues (with coefficients around 80) followed by Serie A and the Bundesliga (with coefficients around 65). And this sounds about right; if you asked soccer professionals – coaches and players – where they want to work, these are the leagues that would likely rank highest in their minds.

An important and interesting follow-up question for soccer analysts is whether the style and quality of play differ across these four in important ways. At the level of players, the question would be whether moving from one

league to another is akin to moving from, say, the AFC East to the NFC West in American football. At the level of teams and managers, the question is whether performance measured in one environment (speak: league) is comparable to performance in another – no manager wants to overpay for performance in a league that's nothing like the one the player is hired into.

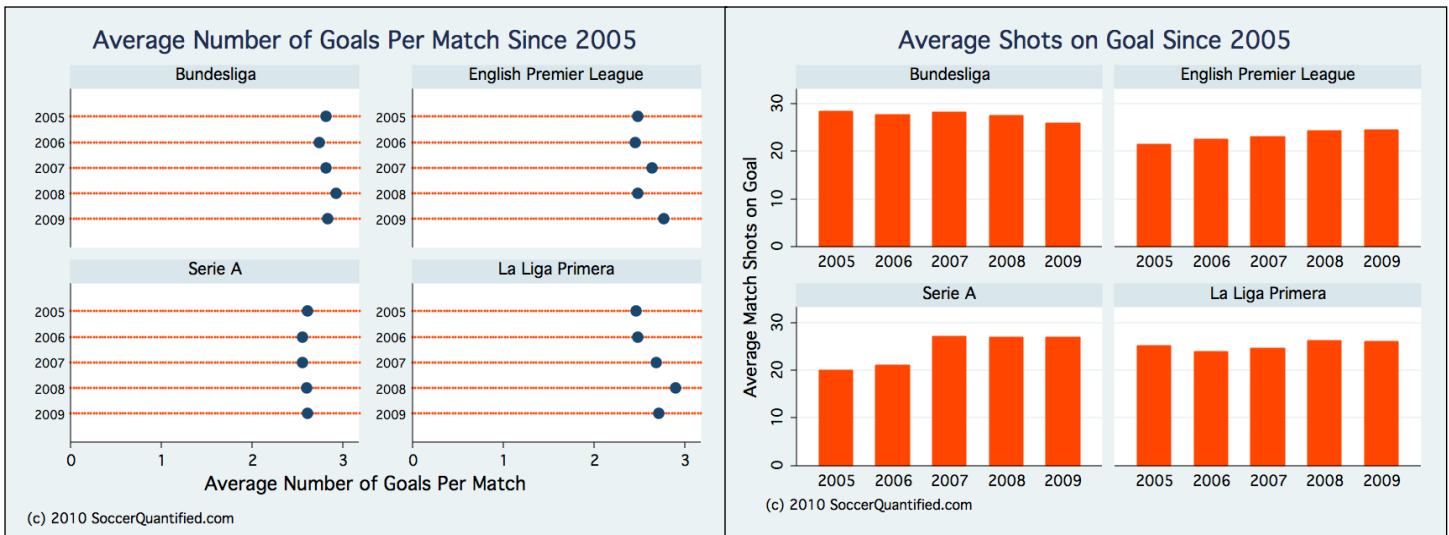
One indicator of a league's quality may be how its teams do in head to head competition with teams from other leagues in Champions League or Europa League play. But there is surprising little else we know about how leagues compare, and it is difficult to develop very strong prior expectations about what the data might tell us about league differences in style and quality. On one hand, one might expect that leagues' results reflect different, perhaps national, styles of play and tactics. So, off the bat, one might expect to see fewer shots on goal in countries like Italy and Germany that are traditionally known for a more defensive style of play than in countries like England, where teams have traditionally played a more physical game or Spain where a more open offensive possession-dominated game has predominated. On the other hand, one might argue that these leagues have become so thoroughly internationalized from the youth academies up, with player and manager movement and the diffusion of soccer knowledge across Europe and the globe, that one wouldn't expect too many differences across the top leagues that could be attributed to "national" styles and soccer cultures.

In what follows, I report some data on league performance on offensive production and fouls and punishment to show that, while soccer at the very highest level follows similar basic patterns, there also are some real differences across the Big Four leagues of soccer. To make things comparable and recent, I examine



*Statically, Bundesliga players shoot more than the other players in the Big Four; however, this does not correlate to a higher goal percentage.*





data for the last five seasons – that is, from 2005/06 to 2009-10.

**Offensive Production**

First, above is a look at offensive production across the leagues, measured by the number of goals and shots taken by teams per match. An obvious place to start is to look at the number of goals scored per match.

There is relatively little variation across years and leagues. Statistically speaking, these leagues are extremely “well behaved” and it is difficult to detect over time trends or cross-league differences. Each of the leagues, on average, sees slightly fewer than 3 goals each match each season. We observe the most stability in Serie A, which has only minute variation over time, and in the Bundesliga. The EPL and La Liga have seen slight upward trends in goals, but data for five seasons are probably not sufficient to say if these are long-term trends (the high point came in La Liga’s 2008/09 season

at 2.9 goals per match). Overall, virtually without fail, the four big leagues see slightly below 3 goals per average match.

But teams can’t score if they do not shoot, so what do the data reveal about shots taken on goal (SOG) and shots on target (SOT)? One thing to note up front is that, in each of the four leagues, shots on target (SOT) and shots on goal (SOG) are (unsurprisingly) positively correlated with goals and wins. This means that the more teams shoot and the more accurately they shoot, the more they score and the more matches they win. Importantly, shots on target (SOT) are more highly correlated with outcomes than shots on goal (SOG).

Here, again, we see that the leagues are remarkably similar to one another. On average, teams take about 25 shots per match. Over the last five years, the Bundesliga has been the most trigger-happy league with 27.6 SOG, and the EPL the least trigger-happy with 23.2. Serie A and La Liga were in between at 24.4 and 25.2, respectively. And the one notable anomaly seems to be Serie A in the 2005-06 and 2006-07 seasons with only about 20 SOG.

rather than just shots on goal (the data for the 2005-06 Bundesliga season are missing). To the left, we finally see some more distinct differentiation among the leagues, mostly with regard to the English Premier League.

Aside from the one notable outlier - Bundesliga clubs were particularly accurate in 2006-07 - the numbers of SOT are quite similar, with one exception: accuracy has gradually and notably gone up in the EPL where it is by now highest among the four leagues. That is, there has been an increase in accuracy in the Premier League, along with the increase in shots taken.

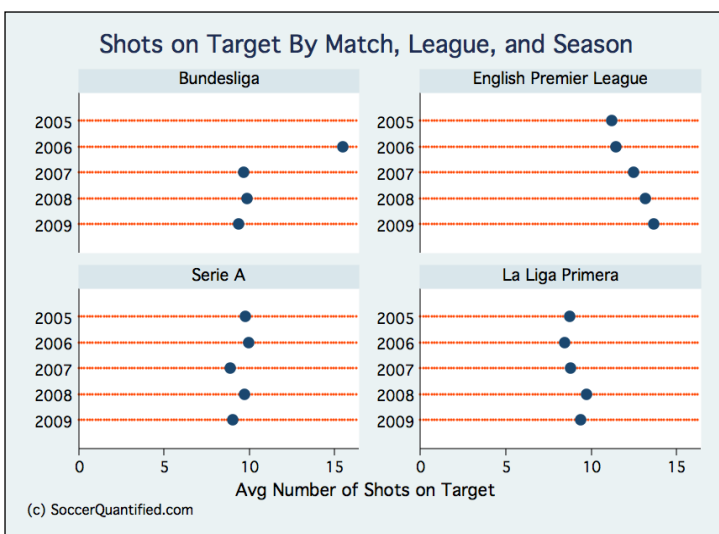
Another way to see this is to calculate the shots on goal by shots on target ratios - how many shots did teams have to take to yield shots on target? Here are the ratios, averaged over the past five years:

EPL: 1.87

Bundesliga: 2.46

Serie A: 2.58

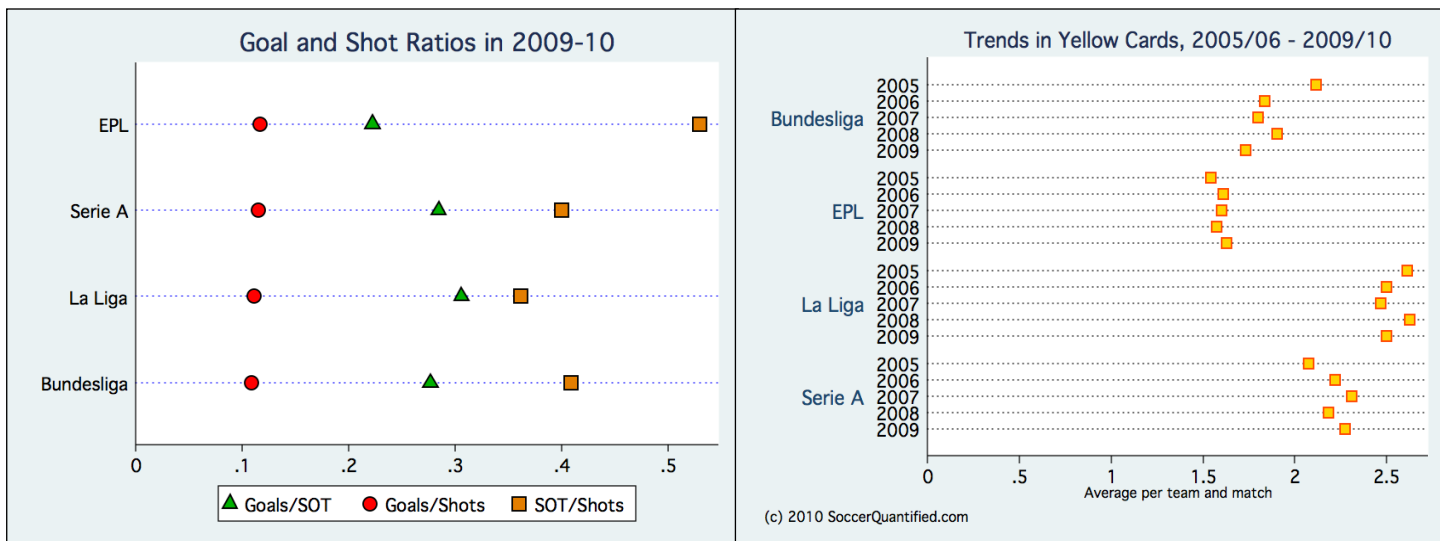
La Liga: 2.79



And the one notable anomaly seems to be Serie A in the 2005-06 and 2006-07 seasons with only about 20 SOG. Overall, these are small differences around a similar central tendency.

And finally, teams can’t score unless they actually hit the target, so below to the left are the numbers for shots on target (SOT)

These numbers show that the EPL clearly stands out: the league is more efficient than the other leagues when it comes to shot accuracy and the difference to the other leagues is distinct. While shooters in the EPL are slightly less trigger-happy than shooters elsewhere, especially in recent years, they need fewer shots to create shots on target. And when we combine the shots on target trend with the accuracy ratio, it is clear that the EPL has outpaced the other leagues in recent years. Enough to say that it is different from the other leagues?



By and large, the EPL is quite similar to the other leagues - so far as goals and overall shots are concerned - but hitting the target is one of the things that make it distinct.

When we put all these things together in the one graph above to show the various ratios of goals and shots (overall and on target), the distinctions among the leagues become more obvious (using data from the 2009-10 season).

Across the Big 4, the goal/shot ratios are virtually identical and reminiscent of Charles Reep's ratio of 1 goal in nine shots on goal (.111) (Reep and Benjamin 1968). Despite this essential similarity, there are sizable differences in shot accuracy and conversion efficiency across them. In fact, the EPL and La Liga couldn't be more different despite their virtually identical goal/shot ratios. In the EPL, we see lots of high value shots (the highest SOT/Shots ratios), but low conversion (the lowest goals/SOT ratios). In La Liga, we see the lowest proportion of accurate shots, but the highest conversion rates. Finally, the Bundesliga and Serie A are similar to one another in that they have more accurate shooting than in La Liga, but lower conversion rates than the Spanish league.

These findings suggest that the quality of forward play in the EPL is higher in that teams manage to take more accurate shots (though EPL strikers, on average, take fewer shots overall). At the same time, La Liga play stands out offensively because of the high conversion rate we see in the league. Whether this is due to better goalkeeping in EPL or weaker (though accurate in the sense of hitting the goal) shooting in the EPL cannot be answered with these data.

### Fouls and Cards

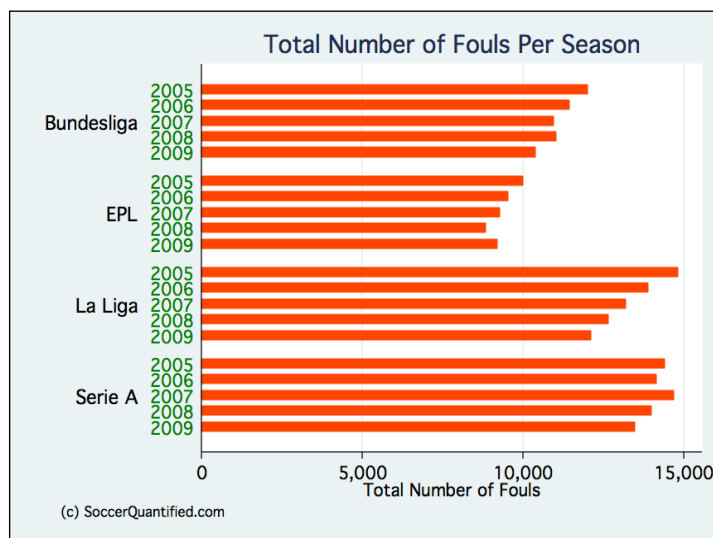
Another way to evaluate the style of play is to consider how many fouls teams commit or how much punishment referees have to mete out. These can be taken as indicators of style of defensive play in the case of tactical fouls intended to interrupt the flow of the game, but also of how physically tough and dangerous a league is. When counting up fouls, however, there's a thorny definitional issue. The official statistics we have from box scores and various other published sources include only fouls that are called by the referee, not necessarily those that were committed. Counting how many times referees blow the whistle for a foul and a card is not the same as counting actual fouls or correct punishment. Assuming that too many fouls called on any one team we would randomly draw from a hat cancel out too few called on another drawn from a hat, above to the right is the total number of fouls called over the past five seasons.

As the data show, there is quite a range in how busy referees are. The totals range from fewer than 9,000 fouls called in the 2008/09 EPL season to almost 15,000 in the 2005/06 La Liga season and the 2007/08 Serie A season. Among other things, this

suggests fewer interruptions to the game in Germany and England than Italy and Spain or conversely, a more fluid, continuous style of play. Over the 2005/06-2009/10 seasons as a whole, the average numbers of fouls per match were:

- EPL: 24.63
- Bundesliga: 36.46
- Serie A: 35.09
- La Liga: 37.41

Again, the EPL looks distinctly different from the rest of the pack (the low foul totals for the Bundesliga shown in the graph are virtually entirely due to the fact that there are fewer teams [18] and therefore matches played in that league). Clearly, fewer fouls are called in the Premiership. The data show that play is interrupted just for a foul (aside from all the other interruptions that happen in a



match) every 3.5 minutes in the Premier League and every 2.5 minutes in the other leagues. At the level of individual teams, this means that teams in the Premiership are called for fouls an average 12 times per match, while teams in the other three big leagues foul a whopping 50% more at an average of about 18 times per match. This statistic is particularly interesting in light of the fact that commentators commonly talk about the alleged physical play in the EPL. Perhaps by that they mean that fouls are committed as often there as elsewhere but simply not called as much. This could be the case, of course, or there may simply be fewer fouls in the Premiership than anywhere else.

Along with fouls, does football punishment get meted out equally across leagues? One easy way to see if there are patterns and to quantify their size is to look at yellow cards - a common enough occurrence in a match to yield some interesting and sufficient data. So below are trends in yellow cards since the 2005-06 season per team/match.

Overall, teams see about two yellows per match played. But clearly, referees in some leagues more easily pull out the card than in others. In particular, refs in La Liga give significantly more yellows than refs in the Premier League, but also than in Serie A, a league with similar foul totals. La Liga's 2.5 yellows per team/match easily dwarf the Premiership's roughly 1.5 cards. Whether this reflects differences in playing style, instructions from the league, training of refs, or more skillful diving in Spain's top



Chelsea FC celebrates their 2009-2010 Premier League Championship.

league is unclear, but punishment is clearly not meted out equally. We see consistently more yellows over the years in Spain and Italy than in England and Germany. We also see the fewest yellow cards in the EPL, consistent with the pattern of fouls called.

### They're the Same, Except When They're Not, and the English Premier League Really Is Different

The data reviewed above provide some descriptive evidence for two basic conclusions. First, the highest quality soccer leagues in the world are remarkably similar in important ways. On common metrics of offensive production like goals scored, shots on goal, or the goal to shot ratio, the leagues are very similar. But lurking underneath these basic metrics we see that the English Premier League is different from the rest in key ways: play is interrupted less frequently because of fouls, there are

fewer delays on the field because of yellow cards awarded, and shots on goal are significantly more likely to be accurate, though less likely to find their target when they are accurate, than in the other three leagues. Taken together, this suggests a faster, more continuous, and more exciting pace of play that viewers value. For players coming into the league, this suggests that players cannot count on refs to stop play, and the ability to keep going despite a tackle or challenge from the opposition is a key ingredient for EPL success. As well, EPL managers will be on the lookout for accurate shooters more than managers in other league as well as defenders and goalkeepers who know how to play together to turn away accurate shots after they've been taken (for example, after set play like a corner or free kick).

Next time you have a chance to watch a Premier League and Serie A match side by side, see if your own eyes confirm what these data just told you. But the beauty of the game and whether this is better soccer, lies in the eyes of the beholder.

For more information on soccer analytics and more detailed comparisons across leagues and teams, check out the author's blog at [www.soccerquantified.com](http://www.soccerquantified.com).

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David Beckham and AC Milan argue the issuance of yellow card in Serie A play.

# Soccer's Defensive Evolution

## Strategy and statistics from Herrera catenaccio to modern catenaccio

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### Introduction

Soccer (football, futbol, whatever you call it) has for many years been referred to as "The Beautiful Game". Though the laws of the game apply everywhere, different styles of play seem to spring up in different parts of the globe. The various different styles from around the world have battled each other for years, literally. From the likes of Pele, Garincha and free form Brazil, to Johan Cruyff and the Dutch Total football system different areas of the world have been known for their own styles of play. One system, bred in Italy, the infamous, "bend but don't break", defensive-minded *catenaccio* formation (in which a sweeper or "libero" plays directly in front of the keeper), though in many ways extinct has made a comeback and a new, modern day *catenaccio* mindset has come about.

While some people can appreciate a hard fought, defensive battle, the majority of fans like goals, and lots of them. Though soccer has been growing in popularity in the United States as the MLS grows and the national team succeeds on the international stage, many pundits still claim it bores them due to a lack of goals. Unfortunately these offensive purists will probably not be swayed any time soon as this modern day *catenaccio* becomes more popular among the highest levels of soccer thanks in part to its success in high levels of international competitions. This shift would be seen in statistics such as goals scored and cards given in competitions like the World Cup. In general, a defensive game will have fewer goals and more cards given, thus a trend showing a decreasing number of goals and an increasing number of cards would support this theory.

### History

There have been many different versions of Catenaccio used throughout

history. The one unifying quality that they all have is the sweeper; a final defender behind the actual defensive line.



One version, a 1-3-3-3 can be seen above. However this is far from the only formation; some played 1-4-3-2, the real key is the 1 starting the formation description with the sweeper.



Compare these with the 1958 World Cup winning Brazilian team seen below-left. Brazil's 4-2-4, is clearly a more attacking minded formation; the fact that they frequently pushed their outside backs forward giving them 8 attacking players just emphasizes Brazil's attacking ideals.

The famous Dutch "Total Football" system employed throughout the 70s, which led the Netherlands to the 1974 World Cup Final is also seen below. While only diagramed in their defensive half, the "Total Football" 4-3-3 was built on players switching positions for spurts throughout the game; full backs were almost equally creative and offensive, going forward as the wingers and striker and were encouraged to do so.

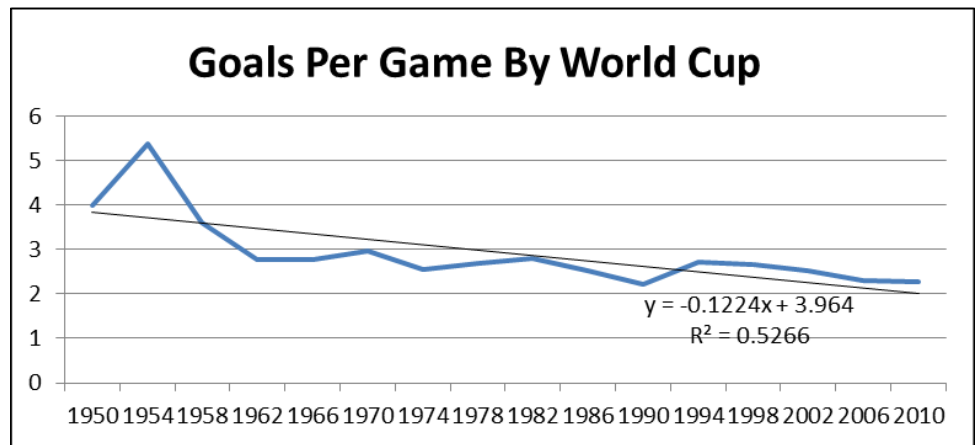
Though very few teams still use the sweeper in their everyday formation; the mindset associated with having one extra defensive line is being seen more and more. The mindset, and corresponding styles of play, rather than the specific formation are what I am considering "modern day *catenaccio*".



### Statistical Analysis

The World Cup is arguably the most famous competition in sport, and thus makes a great place to start looking for developments of modern day catenaccio. A defensive game generally consists of low scoring, a lot of fouls and thus cards, and concentrated possession (specifically meaning low possession numbers in the attacking third). Starting with number of goals, looking only at World Cups since the end of World War II (there has been one World Cup every four years since 1950), this figure has been erratic. The highest value came in 1954 when the average was over 5 goals per game, the highest tally since has been just short of 3 goals per game in 1970. More recently, since there was an average of 2.711 goals per game at the American World Cup in 1994, the figure has been on a steady decline, reaching a low of 2.265 at the World Cup this past summer in South Africa. A fitting trendline with this data of  $y = -0.1224x + 3.964$  shows that since the 1950 World Cup, the number of goals per match has decreased by 0.1224 goals every World Cup

Another statistic that shows the overall style of soccer being played is cards per game. However, when looking at cards given, World Cups before 1970 cannot be looked at because although cautions (yellow cards) and expulsions (red cards) were given, the colored cards had not yet been introduced. While the 2010 World Cup did have a lower number of cards given than the 2006 World Cup, the overall trend has been a steady increase peaking with the 2006 World Cup in which over five cards per game were given. The fitting trendline with this statistic shows an even greater increase than goals per game. The trendline is  $y =$



$0.3972x + 0.8771$ , meaning that since the 1970 World Cup and the first time that cards were used, the number given per game has been increasing by 0.3972 per World Cup.

Most likely the best indicator of a defensive minded game is possession; where each team had most of their possession and how much of the overall that is. For instance, just because a team had 60% of possession does not mean that they dominated. A team with only 40% of the overall possession, but that had 50% of their possession in the attacking third shows a much more offensive minded team. Unfortunately this data has not been kept beyond a few years ago and thus cannot assist here.

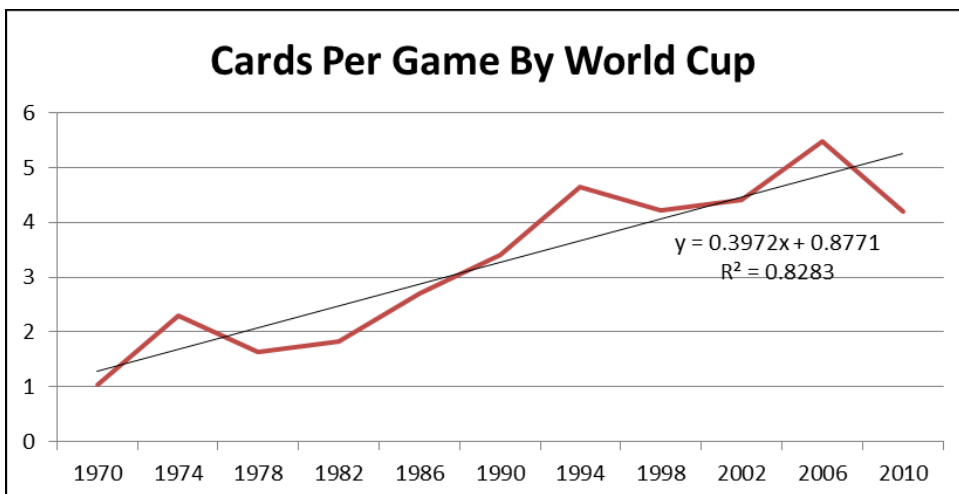
### Clinical Analysis

While an increase in defensive minded play in the World Cup can be seen statistically with these numbers, a clinical, less numerical approach can also show such development. Looking at the successful teams in world soccer's most high profile tournaments can show this; the UEFA Champions' League, the European Championship and the World Cup.

First looking at the 2004 European Championship, which Greece won scoring only seven goals in six games. In the knockout rounds (quarterfinals through to the final) the Greeks won each game 1-0, defending furiously, seemingly only worried about keeping a clean sheet.

In the recent past, even teams known for their offense have been resorting to this modern catenaccio. One example would be Chelsea in the Champions League Semi Final in 2009 against FC Barcelona; two world-class clubs, mainly heralded for their offense. In the first leg at Barcelona's Camp Nou, Chelsea elected to leave top striker Nicolas Anelka on the bench, leaving Didier Drogba up front as a lone striker. The first leg ended a success for Chelsea, as Barcelona was kept scoreless at home for the first time in any competition that season.

Even more recently, the 2010 World Cup showed modern day catenaccio. In the final were the Spanish, who like the Greeks from 2004 won each of their games in the elimination round 1-0. On this run they managed to keep Cristiano Ronaldo (viewed by many as the best player in the world) and Portugal, Paraguay and Germany (the highest scoring team in the tournament) scoreless. Opposite the Spanish in the final were the Dutch, the second highest scoring nation in the World Cup with the likes of Robin van Persie, Arjen Robben, Wesley Sneijder, Rafael van der Vaart and Dirk Kuyt in attack. However, in the final they played a defensive 4-5-1 (with both Mark van Bommel and Nigel de Jong playing defensive midfield) allowing the Spanish to attack relentlessly. The tactic seemed to be working until in the last four minutes of the second period of extra time Spain finally found a breakthrough. The tactics employed in the final show the Dutch adapting to defend against a perceived stronger Spanish side, and the



Spanish adapting to attack a defensive minded Dutch team.

The saying, "defense wins championships" has been around for years, so why in soccer's past did more offensive teams win more trophies? Since expanding to 16 teams in 1996, only the Greeks in 2004 managed to win the European Championship without reaching double digits in goals. Since the World Cup reached 32 teams in 1998, Spain were the only winners not to score at least twelve goals in the seven matches each winner must play. Simply put, what is it that has changed relatively recently in soccer to warrant these results

### Conclusion

The catenaccio system was adapted from the Swiss' favored *verrou* system by Nereo Rocco in the 1950s, only to be taken and made famous by Helenio Herrera, the manager of Internazionale in the 1960s. Since that time, many teams have employed the defensive minded approach successfully. However, the biggest change from the Herrera catenaccio to the modern catenaccio, or



In the 2010 World Cup Final, the Spanish used the catenaccio style with success.

modern football in general is the shift of the sweeper/libero and bringing that defensive assistant from behind the defenders to in front of them-the central defensive midfielder (CDM) or "Makalele role"(Named for Claude Makalele who seemingly perfected it). The philosophy of old time catenaccio was that the sweeper would be able to keep anything that beat the defenders from getting to the keeper. The new CDM ideally keeps anything from getting to the defenders at all. It seems that this change; bringing the isolated central defender from behind the defensive line to in front of it and its corresponding success has caused the mindset changes discussed above. This transition means that more of the game is played in the middle third of the field as opposed to end-to-end soccer, which generally produces more goals. While this cannot apply to soccer universally it seems that the CDM is all over soccer. Champions League 2009-10 winners Internazionale

relied on Esteban Cambiasso, as 2008 European Championship winners Spain relied on Marco Senna, as Chelsea now use Michael Essien, Barcelona use Javier Mascherano, Arsenal use Alex Song, and countless other teams from the top leagues down to the youth teams use a central defensive midfielder as cover for their defensive line. This positional shift is one explanation for the trends showing decreasing numbers of goals scored and increased numbers of cards given in the World Cup and the overall increase in defensive minded soccer being played at all levels.

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- <http://spanishdilettante.files.wordpress.com/2010/07/uglyfootball.jpg?w=500&h=556>



Claude Makelele has played the central defensive midfielder position so well, that it is sometimes called the "Makalele role"

# Football as America's New Pastime

## Storylines as the gridiron stole the crown

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As the New York Jets wrapped up a victory over the Oakland Raiders last October, Jets quarterback Mark Sanchez sat on the sideline holding the future of American sports in his hands. With every secretive bite the quarterback took of a precious hotdog, baseball disappeared from its long-held post as "America's pastime." Nearly a century earlier, fellow New York superstar Babe Ruth had set the foundation for a century-long sports culture dominated by baseball. In addition to his extraordinary talent, Ruth's love of hotdogs, soda pop, and beer gave his sport a personable appeal, bringing huge crowds to enormous stadiums and large revenues to top executives. Mark Sanchez's hotdog changed everything. The sport of our fathers, and of their fathers, was about to take the back seat. Sanchez had personally grabbed the torch, claiming football as America's new glory sport. Let's hope he didn't get any mustard on his hands along the way.

Sanchez's actions can be seen as a symbolic icing on the cake of a transition from baseball to football as America's national pastime that was decades in the making. I propose that this transition can be simplified into five basic events, which symbolically represent the nation's growing admiration for football: *Monday Night Football*, championship ratings, culture, expansion, and public opinion. By the end of the 20<sup>th</sup> century, baseball had lost its post, due in large part to executive decisions that failed to adjust to the times.

With the combination of the National Football League (NFL) and the American Football League (AFL) in 1970, football was officially on the map. The emerging NFL instantly doubled fan support, and executives were faced with precedent-setting decisions. Commissioner Pete Rozelle was revolutionary in his influence in increasing the popularity of the league and the sport.

The first event that unofficially

triggered the transition also came in 1970, when Rozelle led football's move to primetime television with the launch of *Monday Night Football*. This weekly broadcast brought the gridiron into the homes of the growing television market. By moving to primetime, football was made available to more American families. As Rozelle put it himself, "There are a lot more TV sets in use on Monday night than on Sunday afternoon."<sup>1</sup> In his biography *Commissioner: The Legacy of Pete Rozelle*, John Fortunato praises the commissioner's understanding of the television market. "Rozelle knew that the frontier often began with television.



*Commissioner Pete Rozelle's leadership through the NFL-AFL merger helped launch American football as a commercial power.*

Knowing that it is the league's greatest source of revenue and exposure, Rozelle was always conscious of how the game was presented through the medium."<sup>2</sup> *Monday Night Football* is currently the second longest running show on primetime, behind *60 Minutes*.<sup>3</sup>

Major League Baseball, meanwhile, had started airing its *Game of the Week*, in the 1950s. This program, however, was traditionally aired on Saturday afternoons. A national move to primetime wouldn't come until 1990 with the launch of *Sunday Night Baseball*. By that point, the NFL had expanded its primetime coverage to Sunday nights as well.

While baseball had increased popularity in the early 1900s by entering directly into American homes via radios and newspapers, the evidence above suggests that television would lead the charge in connecting Americans to their sports in the latter part of the century. With regard to national coverage, football appeared to have grabbed the advantage and maintained it. By 2009, national television network giants – CBS, FOX, NBC, ESPN, and the NFL Network – combined to pay \$3.085 billion for the rights to air the year's football games.<sup>4</sup> In the baseball market, only FOX, ESPN, and TBS pursued broadcasting games on a national scale in 2009.

The transition would progress to its second symbolic stage in 1992, when television ratings for the Super Bowl doubled those of baseball's World Series for the first time and would continually do so for the next 18 years.

Since its origin in 1967, the Super Bowl has dominated baseball's World Series in television ratings, as the graph on the following page suggests. Ratings for the World Series, meanwhile, have been puttering in the modern era, after its peak in 1980. With regard to the Super Bowl, the thrill that comes with knowing that this one game decides the world champions can't be overlooked. The commercial culture established by television marketing came together to create the largest sports day of the American year. With about one hundred million Americans guaranteed to be watching television, large corporations have taken a stake in the game. Commercial giants like PepsiCo, Frito Lay, and Budweiser would soon compete for air-time and by 2009, a 30 second commercial sold for an average of \$3 million.<sup>5</sup>

Seeing the enormous revenues of the football television market, rival entertainment industries got the idea and started putting their investments toward football in dreams of big profits. The movie

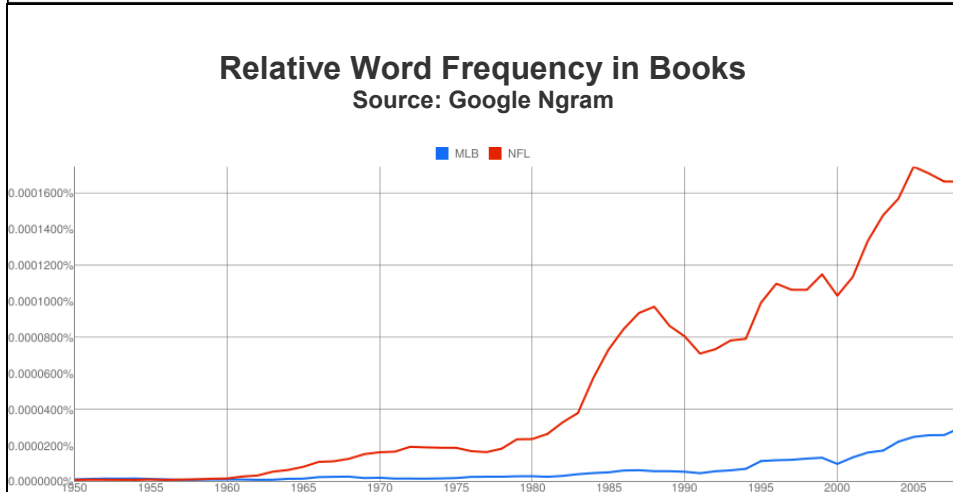
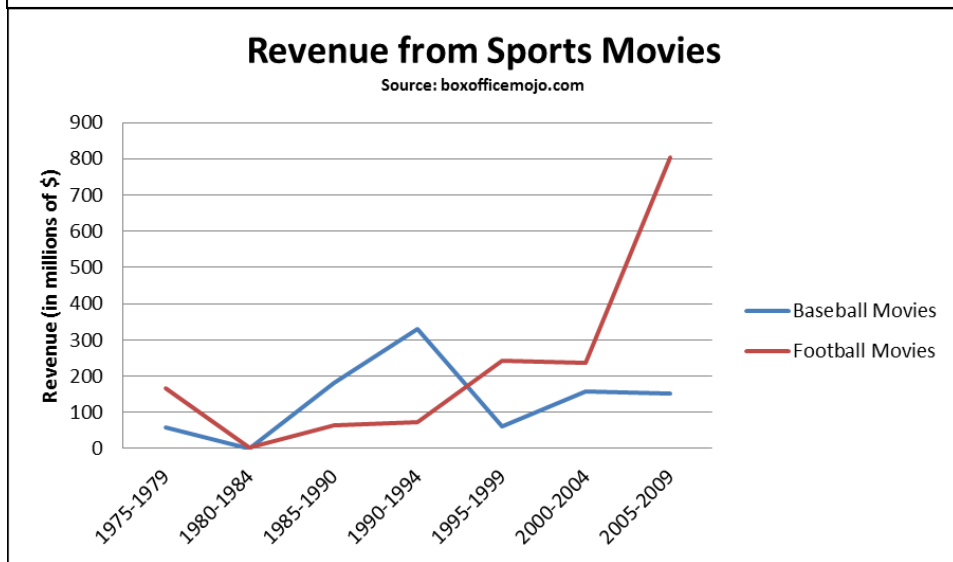
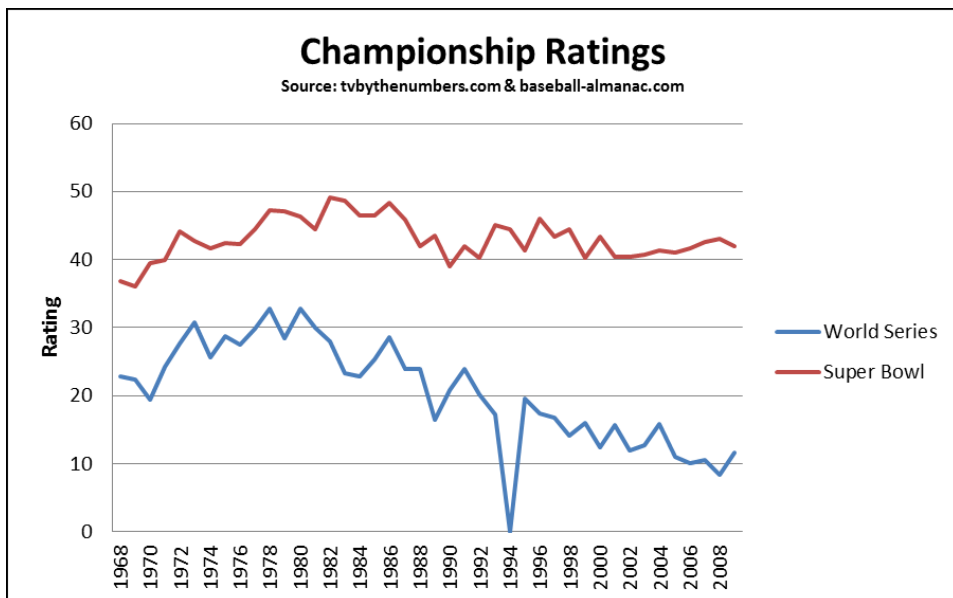
industry is one example. As the second graph on the right suggests, sports movies throughout the 20<sup>th</sup> century have reflected the ideology of most Americans – predominately baseball movies in the early part of the century, marked by a steady increase in football films until the latter finally became the top-revenue maker at the turn of the century. By 2009, *The Blind Side* would be the highest-grossing sports film of all time. Football fans had found their feel-good film, like baseball fans found in classics like *Field of Dreams* and *A League of Their Own* a generation earlier.

This tendency can mark the third event of the transition, where, at the turn of the century, American families put more of their hard earned dollars and precious time toward football than baseball. In this way, football's influence was firmly expanding beyond the playing field and into American culture.

Football's influence has spanned into other areas of interest as well. According to Google's Ngram tool, which charts a word's relative frequency in all books published between 1500 and 2008, the word "football" has been published more than the word "baseball" in every year since the 1800s. It is important to note that some of these references are likely with regard to the *football* as the rest of the world know it – "soccer" to Americans. Nevertheless, the graph to the right comparing the frequency of "MLB" verse "NFL" shows the latter's dominance in the world of literature in the second half of the 20<sup>th</sup> century.<sup>6</sup>

This idea is reflected in attendances at regular season football games in comparison to those of baseball. Enormous stadiums, seating up to 70,000 fans (20,000 more than any of their baseball counterparts) helped football become a large spectator sport. The nation responded, filling stadiums to their capacity year in and year out. In 2008, for example, while the Tampa Bay Rays were en route to their first World Series appearance in franchise history, their stadium averaged 52.8% capacity. Meanwhile football's Tampa Bay Buccaneers were en route to a 9-7 season where they missed the playoffs. Nevertheless, in the same market, the Buccaneers averaged 98.3% capacity. More Tampa residents were devoted football fans.

Granted, football could never surpass baseball in sheer attendance over the course of the year, given the differences in schedule length. Then again,



perhaps it is this lengthiness of the baseball season that has deterred fans from spending the money to go to the stadium on a weekly basis.

In cities and states across the country, the story was similar. More Americans expressed interest in watching

football than baseball. In Tennessee, the Titans have sold out every home game since opening LP Field in 1999 in the same market that has never housed a Major League Baseball (MLB) team.

The transition is brought to its fourth event in 1999, when Americans





The Tampa Bay Buccaneers (left) attracted much more demand than the Rays (right) in 2008, despite the Rays' surprising success.

were given more markets to enjoy watching football over baseball. With the reestablishment of the Cleveland Browns franchise in 1999, the National Football League had its 31<sup>st</sup> team, thus surpassing the MLB's 30 affiliated organizations. As a greater number of regions craved a football team to root for, the NFL responded, giving northern Ohio its football team back. In a state where baseball can trace its roots to the 1880s, football moved one step closer to surpassing its rival sport.

What else was missing in football's quest to become America's new pastime?

Thus far, the events suggested here have been the byproduct of NFL executives wanting to bring their sport to more fans across the country, while securing football's influence in other aspects of American culture. What seems to be missing – the fifth and final stage of the transition – is how the average American could feel personally connected to the sport. Throughout the 20<sup>th</sup> century, it had been baseball that allowed for this personal appeal. Somewhere between bridging generation gaps as a father and son played catch to promoting confidence as every boy dreamed of being a professional ball player, baseball summed up the American dream.

In the 21<sup>st</sup> Century, football best represented American culture, and that's where the timeline returns to Mark Sanchez's hot dog. By eating that hot dog as his teammates were on the field, Sanchez symbolically demonstrated that football was ready to take this leap. The NFL was more than the profit-driven, billion dollar business that the MLB had become.

A more concrete example of football replacing baseball as the sport that personally appealed to the average American came in 2007, with the release of the "Mitchell Report." Under current MLB commissioner Bud Selig, baseball

(like most sports of the modern era) watched the increased use of steroids and other performance-enhancing drugs. Selig was slow to act and by 2007 the effects of the "Steroid Era" were felt, fostering an environment where it was acceptable to cheat in order to get ahead. Young athletes across the nation lost role models and thought that they couldn't succeed unless they cheated. With the release of the "Mitchell Report," the MLB admitted that it had a problem, but it came a decade too late.

The steroid policy for the NFL has been far from perfect. In fact, one could argue that it is more of a problem in football than in baseball, as evident in the famed death of Lyle Alzado, who directly blamed his brain tumor at age 43 to his steroid abuse beginning in 1969.<sup>6</sup> Entering the 21<sup>st</sup> century, however, the unspoken mantra of the current administration under commissioner Roger Goodell has been clear: violate our conduct policies and you will be punished. Besides cracking the whip on drug use, Goodell has increased penalties for players who violate other policies, particularly behavioral issues off the field and dangerous actions on the field. In the process, he has maintained an equal playing field and emphasized the need for players to be role models.

Admittedly, the NFL is far from perfect, and with the looming possibility of a lock out next season, many of the league's problems will be exposed. Nevertheless, football has come to represent the new America – capitalistic bosses, equal playing fields, feel good stories, and poor eating habits – everything baseball had been years earlier but gradually lost.

For around a century, baseball has stood in this post as the official sport of America, crossing boundaries imposed by class and ethnicity, uniting fathers and sons in a way unparalleled in any other

sport. Football has progressively established itself as the destined glory sport of America. While one cannot discount the influence of baseball during its prime, the only films akin to *Field of Dreams* that one can expect in the upcoming decades will be shot not on the baseball field, but on the gridiron.

Mark Sanchez later apologized to his fans and teammates for eating the hotdog. He should have apologized to the baseball legends for officially dethroning their sport.

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# Street League Skateboarding

## Marketing an extreme sport to a mainstream audience

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In the world of skateboarding, there is perhaps no figure more prominent than Rob Dyrdek. As an entrepreneur and reality TV star, he has extended his influence beyond skateboarding, the sport that served as a launching point for his career. Dyrdek is an ambassador for the sport, and his efforts to create safe skating venues for kids through his charity "Safe Spot Skate Spot" are well documented. However, now Dyrdek is attempting to take skateboarding one step further, and revolutionize it as a sporting competition.

Dyrdek's latest venture, Street League Skateboarding, is an attempt to broaden skateboarding's appeal to all sports fans. The league makes major departures from traditional skateboarding competition, whose attempts to compromise "true skateboarding" with contest skateboarding have been, as described by Dyrdek himself, "fragmented and misguided" ("Street League Skateboarding On Tour"). The most noticeable change in the format is that rather than skaters performing for one-minute heats, they perform tricks one after the other and are instantly scored according to difficulty, innovation and circumstance (Street League). Each trick is comparable to a

Such major competitions as the X-Games and the Dew Tour also feature BMX and divide skating into "Vert", in which skaters perform tricks on a half-pipe ramp, and "Street", in which a course is made to simulate an urban environment. In addition to this lack of focus on street skating, skaters perform heats simultaneously, so that multiple skaters are all performing tricks on the same course, at the same time. Dyrdek finds this arrangement to be fan-unfriendly and believes Street League Skateboarding can remedy the shortcomings of its predecessors.

Every one of the innovative format changes Dyrdek has implemented are aimed at primarily towards adding drama and suspense to the competition in order to enhance the spectator experience. Extensive research has found a relationship between sports enjoyment and drama and Dyrdek's changes are well in-line with these findings (although it would not be surprising if he came up with his ideas intuitively through years of experience as a sports fan and skateboarder). More specifically, research clearly shows a relationship between factors such as "expectations of a win... and potential for a loss" as a source of enjoyment (Raney 442). For example, if a competitor isn't expected to win, a win elicits more enjoyment for the fan. Similarly, research has demonstrated that "the cumulative time (in seconds) that a NCAA men's basketball tournament game score was extremely close is a powerful measure of perceived suspense and predictor of overall enjoyment" (Raney 443). Previously, these elements were absent from professional skateboarding competition.



*Rob Dyrdek has seen his influence as a skater grow over the past few years and is now trying to use that influence to change professional skateboarding.*

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### Dyrdek's format allows for this suspense in a way that is simply impossible in a traditional format.

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possession in sports like basketball or football. The viewer can easily understand the significance of a single trick because every attempt has a potential to change the standings instantly. The format allows the competition to develop more evenly and therefore form a plot.

In its current form, skateboarding is a sport that is lumped with other "extreme" or "alternative" sports, rather than billed as an attraction unto itself.

Dyrdek's new scoring system and competition format allows the score to stay closer for longer, creating situations in which a single trick can sway the outcome of the competition. In close contests, the last round of tricks can be compared to the last two minutes of a football game, or a buzzer beating shot. Dyrdek's format allows for this suspense in a way that is simply impossible in a traditional format. Additionally, Dyrdek's new system creates "all this immense data that starts to develop, like average landed trick score, consistency ratings, most accumulated points in the history of the league," which naturally creates favorites and underdogs (Polk). The Street League format is much friendlier to the possibility of upsets and presents the contest in an exciting way. Before Street League Skateboarding, a contest comparable to the Butler-Duke National Championship game in the 2010 NCAA basketball tournament – a game that came down to the final possession – would never have been possible in skateboarding competition.

Dyrdek's ability to make his brainchild immediately legitimate and viable is nothing short of remarkable. The Street League has signed no less than 24 of the world's top skaters to multi-year

contracts including 2009's Dew Tour Champion and Thrasher's Skater of the Year, Chris Cole ("Street League Skateboarding On Tour"), 2009's Dew Tour Runners-Up, Chaz Ortiz and Paul Rodriguez ("Dew Tour Standings"), and Professional Skaters-turned-entrepreneurs-turned-reality TV stars Terry Kennedy and Ryan Sheckler (Street League). As Chris Cole declared in an interview, "Every single dude out here is the best at something" (Street League Highlights). The attraction for

many of the stars of the sport is likely both the huge purse offered by the Street League – 1.2 million dollars and the largest in the history of professional skateboarding – and a revenue-share program that entitles each skater to a percentage of merchandise and media rights sales (Mickle). In exchange, each skater has agreed to an "exclusivity clause" which stipulates that skaters participate only in Street League and Street League-sanctioned events (Mickle). The exclusivity clause, coupled with Dyrdek's ability to convince many top skaters to participate in the league, strengthens the Street League and threatens to drastically change the landscape of the skate tournament scene. Obviously, the League poses a major challenge to other competitions such as the Mountain Dew Tour and the X-Games. But for the skaters, the league is a win-win. If it succeeds, they are in on the ground floor of the first professional skate league and have the opportunity to compete for the skateboarding world's largest cash prizes. If it fails, they can simply return to the tournaments they frequented before; the other major tournaments are in no position to refuse some of the most talented skaters in the world.

In the Street League, one can witness the intersection of two distinct aspects of the sporting world – the sport itself and the marketing of the sport. Skateboarding's status as an "alternative" sport enables the marketing to have a profound impact on the sport itself; Dyrdek's attempts to reach a broader audience are changing the way the sport is played. Surely this intersection is present in other sports as well, albeit to a much lesser degree. A prominent example would be the NFL's reaction to new evidence regarding concussions. Rules are now being changed to, at least in part, make the violent game more palatable for fans. It will be interesting to see how

Dyrdek's tinkering will ultimately play out in the market. The changes run the risk of alienating the "hard-core" portion of the fan-base who will likely complain that many of the top skaters "sold out", though it seems unlikely. Dyrdek has put

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**“[Street League Skateboarding is] a real test of street skateboarding and a true test for the future of action sports”**

**— Chris Stiepoek, X-Games General Manager**

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together a seemingly strong marketing campaign that included a series of commercials that highlighted the absurdity of the current skateboarding competition format by portraying other sports as if they were played under a similar arrangement. For example, one commercial wondered if people would watch if the shoot-around in the warm-ups before a basketball game replaced the actual game. This, along with Dyrdek's tremendous popularity and the warm reception from the skaters themselves makes it easy to see how the Street League could maintain rabid fans even as it gains more casual ones. Still, it is a legitimate concern. It's well-known that fans of niche entertainment can become resentful of the new fans and the form of entertainment itself when it goes main stream. These are perhaps the most intriguing and important questions regarding this undertaking: Exactly how will the marketing of skateboarding and the sport of skateboarding interact? And how will old fans react to the change?

While the Street League is in its nascent stages, it is an intriguing business venture and growing quickly. The principles behind the new format are sound and based on compelling evidence supporting its potential to generate more enjoyment than previous incarnations of tournament skating. Whether the league has the ability to attract a significant TV viewership remains to be seen. Yet it appears that Dyrdek has well-positioned the first pro skateboarding league to succeed. The magnitude of the creation of the league is tremendous, as its success or failure may be indicative of the future marketability of action sports as a whole, an industry that 46% of senior-level sports industry executives think still has room for growth according a poll taken in June of 2010. Chris Stiepoek, X-Games general manager, sees the league as "a real test of street skateboarding and a true test for the fu-

ture of action sports" especially considering "the marketing pull of Rob Dyrdek" (Mickle). Stiepoek seems to be suggesting that if Dyrdek, for all his marketing and business acumen, is unable to make this league work, there is little hope for any professional skateboarding league. None of this seems to bother Dyrdek who has declared that "It's virtually impossible for [Street League Skateboarding] not to succeed" (Mickle). Whether it does or not,

Dyrdek has done an impressive job putting it in the best possible position to realize its potential.

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# The 2004-05 NHL Lockout

## Was it financially beneficial for the league?

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Prior to the start of the 2004-05 National Hockey League (NHL) season, professional teams were able to buy and sell players as they saw it fit through the process of free agency. This system significantly advantaged teams with greater revenue streams and prompted frivolous spending. The result was a high level of payroll disparity across the league and its players. For instance, while the Detroit Red Wings franchise consistently loaded up its roster with highly paid players, the Buffalo Sabres couldn't hold on to their best players, and the team filed for bankruptcy in 2003. Focusing on this issue, the owners voted to lockout the NHL Players Association (NHLPA), prompting the cancellation of the entire 2004-2005 season – a first for any sports league in North America due to a labor dispute.

For hockey fans, this meant missing out on the blistering shots, bone-crushing checks and miraculous saves of the 2004-05 season – no playoffs and no one to hoist Lord Stanley's Cup. However, after 301 days of "lockout," on July 13<sup>th</sup>, 2005, both parties agreed upon a new collective bargaining agreement meant to diminish economic inequalities

across the league. From the NHL's financial perspective, was it worth it?

One cannot fairly or definitively measure the psychological effects of this lost season on fans and players. However, this article compares changes in NHL salaries paid and revenues received before (2003-04 season) and after (2005-06) the lockout to provide a preliminary financial answer to this critical question.

### Lockout Changes

The NHL and the NHLPA's new collective bargaining agreement completely overhauled the NHL's salary structure, in addition to establishing some new rules for the game itself. This agreement included the institution of a maximum salary cap beginning at \$39 million per team for the 2005-06 season – to be adjusted on a yearly basis to guarantee players 54 percent of total NHL revenues. Additionally, the implemented minimum salary cap requires teams to pay at least \$21.5 million for its players. Under this new structure, teams are not permitted to go above or pay below these benchmarks except to replace a player who has sustained a long-term injury. These minimum and maximum salary caps aimed to compress the differences between both salaries paid and revenues earned by each team across the league.

Many of the rule changes that were brought about by the lockout revolve around opening up the flow of play and making the game

more entertaining to watch. The most obvious rule change was the institution of the shootout. No one likes when a game ends in a tie and the new shootout format ensures that in the NHL there will be no more ties. As the penalty shot is widely regarded as one of the most exciting events in hockey, this new format makes the NHL more appealing to fans. Also, the league decreased the size of goalie pads, eliminated the two-line pass and reinstated the "tag-up" offside rule to increase the amount of scoring in the average game.

### Economic Theory

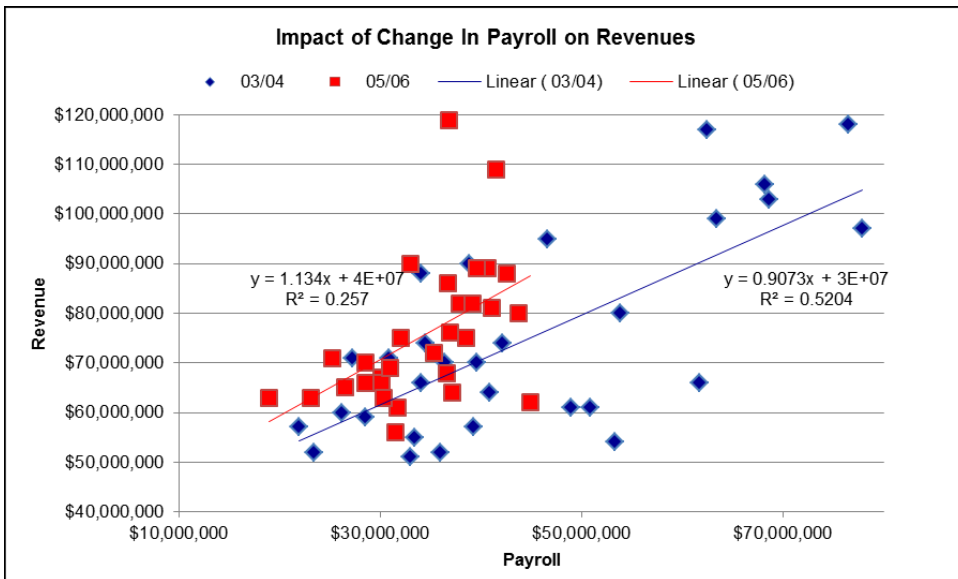
In a free market, economic theory tells us that a company would operate in a way that would most maximize their level of profit. Before the institution of the maximum salary cap, the owners of the teams in the NHL were operating in a free market.

During this time, NHL owners, as profit maximizers, would only sign a player if they believed that that specific player's added benefit would exceed his added cost. There was always the risk, however, of overpaying (resulting in what is termed the "winner's curse"). A manager would conduct a cost-benefit analysis and sign a player if that player's marginal revenue product of labor was greater than his associated marginal revenue cost of labor – or so traditional economic theory predicts. Indeed, while the costs of signing a specific player are concrete, the benefits of signing him are more challenging to quantify, as this process involves assessing their level of production in the future, which is subject to a large number of variables.

The implementation of the new salary cap significantly altered the ability of NHL team owners to fully act in the interest of profit maximization. While previously, owners were free to sign a player if they believed the added benefits



*Bruins goaltender Tim Thomas makes a save against Sharks center, Patrick Marleau, during a shootout—one of the most prominent changes made to the NHL as a result of the lockout.*



the NHL owners. The inverse relationship that seems to exist between the decrease in salary expenditure and the increase in revenues suggests that NHL team owners may not have been acting as profit maximizers, and were instead victims of the “winner’s curse.”

Additionally, among the thirty teams, the correlation between salary and revenue decreased from .72 to .51 after the lockout. This suggests that under these rules, salary is now a weaker predictor of revenue (or vice versa)—the salary cap creates more equality for all teams.

Breaking down the data further, to the upper-left is a scatterplot of salary against revenue for each team both before the lockout (blue) and after (red), with linear regression lines drawn for each case.

The positive trend suggests that teams required to reduce their payroll experience a reduction in revenues. The fact that the red line is above and to the left of the blue line re-confirms the conclusion that teams made more money with smaller salaries. However, teams such as Anaheim and Buffalo saw the opposite effect; reduced salary expenses were associated with revenue increases. These increases in revenue suggest that the owners of teams such as Anaheim and Buffalo were overpaying for their players. The cap forced these teams to be more cautious in their estimates of a player’s future benefit, which, in turn, led to increased revenues.

of that player exceed the added costs, the cap affected their ability to openly do so. For example, if the owner of the Pittsburgh Penguins, Mario Lemieux, believes that the benefit of acquiring Roberto Luongo exceeds the cost of doing so, if the money was available, would sign him. However, under the new cap, Lemieux must be conscious of the salary cap restrictions when acquiring any new players and may not be able to sign Roberto Luongo, if he so desires. In this way, under the new cap, NHL owners are significantly restricted from acting as true profit maximizers.

However, with the new cap maximum, some owners are also now forced to reduce the contract expenses or release some of their higher paid players. In this way, the new cap is also, to some extent, pushing owners to act more like profit maximizers.

In addition, the newly instituted cap restricts NHL owners from falling victim to the “winner’s curse” and substantially overpaying a player. With only a limited amount of money to spend on players, owners will be much more conservative in their estimates of a player’s future value, causing a reduction in the effect of the “winner’s curse.”

After initially looking at the effects of the institution of a maximum salary cap on NHL team owners in accordance with economic theory, this article analyzes the effects of this cap on team revenues. If NHL team owners were, indeed, profit maximizers before the lockout period, the institution of a cap maximum should result in decreased revenues of greater than \$1 for every dollar change in salary across the teams for which the cap was binding.

### Analysis

The first step in identifying the general effects of the cap is to compare average team payroll and revenue from the 2003-04 season to 2005-06, according to *Forbes* data:

Season	03/04	05/06
Payroll	\$44,400,490	\$34,309,972
Revenue	\$74,600,000	\$75,566,667
Correlation	0.72	0.51

While average team payroll significantly decreased (as was forced by the cap) by close to \$10 million, there was a surprising increase in average revenue of \$1 million (as shown in the table in the bottom left). This increase in revenue, despite the sharp decrease in salary expenses, is evidence that, overall, the institution of the cap has been beneficial for the financial position of



Roberto Luongo, one of the most sought-after—and highly paid—players in the league, makes a save on a shot from the top of the circle

For statistical summation of the data, the following regression is used:

$$\Delta \text{Revenue} = a_0 + a_1 (\text{Cap}) + a_2 (\text{Cap}) x$$

(Required  $\Delta$  Salary)

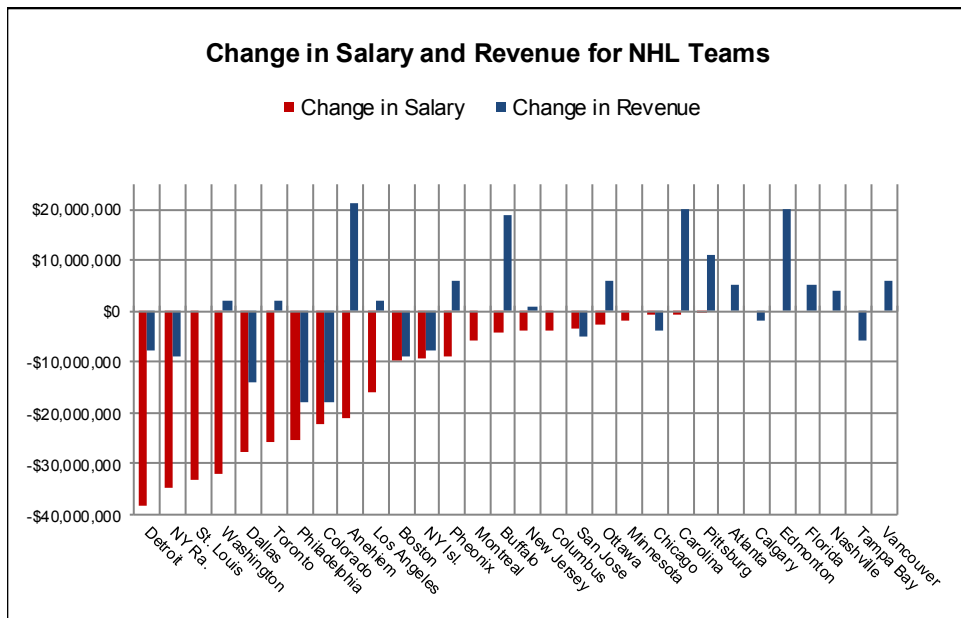
This regression makes use of three variables:  $\Delta$  Revenue, Cap, and Required  $\Delta$  Salary. Change in revenue is the difference in revenues of a team between the pre- and post-lockout periods. The cap variable is a dummy variable included to distinguish between those teams that were forced to reduce their payroll to meet the cap from the teams that were unaffected. If the cap was binding for a team – meaning a team was forced to reduce its payroll value to the level of the cap – the cap variable is equal to 1. If the cap was not binding for a team – meaning a team’s payroll was unaffected by the cap – the cap variable is equal to 0. The required change in salary variable is the amount a team was forced to reduce its payroll in accordance with the new maximum cap. Therefore, if the cap is binding for a team, this value will be the amount of reduction in its payroll, whereas if the cap is not binding for a team, this value will be 0.

This regression will also produce three coefficients –  $a_0$ ,  $a_1$  and  $a_2$ . The coefficient constant  $a_0$  will tell us the value for the change in revenue of the teams for whom the cap is not binding. The coefficient  $a_1$  will show the expected additional change in revenue for those teams above the cap. The coefficient  $a_2$  indicates the change in revenue for every dollar reduction in payroll. If this value is greater than -1, this means that for every dollar reduction in payroll, the team experiences a greater loss in revenue. If this value is between 0 and -1, then for each dollar reduction in payroll, the team is only losing a fraction of its revenue. If this number is positive, then every dollar reduction in payroll is associated with an increase in revenue.

Running this regression produced the following equation values:

$$\Delta \text{Revenue} = 4,571,428.60 + 256,670.40 (\text{Cap}) + -.34 (\text{Cap})(\text{Required } \Delta \text{ Salary})$$

With an r-squared value of .18, this regression implies that the required change in salary enforced by the cap maximum accounts for 18 percent of the variation in the change in revenue. This equation shows  $a_0$  to be 4,571,428.60, representing that teams not bound by the



cap will experience an increase in revenue of \$4,571,428.60, on average.

Coefficient	T-ratio
$a_0$	1.24
$a_1$	.05
$a_2$	-2.13 / 4.13

With a t-value of 1.24, this is a fairly imprecise estimate and leaves room for much variation, which can be seen in the large differences between teams across the league. Also the cap variable is shown to have a t-value of .05, indicating that its influence on the model is pretty insignificant. Most importantly, this equation depicts that for every dollar the maximum cap requires a team to change its payroll, there is a \$0.34 decrease in revenue, the value of  $a_2$ . At this value, teams are only losing a fraction of their revenue (\$0.34) for reductions in payroll costs. With a t-value of -2.13, for the null hypothesis of 0, and 4.13, for the null hypothesis of -1, this change is a statistically significant finding.

As expenses are decreasing less significantly than revenues, this indicates that profits would be increasing after the institution of the cap. While this may be true for some teams, the low t-value for  $a_0$  indicates that there is variation in this data and that the model cannot be applied accurately as a general trend for the entire league. The data, as a whole, suggests that the owners of teams who were required to change their payroll to meet the cap were both overpaying their players

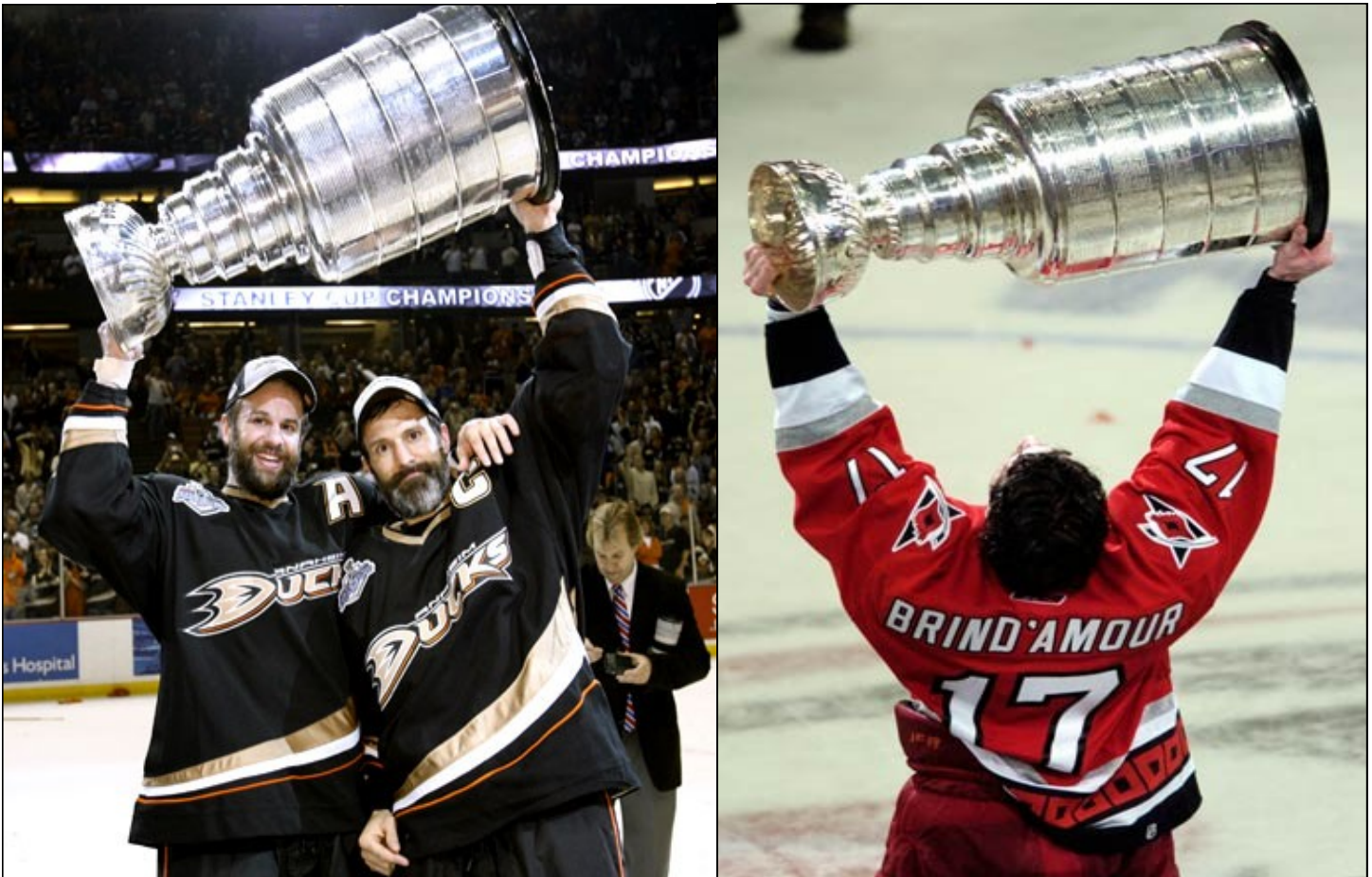
and, at least to some extent, acting as profit maximizers during the pre-lockout period.

While this initial data gives an indication of the overall effects of the maximum cap, in order to analyze these effects more accurately, it is important to separate the data of the teams for whom the maximum cap was binding (16) – above the maximum cap – from the teams that were unaffected by the cap (14) – below the maximum cap. In separating data into these two groups, it is evident that the teams who were unaffected by the cap saw average revenue increases of \$4,785,714, while the teams that were forced to reduce their salaries as a result of the instituted cap experienced revenue decreases of \$2,375,000, as seen in the table below.

Team Averages	Revenue Change
Below Max Cap	+\$4,785,714
Above Max Cap	-\$2,375,000

This data suggests that the implementation of the salary cap was beneficial for teams that were not restricted by the cap, but was detrimental to teams that were. More importantly, this data suggests that the owners of teams above the maximum cap were, to some extent, operating previously as profit maximizers, and the cap is now restricting their ability to act as profit maximizers – a fact that is reflected in the reduced profit levels.

In addition, the graph in the top left of the previous page depicts the required change in salary and the change in



*The Anaheim Ducks (left) and Carolina Hurricanes (right)—the two teams that saw the greatest increase in revenue as a result of the new salary cap—hoist Lord Stanley's Cup in the two seasons following the lockout period*

revenue between the pre- and post-lockout periods for each team in the NHL. Teams that were required to reduce their payrolls in accordance with the maximum salary cap have a value equal to the change, while the teams that were unaffected by the cap have a value for salary change of zero.

### Conclusion

The teams that were required to reduce their payroll as a result of the new cap maximum experienced an even greater reduction in revenue between the pre-lockout and post-lockout seasons than teams for whom the cap was not binding. I hypothesized that if owners were, indeed, acting as profit maximizers before the lockout period, the institution of a cap maximum would result in decreased revenues of greater than \$1 for every dollar change in salary across the teams for which the cap was binding. The results obtained from the regression suggested that teams above the cap saw decreases in revenue of \$0.34 for every dollar change

in salary, indicating that the owners were not acting as profit maximizers before the lockout. However, the regression, in conjunction with the other data, also showed that this was not consistent across all teams. From these results it can be concluded that each individual team and owner operated to a different extent as a profit maximizer during the pre-lockout period.

While this data depicts that teams that were forced to reduce their payroll experienced a loss in revenue, it also shows that some of these teams experienced an increase in revenue and many others saw an increase in profits. This suggests that those teams that experienced a loss in revenue after the cap were acting previously as profit maximizers and that those teams that experienced an increase in revenues or profits were previously falling victim to the “winner’s curse” and overpaying for their players.

In assessing the effectiveness of the maximum cap instituted by the new collective bargaining agreement between the NHL and the NHLPA, it is evident

that it has sufficiently reduced the economic disparity that exists across the league, based on the data I have. There could also be other uncontrolled variables that help to explain this effect. While some teams may have previously been operating as profit maximizers, the new cap has prompted those that were not, to make progress towards doing so. As evident by the increased levels of total league revenue and profit, the new maximum salary cap has been effective in diminishing payroll and revenue disparities across the NHL and has certainly benefited the league as a whole. In this way, the '04 – '05 lockout was beneficial for the fans, the owners and the NHL, as a whole.

*The author adapted this article from a paper he submitted for academic credit in ILRLE 2400: Economics of Wages and Employment in spring 2010.*

# ESPN 30 for 30 Reviews

With its plethora of highlights and analyses, everyday ESPN “wows” our eyes and intrigues our brains. However, with its 30 for 30 series, which premiered last October, ESPN successfully affects another part of our body, our hearts. In celebration of its 30th anniversary, ESPN has been airing 30 documentaries directed by professional athletes, celebrities, and filmmakers. By covering the issues, people, trends, teams and events that changed the sports world over the past 30 years, ESPN has once again shown us why we love sports. Bill Simmons, who came up with the idea, explained the series' goals in a few sentences. “We wanted people to say, 'Wow, I forgot how (fill in a word: great, amazing, poignant, crazy, depressing, unbelievable) that was' or 'I can't believe I never knew that whole story.' We didn't want to check off a laundry list of the 30 biggest stories from 1979 to 2009. That's what our viewers would expect from us. We wanted to surprise them.” ESPN did just that. So, we asked our club, “What is your favorite 30 for 30 documentary and why?”

-Compiled by Joey Shampain. A&S '13



My favorite 30 for 30 was the “Two Escobars”, directed by Jeff and Michael Zimbalist. The story is horrific yet captivating. Fueled by the rise of Colombian drug lord Pablo Escobar, the Colombian National Soccer became one of the premier international team entering the 1994 World Cup. However, an own goal against the United States in the opening round by the other Escobar, Andres Escobar, eliminated Colombia from competition. After returning

home, Andres Escobar was shot and killed. By including specific details and candid interviews, the Zimbalists do more than retell the story. Fascinating intricacies are elaborated on, including the collapse of order after the death of Pablo Escobar and his unique love for soccer. This brings more passion and sympathy into the story. In the end, I even found myself rooting for Colombia against the United States.

-Joey Shampain, A&S '13

My favorite 30 for 30 was “Run Ricky Run.” This documentary showed the real story of one of the most misunderstood talents in pro sports history. Most fans look down upon Ricky Williams for missing out on his prime due to drug problems. However, this story went inside Ricky's life and showed a whole perspective that most people had previously failed to recognize. This story gave me greater appreciation for Ricky Williams, and a greater understanding of the problems he's had to deal with.

-Robbie Cohen, ILR '13



As an economist, my favorite 30 for 30 film was “Small Potatoes: Who Killed the USFL?”. It is a reminder of an era that has now seemingly forever passed; an era when established leagues faced ongoing threats from upstart rival leagues. Since the demise of the USFL, none of the established leagues have faced credible competition, and all have been able to further solidify their strong monopoly positions.

-Professor Neil Longley, UMass Sports Management



I thought it was the Len Bias one, “Without Bias.” I just appreciated the honesty that Len's friends showed throughout the documentary. They just came forward and said that Len had done cocaine several times and didn't try to glamorize the situation, just told it how it was. I also think it was an interesting microcosm of the general coke problem that the NBA had back in the 80s. (David Stern may have fixed that problem, but he's created several more and I think he needs to go!) Anyways, it was also great to see just how scary of an athlete Len was and how good the Celtics would have been with him and Bird in their front court. I just thought the whole documentary was really well done and got right to the heart of matters.

-Morgan Zimmerglass, ILR '10

Personally, my favorite 30 for 30 was “Without Bias,” directed by Kirk Fraser. Having been born after the actual phenomenon that was Len Bias, I did not have the opportunity to experience this intense, fierce, competitive, and most importantly talented individual. With this installation of the series, viewers were placed in the middle of the action, right at the school, and in the offices of the Celtics organization. I was shown how the events transpired, and it let me formulate my own opinions of what actually happened that fateful day when the sports world was shocked. *Without Bias* made viewers feel compassion. It almost felt like it all happened again.

-Daniel Lowenthal, CALS '14

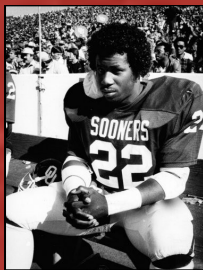


My favorite 30 for 30 was “**The Best That Never Was.**” This documentary centered on Marcus Dupree, a star running back out of Philadelphia, Mississippi that attended the University of Oklahoma. Sports writers at the time called him the most skilled running back that ever lived on our planet. In addition to top-level speed, break tackle ability, patience, vision, and strength, I could see from footage that he had an innate ability to find space when there was very little at hand. In the 1983 Fiesta Bowl, played following the 1982 season, Dupree’s freshman year, Oklahoma played Arizona State, who had the top rush defense in the country. Dupree came back from vacation out of shape, which negatively affected his hamstrings. Playing at about half of his optimal ability, Dupree often slid and fell deliberately following runs before he was touched by defenders because of leg pain. He went to the locker room several times throughout the contest. Despite playing less than half of the offensive snaps and playing at a severely diminished level, Dupree still managed to run for 239 yards on only 17 carries!

That game was a fitting representation for Dupree’s football career as a whole. Mentally, Dupree could not handle the pressure of the cameras and attention being given to him. Beyond that, he simply wanted to be left alone. His rocky relationship with Sooner head coach Barry Switzer did not make things any easier for Dupree’s mental state, and Switzer says his handling of Dupree is the biggest regret of his football coaching career, which include three national championships and a Super Bowl victory. Dupree was granted special permission to join the professional ranks via the USFL after dropping out of Southern Mississippi. His five year, \$5 million contract with the New Orleans Breakers was the richest in league history. A vicious knee injury knocked him out of the league, and Dupree gained a ton of weight. Eventually, Dupree made a comeback with the Los Angeles Rams in 1990 but was cut following the 1992 preseason.

Today, Dupree is a truck driver and is content with his life. He did not want what others wanted for him, which was to be the best running back of all time. Football-wise, he was pure potential that never materialized. This movie inspired me to be the best that I possibly can be in a certain field, whatever that job may be.

*-Joshua Erenstein, CALS '11*

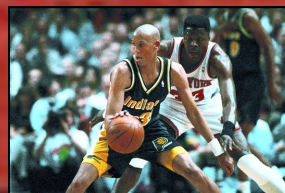


In the Summer of 2009, I worked for Shoot the Moon Productions on the 30 for 30 documentary, “**Winning Time: Reggie Miller vs. The New York Knicks.**” The documentary is a dark comedy about the bitter, physical, entertaining rivalry between Reggie Miller’s Indiana Pacers and the New York Knicks during the mid-90’s. There isn’t a main narrator of the film. The people interviewed for the documentary (Knick and Pacer players, coaches, executives, reporters, and fans) tell the story.

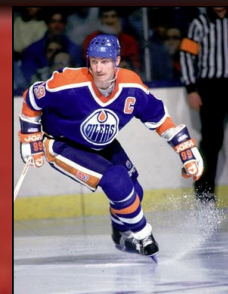
I spent most of my time at work watching and re-watching 17 Knicks-Pacers playoff games. I created gamelogs that gave descriptions and times of every clip that could potentially be put into the documentary. One of my most tedious responsibilities was to transcribe all of the playoff games. For instance, if Marv Albert said ten minutes into the tape, “John Starks, for three . . . YES!” I would pause the game and type, “10:00—MA: John Starks, for three . . . YES!”

Spending a summer breaking down old Knicks-Pacers playoff games was a perfect summer job for me. I applied my experiences of transcribing episodes of Sports, Inc. Radio, directly to my job with Shoot the Moon Productions. I started following basketball during this time period. I idolized Patrick Ewing and played basketball in my Charles Oakley jersey. But I couldn’t fully appreciate the Knicks, the rivalry, Reggie’s greatness, or the NBA at the time. Dissecting and re-watching every minute of those playoff battles was a dream-job. Contributing to the documentary which was shown at the Sundance Film Festival was a rewarding feeling as well. But the best part of the job was that it confirmed that I could watch and analyze sports all day.

*-Jeffery Lebow, ILR '11*



“**Kings Ransom**” covers Wayne Gretzky’s 1988 trade from the Edmonton Oilers to the Los Angeles Kings and powerfully explores issues of loyalty, fandom, and management in professional sports and the economy. Through highlights, interviews, and a chilling six-minute cold introduction from the great one himself, this film attempts to explain how the best hockey player who ever lived was traded in the prime of his career—at twenty-seven years old, he already held 49 NHL records and four Stanley Cup titles—from the devoted, blue-collar Edmonton fanbase to Hollywood.



Although technically a trade (the Oilers received in return players, draft picks, and \$15 million), this was not about two general managers constructing their respective teams. Indeed, the viewer never hears from front office staff besides Edmonton head coach Glen Sather (who’s opposition to the trade is ignored by owner Peter Pocklington). This is an issue for the owners, Gretzky, and the game of hockey itself. Trade ramifications even touched on national allegiances, as the Canadian government attempted to block it.

Ownership considerations allowed the deal to materialize, but ultimately Gretzky’s personal deliberations and hockey ambassadorship made it happen. He brought the very best talent to the entertainment capital of the world in a move that coincided with NHL expansion from 21 to 30 teams in less than a decade. Was this worth the personal relationships he built in Edmonton and the “maybe four more championship” he says he thinks he could have won had he stayed in Edmonton (he won none in LA)?

*-Gabe Gershenfeld, ILR '11*

# Madden NFL

## The game's influence around the league

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Flashback to week 1 of the 2009 football season- The Denver Broncos trailed the Cincinnati Bengals 7-6 with only 28 seconds left in the game and the ball on their own 13-yard line. With mere seconds left and the length of the field to go, the situation looked bleak for Broncos fans. But as Kyle Orton took a shot into traffic, aiming for a triple covered Brandon Marshall, the ball was batted up into the air and Gus Johnson's voice echoed out of televisions around the country: "Ohhh CAUGHT! STOKLEY!"

Now dubbed "The Immaculate Deflection," the ball dropped right into the hands of Wide Receiver Brandon Stokley who had a clear lane to the end zone. He sprinted the length of the field, poised to put his team up by a touchdown, but as he approached the one-yard line, he unexpectedly veered off to the right. Running parallel to the goal line, a move all too familiar to Madden NFL players, Stokley burned six precious seconds off the clock before turning into the endzone, and helped prevent any last second drive from the Bengals. After the game, he was praised for his quick thinking, and when asked if this was a move straight out of a

video game, Stokley replied, "It definitely is."

The Madden NFL Franchise has infiltrated every locker room in The League. Eagles Running Back LeSean McCoy puts it simply "Everybody plays Madden." According to Jets QB Mark Sanchez, everyone claims to be the best on their team and they often are forced to settle it on the sticks. Perhaps nothing speaks to the mass appeal and popularity of the game as the Madden Bowl. This single elimination tournament has been held every Super Bowl weekend since 1995 on the current year's version of Madden. It is not played with typical

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**"That's actually how I learned how to read defenses growing up. I would look at Madden to see what a Cover 2 or a Cover 3 was." -Percy Harvin, Vikings WR**

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gamers though, all eight participants are NFL stars. Maurice Jones-Drew took home the title in 2010, knocking off Chris Johnson and Patrick Willis to claim bragging rights. With some players choosing to play as themselves in the game, and others selecting teams more suited for their strategies, the significance of the competition to the players was apparent.

Madden's mass appeal to the

players and fans alike can be seen on the television show "Madden Nation", another annual competition that aired on ESPN2 for four years. Accomplished gamers traveled across the country playing against the nations best for the right to play the final showdown on the big screen in Times Square, where the winner walked away with \$100,000. More importantly, everyone on the show got the chance to meet an NFL pro. It was quite the experience for these Average Joes to go to a player's home and play him in Madden, beating him at his own game. The participants would then represent their NFL pro for the duration of the nationwide Madden tour by wearing his official NFL jersey, bridging the gap between casual gamers and those who are actually *in* the game.

Madden has invaded the culture of the NFL and, as seen by the Stokley play, it's making its presence felt on the field too. Even in last year's Super Bowl, Saint's head coach Sean Payton turned down a chip shot field goal in the second quarter for an unsuccessful fourth and goal attempt. Then, at the start of the second half, the Saints surprised the Colts with an onside kick.

These decisions go against usual, conservative NFL protocol, exemplifying the new aggressive "Maddenized" movement of playcalling. This strategy aims toward scoring as many points as possible through high-risk, pass-happy, spread offenses. The Madden franchise has always focused on delivering a real football experience that in fact mirrors the NFL, but now it seems that the NFL is adapting to Madden's image.



A screenshot from the original John Madden Football video game in 1988 (left) compared to Madden '11 (right).

This new image is extending more throughout the NFL as the newest generation of players that have grown up on video games enter the league. Many players even use Madden as simulation software to help improve their game on the field. The game utilizes the actual formations and plays used by current teams. Tampa Bay Buccaneers Wide Receiver Dezmon Briscoe said that NCAA Football 2010, EA Sports' collegiate equivalent of Madden, successfully imported "a majority" of his alma mater Kansas's playbook into the game. He also credits Madden 2009 for teaching him how to read when defenses "roll their coverage." Percy Harvin, Wide Receiver for the Vikings, agrees: "That's actually how I learned how to read defenses growing up. I would look at Madden to see what a Cover 2 or a Cover 3 was." This shows the potential for how Madden can be used as a learning tool, similar to a driving simulation for NASCAR racers, to help players take what they see in the game and apply it on the field.

It is hard to imagine that a video game, which by nature is meant to be fun, is also a learning tool for football players – an amazing achievement for the Madden franchise. The game attains such simplicity that the casual fan can pick up a controller and easily learn to play, yet it still can replicate the kind of depth and precision used in an NFL coach's gameplan for the Super Bowl. Now when gamers and athletes alike pick up the game, it only takes one call from the new in-game play-by-play announcer Gus Johnson to remind them of Brandon Stokley's infamous catch, and the Madden franchise's significant impact on the NFL.

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# The (In)significance of BABIP

## Luck and future performance in baseball

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In an increasingly sabermetric baseball world, the use of certain advanced statistics has redefined our understanding of the modern game. For better or worse, new, in-depth measurements of performance have infiltrated the minds of fans and management alike, creating new standards of baseball success. But as complex terms such as "runs created" begin to fill the mainstream baseball vernacular, while the accepted value of statistics such as "runs batted in" falls by the wayside, we run the risk of misinterpreting data and thus drawing erroneous conclusions. One sabermetric statistic that features high risk for misuse is batting average on balls in play, or simply BABIP. Its known and perceived usefulness are often at odds with one another, making it a rather complex gauge of player performance.

BABIP is simply a measurement of a player's batting average on balls he puts into the field of play. The formula is as follows:  $(\text{Hits} - \text{Homeruns}) / (\text{At-bats} - \text{Homeruns} - \text{Strikeouts} + \text{Sacrifice flies})$ . Homeruns, strikeouts and walks are not included in this measurement, for the simple reason that they are not examples of baseballs hit into the field of play. Essentially, the statistic serves as an objective observation of the frequency with which these hit balls are converted into actual hits. A higher BABIP suggests a higher rate of conversion.

In converting this metric into an informative piece of data, there exists a common assumption that BABIP is simply a measurement of luck. The inventor of BABIP, Voros McCracken, implicitly used this statistic in his Baseball Prospectus essay "Pitching and Defense" to suggest this groundbreaking idea: "Major-league pitchers don't appear to have the ability to prevent hits on balls in play." In other words, a high BABIP correlates to a "lucky" batter while a low BABIP suggests he caught a series of bad breaks. For instance, an at-bat entailing a hard, line drive out is decisively more impressive than an at-bat featuring a weak, ground ball, infield hit. However, the statistic

batting average, or even the sabermetrically-favored on-base percentage cannot account for such a discrepancy in ability.

Granted, BABIP *can* indeed be a valid measurement of luck and thus predict future performance. New York Yankees shortstop Derek Jeter, for instance had a stellar performance in 2009, batting .334 and reaching base over 40% of the time. His BABIP, however, was an



*Can Ichiro's exceptionally high BABIP be ascribed to luck alone? Or does his keen ability to run on contact factor into this statistic?*

exceptionally high .368 (the league average generally runs around .300). If his contacted balls were falling into play nearly 37% of the time, perhaps his batting average was partially a function of these balls finding hitter-friendly spots on the field. Sure enough, his 2010 campaign featured a much more typical .307 BABIP, a BABIP that coincided with his worst Major League season ever, in which he hit just .270, a 60 point decline from the year before. But needless to say, not everyone is Derek Jeter (in more than just one regard). Other factors must be considered when determining the relevance of a player's BABIP.

One such overlooked factor is speed. This is a fairly simple concept to comprehend. Faster batters are more likely to reach base in a variety of ways, including bunts and weak ground balls, which generally serve to drive down the average player's BABIP. Seattle Mariners

outfielder Ichiro Suzuki serves as a prime example of how speed confounds the relevance of BABIP, as his .357 BABIP and coinciding .315 batting average may have been a function of his propensity to leg-out ground balls for infield hits. He had a remarkable 53 of these in 2010.

Another relevant factor that is not quantified by BABIP is defense. In this framework, it is more useful to assess the BABIP of a pitcher rather than a hitter. Pitchers have BABIPs as well, measuring the frequency with which opposing batters attain hits on pitched balls. Superior fielders may rob solid line drives, while infielders with limited range may allow ground balls to pass them by. UZR, or ultimate zone rating, is a sabermetric metric that can be used to gauge a team's composite defensive range. In 2010, the San Francisco Giants ranked second in the Major Leagues with a 56.4 UZR while the Atlanta Braves ranked twenty-seventh with an UZR of -35.7. Giants pitcher Matt Cain had a very low BABIP of .260, and Braves' pitcher Tim Hudson owned a seemingly similar .250. But these two figures are not as alike as they seem at first glance. Since the Giants were significantly more effective at reaching baseballs in play, it follows that their pitcher was indeed much luckier. Cain likely benefited from his team's ability to "steal" hits from the opposition, while Hudson reaped no such benefits. Here, BABIP alone is not indicative of a pitcher's luck.

Perhaps most importantly, BABIP contains inherent shortcomings in that it does not account for the differentiation between fly outs (including line outs) and groundouts. Houston Astros outfielder Michael Bourn and Washington Nationals first baseman Adam Dunn had identical, slightly high BABIPs of .329 in 2010. Can we conclude that they encountered the same amount of luck in their at-bats? It seems unlikely. Bourn ranked third in the entire league with a 1.66 groundball to fly ball ratio. Dunn, on the other hand, ranked seventh to *last* in the entire league with just a .49 groundball to fly ball ratio. Evidently, Dunn hit fly balls at an incredibly higher rate than Bourne, balls that have a significantly greater capacity to amount to a hit. Bourne appears to have been significantly luckier than Dunn in that his BABIP was this high while hitting such an immense

## Joe Mauer's Power

### Home run analysis

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Last season's AL MVP, Joe Mauer, has seen his home run numbers drastically decline this season as compared to his 2009 level. Mauer hit a career-high 28 homers during his MVP campaign, but so far this year he has hit only two. Using Bloomberg Sports' statistical tools, we can see that Mauer's home run output both in 2009 and in 2010 were uncharacteristic, and that his power numbers should regulate somewhere in between the two.

First, it must be mentioned that Mauer's OPS in 2009 was unusually high for his career, and a neutral observer might conclude that 2009 was a fluke. Others could argue that this surge had to do with natural age progression, as he reached the age of 26, a milestone at which many players begin to peak. Thus, despite Mauer's current career OPS of .887, it could be argued that his 1.031 2009 OPS would have some staying power. Mauer's monster season prompted the Twins to hand him an eight-year, \$184 million contract extension in March.

Mauer's two homers this year-to-date have thus raised concerns in Minnesota. We can point to his fluctuating home runs per flyball rate as a cause of this season's power outage - as well as Mauer's 2009 outlier season. From 2005 to 2008, that rate ranged from 6.5% to 10.8% -- league average typically hovers around 10%. However, in 2009, Mauer's HR/FB rate jumped to a stratospheric 20.4%. Thus maybe this shift, rather than indicating anything in

particular about Mauer's game, indicates that a lot of Mauer's power in 2009 was the result of a statistical variation. If this dramatic increase had been accompanied by a drastic change in body type it would be understandable, but Mauer's body did not noticeably change.

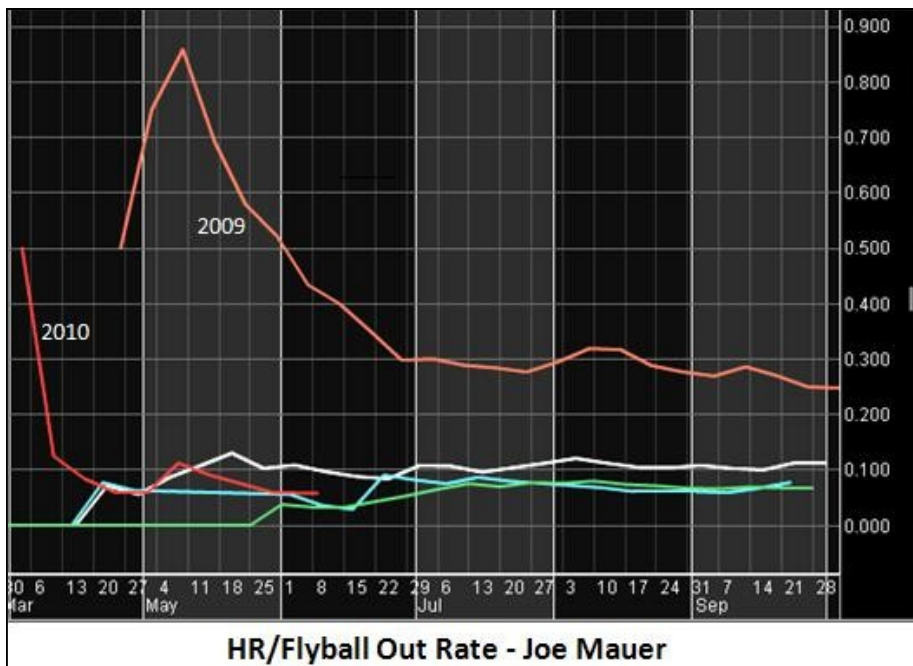
This season, Mauer's homerun per fly ball out rate has regressed to just 5.7%, a career low, but also closer to the pre-2009 range. The numbers clearly point to 2009 being an outlier in this respect. Granted, a couple of unmentioned variables might be pulling down Mauer's HR/FB rate this year. One, the Twins' move to Target Field from the Metrodome might be affecting his power numbers, especially through the early, colder-weather months of the season. Second, pitchers might be attacking Mauer differently this season, following his '09 power outburst. Let us explore these two possibilities.

Mauer's new home, Target Field, has been the third-worst ballpark for home runs, in front of only Citi Field and the Oakland Coliseum, according to ESPN.com's MLB Park Factors. However, through just over one-third of the season, it is tough to say that this phenomenon is reliable or that it will remain constant. After all, it typically takes three years before you can properly trust a given stadium's park factor. Meanwhile, Mauer's previous home, the Metrodome, played as roughly home run neutral. The dimensions of the two fields are very similar, so expect Target Field to be less home run-stubborn than it currently is, especially in the warmer summer months. To date,

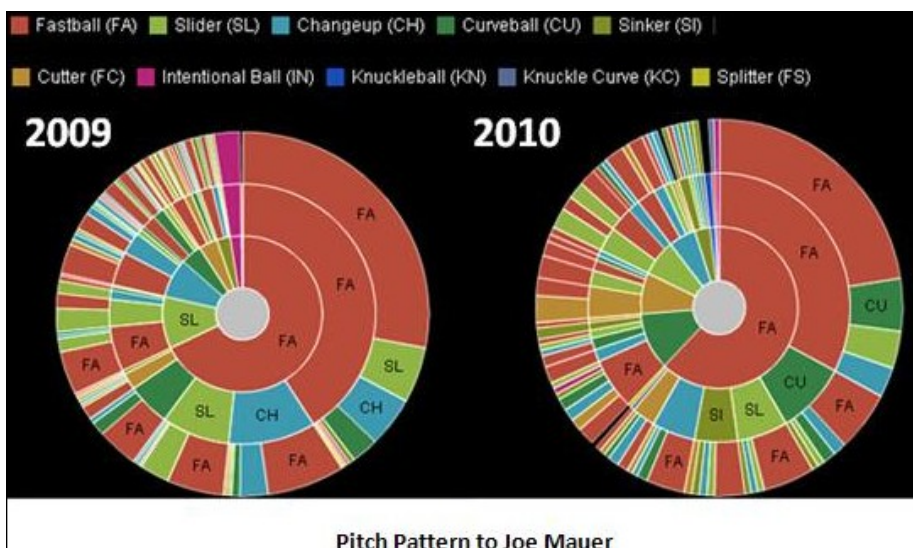
number of ground balls. It is also worth noting that this disparity could also be attributed to the "Ichiro effect," as Bourne possesses tremendous speed while Dunn runs well below average. Regardless, BABIPs as a stand-alone statistic is evidently limited in its usefulness without a description of the contact made with the ball.

Clearly, the sabermetric-crazed baseball culture has reasons to love BABIP. It is certainly a valuable tool in

assessing certain happenings in day-to-day Major League games, encompassing phenomena not captured by the daily box score. Fantasy owners can benefit greatly from the application of BABIP, using it to analyze past and predict future performance of players they consider drafting. The ability to contextualize this metric, however, is even more important. Realizing its limitations is essential to its central function as a valid quantification of baseball.



Can Joe Mauer's HR/ flyball out rate (above) or pitch patterns seen (below) help to explain the difference in his HR output between 2009 and 2010?



Mauer's OPS is 80 points lower at home than away.

Maybe pitchers are attacking Mauer differently, too. This argument could potentially explain some of the catcher's power struggles. Pitchers, in fact, have been unwilling to throw him fastballs in certain counts, and seem to have replaced them with changeups, and occasionally curveballs. In 2009, on 0-1 and 2-2 counts, Mauer saw a majority of fastballs. However, this season, in the same counts, he's seen a fastball only about one-third of the time. This change by the pitchers seems smart, as Mauer had a lethal 1.077 OPS against four-seam fastballs from 2006 through 2009. Meanwhile, he now sees almost three times as many curveballs on the first pitch and in 2

-2 counts, according to Bloomberg Sports tools, when compared to 2009. This adjustment by pitchers seems appropriate, as Mauer had a .483 OPS against curveballs dating back to '06. Lastly, Mauer has seen more changeups in 1-2, 2-1, and 2-2 counts, although he has fared well against the changeup in his career, so this adjustment should have had no effect.

Target Field's low home run rate and the new approach by pitchers may be hurting Mauer's home run numbers. But the statistical variation in his HR/FB rate also helps explain the drastic difference between 2009 and 2010. That rate suggests that Mauer's MVP-type numbers may have been affected by a statistical outlier, and that fans and teams may have to reassess their expectations for Mauer's

power numbers. In regards to how pitchers are approaching Mauer, it seems unlikely that the recent adjustments can explain this year's low home run total, as he has been a top player in the league since 2004, and pitchers have been adjusting to his tendencies every year. Meanwhile, Target Field has been playing like a large shopping mall - but it does not explain Mauer's low road home run total, or the fact that he has yet to hit any homers at home.

Expect a middle ground to emerge between the home run binge Mauer showed last season and the drought he's experienced in 2010.

*This article was published as a Bloomberg Sports blog post on 6/16/10. In the following paragraphs written at the end of the 2010 season, the author looks back on his analysis.*

In retrospect, what I find amazing about these Bloomberg posts is their predictive power. As I quantitatively investigated Joe Mauer's lackluster 2010 power performance, I asserted that his power numbers would not return to that of the 2009 level. Mauer finished the 2010 season with only nine homeruns after hitting twenty-eight the year before.

The implications of these tools are also important in helping baseball teams more acutely invest in players. Joe Mauer signed an enormous eight-year, \$184 million contract that begins in 2011. Had the Twins identified the trends from this article at an earlier point, they may have refrained from paying out this large sum.

This article pinpoints the need for teams to invest in "baseball intelligence", AKA sabermetric analytics. Currently, the thirty Major League teams are at different stages of utilizing this information, some hardly using it at all. Others have the statistics but do not know how to properly integrate them into their organizational framework. Only a few teams have their own sophisticated models of baseball analytics. I think it is clear that the predictive power teams reap from using sabermetric analytics is immense, and that all teams can benefit from such.

*Blog link:*

<http://bloombergsports.mlblogs.com/2010/06/16/joe-mauer-and-his-power-outage/>

# Television Blackouts in the NFL

## A progressive plan for the future

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For a die-hard sports fan, watching his or her favorite team in the comforts of home can be considered more of a ritual than a luxury. Cable and satellite broadcasts of games are viewed by a multitude of Americans, whether it's huddling around the television on a Sunday with your buddies to catch the NFL games or plopping down in bed to watch the Monday Night game after a tiring day of work. Although the widespread, high-quality television broadcasts are enjoyable viewing mediums for many, individuals such as team owners and league officials fear that fans' actions are seriously hurting ticket sales. The response to this problem has been enforcing television "blackouts" within local markets, where the game will not be shown if a determined ticket sales quota is not met. Taking this action is surely drastic, but is it truly an effective way to combat fan attendance that has been deemed insufficient?

The NFL is the league where fans are hit the hardest by this phenomenon. With only an 8 game regular season home schedule for each team, teams strive to sell out each game. Yet accomplishing this goal has proven to be far more difficult than the NFL imagined, especially for teams that haven't had much success in the near past. Generally defined, a television blackout refers to a situation in which a game cannot be televised in a certain media market. Broadcasters within 75 miles of the stadium are only permitted to broadcast home games if they are sold out 72 hours in advance. Commonly, extensions are given on a 24-hour basis, and multiple extensions are not uncommon prior to making the final decision whether or not to air the game.<sup>1</sup> The decision on whether or not to give an extension lies with the league office, and during this period teams are given the option to buy back tickets at one-third of their face value in order to lift a blackout, if desired.<sup>2</sup> It is clear that the repercus-

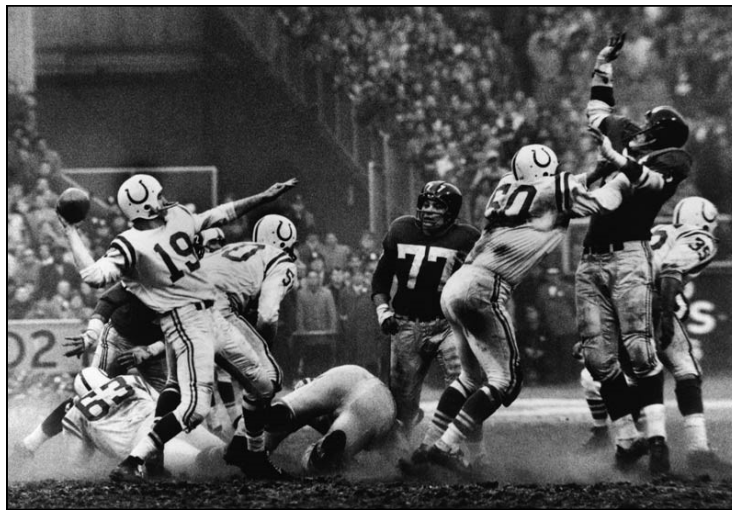
sions of the NFL's use of blackouts are felt most by the league's most dedicated fans, as they may have to miss up to half a season of televised games if not enough tickets are sold.

Blackouts have been present in the NFL since its earliest stages. The 1963 Bears-Giants NFL Championship Game was "blacked out" in the entire city of Chicago as a measure to ensure maximum home ticket sales and stadium revenue. The only places that were able to air the game were small, private theaters which were granted rights to do so. In fact, the first seven Super Bowls were not widely available on television within 75 miles of the stadium. In the 1960's, this was not surprising at all as regular season home games for all teams were commonly blacked out. Hotels just outside the

continued until 1973, when the current extension policy began and immensely helped ticket sales.

In the 2009 season, there were a total of 22 blackouts throughout the regular season, with lowly teams Jacksonville and Oakland receiving a whopping seven local blackouts each. But do not think that the fans of less talented teams are the only ones who should be concerned; 2009 playoff teams including Arizona, Cincinnati, and San Diego are worried that lower ticket sales for this current season may leave their fans devoid of the pleasure of watching games from home. Even though the Chargers sold out every home game in 2009, there were several close calls where extensions were given in hope that more tickets would be purchased as a game drew closer.<sup>4</sup> Although the NFL's

blackout policy is designed to eventually increase revenue, it is difficult to believe that this will be the natural occurrence. This is mainly due to the ease of access to games broadcasted over the internet; simply by conducting an internet search a fan will be able to find multiple internet broadcasts of his or her favorite team with little difficulty. This may be hurting the cause of disgruntled



*Blackouts in the NFL are hardly a recent phenomena. For example, the 1958 NFL Super Bowl between the Baltimore Colts and the New York Giants, often referred to as "The Greatest Game Ever Played", was blacked out in the New York Area.*

blackout area took advantage of this by promoting special day rates for those who wished to view the game at a comfortable location not too far from home.<sup>3</sup> Although almost unimaginable today, this

disgruntled television watchers more than anything else as the internet is such an accessible avenue for viewing. Because of this, it is clear that the NFL must take a different, more effective approach to this

problem or else it will continue to worsen.

Although the NFL may be determined to enforce their harsh blackout policy until it causes a change in fan behavior, I do not feel this will occur naturally as believed. The league must act accountably and take action if they wish to alter the current reality. So far, negative trends have been on the rise, and an end to this doesn't seem near. Previous history has shown that fans have not reacted well to blackouts; therefore we cannot assume they will do so in the future. Not only do blackouts strip dedicated fans of the privilege of following their favorite teams weekly, the message being sent is that money has completely taken over the game and is ultimately the decision factor. The main concept is that fans need an enticing reason that will persuade them to choose the stadium over their home theater.

At this point in time, it is fair to say that a plethora of fans feel slighted or even betrayed by their lifelong squad. The remedy to this situation is one that must be viewed as one that will realistically work in the long-term. Re-imposing blackout conditions after lifting them for a short while will lead to immensely larger problems than were present before. Fans will be even more discouraged, and a remedy would be near impossible. Therefore, we must make sure that when a possible solution is chosen it can be effective far into the future. A large obstacle is the fact that the quality of television coverage is increasing each and every year. Whether it is the ever-occurring inventions of clearer, sharper televisions, or better cameras that are able to offer a multitude of viewing angles, there seems to be little promise for a rapid solution to this problem. However we may approach this problem, the bottom line is that currently NFL franchises will likely not be satisfied unless they achieve the desired result of selling out each home game, putting sports enthusiasts in a difficult position.

My proposed solution is to increase efforts to target lower-income fans. Ticket prices for the NFL have increased in 2010 for 18 out of 32 teams in hopes of increasing revenue, compared to only 8 teams in 2009.<sup>5</sup> This is only compounding the current problem as increasing prices are further discouraging many fans from attending games. Perhaps, in sections of stadiums or arenas that are con-

stantly undersold, special promotions may be offered to entice those with less to spend. These may include an increased amount of group discounts or packaged deals where fans receive coupons or vouchers that can be used throughout the stadium. Seats that once were barren may now be filled, and surely more revenue will be produced than if these tickets

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**Not only do blackouts strip dedicated fans of the privilege of following their favorite teams weekly, they send the message that money drives decisions.**

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were not sold at all. It is clear that the NFL and its fans must work in conjunction in order to make progress; if both groups are able to make and comply with logical changes then I believe the blackout issue can be solved rather quickly. If the NFL makes the intelligent decision to make changes to its current policies, both parties will clearly benefit.

In addition, teams would have to minimize the "hidden costs" of going to a live contest which may deter fans such as: high concession stand prices, steep parking fees, seat comfort, and congested traffic flow leaving the stadium after the game. For example, a large pizza at the new Cowboys stadium costs \$60, and parking at the new Meadowlands is at least \$20; hardly affordable for the average fan.<sup>6</sup> Even if a ticket is purchased for only \$35-40, twice that may be easily spent at the end of the day. If miscellaneous fees are lowered to a point where their revenue produced is not greatly altered, fans will likely look at stadiums in a different light, and will be more likely to think of the stadium as a fan-friendly environment. These comfort costs may not be the critical deciding factor, but improving the fan experience may increase fan attendance and mitigate the situation.

This doesn't mean that the changes must be completely drastic; even if they are small in the beginning fans will be likely to notice that their favorite franchise is making a greater effort to please them. Other approaches may include increasing the amount of fan interaction with the players. Perhaps, teams could do things such as giving away memorabilia to random fans or encouraging organized chants throughout the stadium.

um. A good example of this are the "Terrible Towels" given out to each Pittsburgh Steelers fan upon entering the stadium, which contain the team colors and are waved back and forth in unity throughout the entire game.

Although it only seems fair that hometown fans be able to view their favorite team on basic television each week, the reality is that the NFL is a huge business that has minimum expectations. Ultimately, the fate of the situation may just lie with the actions of the fans, but the administrative figures within each franchise also have several critical options to consider. If things continue to stay the way they currently are, I expect a period of futility that could last for decades. It is clear that immediate, although not necessarily drastic, actions must be taken to make an effort to reverse current trends. After all, the fans are what enable professional sports to be as successful and prominent as they are today.

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# MLB Salary Arbitration

## Has it raised salaries to free agency levels?

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### Introduction

Article VI, Section F, subsection 1 of the Major League Baseball Collective Bargaining Agreement describes salary arbitration as the method to through which a third party neutral determines a player's contract. The process is considered final offer arbitration, meaning arbitrators will choose either the team's offer or the player's offer as a one year contract. As long as the player and team do not settle with a long term contract, the player will be eligible for salary arbitration every year until he reaches six years of Major League Service (MLS) and becomes a free agent. The salary arbitration process came about in 1973 as part of the collective bargaining agreement between Major League Baseball (MLB) and Major League Baseball Player's Association (MLBPA). Initially the owners voted 22-2 to approve the 1974 collective bargaining agreement (CBA) that was the first MLB agreement to include salary arbitration. They stated that giving up their stance and allowing salary arbitration would benefit everyone because it would help to pass the collective bargaining agreement, which was needed to end the labor dispute. The owners were hoping that allowing salary arbitration to be included in the basic agreement would allow them to avoid free agency in the future.

Unfortunately for the owners, free agency did come into existence, and a new question has arisen: Do arbitration-eligible players earn as much as free agents? If the answer is yes, then the MLS requirement for free-agency is essentially shortened to 3 years, shortening the amount of time that teams are able to employ players at below-market value. This paper attempts to answer this question through a regression comparing the difference between free-agent salaries and arbitration salaries, and performance.

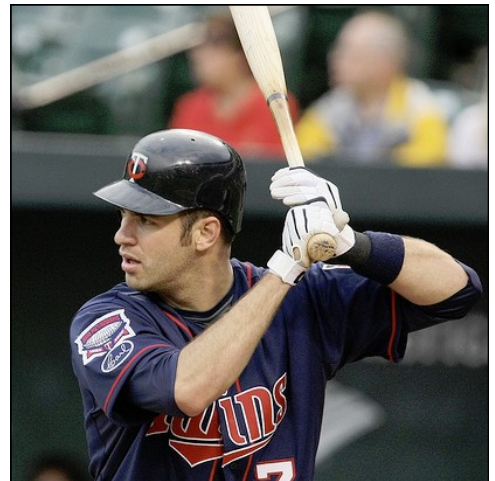
### Theory

The significant cost to teams during a prospect's development is the responsibility they have of both paying and training the players from the time they are signed until they are either traded or released. The high cost of training for multiple years coupled with the fact that the vast majority of players who sign contracts never make the majors, results in extremely high quasi-fixed costs, or costs associated with the number of players rather than the amount of playing time per player, for each team.

This type of training is considered general training. Ron Ehrenberg and Bob Smith, both Professors at Cornell's ILR School, state that "if employee mobility costs are not very great, employers will be deterred from investing in general training." However, that seems not to be the case with Major League Baseball teams. The mobility costs of changing teams are not very substantial for players due to provisions in the collective bargaining agreement that provides for moving expenses

The problem with investing in training for Major League Baseball players is that after six years playing at a Major League level, the players can take all of the training that helped them to improve their statistics and use it to assist in getting a higher salary on the free agent market. However, it should be clear that a team "would only do so if it believes that it can collect returns on that investment after training." Employers get these returns by keeping wages low after the training period.

Very few teams in the modern baseball era have players like Joe Mauer, who want to attempt to stay with the same baseball team throughout their entire career and are willing to take a pay cut by earning below market value in order to do so. In the majority of the cases, the teams only have the six years of MLS prior to



*Joe Mauer's eight-year, \$184 million contract keeps the star catcher in Minnesota through his arbitration—eligible years and at a cost that is likely below market value.*

free agency to attempt to recoup training costs for both the player who made it to the big leagues and for the many other players whose productivities never reached what the scouting department saw as their full potential. The regression analysis discussed below will attempt to see whether or not salary arbitration eligible players are paid the same amount of money for performance as free agents. This analysis will show if salary arbitration has effectively lowered the major league service requirement for free agency down to three years.

### Analysis

The best way to decide whether free agents are paid more than salary arbitration eligible players is to observe the effect that performance has on the salary of both groups of players. In order to determine this effect, this section will use data to see whether teams indeed have the full six years to recoup their training costs, by paying players with less than six years of MLS lower than their marginal revenue costs.



The first decision that had to be made in conducting this analysis was which types of players to analyze. Since the reasons teams hire players for different positions can vary widely, the regression in this section focuses on the corner positions. The corner positions include first base, third base, right field and left field. When scouting players for these positions, teams tend to focus much more on the players hitting ability than their fielding ability. All of the corner position players are expected to give the majority of the run support for the team.

Corner positions are the easiest positions to statistically evaluate. Most baseball data sites, including the MLB-owned PIA Plus, are limited in what they report for fielding statistics. Using hitting ability statistics, I was able to choose my variables much more carefully since I had a much larger, more in-depth selection of variables to pick from. All data is from the 2009 season.

Another decision that had to be made was which salary arbitration eligible players and free agents to include in the analysis based on whether or not they want to arbitration. When it came to salary arbitration eligible players, the analysis could either include the players who actually had their cases heard at arbitration or both the players who went to arbitration and the players who settled before the hearing. Since historically only a few cases ever reach the arbitration room (in 2009 only 3 cases made it) the data includes all of the settled arbitration cases as well. The teams who settled with their players before did so under the threat of arbitration, and therefore had to take that into account when bargaining with the player. The data used includes settled arbitration cases that are coded as if they went to arbitration. In total, 33 arbitration cases were used in the sample.

The other choice that had to be made was which group of free agents to include, based on MLS. The data in this paper focuses on free agents with six to ten years of MLS. The issue with choosing free agents using MLS criteria is that some players chose to sign multiyear contracts that spanned their last year(s) of salary arbitration into their first year(s) of free agency. Since these players had their contracts determined on the basis of both salary arbitration and free agency, they are not included. Therefore the free agents discussed in the rest of this paper will refer to any free agent with six to ten years of MLS who did not sign a multi-

year contract which spanned from their last years of salary arbitration up until at least 2009, when they were considered a free agent. The number of free agents who fit this criteria is 52.

One variable in the salary equation was the free agent dummy variable (FA). This variable assigns a value of 1 if the player is a free agent and a value of 0 if he is not, and was added to see if free agents get paid more, just because of the fact they are free agents. When holding performance (which will be quantified later) constant the salary of free agents is \$555,613 lower than the salary of arbitration eligible players. However, the regression analysis shows that the probability that this decrease in salary could be due to random sampling is 74.9%. A probability, or p value, under 5% is considered statistically significant. Since the p value is over this threshold the regression results found cannot be concluded to be statistically significant.

Another variable is based on performance of all players, on-base plus slugging (OPS) times at bats (AB). OPS measures both the ability of the player to get on base and the ability to hit for power. It is a good overall measure of a player's offensive ability. This paper uses the product of these two commonly used baseball statistics because if a player only has a few at bats his OPS can appear either extremely high or extremely low. Multiplying by AB accounts for this and reduces the chance of any major outliers. While holding all other variables constant, a player's salary increases by \$10,108 for each point of OPS times AB. The p-value of this variable was .5 percent making this result statistically significant.

The final variable in the salary equation was  $FA * OPS * AB$ . This variable shows how much above and beyond the \$10,108 free agents receive for each point of  $OPS * AB$ . This is an extremely important variable because it shows whether salary arbitration eligible players and free agents get paid the same amount if they perform comparably. The regression shows that free agents get an additional \$12,115 for each point of  $OPS * AB$ , with an R-Squared of 41.2%. The p-value for this result is 2.6%, which indicates that this is statistically significant.

Under this regression it appears that free agents are compensated more than double for their performance when compared to salary arbitration eligible players, but not for just being free agent

eligible. One of the possible reasons for this is that free agents have proven track records of performance, which means teams are willing to pay more for performance. The other possible reason, the one which seems to be likely according to the theory section, is that both arbitrators and teams realize that teams have a very limited time to try to make back the quasi-fixed costs on the few players who actually make it to the major leagues. Therefore salary arbitration eligible players are paid significantly less for their performance than free agents with the same statistics.

## Conclusion

The implication of this case study is that Major League Baseball teams follow most of the theory about quasi-fixed costs. Although they provide general training, despite the fact that the players do not have high mobility costs, teams choose to provide training because they believe they will recoup the costs by keeping the salary of players who make the team artificially low for the first 6 years. Teams provide training at a cost to them because they know that any players with less than 6 MLS, even salary arbitration eligible players, will allow them to make back some of their quasi-fixed costs. Major League Baseball teams appear to act much like other businesses when it comes to quasi-fixed costs.

*The author adapted this article from a paper she submitted for academic credit in a credit internship with the MLB Labor Relations department in spring 2010.*

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# The Commitment Behind Fan Loyalty

## “I bleed red”

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### Introduction

“I love the Red Sox as if they are my third parent... but they are the “fun” parent. Sometimes they punish you with a loss, sometimes they make you proud with a World Series win or two (2004&2007), but [regardless] the Red Sox are a huge part of my life” (Bridson 2008). The most loyal of fans will commit to a team through thick and thin, defending their players in losses and celebrating wildly when their team brings home a win. The question is, why? Why do people become fans? How do these fans become committed to a specific team? Why do some fans remain consistently loyal while others switch teams without reason? These questions pave the way towards understanding the motivations behind the formation and sustainment of sport fan commitment.

Individuals become fans for many reasons, with eustress (positive arousal), group affiliation, and geography as key motivators and prerequisites for strong fan commitment. Affective fan commitment is generated through the recurrent action of participating in a shared activity, such as attending or watching games with fellow fans, which unifies fans into a cohesive social unit. This social aspect of viewing revolves around the fact that the team is a sacred object. As the action is repeated over time, individuals form both identities and social norms that govern their actions and interactions with other fans. This leads to the creation of strong, person-to-group affective ties to their fellow fans as a collective, resulting in a stable social order based on fan commitment.

Randall Collins has studied rituals and their impact on social orders while Lawler et al. have evaluated how shared activity and emotional attribution exert influence on social commitments. These well-developed theories serve as a guide for understanding sport fan loyalty

and provide a step-by-step blueprint that allows us to classify fan allegiance as an affective commitment. The emotional commitment is felt as a person-to-group tie between an individual fan and his fellow fans as a whole, leading the fans to consider themselves a cohesive social unit. Classifying sport fan commitment is relevant as knowing the motivations behind an individual’s decision to

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### **Fanship is not just about individual emotions, hopes, and dreams; it is about sharing and relating one’s feelings to the group as a whole.**

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join and remain in an organization will allow leaders to manipulate these aspects in order attract additional members. Specifically in the sports sector, classification of fan loyalty will allow for improved marketing schemes for sport promotion.

### Theory

Collins’s theory of interaction ritual chains explains that there is a specific process containing causal connections and feedback loops that precedes group commitment. A ritual, according to Collins, is “the process in which participants develop a mutual focus of attention and become entrained in each other’s bodily micro-rhythms and emotions” (2004). This process has four initiating conditions: physical group assembly, barriers to outsiders, a common focus of attention, and a shared mood (Collins 2004). These four ingredients are crucial prerequisites for instigating commitment and as the ritual continues these elements will reinforce each other. Collins notes that, “As the persons become more tightly focused on their common activity, more

aware of what each other is doing and feeling, and more aware of each other’s awareness, they experience their shared emotion more intensely, as it comes to dominate their awareness” (2004). Members unconsciously follow non-verbal cues of their contemporaries – clapping, participating in established cheers, etc. – perpetuating the activity and creating a shared group culture.

At the conclusion of a ritual, group solidarity or a feeling of membership should be evident. An increase in emotional energy, denoted by feelings of elation, enthusiasm, and initiative in taking part, signal that the interaction was successful. The attention given to a communal “sacred object” is also a sign of group commitment, where a “sacred object” is any object that members associate with themselves collectively. Finally, at the conclusion of a successful ritual there is a feeling of moral rightness in adhering to the group’s culture and committing to fellow members (Collins 2004). Because this theory depends on the importance of a sacred object and communal focus generated through bodily presence, it can be directly correlated with sport fan commitment where the team is the “sacred object” around which the social unit of fans communally gathers.

Lawler et al.’s theory of social commitment overlaps with Collins’s theory in many respects while differing on others. Six main assumptions explain the motivations behind group commitment and rely upon the general observation that “people are affective beings who respond emotionally to their experiences in relationships, groups, or organizations” especially if a task is high in jointness (Lawler et al. 2008 ):

1. Social activities are interactive, joint activities
2. Interactions generate positive and negative feelings
3. Feelings are individually interpreted

- as rewards or punishment
4. People prefer to experience positive feelings or rewards.
  5. Individuals strive to understand the cause of their emotions.
  6. Emotions are contextually interpreted and attributed to other people or the group.

Additionally, when group tasks are indistinguishable from one another and there is a perception of shared responsibility, group members are more likely to attribute emotions to the group. (Lawler et al. 2008). “Simply put, the common theme here is that people become more socially and affectively committed to groups... within which they repeatedly or regularly experience positive emotions... [and] attribute these emotions to the social unit” (Lawler et al. 2008).

### Defining Sport Fans and Fanship

Where a fan is “an athlete removed, and athlete in spirit, if not in fact... [who] can enjoy the pleasures of victory, the sorrow of defeat, the tension of the climactic moment. ... [and] share intense feelings with strangers who understand” (Jones, 2003), fanship is, “an affiliation in which a great deal of emotional significance and value are derived from group membership” developed via the joint activity of social viewing (Jacobson 2003). Lawler et al’s theory stated that social commitment will occur as individuals attribute emotions to the organization, thus fans become committed as they share both the excitement and sorrow with their fellow fans.

For example, Red Sox fans are notoriously passionate about their fanship. They feel each win or loss personally and are extremely vocal about their opinions following the game. Andrew Bridson, a 19- year-old fan from Hanover, Massachusetts, recalls the sorrow after the Sox lost in 2003: “Of course, Aaron Boone’s walk-off homerun in 2003 was devastating. I can’t even describe how depressing the next day was in school. Nobody talked, and everyone just went through the motions. My French teacher cried” (Bridson 2008). However, nothing matched their joy when the Red Sox clinched a World Series title in 2004. Bridson recalls, “When we won in ’04, it was such a great feeling. We finally did it. Finally won, and especially the way we did it, when we came back from 0-3 in the series to the Yankees, who put up



*Red Sox fans (shown here celebrating the team’s 2004 World Series title) fulfill Collin’s six assumptions behind group commitment.*

twenty-plus runs in game three, and to have those miraculous comebacks was insane. It was one of the happiest moments of my life” (2008). It is important to note that, as a fan, Andrew expresses his emotions as a collective “we.” Fanship is not just about individual emotions, hopes, and dreams; it is about sharing and relating one’s feelings to the group as a whole.

An individual cannot be considered a full-fledged fan without invoking and sustaining some form of social commitment. This social commitment to fellow fans is molded by participating in a common activity, sharing a common focus, and attributing and expressing a wide scope of emotions during the sporting event. This recurrent interaction leads to the creation of group norms and social identities, both of which enable the emergence of a strong social commitment (Lawler et al. 2008).

### Motivations for Becoming a Fan

Daniel Wann et al. identifies eight motivational typologies:- escape, economic, eustress (positive arousal), self-esteem, group affiliation, entertainment, family, and aesthetics wherein eustress and group affiliation were found to be prevailing factors in the consumption of non-stylistic, aggressive team sports such as baseball, basketball, and football (2008). Melinda Jones’s research concurred, showing that the most common motivator for becoming a fan was family

affiliation, a type of group affiliation (2003). In contrast, other studies noted that geographical location, not group affiliation, was at the heart of fan devotion and that most fans identify with a team because they live or have lived in the area (Jacobson 2003). Each motivating factor juxtaposes with the social commitment framework presented by Collins and Lawler et al., and we see how intense fanship is promoted and sustained by repeated interactions with both family and friends who share a common love for their team.

Wann et al’s research suggests that many fans are excited by the nature of violent sports, thus experiencing eustress. They gain stimulation from yelling at the players and conversing during play, increasing their entertainment and emotional happiness (Wann et al. 2008). In addition, team sports are associated with many social activities such as tailgating and sport viewing parties. “Under such conditions, group norms may be established and even cherished, leading these fans of these sports to view the group-nature of the event as an important motivational factor” (Wann et al. 2008). When fans are cheering together, their eustress is attributed to the interaction of their fellow fans and person-to-person ties begin to form between fan members. To be clear though, this person-to-person tie is made to the fellow fan only inasmuch as the fan is a member of the larger entity of fans, and as such the tie would be better categorized as a person-to-group tie to



*Football fans may be attracted to the sport's violent nature, as well as tailgating and viewing parties.*

the collective fan following. Sport viewing is seen as a joint activity in which fellow fans can relate to one another and share their views on the game at the moment they occur, which highlights the necessity of bodily presence.

Group affiliation as a byproduct of social viewing is an integral aspect of sport fan culture as well. Jacobson notes in her research that there is a desire to be with other people and experience a sense of belonging while watching games (2003). Although fans are precluded from approaching team members after a victory or defeat, individuals engage their fellow viewers by vocally sharing emotions and participating in bodily contact such as

hugging and hand-slapping (Collins 2004). This bodily presence is important for sustaining team commitment. There also is a common culture present among fans that makes it more appealing to share game experiences. Looking back at our original example, when asked if it enhanced the game to watch with fellow fans Bridson replied, "Personally, I enjoy watching the games with other Sox fans. Last year when the Red Sox were playing Cleveland in the ALCS, I watched the first couple games in the Mews Hall lounge. There were four Sox fans: me, Jordan, Pat, and Julia. There were also two Cleveland fans and two anti-Sox fans. The Red Sox people were all in Sox

gear [and] we bought all red food. However, we hated watching the game with those awful Cleveland fans that didn't even have anything Indians at all. So, we had private, Red Sox-only parties in my room and watched it without those posers. It was much better" (2008). Having a common respect and understanding for one's team helps fans connect, strengthening their commitment.

In addition to sharing one's fandom with friends, fans often pass on their love for a specific team and fan unit down through generations. Family motivation is another type of group affiliation that is often the initial socializing factor for younger fans. Children are introduced to certain teams when parents or grandparents sit down to watch a game. In addition, many families take children to games in order to share their love of the sport or a specific team. There is the idea that parents can bond with their children through the shared love of a specific team. Most researchers noted that female children begin watching sports in an effort to relate to male relatives including fathers, uncles, grandfathers, and brothers (Jacobson 2003).

Fans can also be initially motivated by geographical factors. Many people are drawn to local teams because of the convenience factor; they have access to games and events. Researchers have also suggested that "residents invest themselves in favor of their local athletic teams, partly because those teams are exponents of the community to which they feel themselves somehow bound... [a local team is] a means by which that community becomes conscious of itself and achieves concrete representation" (Jones 2003). Becoming a fan of a local team helps a fan achieve a sense of belonging in the community, or rather helps a fan create an identity that projects one's love of a specific team to one's fellow fans. This identity signals how that fan wants to be interacted with, and as community members interact through participating at games and other fan events their commitment to each other and the team will increase.

These motivating factors themselves are not responsible for fan commitment; however they provide the initial interest that binds together fans of all ages. As fans associate with one another and share in the experiences of the game setting, these initial factors take the backseat to strong affective team commitment. Bridson notes that, "certainly, if I

did not grow up in Boston and my parents weren't fans, there is nothing else that ties me really to the team--but I am not a fan simply because I live in Boston and my parents are fans" (2008). Instead Bridson is a fan because of the sheer number of fellow fans in the New England area. He reveals that, "Of the very many things that set people apart in Massachusetts, the Red Sox are something that brings everyone together. Your friends talk about it, your parents talk about it, your teachers talk about it, you turn on the radio (and not just sports talk, but regular music stations too) and they talk about the Sox. The Boston news media is enamored with the Red Sox" (2008). Collins's theory tells us that it is this common focus and the communication regarding this focus that helps cement sport fan commitment. The fans relay a "common mood" that emanates from their emotional reaction to the team's actions. When all of the fans share this "common mood" there is an increase feeling of group solidarity.

### Formation of Social Identities

This interaction of shared emotion with family and friends leads to the creation of both social identities and norms, both of which act as vehicles for fan commitment. It is important to understand that individuals may have many different identities and people will act in accord with whatever identity meets the given situation. Often individuals will seek out situations in which they can interact with the identity they are most committed to. These identities "enable people to reliably anticipate each other's behavior, thereby underlying or strengthening normative and trust expectations" (Lawler et al. 2008). As people form behavioral expectations and norms based upon their peers' identities, they will begin to categorize their fellow individuals into in-groups and out-groups based upon similarity. "An important implication is that if two or more people perceive themselves as a group, they act in a goal-oriented way without interacting with each other and without collective goals" (Lawler et al. 2008). This explains why sport fans can act as a unit and have strong commitments to their fellow fans without actually knowing each and every fan personally.

Identification is strongly correlated to commitment intensity as well. A sport setting breaks down individuality which "increases the salience of one's

social identities resulting in a conformity to group norms" allowing a person-to-group tie to form with fellow fans and increasing the commitment one feels to both the team and fellow fans (End 2002). Fans that boast high levels of identification will exhibit high intensity and vice versa. Each win or loss will be felt personally. An individual with lower identification is able to "cut off reflected failure" by publically distancing oneself

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### "If life equals fun and fun equals the Red Sox, then in my book the Red Sox equal life."

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from one's team and fellow fans; however, high identifying sport fans are unable to cut off reflected failure and may be forced to use alternate methods for coping with social identity threat (End 2002).

This high level of identification also helps explain why some fans may switch teams frequently, while others remain loyal even after years of losses. Red Sox fans in particular are known for their high levels of identification and commitment. In our example, Bridson demonstrates this intense social identity and commitment stating, "There is always this tendency to 'believe'... that eventually the Red Sox would do it. It's very different with the Red Sox than the Bruins, Celtics, and to a lesser extent the Patriots. When those teams lose or have a string of bad seasons, they lose some support. The Red Sox don't. People still watch the games and still pay \$90 to park in order to go see them play" (2008). Because Red Sox fans have extremely salient social identities and high levels of intensity they are able to maintain a strong commitment between fans even during their team's dry spells.

### Results: Affective Commitment and Social Order

Social identities provide fans with a reason and a mode for communicating with their fellow fans, and as fans interact with each other they begin to develop a relationship. Their choice to remain a fan through both good times and bad times is based on affective ties between these fans, referred to as social commitment. Social commitments in-

volve a tie based on sentiment and normative beliefs about the group as a whole (Lawler et al. 2008). Because of the social aspect of sport viewing, "sport fans from the start are encouraged to display emotions, approbation, and partisanship in an open and free-playing manner" (Kennedy, 2001). This freedom to express emotions and negotiate relationships with other unknown fans creates an arena in which fans participate "because they want to." The instrumental gains are few; unless fans engage in gambling there is no other reason to participate other than the fun and enjoyment of being present with friends and family and sharing a favored pastime. As a fan, Bridson sums it up by saying that, "The Red Sox are the embodiment of fun. You never know what to expect; when Pedro will be taped to the dugout, when Nomar will stop his crazy routine, or what Kevin Millar will say next. The best way to describe it... is really that it is just a "fun" thing to do" (2008). There is no transactional benefit for a sport fan; they are committed simply because they love being with their fellow fans.

Most individuals see sport fan commitment as a bond between the fan and his or her team; however, this research has shown that the fans alone make up the social unit, not the fans and the team. Collins' and Lawler et al.'s theories have demonstrated that affective commitments form when participants engage in a shared activity that revolves around a "sacred object" and attribute their emotions to the group as a whole. In a sport setting, the participants are the fans. They go to games together, or at the very least watch games via television with family and friends, to celebrate the team's wins and mourn the team's losses. They treat the players and team simply as a sacred object, symbolic of their social identity. As they recognize this feeling of membership, they begin to share emotional connections; they collectively feel happy when their team wins and unanimously despair when their team loses. All of these elements culminate in the recognition of an established social order where members are individual fans connected through affective social ties. At no point is there a tie or commitment made to the team or individual players. Fans almost never have the option of personally interacting with players. Teams are simply seen as a vehicle for uniting fans into a collective body.



The NBA store website is one outlet that may seek to capitalize on fan's desire to affirm their team commitments through physical merchandise.

### Business and Marketing Implications

Though an understanding of sport fan commitment is applicable across many different sectors, it is most useful in allowing "sport marketers to tailor their promotional methods and marketing strategies to the [prevailing] motivations [behind sport fan commitment]" (Wann et al. 2008). Research shows that fans need positive, concurrent interaction to form identities and strengthen commitment. Using the knowledge that group affiliation is a crucial motivator, sport marketers can "look at promoting activities and/or events that facilitate enhanced opportunities to interact and bond with other fans, such as "tailgating" activities, team rallies, or other interaction opportunities" (Wann et al. 2008). In addition, we saw that a sacred object was extremely important in cementing and communicating fan identities. In our example, we saw how important Red Sox gear was to Bridson in affirming his identity as a fan and his disdain of Indians fans that had no symbols to represent their affiliation. Knowing this will help sport gear manufacturers estimate the style and amount of sport merchandise to produce and the season and location in which to sell it.

Last, but not least, Collins communicated the importance of bodily presence in sustaining group commitment. This information will allow stadiums to

create advertisements reminding fans of the importance and the excitement of participating in games with other fans, resulting in increased business and profits. Television stations can also use bodily presence to their advantage. Television relies on "fans-in-presence to create the necessary environment for TV fans-in-absence" (Kennedy 2001). By filming the fans at the games in addition to the players they authenticate the "aliveness" of the game for those fans watching from home, allowing them to feel like they are there (Kennedy 2001).

These marketing schemes are able to use elements of fan commitment to increase their profitability and, as a byproduct, enhance fan commitment as well.

### Conclusion

Fan commitment can be hard to understand initially; yet, after breaking this loyalty down, we can relate it to affective social commitments that occur every day and see why fans are so attracted to the world of sports. Fans enter this unique culture in which they are free to express emotions, negotiate relationships with other fans, and create and maintain social identities that are completely different than the identities assumed during everyday life. Geography, eustress, and group affiliation attract people to sporting events where fans develop identities and norms through repeated interaction in a shared activity. They learn how to read each other's body language and interact on a common level. As their lives become intertwined they begin attributing emotions, both positive and negative, to their collective group of fellow fans. During each of these steps, fans become more and more committed to their fellow viewers and as their commitment grows it becomes a way of life. As one final example, Bridson sums up his feelings on being a Red Sox fan saying, "If life equals fun and fun equals the Red Sox, then in my book the Red Sox equal life" (2008). Such is the case with many fans, and understanding this process will help us understand more about commitment and society in general.

The author adapted this article from a paper she submitted for academic credit in ILROB 2225: Commitments to Groups and Organizations in fall 2008.

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# The Dodgers Move West

## A history of negotiating franchise relocation

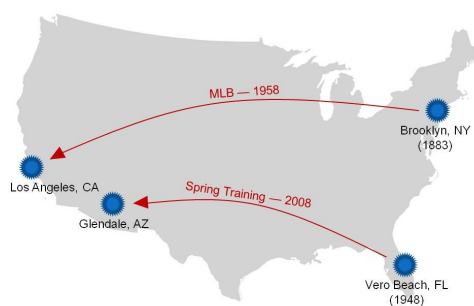
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Any Cleveland Browns, Montreal Expos, Hartford Whalers, or Seattle SuperSonics fan knows the loss of seeing their team relocate. The Dodgers are a particularly interesting story, as they were the *first* MLB organization to move west and the *last* MLB organization to move spring training west. From Brooklyn to Los Angeles in 1958 and then Vero Beach, Florida to Glendale, Arizona in 2008, negotiations played a determinant role for the Dodgers organization. This article focuses on these two negotiations, providing insight into the process by which moves happened then and now.

The first move west to LA was marked by personal emotions, while the second move west to Glendale was a more formal negotiation bounded by monetary reasoning. Furthermore, this second move took place 50 years later, among vastly smaller cities, involving different club and city officials, and concerning fundamentally different functions (permanent residence versus spring training). Still, both relocations required simultaneous negotiations between two cities (the city the organization was leaving and the city they were transitioning to), extending two analytical perspectives: a city-government perspective and a team perspective. These dynamics provide practical examples of negotiating theory including, how parties establish and evaluate a best alternative to a negotiated agreement (BATNA), how emotions and economics influence the negotiating power structure, and the intricacies of intra-organizational processes.

### The Brooklyn Dodgers

In the 1950's the United States was going through a transformation. Economic growth occurred throughout the nation, especially in the South and the West. These factors placed pressure on city officials and the sports industry to



move major league sports past the Mississippi River (Euchner, 1993). In this context, the Brooklyn Dodgers found themselves at an important crossroads: the team had won their first World Series in 1955, but was witnessing a decline in popularity and support.

Ebbets Field, home of the Dodgers, was relatively small, run-down and attendance at home games was dwindling. The field had only seven hundred parking spots for 32,000 seats (Ardolino, 2008). The stadium was also surrounded by development, so there was no room to add seats or parking spots. Compounding these problems, the Dodgers' fan base was largely moving out of the city and into the suburbs of Long Island; fans in the suburbs found themselves unable to attend games due to the inaccessibility of Ebbets Field (Kahn, 1972). Ticket sales were leveling off, and even in their 1955 World Series championship season, fans filled an average of only half the stadium's capacity (Sullivan, 1987). Furthermore, the team's "Boys of Summer" stars were nearing retirement and the management predicted that revenue would decline as the team lost its top talent and had to re-build (Sullivan, 1987).

In hindsight, these issues foreshadow the Dodger's exit from Brooklyn in 1958, as a round of emotional and tedious negotiations failed to keep the team in its native city. The two main actors were Dodgers' owner Walter O'Malley

and New York City planner Robert Moses. Historians and sports fans argue whether it was O'Malley or Moses who ultimately was to blame for the eventual departure of the Dodgers, but it is clear that neither of them paid much attention to the emotional connection of the Dodgers to Brooklyn (Greenburg, 2009).

### City Perspective: Moses Takes on O'Malley

Team owner Walter O'Malley knew that in order to remain a financially viable business, the Dodgers would need to build a new stadium. O'Malley envisioned a geodesic dome stadium to be built at Atlantic and Flatbush Avenues in Brooklyn, but was met with fierce resistance by city planner Robert Moses. Moses served as the head of twelve New York City planning agencies and was thought to be the most powerful man in the city when it came to urban development (Ardolino, 2008). Moses insisted that the stadium be built in Flushing Meadows, Queens, and refused to entertain O'Malley's plans. Both men became locked into their positions, rather than taking a problem-solving approach to bargaining. (Lewicki, Barry, & Saunders, 2010, p. 166). These negative feelings only grew as the two parties continued negotiations, communicating through written letters:

It is obviously your thought that we can somehow go out and condemn property for a new Dodger field just where you want...this is absolutely out of the question...a matter of common sense (R. Moses, personal communication, October 20, 1953).

As suggested by this letter Moses wrote directly to O'Malley, the emotional aspect of the negotiations made conflict personal. Moses was focused on his grand plans to re-shape New York. He was determined to build a new ballpark in Queens and did not care if it was inaccessible to the Brooklyn Dodgers fan base (Greenburg, 2009). O'Malley was looking for the best possible deal for his team. Moses was assuming O'Malley was dependent on him to get a new stadium, thereby overestimating his own power in the negotiation process (Bacharach & Lawler, 1986). According to author Michael Shapiro, "had Moses been agreeable, the world would have never been turned on its head and the Dodgers would not have left" (Shapiro, 2003).

O'Malley eventually tried to circumvent Moses and arrange a deal to build a ballpark on his selected site anyways, but Moses was able to use his bureaucratic authority to thwart O'Malley (Greenburg, 2009). The failed negotiations led to a deep seated hatred between O'Malley and Moses, and O'Malley eventually began to pursue options outside of New York City. Both for financial reasons and to avoid Moses' influence, O'Malley would eventually re-evaluate his alternatives (or BATNA) and focus his resources on moving the organization to a more favorable city (Fisher & Ury, 1991).

### **Team Perspective: O'Malley Looks West**

O'Malley and the Dodgers received solicitation from Los Angeles, which viewed the recent relocations of other MLB teams to developing cities as an opportunity to land their own franchise. During the early 1950's two failing baseball franchises, the Boston Braves and the Philadelphia Athletics, moved further into the center of the country to Milwaukee and Kansas City, respectively (Euchner, 1993). With similar aspirations, other West Coast cities were vying to be the first city to attract an MLB franchise. Some officials had hoped that they would be able to convert a Triple-A team into a Major League team. The National

and American league officials, however, did not feel that any of the Triple-A teams were strong enough to carry a Major League title (Sullivan, 1987).

By 1956, most West Coast officials had given up on the idea of converting a Triple-A team—so their alternatives were limited. Los Angeles Councilman Kenneth Hahn and Mayor Norris Poulson were intent on beating out West Coast competitors for the first franchise. Initially, Hahn approached the owner of the Washington Senators, Calvin Griffith. The Senators were experiencing dwindling public support and were searching for a new home. However, when Hahn heard the Dodgers were considering a move, he changed his mind and approached Walter O'Malley (Johnson & Stout, 2004).

Originally, O'Malley resisted meeting with Hahn, but following Hahn's unexpected attendance at the 1956 World Series, O'Malley agreed to meet with him. According to Hahn, O'Malley showed great enthusiasm towards a move to LA during their meeting. Over the next few months, O'Malley convinced LA officials that they would not need to financially support him as they would with other teams. All O'Malley wanted was for the city to provide the land and he would finance and construct the stadium (Johnson & Stout, 2004).

While LA wanted to be the first West Coast city to host a Major League Baseball team for political and development reasons, there were economic restraints. During the city's initial discussion with O'Malley, Poulson commissioned a review of a plot of land, known as the Chavez Ravine (Sullivan, 1987). The Chavez Ravine was owned by the city and, for years, officials had been entrenched in a political debate regarding its future (Euchner, 1993).

When the city found that the plot of land was physically sound for a sports arena, many saw it as a perfect spot for a Major League Baseball stadium (Sullivan, 1987). To build a stadium, however, it was estimated that Mayor Poulson would need to set aside at least \$2 million from his budget in the next year. In addition, extra funds would need to be taken out in bonds, which would

need to be approved by the electorate. Thus, when O'Malley announced he was willing to fund his own stadium, the officials involved were ecstatic—a complicated negotiation was avoided (Sullivan, 1987).

While O'Malley appeared enthusiastic to the LA officials, he still publicly stated he would not move the Dodgers out of Brooklyn. He was afraid that if the team or fans were to find out about the pending move, it would harm the 1957 season (Johnson & Stout, 2004). O'Malley's reluctance to publicize his negotiations signaled to LA officials that he was not as committed to the move as he appeared to be. Ironically, this gave O'Malley more power and LA became more and more accommodating as negotiations continued (Johnson & Stout, 2004). In New York City, however, O'Malley's negotiating power was dwindling.

In New York, O'Malley was not receiving favorable responses from city officials. One reason other New York officials were indifferent towards O'Malley's mounting struggle with Moses was due to the fact that very few took his threat to relocate seriously. The belief that the Dodgers would never leave, combined with the fact that O'Malley had kept his discussions with LA secret, greatly weakened O'Malley's negotiating power in NY. As Euchner (1993) states:

City officials were so confident that the Dodgers would stay in Brooklyn that they were not aggressive in their negotiations... the city's disbelief of the Dodgers' threat to 'exit' reduced the impact of the team's 'voice' in lobbying the city (p.18).

Therefore, when O'Malley finally did decide to exercise his BATNA and move the Dodgers to Los Angeles after the 1957 season, New York officials as well as Brooklyn fans were shocked. Los Angeles delivered what Moses refused to: free land (at the Chavez Ravine) and the autonomy to design a stadium without government meddling. Ultimately, O'Malley valued the move to a stadium of his own design in LA and control over all its revenue streams more than he did the aging Ebbets field or proposed Flush-

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**Moses was assuming O'Malley was dependent on him to get a new stadium, thereby overestimating his own power in the negotiations process.**

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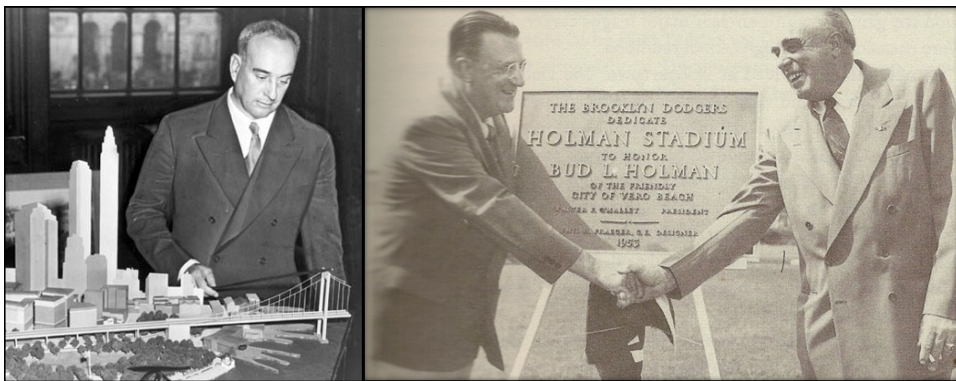
ing Meadows plot in Queens. Among Brooklyn fans, O'Malley became a villainous figure whose name was held in contempt with the likes of Hitler and Stalin (Ardolino, 2008). The Dodgers would go on to bring numerous pennants home to Los Angeles, while Ebbets field was demolished and replaced with a low-income housing apartment building.

### From Vero Beach to Glendale

The Dodgers relocation to Los Angeles would carry implications for another aspect of the franchise, another city, another loyal fan base, and another round of negotiations. Vero Beach is a small town on the central east coast of Florida. With a population of 3,600 after WWII, the town was originally known for its citrus products, its Naval Air Station built for the war, and holding the county seat of Indian River County. Bud Holman was a local businessman who had turned the air station into an airfield—two thousand acres, sixty miles of streets, four runways, and hundreds of buildings—which was then leased back to him by the city (Johnson, 2008).

The Brooklyn Dodgers had pre-season training in twelve different towns and cities throughout the South and Caribbean, but in 1947 General Manager Branch Rickey was looking to establish a “baseball college atmosphere” that would be the first of its kind to bring together all of his minor and major leaguers. Bud Holman knew little about baseball, but he heard through mutual friends that the Dodgers were looking for a permanent training home. At Holman's invite, Branch Rickey toured the abandoned air station and saw potential in its open fields and barracks. Driven by the strong personalities of Holman and Rickey, both sides “quietly” reached an agreement that would not be announced to the press until eleven months later (Johnson, 2008). The team pledged to upgrade the buildings, fields, and facilities necessary in exchange for a one dollar per year lease plus a donation of one exhibition game gate receipts to the city's airport fund (Johnson, 2008).

This original agreement laid the foundations for future negotiations. In 1953, the Dodgers built Holman field (named in honor of Bud Holman) for \$100,000 and agreed with the city to a twenty-year lease with a twenty-year option (Johnson, 2008). The team would



*Dodgers owner Walter O'Malley had a contentious relationship with New York city planner Robert Moses (left), but reached agreement with businessmen Bud Holman (right) to hold spring training in the “friendly” city of Vero Beach, Florida.*

still pay a dollar per year and would have to upgrade their own facilities in exchange for a minimum number of exhibition games and gate receipts from one. When the Dodgers' big-league team moved to LA in 1958, many questioned whether Florida was the logical spring-training location for a West Coast franchise. Uncertainty grew in 1960 when the FAA investigated the city's original lease to Holman and subsequent lease to the Dodgers. This turned into a four-year legal and political dispute that was finally solved when the Dodgers bought all 110 acres of Dodgertown from the city for \$134,000 (Johnson, 2008).

The O'Malley family sold the team to FOX Corporation in 1997, and Arizona cities and Las Vegas immediately began to make offers to host spring training. In 2000, the Vero Beach City Council and Indian River County Commission kept the Dodgers in town by buying the land and facilities for \$19 million and leasing it back to the team for twenty years at a dollar per year. However, the FOX Corporation sold the team to Frank McCourt in 2003, and in 2007 he broke the contract to move the Dodgers to Glendale, Arizona and a \$76 million facility (Johnson, 2008).

### Team Perspective: The 20-Year Lease

Since the very beginning of Dodgertown, team executives have questioned the value of the facility. Branch Rickey was the camp's main architect and proponent, but Walter O'Malley—who originally had the same ownership percentage as Rickey—was in charge of finances and continuously asked if the expenses were worth it. Dodgertown chronicler Rody Johnson writes, “Rickey was spending \$250,000 a year on Dodgertown

[upgrades, much more than any other team]. And because the Dodgers missed the World Series in 1950, O'Malley felt it cost the club a million dollars” (Johnson, 2008, p. 33). O'Malley bought out Rickey's ownership share in 1950, and the new General Manager, Buzzie Bavasi, “convinced O'Malley that Dodgertown was worth it, that extensive instruction got players to the majors faster, and that they could be showcased at the camp and sold to other teams” (Johnson, 2008, p. 36). Buzzie Bavasi recalls that O'Malley told him to “sell enough ball players each year to pay for the operation of Dodgertown” (Bavasi, 1987, p. 39).

During the FAA dispute in the early 1960s, rumors that the Dodgers lease was being cancelled led Dodger publicist Red Patterson to state that “already cities in Florida, California, Nevada, and Arizona were offering training sites to the Dodgers” (Johnson, 2008). Johnson writes that during this time, O'Malley told the city council that:

The Dodgers spent \$3 million in developing Dodgertown and received in return only \$122,000 from exhibition games during their fourteen years in Vero. Other teams paid rent, but they didn't have to pay to build facilities (Johnson, 2008).

As a point of comparison, Fort Lauderdale had recently built a \$750,000 stadium for the Yankees, Clearwater provided a \$400,000 field for the Phillies, and Sarasota spent \$200,000 to improve their park to get the White Sox (Johnson, 2008). Despite this context, the deal that



Baseball fans and media described Dodgertown as the best spring training facility in the majors for its access to the players (note the open-air dugouts).

resolved the dispute called for the Dodgers to pay the city \$134,000 for the land. Clearly, the Dodgers valued the Dodgertown community they had created more than the money they could have received from potential alternatives.

But with the big-league team on the west coast, a spring training home in Florida no longer made as much sense for the Dodgers. In 1957, rumors first spread that “Dodgertown would be a ghost town within a year and that California would be the training base for the entire Dodger organization.” (Johnson, 2008, p. 63) Forty-two years later, Arizona officials asked LA fans if they “would rather fly across the country to a fifty-year old facility or take a one-hour flight to a new one?” (Johnson, 2008, p. 193) The team had to compare all of the Dodgers fans who could attend spring training in Arizona (but not Florida) against the old Brooklyn Dodgers fans in Florida (who were growing older).

In 1998, right after FOX bought the team, the Fort McDowell Yavapai-Apache Indian Reservation offered to build the Dodgers a \$20 million spring training facility (Johnson, 2008). Despite the change in ownership, many in the Dodgers organization did not want to leave Vero Beach; Dodger legend Tommy Lasorda met with Florida Governor Jeb Bush to ask for state money to remain in Vero Beach, and the *Vero Beach Press Journal* reported “a feeling existed among many in the Dodger organization

that they didn’t want to leave Vero” (Johnson, 2008, p. 192). Fort McDowell’s offer began to weaken as the estimated cost of the facility increased to \$50 million and an Arizona law, which was expected to fund the construction, failed to pass (Johnson, 2008). Johnson analyzes how this deteriorating BATNA affected the Dodgers’ negotiations with the city: “As the Dodgers’ negotiation leverage with Vero Beach began to weaken... one thing became certain; the Dodgers had no choice but to train in Vero another year” (Johnson, 2008, p. 193).

The next year, Las Vegas became the home of the Dodgers’ AAA team and provided the franchise with another spring training alternative. A rumor circulated that the Nevada city would offer the Dodgers a \$5 million bonus to relocate (Johnson, 2008). Dodgers President Bob Graziano inspected potential sites and said, “Our reaction is that it’s real... But we are not intent on leaving Vero Beach. We just have to compare alternatives” (Johnson, 2008, p. 199). Clearly, the Dodger’s attraction to Vero is only relative to the other options on the table. Vero Beach responded with a \$19 million buyout: \$10 million for the property, \$7 million for facility improvements, and a \$2 million capital reserve. This offer was slightly greater than the \$18 million that Kissimmee, Florida and Clearwater, Florida spent for the Astros and Phillies, respectively, but less than the combined \$48 million Surprise, Arizona spent for the Royals and Rangers

(Johnson, 2008).

When Boston developer Frank McCourt bought the team in 2003, Dodgertown’s days became numbered. The cities of Glendale and Goodyear, Arizona, made offers, and in November 2007 the team signed an MOA to move spring training to Glendale for the 2009 season. The Dodgers would share a \$76 million facility with the White Sox, \$50 million of which would come from the Arizona Sports and Tourist Authority (Johnson, 2008). Later it became known that Glendale gave the Dodgers the option to buy 30 acres of downtown land as an investment, at current market value (Johnson, 2008). Frank McCourt had in fact initiated this discussion himself; he could do this because Glendale had already committed to having both teams. McCourt would later say, “This is not an economic decision. This is a fan convenience decision,” yet in the end the Dodgers moved because both of these interests were aligned (Johnson, 2008, p. 247).

#### City Perspective: Vero Loses Its Grip

Dodgertown originated from mutual convenience; the Dodgers found their perfect practice facility, while the town needed to find a use for the airfield and sought the big-league team’s publicity. As the Dodgers’ needs changed and they received more and more attractive offers from more fan-friendly cities, the city couldn’t simply offer dollar-a-year leases anymore. Now that local government was pressured to produce a competitive offer, how did the town, county, and state evaluate the economic and emotional value of the Dodgers to all of its citizens?

Since their arrival, the Dodgers were intertwined with the small town of Vero Beach. The *Press Journal* said the five thousand fans who watched the first game in 1948 were the “largest crowd ever to assemble for any event in this city,” and the day was “probably the biggest day in the history of Vero Beach” (Johnson, 2008, p. 18). Overall, the newspaper praised Dodgertown for bringing “publicity worth thousands of dollars” (Johnson, 2008, p. 22). As examples of the Dodgers’ connection to the town, the Dodger’s Dodgertown director relocated his family to Vero Beach because he “liked the friendship of the local people,” shortstop Pee Wee Reese joined the local country club, and pitcher

Preacher Roe fished with local businessmen and even won the Indian River County fishing tournament.

One story from 1951 shows the direct economic impact of the team. Unfortunately, the mayor of Vero had expressed to the Dodgers concern about “the growing number of blacks on the team” and “worry about our young women.” In response, General Manager Buzzie Bavasi sent his traveling secretary to Miami to get \$20,000 exchanged into two-dollar bills, which the O’Malley and Bavasi families stamped Dodgers logos onto throughout the night. That weekend, O’Malley closed the Dodgertown cafeteria, gave the players the bills, and told them to eat out in the community. As the story goes, the mayor called Bavasi Monday morning and said, “I get your point” (Johnson, 2008, pp. 37-8). In this minor conflict between the city and team, the Dodger’s economic value to this small Florida town could speak for itself.

Community leaders formed the “Keep Our Dodgers Committee” in 1998 in response to the Fort McDowell bid (Johnson, 2008). The group oversaw an economic estimate that placed the value of the team to the community at \$30 million, considering the weak local economy and the double-digit unemployment in the off-season (Johnson, 2008). This value was \$5 million greater than the estimated value of the Mets to nearby Port St. Lucie, and \$10 million greater than a *Press Journal* assessment the same year. The *Press Journal* broke down the estimate: \$1.5 million Dodgers’ payroll for 275 full-time and 200 seasonal employees, \$317,000 annual property tax, \$300,000 annual purchases from local businesses, \$70,000 annual local charitable donations (including \$20,000 to Dodgertown Elementary School), and all of the remaining tourism dollars from fans (Johnson, 2008). Bud Holman’s son, Bump, said that by having the Dodgers, “the time table for the development of the area has been advanced by at least 20 years,” compared to neighboring towns (Johnson, 2008, p. 160). The committee estimated that during the 1994 players strike, when spring training was pushed back and shortened, “local merchants, hotels, and restaurants suffered” an estimated \$2 million loss (Johnson, 2008).

The Committee also focused on

the emotional connection of Dodgertown. Economic Development Director Milt Thomas remembered when his parents used to bowl with Dodgers outfielder Wally Moon, and said, “The Dodgers are part of our culture. It would be like taking the Metropolitan Museum out of New York... The Dodgers are as much a part of Vero Beach as the Ocean” (Johnson, 2008, p. 188). One *Press-Journal* editorial compared the Dodgers-Vero relationship to a “love affair,” and its breakup like “leaving your spouse after fifty years” (Johnson, 2008, p. 177).

Despite these strong feelings, the town’s sentiment was not unanimous. The intra-organizational bargaining process of the city was one of the strongest factors in determining whether the Dodgers would stay. Businessman and long-time activist Frank Zorc opposed the county’s \$19 million bid MOU, saying “the very idea of a community [providing] financial support for a private sports business is an abomina-

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### **Both Vero Beach and the many cities that desired the Dodgers attempted to quantify the potential impact of the team on their cities and offer economic incentives accordingly.**

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tion” (Johnson, 2008, p. 201). Zorc himself ran for county commission, objecting to the bid process where local officials left no time for discussion or voter approval (Johnson, 2008). A mere ninety votes out of sixteen thousand cast separated Zorc from the incumbent, who supported the purchase of Dodgertown, by (Johnson, 2008). Many were surprised at the close result, as this county commission election was essentially the bid referendum that had never taken place. Despite the narrow margin and lack of alignment, the incumbent commissioner went ahead with the offer.

How was the \$19 million bid value determined? Indian River County Administrator Jim Chandler said that the Las Vegas bonus would have no impact on the county’s position, and that the county had “no intention of getting into a bidding war” (Johnson, 2008, p. 199). Yet his offer was in the same range as other recent city and team agreements. Experts point out the importance of using readily “available” information as anchors in negotiation, and the recent \$18 and \$24

million (per team) agreements seemed to have resonated as comparables in the official’s minds (Bazerman & Neale, 1992). \$10.5 million came from a tourist and sales tax bond, \$7.1 million came from federal legislation, and \$1.4 million emptied out the City of Vero Beach reserve fund (Johnson, 2008). It would have been difficult for the city to offer any more, but the total was very comparable to other Dodgers’ offers and other team agreements. Despite all the economic studies and emotional accounts, it appears as if the county’s offer was simply the most they could afford to offer.

By the time the Dodgers did move, the economic and emotional connection appeared to have faded. *Los Angeles Daily News* writer Tony Jackson wrote that only the Red Sox games sold out anymore and that, “the bond between the Dodgers and the city clearly isn’t what it used to be” (Johnson, 2008, p. 242). The looming threats to vacate may have worn down some spirits, as well as changing demographics. *Scripps Howard* sports columnist Ray McNulty wrote that Vero Beach was “no longer a mostly seasonal, otherwise-obscure small town dominated by hard-core Dodger fans” (Johnson, 2008, p. 242). Having already offered as much as they reasonably could and in the midst of waning citizen activism, Vero Beach had no choice but to watch the Dodgers leave Dodgertown.

### **Conclusion: Bottom of the Ninth**

The two rounds of negotiations encompassing the Dodgers’ westward movement illustrate principles of negotiations that are relevant for all sports franchises.

The negotiations between Walter O’Malley and Robert Moses offer insight into the implications of emotion in negotiation and its corresponding effect on the negotiating power structure and process. The negotiations surrounding the move from Brooklyn to Los Angeles best approximated a two-party negotiation between O’Malley and Moses. While other parties had a vested interest, the negotiations themselves revolved around these two primary actors. Individual emotion played a large role in these negotiations as both parties resented each oth-

er and each man had a vastly different assessment of their bargaining power. Further, O'Malley's secrecy in his negotiations with LA only bolstered New York officials' confidence that the Dodgers would remain in Brooklyn. This aspect of the negotiations further clouded the distribution of power, as a BATNA only provides leverage to one party when the other is aware of the alternative (Lewicki et al, 2010). The economics of the 1950s may also have played a role in framing the negotiations toward a more personal, relationship-based model as observed in New York.

The story of the Vero Beach negotiations compares the changing dynamics between a sports team and its city by the end of the 20<sup>th</sup> century. The original Vero deal, just like the LA deal, showed how much the team valued land and freedom to develop it however they pleased. Yet, the Dodgers ended up leaving Vero primarily because of the money directly and indirectly offered to them. While the original Vero negotiation was also initially orchestrated by two dominant personalities (Holman and Rickey), the later rounds involved many actors who all had different interests. In this multi-party framework, the emotional and economic connection between the team and city became much more important than any one individual's opinions or beliefs. This negotiation process was also much more drawn-out and visible; cites knew what offers were being traded around and Vero Beach recognized the possibility of the team's departure. Given the openness of these negotiations, BATNAs played a significant role in es-

tablishing the value of the Dodger organization to both parties. Much more attention was paid to the economic value of having a spring training camp located in a city. Both Vero Beach and the many cities that desired the Dodgers attempted to quantify the potential impact of the team on their cities and offer economic incentives accordingly. Though the Dodgers arrival in Vero Beach was linked to personal relationships and a qualitative assessment of the area, their departure was marked by larger economic forces.

*The authors adapted this article from a paper they submitted for academic credit in ILRLR 6011: Negotiation — Theory & Practice in spring 2010.*

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p. 23—[http://c1.ac-images.myspacecdn.com/images02/12/l\\_3d35c83097624eb79e5352086a2c278c.jpg](http://c1.ac-images.myspacecdn.com/images02/12/l_3d35c83097624eb79e5352086a2c278c.jpg) • p. 23—<http://www.nfl-gambling-news.com/Pro-Bowl-2011/Stadiums/Stadiums/Buccaneers.jpg> • p. 24—<http://visionaryartistrymag.com/wp-content/uploads/2011/05/dc-shoes-rob-dyrdek-collection-2.jpg> • p. 26—<http://www.wbur.org/2010/01/15/b Bruins-sharks> • p. 27—<http://nucksiceman.com/can-the-vancouver-canucks-win-it-all-with-roberto-luongo> • p. 29—<http://mediagallery.usatoday.com/St Stanley%20Cup> • p. 29—<http://www.nhlsnipers.com/rod-brindamour-hangs-up-the-skates/> • p. 30—<http://assets.espn.go.com/i/espn/ESPN-30for30-236x157.jpg> • p. 30—[http://www.freeadsindiabiz.com/\\_mm/\\_d/\\_ext2/60640/big\\_Andres%20Escobar01.jpg](http://www.freeadsindiabiz.com/_mm/_d/_ext2/60640/big_Andres%20Escobar01.jpg) • p. 30—<http://www.gazette.net/images/PGSports/biassp060806a.jpg> • p. 30—<http://phinphanatic.com/files/2008/03/dolricky051.gif> • p. 30—[http://www.breadonthewaters.com/add/0428\\_topps\\_usfl\\_base\\_set\\_1985\\_clipart.jpg](http://www.breadonthewaters.com/add/0428_topps_usfl_base_set_1985_clipart.jpg) • p. 31—[http://media.nola.com/tv\\_impact/photo/9026436-large.jpg](http://media.nola.com/tv_impact/photo/9026436-large.jpg) • p. 31—[http://media.onsugar.com/files/2010/03/09/5/342/3425287/d842b34cb99940e8\\_Reggie\\_Miller.jpg](http://media.onsugar.com/files/2010/03/09/5/342/3425287/d842b34cb99940e8_Reggie_Miller.jpg) • p. 31—[http://cdn2.iofferphoto.com/img/item/112/807/995/g\\_CyUKRcioUI0SX2A.jpg](http://cdn2.iofferphoto.com/img/item/112/807/995/g_CyUKRcioUI0SX2A.jpg) • p. 32—[http://1.bp.blogspot.com/\\_XJseqd2u50/S9d7j5EOw/AAAAAAAG6Y/uHDhH36T5ME/s1600/05-88\\_ea\\_jm\\_football-748841.gif](http://1.bp.blogspot.com/_XJseqd2u50/S9d7j5EOw/AAAAAAAG6Y/uHDhH36T5ME/s1600/05-88_ea_jm_football-748841.gif) • p. 32—<http://sportsmedia.ign.com/sports/image/article/721/721198/madden-qb-cone-comparison-20060726053500113-000.jpg> • p. 33—<http://static-l3.blogcritics.org/09/09/14/113461/ichiro.jpg> • p. 36—[http://cdn.bleacherreport.net/images\\_root/slides/photos/000/499/296/1\\_display\\_image.jpg?1289509536](http://cdn.bleacherreport.net/images_root/slides/photos/000/499/296/1_display_image.jpg?1289509536) • p. 38—<http://www.roguesbaseballindex.com/wp-content/uploads/2010/01/Joe-Mauer.png> • p. 41—[http://assets.nydailynews.com/img/2010/08/06/alg\\_red\\_soc\\_fans.jpg](http://assets.nydailynews.com/img/2010/08/06/alg_red_soc_fans.jpg) • p. 42—<http://patsblog.projo.com/jackson.jpg> • p. 44—<http://store.nba.com/home/index.jsp> • p. 47—[http://upload.wikimedia.org/wikipedia/commons/thumb/a/ab/Robert\\_Moses\\_with\\_Battery\\_Bridge\\_model.jpg/220px-Robert\\_Moses\\_with\\_Battery\\_Bridge\\_model.jpg](http://upload.wikimedia.org/wikipedia/commons/thumb/a/ab/Robert_Moses_with_Battery_Bridge_model.jpg/220px-Robert_Moses_with_Battery_Bridge_model.jpg) • p. 51-57—<http://www.flickr.com/photos/sportssymposium/sets/72157625481002265/>

The **ILRSMC** attends the



*Twenty-eight ILR Sports Management Club and Cornell students drove to Princeton University for the fifth annual Ivy Sports Symposium on Friday, November 19. Hosted by the Ivy Sports Collaborative and the Princeton Sports Business Club, the symposium brought together 69 speakers from the sports industry in an intimate and educational setting. Following are panel recaps, pictures, and commentary from the event.*

**INCLUDING:**

- Keynote Roundtable (p. 52)
- Lunch Panel Presentations (p. 53)
- College Athletics (p. 54)
- Marketing Agencies (p. 54)
- Global Soccer (p. 56)

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**AND MORE**

## Keynote Roundtable

**David Falk**, Founder & Chief Executive Officer, *Falk Associates Management Enterprises* (Moderator)

**Gary Bettman**, Commissioner, *National Hockey League* (Cornell '74)

**Peter Moore**, President, *EA SPORTS*

**Harvey Schiller**, Vice Chairman & President, *Odgers Berndtson*

The keynote roundtable featured some extremely experienced members of the sports industry who offered great insight into a number of issues that are important in today's sports environment. To the delight of the Cornell ILRies in attendance, Falk's first question was to ask Commissioner Bettman about the impending collective bargaining issues in professional sports. Bettman articulated his view that the best solution for a league must be long-term—he was wary of what he termed “band-aids” that would leave larger issues unaddressed. He also expressed a belief that the 2004-05 NHL lockout fundamentally changed the dynamics of collective bargaining negotia-

tions, because it proved that a league could shut down and come back not only as a viable business, but better than it was in its pre-lockout position. Peter Moore offered a perspective somewhat different from the other panelists by noting the oft overlooked fact that other businesses within the umbrella category of the “sports industry” are affected by a labor stoppage besides the leagues themselves. He observed that EA has to develop games about a year in advance of the season, meaning that a labor stoppage could potentially mean a loss of tens of millions of dollars. Because the NHL-NHLPA couldn't come to an agreement, EA Sports had to lay-off 200 employees from

its NHL franchise that year. They have committed to making *Madden 12* regardless of a lockout, but obviously no football would strongly affect their business. Moore's product also allowed him to speak from the fan's perspective, rhetorically asking how fans would react to the upcoming collective bargaining negotiations. Given the current economic climate, how would fans perceive multimillionaires fighting with billionaires over money?

The conversation then turned to revenue sharing, after David Falk pointed out that most athletes already have what amounts to revenue sharing in the max salary cap system. Moore argued quite convincingly that the most important aspect of sports is the need to generate competition, and that, in the end, revenue-sharing offered a disincentive towards spending the money to field a competitive team. To Moore, the concept seemed entirely “un-American”. However, Harvey Schiller countered that sports are unlike any other business and should therefore not be treated in the same way.

With the discussion leaning heavily on the labor relations aspect of the sports industry, Falk asked the panelists a wide-sweeping question around the issue: Did the NHL lockout work? Bettman chose to defer, as his opinion on the matter is clear. Moore used his experience with EA to make the claim that the NHL benefited greatly from having the most “connected” fan base in sports. He claimed that product research on EA's NHL video game shows that gamers are more likely to use the management mode to run their favorite franchise. Because of this rabid, engaged fan base, he claimed that the NHL (and his NHL video game franchise) was “much better off”. Schiller also offered his thoughts, saying that the franchises themselves are more streamlined and therefore, better off. See Mathew Mullery article on page 26 for a financial breakdown on this very question.

The conversation was then redirected towards the NCAA, likely because it has been such a popular point of discussion over the past year. Schiller declared that in ten years, there will be either a completely different NCAA or no NCAA, citing the changing economics as the reason for the institution's ineffectiveness. Though he believed the system is broken,

**“The purpose of collective bargaining is to make the game better.”**

*-David Falk*



*Falk, Bettman, Schiller and Moore spoke on a variety of current topics, including labor relations in professional sports.*

Schiller admitted he was unsure of who can fix it and how. Moore, worried that money takes over and destroys intercollegiate rivalries, noting that many schools have changed conferences recently in an attempt to improve revenues. Bettman offered that for sports executives, college is a system to develop talent. All seemed to agree that the NCAA had some major issues on its hands that need to be resolved soon.

Because the event took place with such proximity to the Cam Newton allegations, it was only natural that he, and the issue of college athletes being paid for their efforts, be discussed. Schiller said that if they were to be paid it would have to be under an entirely new system, and noted that schools are already

spending quite a bit on such costs as tuition and facilities. All agreed that the Newton case, and others like it, are a result of societal issues and issues with the system as a whole.

Overall, the Keynote Panel was a fantastic introduction to the day and set the stage for the rest of the symposium. It was an exciting year to attend due to all of the labor issues surfacing in the sports world. Though the panel was only able to touch on a handful of issues, it was completely riveting and surely entertained anyone who is interested in the issues currently being faced in the sports industry.

-Jake

## Lunch Panel Presentations

**Jason Belzer**, *President*, Global Athlete Management Enterprises, Inc.  
**Buffy Filippell**, *President*, TeamWork Online, LLC

*Attendees were invited to two lunch presentations designed to give advice for students looking to work in the sports industry:*

### Building Your Career: One Relationship at a Time

Jason Belzer emphasized constructing a network through personal relationships. His point was that even the small things count, and that people appreciate it when you help them. When building a network, you are looking to advance yourself professionally, but your relationships cannot be built if you expect some kind of help immediately. He advised to try to show how *you* can be useful, and hope that this will, in the long run, result in people wanting to return the favor. Extremely important in this was his recommendation to maintain contact with those in your network. Belzer also made the point that in order to be successful, you have to be aware of what is happening in your industry; for those interested in a career in sports, this means reading the *Sports Business Journal* regularly. Overall, Belzer's message was to build relationships by demonstrating your worth and maintain them, so that when you do need to ask for something, it won't be the first time you've contacted them since you first met.

### How To Stand Out from the Crowd

Buffy Filippell's presentation had a different job-seeking focus from Jason Belzer's, but was no less valuable. Filippell encouraged attendees to know what they ultimately want to do, but to also be somewhat flexible. She illustrated that if you are too specific in your job search you ultimately limit yourself to the point that you can't find anything. She emphasized the importance of a solid résumé, an engaging cover letter, and a convincing 30-second "elevator speech". All of these aspects of your job search should be tailored to the job you are looking for; even if you don't have any direct experience in the industry, show how the skills you've developed can translate and show your value by giving the tangible results you have produced. Just as a track and field athlete would describe his or her performance with actual times, try to quantify your impact in previous jobs. More broadly, Filippell encouraged listeners to be open to working in many different capacities. You should know where you are, where you want to be, and be on the lookout for creative ways to get yourself there. In sports, it is important that you be unusual and memorable if you want to stand out from the many people pursuing employment in the industry.

Afterwards, Buffy offered to critique resumes, which two Cornell students, Mateo Hernandez-Ysasi (CAL



Every attendee received the above SWAG.

'14) and Jennifer Baker (MBA '12), enthusiastically participated in. Mateo said Buffy's advice to look for broad career opportunities before narrowing down his focus after time and experience was most helpful. Jennifer recounted how one's resume must clearly tell the employer why you want to work for them and what you offer.

-Jake

### Who came?

Over 200 students and 150 professionals participated with the 69 speakers in attendance. Our Cornell contingent was also made up of Sports Marketing Group members, an organization we hope to have continued interactions with in the future. A breakdown of attendance by Ivy school:

28	Cornell
28	Penn
22	Princeton
19	Columbia
13	Brown
5	Dartmouth
4	Harvard

Other organizations in attendance include:

*The New York Times, Activ8Social, Comcast, Harlem Globetrotters, USTA, Goldman Sachs, IMG, Turnkey Sports & Entertainment, Madison Square Gardens, Populous, and StubHub.*



Panelists represented diverse backgrounds and professional experiences.

step back from the conversation for a moment to realize the years of experience and exposure each panelist had. Each came from a different background: a men's basketball coach, a WNBA player, an associate commissioner, leaders in the business of sports, and even walk-on athletes. The differing experiences and knowledge base made for a wide array of experiences to draw upon, and allowed the audience to get a feel for all angles of the collegiate athletics environment. Further discussion included the scrutiny that college athletes face, the monetary issues that most colleges currently face, the large gap between the top and bottom schools, and a debate regarding College Football Bowl games.

-Matt

## College Athletics

**Derek Eiler**, Senior Vice President & Managing Director, *The Collegiate Licensing Company* (Moderator)  
**Rick Boyages**, Associate Commissioner, *Men's Basketball Big Ten Conference*  
**Pat Cavanaugh**, Founder & Chief Executive Officer, *The Crons Brand*  
**Hugh Durham**, Former Men's Basketball Head Coach, *Florida State University* and *University of Georgia*  
**Michael Sheehey**, Senior Vice President, *Comcast Sports Group*  
**Candice Wiggins**, WNBA Player *Minnesota Lynx*

The Symposium's College Athletics panel opened by allowing the audience to gain a little perspective on the diverse set of experiences present amongst the panelists, each of whom had played or coached at the NCAA Division I level. Each panelist was invited to share their point-of-view regarding the evolution of the student athlete; the pressures today as compared to what they faced when they were in school. Rick Boyages, suggested that the biggest difference he's noticed is the intense media coverage

safe ways to commercialize college athletics. On the issue of money, Michael Sheehey argued, "money is money." He claimed it was better for student athletes to get paid legally than for it to continue to go on under-the-table. Former Men's Division I Basketball Head Coach Hugh Durham continued that thought, stating that athletes already get paid in the form of scholarships. WNBA star Candice Wiggins argued, "education for athletics is a fair trade," but wondered if the school had the right to take ownership of the

**"All the panelists were eager to talk with the students."**

-Robbie Cohen, *Cornell ILR '13*

surrounding the student athletes. The majority of the panel agreed, with Pat Cavanaugh adding, "there's more transparency now, which forces accountability on the players."

Discussion then moved to the issue of payment for student athletes, and

athlete for their entire career. Should her likeness be allowed to be displayed on Stanford's campus? Mr. Sheehey wondered if the athletes really had any power at all in any of the issues being discussed.

Although the discussion was engrossing, one couldn't help but take a

## Marketing Agencies

**Terry Lefton**, Editor-at-Large, *SportsBusiness Journal* and *SportsBusiness Daily* (Moderator)  
**Randy Bernstein**, President & Chief Executive Officer, *Premier Partnerships*  
**Brian Corcoran**, President, *Shamrock Sports Group*  
**Christopher Lencheski**, Chief Executive Officer, *Phoenicia Sport & Entertainment*  
**Michael Levine**, Co-Head, *CAA Sports* (Cornell '93)  
**Ben Sturner**, Founder & Chief Executive Officer, *Leverage Agency*

Marketing Agencies was one of the most interesting breakout sessions of the symposium. Many of the initial questions surrounded the role of marketing agencies in the wake of the economic collapse, culminating with questions about where these sports executives see growth in the business, and ultimately how one can break into the industry.

When the recession hit, every speaker echoed the same sentiment: the sports industry viewed the recession as an *opportunity*. Randy Bernstein stated that it forced marketing agencies to become more relevant and more accountable. Brian Corcoran, who launched Shamrock Sports Group this year (during the recession), said that he saw the recession as an opportunity to make an impact for sports that need it, including bullriding, Nascar, and arena football. When pressed about launching Shamrock during this time, Corcoran reiterated that he viewed it as a



### Cornell Alumni

The symposium was a great venue for connecting with Cornell alumni in the sports industry. Gary Bettman (ILR '74) and Michael Levine (A&S '93) were entertaining and informative in their respective panels, and took the time to speak with our group members. We also enjoyed talking with Mike Roberts (AEM '98) and Steve Cobb (A&S '05), both former varsity basketball players and entrepreneurs in the sports marketing and branding area. See back cover for a group picture with Levine (center) and Cobb (far left).

great opportunity and the perfect time to do it. Chris Lencheski summed it up best, proclaiming to those attending that, "While everyone else was looking to get out, the sports industry was looking at how they could adapt and succeed."

This economic situation led to a time of very difficult budgets. In order to continue selling at a high end, the speakers focused on two primary areas: differentiation and the value of relationships. Michael Levine, who worked with both the New Yankee Stadium deal and the Madison Square Garden renovation deal, stressed the importance of attempting to make the offer unique and creating value propositions for the buyer, differentiating it from everything else that is out there. He also mentioned that if you are able to get multiple buyers, it allows you

to drive the price. Randy Bernstein built off of this point, saying that once you get multiple buyers and sponsors, you can replicate it in other areas. He said that this is where you are able to build relationships, which, as Ben Sturner pointed out, is "what it's all about." Sturner, who worked with both the NLL and the AVP, also reiterated the differentiation point, saying that you have to be creative to be successful.

Despite the obvious hurdles presented by the recession, there is still room for growth in the industry. Chris Lencheski said that he feels like *most* people think the biggest growth opportunities lie in social media, but *he* feels like the major growth going into the future lies in mobile information. He consistently

**"Tiger's biggest mistake was ever getting married."**

*-Phil de Picciotto, President of Athletes & Personalities, Octagon (Penn JD '81)*

stressed what he saw as the three most important areas, "On the wall, in your lap, and on your phone," with the biggest areas for growth being on handheld media and technology. Randy Bernstein added that he feels like the growth lies in people breaking into the industry being diversified and finding ways to make themselves valuable. As he stated, "Sales will always be sales," so it comes down to the people and how they can find value in a constantly-changing industry.

Finally, the question that most of

the students in attendance were waiting for: how did you get your job? Brian Corcoran started off by offering the seemingly-paradoxical advice, "Don't mention your passion for sports if you want a job in sports." Instead, he stressed the importance of talking about your passion for business and how you can make money for the company you are speaking with. He finished by telling the audience to be students of sports *business*, not necessarily students of sports, and to use connections and plant seeds for opportunities. Ben Sturner focused on differentiating yourself and building on relationships. He suggested going on informational interviews, following up, and treating every job you get like it's the best thing ever. Chris Lencheski said that no matter what

your job, work to be the best at it and make yourself indispensable. He continued, saying that the first ninety days set the tone for your career, and that you have to make the best use of every opportunity you get. Finally, Randy Bernstein

drove this point home, saying that you have to outwork everyone else – be the first one in and the last one out.

The insights, opinions, and advice offered by each of these industry professionals was well-received and appreciated by all in attendance, and is sure to be the focal point of much discussion going into the new year.

*-Edward*



The day was filled with excellent opportunities for professionals and students alike to network with others who are interested in and involved with the sports industry.

## Global Soccer

**Simon Cummins**, Managing Director, *International Sports Practice, Odgers Berndtson Executive Search* (Moderator)

**Jim Brown**, Principal, *JBC International and Advisor, 2014 FIFA World Cup*

**Dan Cherry III**, Chief Marketing Officer, *The New York Cosmos* (Penn '00)

**Mary Harvey**, Former Chief Operating Officer, *Women's Professional Soccer* and Former Director of Development, *FIFA*

**Gary Hopkins**, President & Chief Executive Officer, *G7 Sports*

**Shawn Hunter**, Former President & Chief Executive Officer, *Club Deportivo Chivas USA*

**Begoña Sanz**, Deputy Sales & Marketing Managing Director, *Real Madrid Club de Fútbol*

**Russell Wolff**, Executive Vice President & Managing Director, *ESPN International* (Dartmouth '89, Dartmouth MBA '94)

The final session of the day included a panel on "Global Soccer", meant to discuss the future of soccer in America, in terms of both the men's and women's games and analyzing the past.

American soccer has developed at both the national team and the MLS, with the league's recent expansion of seven teams in the last six years. Dan Cherry, of the New York Cosmos, who could potentially join the MLS in the coming years, said that the MLS can continue to grow; however, this growth must be steady and stable. Steady and stable growth will keep the league from overextending its resources as the demographic of the MLS fan changes. The English Simons was bullish on "Americanizing soccer".

Wolff gave some input as to soccer on ESPN's foreign networks. The popular European leagues such as the English Premier League get the prime-time broadcast spots, but Wolff credited the MLS and its long term strategy. Wolff agreed with Cherry in that if the MLS did not keep its growth level sustainable there would inevitably be a drop off. Wolff's final point on the MLS was that there are very few players (David Beckham, Thierry Henry, Landon Donovan etc.) who have the superstar status that other professional athletes achieve and this has allowed for the focus to be on the field.

Having both the LA Galaxy and New York Red Bulls recently eliminated from the MLS Cup, Simmons then posed the question of whether the lack of stars in the tournament is bad for league development. The general consensus from the panel was that having the league's stars involved in the playoffs could have been better for the league, but it is far from a worry and will allow for other players to be in the spotlight for the time being.

Hopkins chose to instead look at the progression of the women's game in this country. In the early 1990s the team was dominant, but they got nothing in terms of equipment, accommodations etc. Now the level of talent is the same, but they receive the benefits that they deserve.

Harvey continued with the women's soccer discussion explaining that the hardest part of her career was trying to start Women's Professional Soccer league. Harvey feels that the market is there, however WPS will not develop easily. The current six team league could fail for same reasons that WUSA failed; financial and management issues, or it could be a young MLB or NFL. Harvey

explained that a lot of the development is on the shoulders of the team owners.

The panelists then discussed some of the differences between the MLS and the European soccer industry. For example, in Europe it is simply an open market and teams like Real Madrid and Barcelona must create their own capital to invest in players, who hopefully perform well and thus generate more interest and eventually pay dividends. If these players do not account for their transfer fee, their teams get into debt.

The topic then swung to recent developments regarding consumers. Wolff discussed the ESPN goals app for smartphones, which allows the user to watch every goal from whatever league they purchase. Wolff explained the functionality of this app saying that once you buy something, you want every aspect possible. Harvey added that the development of technology can potentially benefit the smaller leagues thanks to increased player exposure. She used the example of Ron Artest tweeting during halftime of a basketball game as something that can lead to increased fan interest. Cherry agreed that progressiveness can help generate interest, but also stressed the importance of tradition and heritage in soccer. Looking at the clubs overseas, the passion is incredible and shows that there can be growth in the states.

Continuing looking at the fans,



Cornell students engaged the panelists with questions throughout the symposium.

### The Ivy Sports Collaborative

The ISC is an umbrella organization of the ILRSMC and other sports business clubs at all Ivy universities. Dedicated towards educating students about the industry and facilitating career opportunities, the network offers a job board, newsletter, and advice and support for all member clubs. Learn more and sign-up for free at [ivysportsbusiness.com](http://ivysportsbusiness.com).

The network also played an integral role in planning the symposium and promoting it to member schools. Undergraduate executive board members from Brown, Cornell, Penn, and Princeton served on the planning committee by helping formulate panels, invite speakers, design the program, and all the responsibilities that go into making this event happen. Special thanks goes to network alumni co-chair and symposium founder and executive director Chris Chaney (Princeton '07) for his vision, leadership, and motivation in making the event as professional and rewarding as possible.

the panelists addressed the overall watching experience in the US versus overseas. The feeling was that, though there will be a bit of “Americanizing” the experience abroad, we will not be seeing anything drastic like the addition of media timeouts. The changes that will be made are more the modernizing of the stadiums. One example was Arsenal’s Emirates Stadium, which has more jumbotrons, and a better sound system than its predecessor, Highbury Stadium.

The panelists were then given the opportunity to present a final random but relevant thought. Wolff, looking to the fan and focused on the broadcast side said that the 2014 World Cup in Brazil is perfect for attracting fans on television because games will be on at watchable times whereas the past 4 world cups (France, Korea and Japan, Germany and South Africa) had games broadcast at very awkward hours in the US. Hunter stressed that it could be huge for US soccer if the 2018 or 2022 World Cup were in the US, but it is in no way disastrous if that is not the case. Brown touched on technology in soccer, saying that FIFA spent loads of money on the refs for the 2010 World Cup, but there were still errors. He said simply that is the human element of refereeing in soccer, which has been present since the game’s creation.

Harvey, Brown and Hopkins pointed out the growth of the women’s

**“The symposium reinforced the thought that I would want to someday enter the sports industry as a career.”**

*-Edward Christian, Cornell ILR '11*

game. Harvey stated that currently 1 in 10 soccer players worldwide are female, while this ratio for new soccer players is 1 in 5. Brown continued by explaining that for the 2003 and 2007 Women’s World Cup there was no competition for hosting, but there have been multiple bids to host the 2011 cup. Hopkins explained that women’s soccer in the US grew drastically thanks to the performances of the likes of Mia Hamm and Brandi Chastain and that the men’s game could see similar growth if the US were to host and do well in a World Cup.

Hopkins added that legalizing gambling might add to interest as everyday people with no team allegiance could have a vested interest. Hopkins explained that in the UK you can bet on anything from the score to the color of the keeper’s gloves. Sanz then countered by pointing out that Real Madrid is sometimes forced to play without their sponsor “Bwin” because of its association with gambling.

This panel provided many different vantage points on the game of soccer from Real Madrid, maybe the most storied club in the world, to members of FIFA, the

game’s governing body, and everywhere in between. Although the U.S. did not win the world cups, the respective members of the Global Soccer panel were still bullish on soccer in the US as the MLS grows and the national team keeps improving.

*-Ramzi*



*The Ivy Sports Symposium is awarded to a different member club and university each year. The University of Pennsylvania Undergraduate Sports Business Club will host the 2011 Symposium in Philadelphia next November. The ILRSMC and Cornell plan to submit a bid to host in the near future. Follow the event on twitter, facebook, and at [sportssymposium.org](http://sportssymposium.org) for updates. We hope you will join us at future symposiums.*

# Daniel Halem Interview

*Daniel Halem '88 is Major League Baseball's Senior Vice President and General Counsel, Labor. An ILR School alum, Halem graduated magna cum laude from Harvard Law School in 1991 before serving as a partner in the Labor and Employment Law Department at the New York law firm Proskauer Rose LLC. He was hired in September 2007 to replace Frank Coonelly, the current President of the Pittsburgh Pirates.*

*Daniel spoke with Gabe Gershenfeld '11 during the 2010 Baseball Winter Meetings and a subsequent phone call to discuss ILR, careers in the sports industry, and sports labor relations.*

*Where did your interest in law come from?*

I always had an idea that I might be interested in law school, but didn't decide until after my junior year at Cornell. I spent a semester at Cornell in Washington where I worked at the NLRB D.C. office, and then worked at the Department of Labor for that summer. At the NLRB, I had the opportunity to write opinions and do substantive work that I found interesting. That definitely solidified my decision to study law. My supervisor at the NLRB wrote my law school recommendation letter.

*Would you say you were interested in law before sports?*

Absolutely. I didn't even think about sports until I was at Proskauer. I think this is the better way for students to make decisions: specialize in a particular field or area before you decide to focus on a particular industry. I choose to pursue a career in labor law which eventually provided me the opportunity to transition into sports law. There is really no such thing as sports lawyers; rather there are corporate attorneys, labor attorneys, I.P attorneys, and antitrust attorneys who specialize in the sports industry.

*What aspects of ILR and your Cornell experience do you most remember?*

Professor Nick Salvatore—I found labor history very interesting, even though the subject isn't directly relevant to the work I do now. To this day, I remember reading about Eugene Debs and the Industrial Workers of the World. Classes in subjects that probably will not have any applicability to your career are valuable in giving you a broader perspective and I would urge students to learn about as many different areas as possible

in college. I do wish that I had taken a second language such as Spanish at Cornell, which is more important than students may realize for many careers. Coming from ILR, I went into law school with a strong background in labor law, but I didn't truly begin to understand what lawyers actually do until I began work as an associate at Proskauer.

*Could you give a brief introduction to the function of the MLB Labor Relations Department?*

The department is comprised of both lawyers and non-lawyers. The attorneys are responsible for negotiating the collective bargaining agreements with the MLB Players Association and World Umpires Association, handling grievances and disputes under the contracts, advising clubs on contract issue, administering the drug testing programs, and handling issues involving minor league and international players (e.g., Dominican Republic), among other things. Non-lawyers have business, economics, or statistical backgrounds, and provide advice to Clubs on player compensation issues, oversee the salary arbitration and Rule IV draft support programs, and provide quantitative analysis regarding the revenue sharing system, the competitive balance tax, and general industry economics.

*What would a typical day or week in-the-life look like for you?*

There is no typical routine, as there are always dozens of tasks and projects going simultaneously. A lot of my time is spent in meetings, on the phone, and traveling (including our time in Orlando for the winter meetings and owner meetings). Either Rob Manfred, me, or someone from our group speaks to representatives of the Players Association and WUA virtually every day.

Much of what we do is cyclical based on the baseball calendar. Salary arbitration takes up most of late January and February, much of March is spent in Florida or Arizona for Spring Training meetings, the Rule IV draft and grievance arbitrations occur during the season, and the off-season is consumed by the major industry meetings and planning for the next season.

*How do you compare the value of a JD, MBA, or masters in sports management in this industry?*

The sports industry is filled with both MBAs and attorneys, but the answer depends on your career interests. There are very few entry-level opportunities for attorneys in the sports field, so most attorneys pursuing a career in sports law will begin at a law firm. As a result, attorneys tend to enter the sports industry at a more senior level. I would never advise anyone to go to law school solely to pursue a career in sports. You should only go to law school if you want to be a lawyer whether you work for sports clients or investment banks, etc. An MBA is very useful for a person pursuing a business career in sports, and proficiency in statistics, quantitative analysis, and financial analysis are very important. A masters degree in sports management would not necessarily make you a more attractive candidate for the Labor Relations Department, but it may for other jobs in sports. We care much less about sports-specific degrees than about a demonstrated record of achievement in school and at work.

*Working in the game, do you consider yourself a "fan" of baseball?*

I am, and always have been, a baseball fan. I was fanatical baseball fan as a boy, and either watched or listened to virtually every game of a team that shall

now remain nameless. Now, I am honestly not a fan of any one team so much as a fan of the game. It can be hard to separate being an employee of MLB and being a baseball fan when you are very close to the business side of the game. I watch the emotional roller coaster that MLB general managers go through each season, and the pressure they face to put together a winning club. Sports can be a very tough business.

*What are the characteristics of successful employees in the labor relations department?*

All employees are extremely dedicated (underline “extremely”). They work all hours without complaint. We are always on call – 7 days a week at all hours. Whenever they are assigned a task, they don’t ask about the deadline, but rather assume it had to be done an hour ago. They are mature, understand confidentiality, and are very bright. There are millions of smart people in the world, but we look for individuals with good judgment and excellent interpersonal skills, in addition to being brilliant. I always say that you are only as good as the people who work for you.

*Baseball has seen work stoppages in 1972, '76, '80, '81, '85, '90, and '94-'95, but has had 16 years (and counting) of labor peace. What has made this possible and what will be the key to continued labor peace?*

On MLB’s end, credit goes to Commissioner Selig and Rob Manfred [MLB EVP of Labor Relations and HR, ILR ‘80] for establishing a more cooperative and productive relationship with the Players Association. They set the tone for the relationship. A lot of hard work was put in by both sides to improve the relationship well before I arrived in 2007.

Developing a better labor-management relationship is not easy, but requires much effort to build a level of trust on both sides. Trust is not established overnight, but develops over time, as the parties are able to work through difficult issue, after difficult issue. Hopefully, the more constructive labor relations foundation that Commissioner Selig and Rob Manfred built with the Players Association with continue to grow over time.

From my perspective, having only arrived three years ago, we com-

municate well with the Players Association. In fact, we talk about issues virtually every day. Of course, we have disagreements, and don’t always see eye to eye on some things, but our discourse is always civil and constructive.

*These characteristics sound like universal labor relations principles.*

Certainly. All successful labor – management relationships share similar characteristics such as open communication, respect, trust, and a desire to work out differences without suffering a work stoppage.

### *Office of the Commissioner* **MAJOR LEAGUE BASEBALL**



*Your current CBA expires December 2011. What issues do you expect to be most contentious issue(s) going forward? What will be mutual gains opportunities for both parties?*

Both sides have a joint interest in increasing baseball’s revenues and expanding the fan base. A bigger economic pie is better for everybody. [MLBPA Chief] Michael Weiner has been meeting with players to identify the crucial issues on the players’ side, just as we have been meeting with the owners and General Managers to establish our bargaining proposals. At this point, it is too early to say exactly what the critical issues will be on both sides.

However, we expect that the economic issues that have been the subject of our prior negotiations, namely revenue sharing and the competitive balance tax, again will be discussed. The system of amateur talent distribution through the Rule IV draft and international signings, and the post-season format, also likely will be topics of discussion.

*At Proskauer, you had the opportunity to also work with the NBA, WNBA, NHL, and New York Jets. How do MLB labor relations compare? Are there any factors that make baseball unique?*

Labor relations are one of those “animals” where each relationship is truly

unique and different. Some of the differences are based on personalities, and some are based on the history of the relationship. In addition, each of the major professional sports leagues have unique economic challenges and issues that affect their relationship with the players.

Baseball has a mature relationship with the Players Association that has developed over time, following decades of strained labor relations. We work hard to maintain a productive labor-management relationship which requires constant communication with the Players Association on issues, and a willingness on both sides to compromise. Both the Commissioner’s Office and the Players Association also try to avoid public rhetoric or criticism of each other, which can be destructive of a relationship.

*Do you think the NFL and NBA will play next year?*

I hope they do. I have no direct knowledge of their negotiations other than what I read in the media, but I hope they do not have work stoppages. Regardless of what is often reported in the media, leagues and players unions work very hard to avoid a work stoppage because the substantial economic damages that a work stoppage causes. I think it is way too early to predict whether there will be a work stoppage in either the NFL or NBA. There is still plenty of time for agreements to be reached, and I am sure that the negotiators on both sides will work extremely hard to the very end to reach an agreement.

*The year is 2020 and baseball labor relations are going fantastically well. What will this look like? What has to happen—or continue to happen now—to make that possible?*

The ideal labor-management relationship in sports is where the parties work together to increase the popularity of the game, and by extension, the total revenues of the industry. When the economic pie keeps growing, and there is a bigger pie to share, it is easier to find creative solutions to the distribution issues we constantly face. If in the next 10 years, we can work cooperatively with the players to increase the appeal of baseball, develop more stars, maintain competitive balance, and grow revenues in all markets, we should be in good shape.



*ILR Sports Management Club members with Michael Levine '93 (center), Co-head of CAA Sports, at the 2010 Ivy Sports Symposium. Twenty-eight Cornell students participated in this one day event at Princeton University that attracted 69 speakers and panelists (including NHL Commissioner Gary Bettman '74) in an intimate setting. Read Sports, Inc.'s coverage of the event, starting on page 51.*

**For more information on *Sports, Inc.* or the ILR Sports Management Club, please contact club co-presidents Gabe Gershenfeld at [gcg29@cornell.edu](mailto:gcg29@cornell.edu) or Jeff Lebow at [jhl96@cornell.edu](mailto:jhl96@cornell.edu).**