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Kenneth S. Anderson

G. Eddy Birrer

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# Creating a sustainable competitive advantage: A resource-based analysis of the Gonzaga University men's basketball program

Editor's Choice Award

Kenneth S. Anderson & G. Eddy Birrer

## ABSTRACT

*In recent years, the Resource-Based View (RBV) of firms has been applied to strategic management in the context of sport. Numerous studies have examined the relationship between human resource management and athletic performance, as well as success in sport sponsorship. Other studies employed the RBV in the context of professional sports franchises and a major NCAA athletic program. This paper builds on previous research by using the RBV to show how the effective management of a strategic resource has led to a sustained competitive advantage for the Gonzaga University men's basketball program. The key resource of the Gonzaga program is identified and evaluated in the context of the RBV, and the strategic decisions made to manage that resource and ultimately create a sustainable competitive advantage are discussed.*

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## KEYWORDS:

*Resource-based view of Organizations; Gonzaga men's basketball; strategic management; VRIO Framework; NCAA Men's Sweet Sixteen*

**Kenneth S. Anderson**, PhD, is the Associate Dean and professor of management in the School of Business Administration at Gonzaga University in Spokane, Wash.

**G. Eddy Birrer**, PhD, is a professor of accounting in the School of Business Administration at Gonzaga University in Spokane, Wash.

Strategic management literature has discussed the resourced-based view (RBV) of firms for nearly two decades. Starting with Barney (1991), researchers have sought to explain competitive advantages enjoyed by some firms in various industries. Such research has been expanded to explain success in athletics and related activities. Wright, Smart and McMahan (1995) used RBV to examine the relationship between strategic human resource management and organizational performance in the context of sport. In a 1997 study, Amis, Paint, and Slack applied RBV to an analysis of success in sport sponsorship. The competitive advantage enjoyed by the Pennsylvania State University (Penn State) football team was evaluated by Smart and Wolfe (2000) using the RBV. Other studies have employed RBV in the context of professional sports, e.g., Poppo and Weigelt (2000), and Smart and Wolfe (2003).

In the major college sports of men's basketball

and football, a mid-major program rarely rises to national prominence and can sustain that status (the term mid-major is often used by sports media in referring to programs outside the six most prominent major National Collegiate Athletic Association (NCAA) Division I athletic conferences: Atlantic Coast, Big East, Big Ten, Big Twelve, Pacific Ten, and Southeastern). Most members of mid-major conferences experience isolated success tied to a single season performance similar to that of a one-hit-wonder rock music band. Valparaiso University, for example, advanced to the Sweet Sixteen of the NCAA Division I post-season men's basketball tournament in 1998. They lost opening round games in their other six appearances, and have not been in the tournament since 2004 (Wikipedia, 2011). Similarly, George Mason University did not follow up on its

one-time appearance in the 2006 Final Four (semi-finals). However, mid-major universities whose athletic programs can sustain competitive success at the national level over an extended time period may enjoy a distinct competitive advantage. At the university level, such success may also translate into a higher profile image, resulting in greater financial support across the school. According to a newspaper report, Boise State University now offers “30 new (academic) scholarships, thanks in part to the success of the Broncos football team last season” (p. C1) following its win over Big Twelve Conference member University of Oklahoma in the 2007 Fiesta Bowl. The university sold over \$750,000 in insignia merchandise during the month prior to the Fiesta Bowl (The Spokesman-Review, 2007).

It can be hypothesized that an athletic program does not remain successful by chance, but rather as a product of good strategic management. The Gonzaga University men’s basketball program serves as a prime example of how effective management of a unique resource can lead to continued success. This paper builds on previous research by using the RBV to analyze how effective management of that resource has led to a sustained competitive advantage for the Gonzaga University men’s basketball program, despite the university’s membership in the mid-major West Coast Conference (WCC).

### **Emergence of Gonzaga Basketball onto the National Scene**

Gonzaga University made a dramatic appearance in the Elite Eight (quarter finals) in the March 1999 NCAA Division I men’s basketball tournament. Instead of disappearing from the national scene like many mid-majors, the team followed its initial success by advancing to the Sweet 16 the following two years--a feat matched at that

time only by powerhouse programs at Duke University and Michigan State University, which compete in major athletic conferences. This accomplishment attracted national attention, and the Gonzaga men’s basketball team has since become recognized as a nationally prominent program. Consequently, Gonzaga received invitations to several highly publicized and televised pre-season exhibition games and tournaments. The team’s 2009-10 nonconference schedule, for example, included eight nationally televised games on major networks (six games on ESPN or ESPN2, and two on CBS). Opponents included University of Colorado, University of Wisconsin, and University of Cincinnati at the prestigious Maui Invitational, Duke University in the Aeropostle Classic at Madison Square Garden in New York City, and Michigan State, University of Illinois, University of Oklahoma, and Wake Forest University. Gonzaga hosted the last two games at home, a rarity for a mid-major university. The 2010-11 nonconference schedule is equally strong, including four teams ranked among the top 20 in the USA Today (2010) pre-season college coaches poll, one now ranked in the top 10, and 13 games telecast on either ESPN or ESPN2.

The Gonzaga Men’s Basketball 2010-11 Media Guide (Gonzaga, 2010) provides additional evidence of the program’s growth in stature, including recognition in Associated Press Top-10 rankings in 2002, 2004, 2005, 2006, and 2009, plus qualification for the NCAA post-season tournament 11 consecutive years (p. 26). In addition, Gonzaga advanced to the Sweet Sixteen again in 2006 and 2009 and has won ten straight WCC championships. Gonzaga’s success has improved its ability to attract higher caliber athletes to its basketball program. According to the media guide, three players were drafted in the first round of the National Basketball Association (NBA) draft

since 2002 (the only first-round Gonzaga draftees since John Stockton in 1984), numerous other Gonzaga players were drafted by the NBA in the second round or by foreign teams, and seven players made the John R. Wooden Player of the Year list (pp. 30-33).

More importantly, the university has experienced a near doubling in enrollment concurrent with success of the basketball program, including twice as many out-of-state students (McCulloh, 2009). Furthermore, according to the university's accounting office, donations to Gonzaga's Bulldog (athletics) Club, rose from approximately \$60,000 in the year prior to Gonzaga's 1999 appearance in the Elite Eight to nearly \$1,000,000 just 10 years later (Kasman, 2008). This support has translated to a corresponding improvement in the overall quality of all the university's athletic programs and facilities.

As illustrated in Table 1, few mid-major basketball programs in recent years have come close to matching Gonzaga's sustained level of success, with the possible exceptions of Butler

University, Xavier University, and University of Memphis. For the last decade, media analysts and coaches alike publicly question the secrets behind Gonzaga's sustained success. Mark Few, Gonzaga's head men's basketball coach, said he was asked at one tournament "for the umpteenth time... by a local writer from an opposing school how Gonzaga has sustained success since bursting on (sic) the scene in 1999" (Meehan, 2007b). The head men's basketball coach at Davidson College stated "You find a lot of shooting stars out there. One-and-done kind of seasons... and then they fade into the sunset. Gonzaga has been there on a consistent basis. They have the imprimatur" (Blanchette, 2008). Patrick Chambers, Boston University's head men's basketball coach stated "We want to be Gonzaga of the Northeast. That's our vision" (Chambers, 2009). In strategic management terms, with quantitative and qualitative evidence aplenty, Gonzaga clearly enjoys a sustained competitive advantage in Division I basketball, despite its status as a mid-major program.

**Table 1**  
**Season Records & NCAA Division 1 Tournament Successes**  
**1998-2010**

Season	Gonzaga University	University of Memphis	Butler University	George Mason University	Davidson College	Xavier University
1998-1999	28-7**	13-15	22-10	19-11	16-11	25-11
1999-2000	26-9*	15-16	23-8	19-11	15-13	21-12
2000-2001	26-7*	21-15	24-8	18-12	15-17	21-8
2001-2002	29-4	27-9	26-6	19-10	21-10	26-6
2002-2003	24-9	23-7	27-6*	16-12	17-10	26-6
2003-2004	28-3	22-8	16-14	23-10	17-12	26-11**
2004-2005	26-5	22-16	13-15	16-13	23-9	17-12
2005-2006	24-4*	33-4**	20-13	27-8***	20-11	21-11
2006-2007	23-11	33-4**	29-7*	18-15	29-5	25-9
2007-2008	25-8	38-2***	30-4	23-11	29-7**	30-7**
2008-2009	27-5*	32-3*	26-6	22-11	27-7	25-7*
2009-2010	27-7	24-10	33-5***	17-15	16-15	26-9*

\*Sweet Sixteen Appearance    \*\* Elite Eight Appearance    \*\*\*Final Four Appearance

### Resource-Based View of Organizations: An Overview

One key to identifying the factors behind Gonzaga's success may lie in a well known set of concepts from the field of strategic management. The first important concept, competitive advantage, is the ability of one firm to outperform others (Dess, Lumpkin, and Eisner, 2010). There is a temporal dimension to competitive advantage. A competitive advantage may be temporary (such as possession of a physical resource another firm may later acquire or develop), while a sustainable competitive advantage can last indefinitely (Dess et al, 2010).

Creation of competitive advantage requires consideration of a second set of concepts. According to the RBV, organizational resources can create an organization's competitive advantage. Barney and Hesterly (2010) have written extensively in this area, arguing that resources are "the tangible and intangible assets that a firm controls that it can use to conceive of and implement its strategies" (p. 66). The RBV rests on two key assumptions: (1) resources vary across organizations, and (2) resources not currently possessed may not be easily developed or acquired by other organizations. As such, the control of key resources can lead to a firm's competitive advantage, allowing it to outperform other firms. More importantly, competitors may be in no position to challenge the focal organization due to the lack of similar resources (Barney and Hesterly, 2010).

The RBV facilitates better understanding of the competitive advantage via application of what Barney (1991) originally labeled the VRIO framework. He believes Value (V), Rareness (R), Imitability (I), and Organization (O) become keys to comprehending competitive advantage and, furthermore, can help in distinguishing why some advantages are temporary and others are sustainable. These

four elements or concepts are discussed in detail by Barney and Hesterly (2010) and are explored below.

Value refers to the importance of a resource relative to performance, i.e., a resource has value only if it contributes to a firm's competitiveness. According to Barney and Hesterly (2010), the essence of value can be found by responding to the following question: "Do resources and capabilities enable a firm to exploit an external opportunity or neutralize an external threat?" (p.69). Many organizations possess valuable resources, without which they could hardly compete well. However, the resource/value combination may very well be situation-specific; what may positively impact one organization's competitive position may have no impact on that of another. Finally, control of valuable resources in itself is a necessary, yet solely insufficient condition when creating and sustaining a competitive advantage.

While many organizations possess valuable resources, their abilities to control and use those resources vary. Rareness, the second concept in the VRIO framework, enhances an organization's ability to create a competitive advantage. Barney and Hesterly (2010) state this concept can be best understood by answering the following question: "How many competing firms already possess particular valuable resources and capabilities?" (p. 75). Rareness should not be considered solely in terms of an organization's ability to control the only resource of its type. Instead, it should be regarded in relative terms, i.e., the smaller the percentage of competitors who possess the resource, the more rare it becomes. Ability to control valuable yet relatively common resources such as physical assets likely will lead only to competitive parity. However, organizations controlling resources that are both valuable and rare can, at a minimum, gain temporary competitive advantages. If other competing organizations can acquire the

valuable resource(s), a third concept, Imitability, must be added to the VRIO framework to explain the competitive advantage afforded by the resource.

Regarding imitability, Barney and Hesterly (2010) ask: "Do firms without a resource or capability face a cost disadvantage in obtaining or developing it compared to the firms that already possess it?" (p. 76). Imitability lies at the boundary between temporary and sustainable competitive advantage. If a valuable and rare resource cannot be obtained or developed or substituted for by competitors, then the focal organization should enjoy a sustainable competitive advantage. In discussing reasons why a competitor may not be able to imitate a valuable and rare resource, Barney and Hesterly (2010) specifically mention the following as "sources of costly imitation": history (unique conditions have allowed the focal organization to possess the resource in the first place, and such conditions have now changed), ambiguity (competitors find it difficult to understand why the competitive advantage exists), complexity (it is difficult for the competition to develop certain intangible resources such as corporate culture), and patents (the competition is legally prevented from acquiring or developing the resource) (p. 78).

The final component of the VRIO framework is the concept of Organization. Barney and Hesterly (2010) ask: "Is the firm organized to exploit the full competitive potential of its resources and capabilities?" (p. 81). Organization refers to multiple organizational variables, including systems, structures and policies, which may be tangible or intangible. For example, organizational charts and staffing policies would be examples of tangible variables, while leadership and culture would be examples of intangible variables. Essentially, the entire firm must function in an effective, efficient manner to capitalize upon a valuable, rare, and not easily imitated resource. If the organization

functions in such a manner, Barney and Hesterly (2010) would argue a sustainable competitive advantage should result.

### The Gonzaga Resource

Accomplishments of the Gonzaga men's basketball program cited earlier provide evidence that the program enjoys a sustainable competitive advantage. According to the RBV, this advantage exists because the Gonzaga basketball program possesses a resource meeting the criteria outlined in the VRIO framework. Prior RBV studies pertaining to sport were designed to identify the key resource possessed by some organizations that has resulted in sustainable competitive advantage. Smart and Wolfe (2000), noted the decades-long tenure of head football coach Joe Paterno and continuity within his coaching staff when studying the perennially successful Penn State football program. They concluded that program's competitive advantage arose from the socially complex resources of "history, relationships, trust, and organizational culture...developed within the coaching staff" (p. 133). In the case of Gonzaga, head coach Dan Monson had been in place just one season before Gonzaga's 1999 Elite Eight success. He then accepted the head coach position at the University of Minnesota, in part because he thought Gonzaga would probably not enjoy sustained success (Blanchette, 2008). His assistant, Mark Few, became the next head coach and led the team to the Sweet Sixteen his first two years, hardly enough time to identify the coaching staff as the key resource. Although both Few and Monson had served as assistant coaches under their predecessor, they changed the style of play from controlled to up-tempo, and strove to schedule tougher pre-season opponents.

Some would argue Gonzaga's key resource from a VRIO perspective is its players: athletes who may not possess the athletic skill sets

found in players at elite major programs, but who over-achieve because of their team orientation, work ethic, and commitment to the program, coachability, and desire to prove themselves. In essence, such players compete with the proverbial chip on the shoulder; they are “hungry or driven” (Blanchette, 2008). Matt Santangelo referred to the 1999-2001 Gonzaga teams of which he was a member as a:

“...bunch of knuckleheads (who) weren't smart enough to know we shouldn't be (winning)... We really understood our roles and guys were coachable...they just wanted to win... it didn't matter who did what... (Players) understood what it meant to sacrifice to the team” (Meehan, 2007a).

The view expressed above is consistent with the findings of Wright, Smart, and McMahan (1995), who focused on “the match between human resources and strategies among...NCAA men's basketball teams” (p. 1058). They found a high degree of correlation between the success of programs and coaches' ability to recruit players meeting a preferred style of play or, by extension to the Gonzaga program, players who meet certain intangible personal characteristics. In this context, Gonzaga would likely fail if the program were to stop recruiting athletes who exemplify these intangible characteristics. However, Gonzaga's continued success can hardly be attributed solely to coachable over-achievers. Athletes with skills inferior to those of competitors on teams in the major conferences are unlikely to remain competitive with those teams, let alone sustain a competitive edge against mid-major opponents.

According to Barney (1991), among others, effective organization, when combined with a valuable, rare and not easily imitated resource, should lead to a sustainable competitive

advantage. While the above-mentioned player attributes may have served as part of the foundation for Gonzaga's early success, the program more likely possesses a more tangible resource that has attracted top college athletes and national media attention to the university beyond the program's initial success. Accordingly, the key resource that serves as the foundation for Gonzaga's competitive advantage is the program's three consecutive Sweet Sixteen appearances made from 1999-2001, with an Elite Eight appearance at the start of that period. This level of performance created a resource with both tangible (wins and accomplishments) and intangible (perceptions of program quality) properties. The program has sought to effectively exploit and capitalize upon this resource, hereafter referred to as the Sweet Sixteen Resource, through the organization element of the VRIO. The Sweet Sixteen resource is recognized as an element worth preserving in much the same way a corporation would seek to protect and preserve a patent critical to its success. Effective management (e.g., decision-making) of that resource subsequently led to extensive media exposure for the university's basketball program, enabling Gonzaga University as a whole to capture the attention of a greater number and broader range of potential students, athletes, and donors.

### **Application of the VRIO Framework to Gonzaga University**

The Sweet Sixteen resource can be evaluated in the context of the VRIO framework to better understand the factors underlying the continued success of the Gonzaga men's basketball program. Recall the first element of the VRIO framework is Value. The Value element of Gonzaga's Sweet Sixteen resource is clearly evident when examining various university-level outcomes. Gonzaga's ability to attract students and increased financial support

(among other key resources) has increased dramatically over the past decade. Gonzaga now benefits from national recognition which exceeds its previous identity as a small liberal arts college of 2,800 undergraduates in the Northwest. University admissions office data reveal a near doubling of both entering and out-of-state students between 1997 and 2007 (McCulloh, 2009), increasing total enrollment to over 4,000 undergraduates. Licensed Gonzaga merchandise sales at the university bookstore tripled to nearly \$1.2 million during that same period, while the number of televised games increased from 1 to 31 (Franz, 2006). Such benefits are consistent with recent research that highlights the relationship between success in football and men's basketball and various organizational outcomes (Mixon & Ressler, 1995; Mixon & Trevino, 2005; Rhoads & Gerking, 2007). Clearly, a link exists between the Sweet Sixteen resource and the overall university's competitive position.

Rareness, the second element of the VRIO framework, adds to Gonzaga's competitive advantage. Some Division I programs have achieved similar athletic success in Olympic or minor sports (those outside men's basketball and football), e.g., the University of Portland in women's soccer. Further, some colleges such as six-time NAIA national football champion Carroll College have achieved success in small college conferences. The success of those programs, however, has not catapulted their respective schools into the national limelight to the extent enjoyed by Gonzaga in the prominent sport of Division I men's basketball. Teams competing in the major conferences (e.g., Big East, et al, as noted earlier) are awarded nearly half or more of the 65 spots in the NCAA's annual post-season basketball tournament. The 2010 brackets, for example, included 31 teams from the major conferences (ESPN, 2010), thus making entry

for teams from lower tier conferences difficult at best if they do not win their conference tournaments. As noted earlier, very few mid-major men's basketball programs other than Gonzaga can boast of three consecutive Sweet Sixteen appearances in recent years. Perhaps more importantly, what Gonzaga accomplished in those three years and more recently is perceived as rare. In an ESPN essay, basketball analyst and commentator Jay Bilas (2007) observed, "...Gonzaga burst onto the (national) scene and stayed there... no team from the mid-major level had ever done it in the modern game." In the same essay, Bilas noted, "The Zags have a good tradition, great continuity in coaches and mind-blowing support." In sum, what Gonzaga accomplished is extremely rare.

Rareness combined with Value can lead to a temporary competitive advantage. One of the key consequences of this advantage for Gonzaga is the basketball program's ability to separate itself from other mid-majors in the all-important aspect of recruiting. As suggested by data presented earlier concerning the number of Gonzaga players drafted by the NBA, the Sweet Sixteen resource has been instrumental in attracting better athletes to the basketball program. The value and rareness of the Sweet Sixteen resource has allowed Gonzaga to shift from recruiting the same athletes sought by other mid-majors (usually within the western United States) to successfully attracting student-athletes who are also being recruited by larger, more established, more prestigious, better funded programs such as Pacific Ten Conference schools.

The third element in the VRIO competitive advantage framework, Imitability, is also satisfied by the Sweet Sixteen resource. Three of the factors associated with the Imitability element are particularly important in evaluating Gonzaga: ambiguity, complexity and history. It was noted earlier that coaches, pundits,



and others have pondered Gonzaga's Sweet Sixteen resource, attempting to understand and learn from it so their favorite program could benefit from Gonzaga's experience. Despite efforts made by other basketball programs to imitate Gonzaga, few, if any, have answered the question of how to achieve similar success. Bilas (2007) noted "Gonzaga has done something that is almost impossible to duplicate elsewhere, for which there is no blueprint... What Gonzaga has done with its limited size and resources had never really been done before, and may never be done again." Gonzaga's athletic director, Mike Roth (2008) agrees. No blueprint for acquiring or developing the Sweet Sixteen resource existed, totally underscoring the notion that the Sweet Sixteen resource cannot be purchased nor otherwise readily duplicated; it exists as a unique resource that positioned Gonzaga to attract better athletes, play stronger pre-season competition, and gain greater media exposure.

Barney & Hesterly (2010) discuss a number of reasons why a resource such as Gonzaga's Sweet Sixteen is not easily replicable, including ambiguity, complexity, history, and intangibility (pp. 77-81). First, identifying all relevant, important variables (e.g., characteristics of players, continuity of coaching staff, university location) in the face of such extreme ambiguity would be exceptionally difficult, if not impossible. Second, actual measurement of at least some of the identified variables would be problematic (again due to extreme levels of ambiguity). Third, one can easily imagine a relatively large and complex number of variables (such as strength of schedule) being relevant to the Sweet Sixteen resource. Fourth, the complex, seemingly endless interactions among these variables could scarcely be accurately tracked. Finally, the intangible factors of the program's culture and earlier accomplishments surely had some impact on Gonzaga's Sweet Sixteen success, yet the influence of such

historical variables would be extremely difficult to measure. Taken together, these five reasons help explain and demonstrate why another mid-major program's acquisition, let alone imitation, of the Gonzaga Sweet Sixteen resource would be difficult.

The VRIO model suggests a fourth element, Organization, is necessary to take advantage of a valuable, rare, and not easily imitated resource. Under these circumstances, creation of a sustainable competitive advantage may be possible when an organization possesses "complementary resources and capabilities" (Barney & Hesterly, 2010, p.81). As noted earlier, many variables such as leadership, decision-making, organizational culture, and/or structure fulfill this complementary role. Central to these variables at Gonzaga is leadership, primarily the athletics administrators and the astute quality of their decisions. The Gonzaga University president, Rev. Robert Spitzer, S.J., called himself an athletically challenged president who placed trust in the athletics leadership team (Blanchette, 2009). With support of the institution's top administration, the athletics leadership team has created a culture focused on continuous improvement. One of the mantras of Mike Roth (2008) is "Get better every day." This refers not only to athletic programs' wins and losses, but also to improvements in the resources and support necessary to sustain and develop an athletic program of Gonzaga's caliber. This premise is particularly relevant to the element of Organization, because it clarifies the philosophy that continued athletic success cannot be assumed because of past successes. A sustainable competitive advantage must be earned and then maintained. As Coach Few said "...it's so much harder to continue success than it is to make that initial run" (Davis, 2010). Decisions made by the athletics leadership team play a large role in perpetuating that success.

## Development of the VRIO Element of Organization by Gonzaga Leadership

Several mid-major teams have reached the Sweet Sixteen or beyond, but, as noted earlier, many have failed to sustain that success and have disappeared from national attention. Gonzaga might well have followed suit. The program's initial success occurred when Gonzaga University was experiencing serious financial difficulties, and its head coach had left to accept a position at the University of Minnesota. Faculty and other groups exerted pressure to withdraw from Division I athletics as a cost-cutting measure, just as Seattle University, another Jesuit institution, had done before returning to Division I status in 2009 after a 29-year hiatus (Booth, 2007). Therefore, Gonzaga's athletics leadership team needed to work diligently with the university's top administration to successfully execute the critical VRIO element of Organization. The athletics leadership team focused on cohesively blending three key variables in its strategic management of the Sweet Sixteen resource: 1) retention of the coaching staff, 2) generation of financial support to improve facilities and to meet other increased program costs, and 3) promotion of television appearances, which implicitly required scheduling games against high profile teams.

### *Retention of the coaching staff*

Regarding continuity in the men's basketball coaching staff, Mike Roth noted how critical this is to Gonzaga's success, particularly with respect to the retention of head coach Mark Few (Gonzaga, p. 39). Retention of such a highly successful coach at a school like Gonzaga is certainly an exception. After experiencing NCAA tournament success, many mid-majors often lose their successful coaches to schools with more resources (as occurred at Gonzaga after its initial appearance in the Elite Eight). Gonzaga has exerted diligent efforts to provide

resources to the men's basketball program, thereby causing Coach Few to forego offers from programs at more prominent universities (Davis, 2010). Fran Franchilla, ESPN sports commentator and former University of New Mexico basketball coach, described Few's position at Gonzaga as one of the best in the country (Franchilla, 2009). The focus on coaching staff continuity also led to a succession plan whereby Few's highly valued assistant head coach, Bill Grier, would assume the head coach position if it was vacated. This plan enabled Gonzaga to retain Grier for a longer period of time than it would have otherwise, and despite offers for Grier to become head coach at two other Division I universities. Although Grier eventually accepted a head position elsewhere, Gonzaga has maintained continuity in its coaching staff by offering competitive compensation packages, great resources, and a positive working environment (Roth, 2008).

### *Generation of financial support*

Gonzaga's athletics leadership team also effectively leveraged the Sweet Sixteen resource to gain increased financial support immediately following its 1999, 2000, and 2001 NCAA tournament successes. With direct involvement of President Spitzer, Gonzaga raised \$25 million dollars to fund construction of the McCarthy Athletic Center, a basketball-specific facility for the men's and women's teams. Opened in 2004, the Center is regarded by Coach Few as a key tool in the recruitment of top level athletes (Blanchette, 2009), and is regarded as one of the premier basketball facilities of its size in the country. It represents a significant upgrade over the university's previous basketball venue, which offered less than half the seating capacity and an environment more like that of a high school gymnasium. Although much larger, the new facility retains the intimate atmosphere of its predecessor. In addition, sufficient donations were obtained to provide free courtside seating

for 1,200 students, creating a home court Gonzaga Kennel Club advantage that has propelled Gonzaga to a won-loss record of 87-5 at home since the Center opened. The 6,000-seat Kennel sells out every home game, and was listed among the top 10 home court advantages in college basketball along with Duke's Cameron Indoor Stadium and Kansas's Phog Allen Fieldhouse on one website (Thomason & Young, 2006).

Financial support for the program continues to improve. In addition to the dramatic increase in athletic club donations to Gonzaga noted earlier, the men's (and women's) basketball program now obtains enough financial support to take charter flights to and from away games. This minimizes layover costs and the student athletes' time away from classes (Meehan, 2007c). Charter flights prove especially helpful because of the demanding pre-season travel schedule arising from Gonzaga's "play anyone, anywhere, anytime" mindset. Additional funding has also enabled the university to construct stadiums for baseball and soccer, and to make major improvements to facilities used by athletic trainers and the strength and conditioning staff. Such improvements most assuredly enhance the university's image in the minds of prospective student-athletes.

#### *Promotion of television appearances*

The athletics leadership team recognized the necessity and benefits of increased media exposure for the men's basketball program. National media exposure has enabled Gonzaga to attract better athletes, improve its caliber of play, maintain its image as a basketball power, and, in turn, to gain a national fan base (Gonzaga, p.33). Gonzaga capitalized upon its Sweet Sixteen resource to gain national telecasts of many of its games on the ESPN family of networks, with an annual "Battle in Seattle" game broadcast on CBS. Remaining home games, as well as some away games, are telecast

either regionally by Fox Sports Northwest and/or locally under contract with Spokane's NBC affiliate (Gonzaga, p.27). The WCC was also able to negotiate a national television package in part because of Gonzaga's success, thereby increasing visibility of the conference. During the 2010-2011 season, Gonzaga appeared fourteen times on ESPN or on an ESPN-branded channel. To begin the 2010-2011 season, the men's basketball program appeared on ESPN's "midnight madness" event along with Duke University, University of Kentucky, University of Memphis, and Kansas State University.

Related to the surge of game telecasts, Gonzaga increased its strength of schedule dramatically to ensure that its games would be attractive for telecasts. The program can now boast of playing one of the strongest pre-season schedules of any team in the nation, including participation in several high-profile competitions such as the Maui Invitational noted earlier. Another mid-major program might find it cost-prohibitive to either obtain or develop a Gonzaga-type schedule, especially without a valuable resource such as a Sweet Sixteen or Elite Eight appearance to support gaining a similar schedule and related media exposure. Furthermore, in 2008 the athletics leadership team struck a 10-year multi-media rights agreement with IMG College, a sports entertainment and media company. This partnership enables Gonzaga to continue to gain corporate sponsorships and media exposure for not only the men's basketball program but all of Gonzaga athletics. Under the agreement, IMG also provides website management services and maintains exclusive publishing rights for the university's athletics-related publications (GoZags, 2008). All of this has provided Gonzaga the ability to attract the financial and other support necessary to develop a sustainable competitive advantage that has its origin in the Sweet Sixteen resource.

Finally, support of the university administration has been a key factor underlying efforts of the leadership team in athletics. Referring to the Sweet Sixteen resource, President Spitzer stated he wanted to “leverage this for all its worth,” and placed trust in the athletics leadership team (Blanchette, 2009). Importantly, the president added that Gonzaga basketball helped generate resources to strengthen the university’s mission, instead of the university being forced to financially prop the program. Working together, the leadership of the university and the athletics leadership team made decisions that have allowed the university to take full advantage of the Sweet Sixteen resource.

## Conclusion

Gonzaga has been able to sustain its Sweet Sixteen resource through successful management. The VRIO framework for the RBV of organizations discussed in this paper provides a sound basis for attempting to explain the competitive advantage enjoyed by the Gonzaga University men’s basketball program vis-à-vis other mid-major programs. The rarity for a team from a mid-major conference to reach the Sweet Sixteen in the NCAA tournament in three consecutive seasons creates a valuable resource for both the school and the program. Building on the foundation of the highly valuable Sweet Sixteen resource, Gonzaga’s athletics administration team has made several strategic decisions that have enabled the basketball program to capitalize upon that resource toward creating a sustainable competitive advantage. For over ten years, Gonzaga has been able to maintain recognition as an elite national program despite its participation in a mid-major conference. Leadership provided by the athletic director and his staff has been central to sustaining this

competitive advantage.

The men’s basketball program has served as a catalyst for attracting to the university a larger and more diverse student body, greater overall financial support, and increased name (brand) recognition and prestige. The basketball program continues to be recognized as one of the best in the country with continuing appearances in the NCAA tournament and in nationally televised events such as the Maui Invitational and Old Spice Classic. Gonzaga men’s basketball program will likely be able to sustain its competitive advantage, especially since its Sweet Sixteen resource is so valuable, rare and difficult to imitate, and because the athletics leadership team has become so well organized to take advantage of that resource.

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**RESEARCH THAT MATTERS!**

## **CREATING A SUSTAINABLE COMPETITIVE ADVANTAGE: A RESOURCE-BASED ANALYSIS OF THE GONZAGA UNIVERSITY MEN'S BASKETBALL PROGRAM**

Kenneth S. Anderson, Ph.D.  
Associate Dean & Professor of Management  
School of Business Administration  
Gonzaga University  
Spokane, WA 99258-0009  
(509) 313-3418  
anderson@jepson.gonzaga.edu

G. Eddy Birrer, Ph.D.  
Professor of Accounting  
School of Business Administration  
Gonzaga University  
Spokane, WA 99258-0009  
(509) 313-3435  
birrer@jepson.gonzaga.edu

### **Research Problem**

The purpose of this paper is to show how the effective management of a strategic resource has led to a sustained competitive advantage for the Gonzaga University men's basketball program. A well known strategic management paradigm, the Resource-Based View (RBV) of firms, has often been used to better understand athletic issues and problems in university and professional settings. The key resource of the Gonzaga program is identified and evaluated in the context of the RBV, and the strategic decisions made to manage that resource and ultimately create a sustainable competitive advantage are discussed. This article would likely be of interest to intercollegiate athletics departments and their key constituencies, especially those who are charged with the management of individual sports. It would be particularly useful in those situations wherein athletic programs are attempting to build upon recent successes.

### **Issues**

Strategic management literature has discussed the resource-based view (RBV) of firms for nearly two decades. Starting with the work of Jay Barney, researchers have sought to explain competitive advantages enjoyed by some firms in various industries. Such research has been expanded to explain success in athletics and related activities.

In the major college sports of men's basketball and football, a mid-major program rarely rises to national prominence and can sustain that status. Most members of mid-major conferences experience isolated success tied to a single season performance similar to that of a one-hit-wonder rock music band. However, mid-major universities whose athletic programs can sustain competitive success at the national level over an extended time period may enjoy a distinct competitive advantage. It can be hypothesized that an athletic program does not remain successful by chance, but rather as a product of good strategic management. The Gonzaga University men's basketball program serves as a prime example of how effective management of a unique resource can lead to continued success.

Gonzaga University made a dramatic appearance in the Elite Eight (quarter finals) in the March 1999 NCAA Division I men's basketball tournament. Instead of disappearing from the national scene like many mid-majors, the team followed its initial success by advancing to the Sweet 16 the following two years--a feat matched at that time only by powerhouse programs at Duke University and Michigan State University, which compete in major athletic conferences. This accomplishment attracted national attention, and the Gonzaga men's basketball team has since become recognized as a nationally prominent program.

One key to identifying the factors behind Gonzaga's success may lie in a well known set of concepts from the field of strategic management. The first important concept, competitive advantage, is the ability of one firm to outperform others. Creation of competitive advantage is based on the characteristics of resources controlled by the firm. According to the RBV, organizational resources can create an organization's competitive advantage. The RBV rests on two key assumptions: (1) resources vary across organizations, and (2) resources not currently possessed may not be easily developed or acquired by other organizations. As such, the control of key resources can lead to a firm's competitive advantage, allowing it to outperform other firms. More importantly, competitors may be in no position to challenge the focal organization due to the lack of similar resources. For many, the resource characteristics of value, rareness, imitability, and organization (otherwise known as the VRIO framework) are the keys to understanding competitive advantage. According to this perspective, if a firm can effectively and efficiently manage (organization) a valuable, rare and not easily imitated resource it should possess a competitive advantage that is sustainable over the long term.

## Summary

According to the authors, the key resource that serves as the foundation for Gonzaga's competitive advantage is the program's three consecutive Sweet Sixteen appearances made from 1999-2001, with an Elite Eight appearance at the start of that period. This level of performance created a resource with both tangible (wins and accomplishments) and intangible (perceptions of program quality) properties. The program has sought to effectively exploit and capitalize upon this resource, hereafter referred to as the Sweet Sixteen Resource, through the organization element of the VRIO. The Sweet Sixteen resource is recognized as an element worth preserving in much the same way a corporation would seek to protect and preserve a patent critical to its success. Effective management (e.g., decision-making) of that resource subsequently led to extensive media exposure for the university's basketball program, enabling Gonzaga University as a whole to capture the attention of a greater number and broader range of potential students, athletes, and donors.

The Sweet Sixteen resource can be evaluated in the context of the VRIO framework to better understand the factors underlying the continued success of the Gonzaga men's basketball program. The Value element of Gonzaga's Sweet Sixteen resource is clearly evident when examining various university-level outcomes. Gonzaga's ability to attract students and increased financial support (among other key resources) has increased dramatically over the past decade. Clearly, a link exists between the Sweet Sixteen resource and the overall university's performance and competitive position.

Rareness, the second element of the VRIO framework, adds to Gonzaga's competitive advantage. Some Division I programs have achieved similar athletic success in sports outside men's basketball and football. The success of those programs, however, has not catapulted their respective schools into the national limelight to the extent enjoyed by Gonzaga in the prominent sport of Division I men's basketball. As noted earlier, very few mid-major men's basketball programs other than Gonzaga can boast of three consecutive Sweet Sixteen appearances in recent years. In sum, what Gonzaga accomplished is extremely rare. Rareness combined with Value can lead to a temporary competitive advantage. One of the key consequences of this advantage for Gonzaga is the basketball program's ability to separate itself from other mid-majors in the all-important aspect of recruiting. The Sweet Sixteen resource has been instrumental in attracting better athletes to the basketball program. The value and rareness of the Sweet Sixteen resource has allowed Gonzaga to shift from recruiting the same athletes sought by other mid-majors (usually within the western United States) to successfully attracting student-athletes who are also being recruited by larger, more established, more prestigious, better funded programs such as Pacific Ten Conference schools.

The third element in the VRIO competitive advantage framework, Imitability, is also satisfied by the Sweet

Sixteen resource. Despite efforts made by other basketball programs to imitate Gonzaga, few, if any, have answered the question of how to achieve similar success. Gonzaga's athletic director, Mike Roth (2008) agrees. No blueprint for acquiring or developing the Sweet Sixteen resource existed, totally underscoring the notion that the Sweet Sixteen resource cannot be purchased nor otherwise readily duplicated; it exists as a unique resource that positioned Gonzaga to attract better athletes, play stronger pre-season competition, and gain greater media exposure.

The VRIO model suggests a fourth element, Organization, is necessary to take advantage of a valuable, rare, and not easily imitated resource. Under these circumstances, creation of a sustainable competitive advantage may be possible when an organization possesses the ability to take advantage of the resource. Many variables such as leadership, decision-making, organizational culture, and/or structure fulfill this complementary role. The element of Organization clarifies the point that continued athletic success cannot be assumed because of past successes. A sustainable competitive advantage must be earned and then maintained.

## **Analysis**

This article is important because it highlights the need to build on success in order to fully utilize the potential of a valuable, rare and not easily imitated resource. Several mid-major teams have reached the Sweet Sixteen or beyond, but, as noted earlier, many have failed to sustain that success and have disappeared from national attention. Gonzaga might well have followed suit. The program's initial success occurred when Gonzaga University was experiencing serious financial difficulties, and its head coach had left to accept a position at the University of Minnesota. Therefore, Gonzaga's athletics leadership team needed to work diligently with the university's top administration to successfully execute the critical VRIO element of Organization. The athletics leadership team focused on cohesively blending three key variables in its strategic management of the Sweet Sixteen resource: 1) retention of the coaching staff, 2) generation of financial support to improve facilities and to meet other increased program costs, and 3) promotion of television appearances, which implicitly required scheduling games against high profile teams.

Retention of such a highly successful coach at a school like Gonzaga is certainly an exception. After experiencing NCAA tournament success, many mid-majors often lose their successful coaches to schools with more resources (as occurred at Gonzaga after its initial appearance in the Elite Eight). Gonzaga has exerted diligent efforts to provide resources to the men's basketball program, thereby causing its head coach forego offers from programs at more prominent universities (Davis, 2010). The focus on coaching staff continuity also led to succession plans as well as competitive compensation packages, great resources, and a positive working environment.

Gonzaga's athletics leadership team also effectively leveraged the Sweet Sixteen resource to gain increased financial support immediately following its 1999, 2000, and 2001 NCAA tournament successes. With direct involvement of the University's President Spitzer, Gonzaga raised \$25 million dollars to fund construction of the McCarthey Athletic Center (MAC), a basketball-specific facility for the men's and women's teams. Opened in 2004, the MAC is a key tool in the recruitment of top level athletes and is regarded as one of the premier basketball facilities of its size in the country. It represents a significant upgrade over the university's previous basketball venue, which offered less than half the seating capacity and an environment more like that of a high school gymnasium. Financial support for the program continues to improve. In addition to the dramatic increase in athletic club donations to Gonzaga, the men's (and women's) basketball program now obtains enough financial support to take charter flights to and from away games. This minimizes layover costs and the student athletes' time away from classes. Charter flights prove especially helpful because of the demanding pre-season travel schedule arising from Gonzaga's "play anyone, anywhere, anytime" mindset. Additional funding has also enabled the university to construct stadiums for baseball and soccer, and to make major improvements to facilities used by athletic trainers and the strength and conditioning staff. Such improvements most assuredly enhance the university's image in the minds of prospective student-athletes.

The athletics leadership team recognized the necessity and benefits of increased media exposure for the men's basketball program. During the 2010-2011 season, for example, Gonzaga appeared fourteen times on ESPN or on an ESPN-branded channel. National media exposure has enabled Gonzaga to attract better athletes, improve its caliber of play, maintain its image as a basketball power, and, in turn, to gain a national fan base. Gonzaga capitalized upon its Sweet Sixteen resource to gain national telecasts of many of its games on the ESPN family of networks, with an annual "Battle in Seattle" game that has been broadcast on CBS. Remaining home games, as well



as some away games, are telecast either regionally and/or locally. The West Coast Conference of which Gonzaga is a member was also able to negotiate a national television package in part because of Gonzaga's success, thereby increasing visibility of the conference.

Related to the surge of game telecasts, Gonzaga increased its strength of schedule dramatically to ensure that its games would be attractive for telecasts. The program can now boast of playing one of the strongest pre-season schedules of any team in the nation, including participation in several high-profile competitions such as the Maui Invitational noted earlier. Another mid-major program might find it cost-prohibitive to either obtain or develop a Gonzaga-type schedule, especially without a valuable resource such as a Sweet Sixteen or Elite Eight appearance to support gaining a similar schedule and related media exposure. Furthermore, in 2008 the athletics leadership team struck a 10-year multi-media rights agreement with IMG College, a sports entertainment and media company. This partnership enables Gonzaga to continue to gain corporate sponsorships and media exposure for not only the men's basketball program but all of Gonzaga athletics. All of this has provided Gonzaga the ability to attract the financial and other support necessary to develop a sustainable competitive advantage that has its origin in the Sweet Sixteen resource.

## **Discussion/Implications**

As mentioned above, this article would likely be of interest to the leadership of intercollegiate athletics departments and their key constituencies, especially those who are charged with the management of individual sports. It would be particularly useful in those situations wherein athletic programs are attempting to build upon recent successes.

There are three key things that can be learned from the current article. First, leadership teams in athletic departments should have a solid understanding of the strategic management concepts of competitive advantage including the VRIO framework. These concepts are critical for they can help decision makers better understand the strengths of their departments and, more importantly, they can help decision makers better position their departments and sports vis-à-vis the competition and the external environment. Second, leadership teams in athletic departments must realize the necessity of building on success. In some cases building may take the form of maintaining continuity while in other cases it may require fundamental changes in operations and behaviors. Finally, leadership teams in athletic departments must take a systems perspective when thinking strategically. The examples noted above (e.g., retention of the coaching staff; generation of increased financial support; promotion of television appearances; scheduling of games against high profile teams) are all part of the "organization" puzzle. If one part is removed the whole may fall apart. When it comes to strategic management there are very few "one-thingers" and in building on the foundation of the highly valuable Sweet Sixteen resource, Gonzaga's athletics and university leadership administration teams made several interrelated strategic decisions that have created a sustainable competitive advantage.