

KEY ECONOMIC SUCCESS FACTORS IN PROFESSIONAL SPORTING CLUBS

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Context

The economic demands on professional sporting teams are continuously evolving, with the need for more surplus-producing management activities becoming more and more essential. By comparing the European sporting clubs with clubs participating in the four US Major leagues, whose economic code numbers highlight most of them as ideal examples of professional management patterns, it is acknowledged that such requirements are achieved by different qualitative means. Consequently, the objective of this presentation is to compare management processes between German and American professional sporting clubs. In order to generate first problem indications, the research analyses the implementation of key economic success factors in two leading hockey clubs of the German Hockey League (DEL) and the US National Hockey League (NHL).

Method

Key success factors (KSF) are defined as those that influence the success of an organization, containing a strategic dimension, which means they operate on a long-term basis to sustain a competitive advantage (Hildebrandt, 1989:37). They can be general as well as branch specific.

General Key Success Factors are based on a varied analysis of many kinds of organizations. And so, because of their high validity, they can be applied to any kind of organization, but being of a general nature, have only limited application for direct activities.

Branch-specific Key Success Factors are based on a limited analysis of homogenous organizations (e.g. professional soccer clubs). Their advantage is, being specific nature, one can draw direct recommendations, but their disadvantage is that one cannot transfer the results into other branches.

Since Key Success Factor research is not equipped yet with a specific model for sport organizations, it is necessary to 'make a detour' via a general KSF-approach, modified to the specific demands of professional sporting clubs, as developed by Nagel (1993), based on a meta-analysis of selected KSF-studies, including Peters/Waterman (1982), Pümpin (1982), Albach (1984), Goldsmith/Clutterbuck (1984), Kearney (1988) and Mewes (1988).

The model has six key economic success factors, shown in Table 1. The modification of the general model was obtained by specifying appropriate indicators, for example external communications system was specified via public relations and corporate identity. Subsequently, the indicators were transposed into practical operational guidelines. By comparing these with operating activities occurring in sports clubs, the degree of economic professionalism can be determined. This model was used in two case studies (Washington Capitals, NHL and Kölner Haie, DEL). The empirical data was gained through personal interviews, via a partly standardized questionnaire.

Results

Each case study offers detailed insightful views into the management processes of the six modules. By The overview in Table 1 illustrates concisely the main results of the analysis.

Implications

The Table shows that the key success factors analyzed, and specifically their chosen indicators, were better implemented by the management of the US-club than by the German hockey-club. The identified management processes show significant qualitative differences (e.g. indicator goal-settings, customer service, PR), negligible distinctions for the benefit of the US-club (e.g. material and immaterial incentive systems or control-system) as well as comparable marks of quality (e.g. organizational structure, communication). It is to be put in perspective though that there is a significant difference between human as well as financial resources in the two clubs.

Table 1: key economic success factors for a professional German and US clubs

<i>KSF (2 indicators)</i>	<i>Washington Capitals*</i>	<i>Kölner Haie§</i>
Organization (Organizational structure, Goal-settings)	Line-chart; clearly defined positions; clear order of responsibility and competence; Detailed hierarchic goal-System: Vision, key goals, accompanying goals & partial goals for each department	Line-chart; clearly defined positions; clear order of responsibility and competence; No goal-system
Financing & Controlling (Cash-flows, Controlling system)	Financing through cash-flows and contributions by the proprietor-group Lincoln Holdings; high input in ticketing-sales and sponsoring-acquisition; Narrow controlling system; qualitative controlling processes comply with the goal settings; controller supervises all financial transactions; ticketing and sales have to hand in daily reports	Financing only through cash-flows; little sales-input (only two employees each in ticketing and sponsoring); Controller supervises all financial transactions; weekly ticketing-reports; no process-controlling
Customer Relations (Customer Service, Event Management)	Own service department, customer database/customer problem database, periodically supervised; Total-Entertainment-Strategy (pool of 40 different entertainment-options for game-days); event management as part of the brand philosophy	No service department, no customer database expect season ticket holders; Neglected event management (only 3 to 4 entertainment activities in addition to the game);
Ext Communication System (Corporate Identity, Public Relations)	Fully implemented CI-conception (Corporate Philosophy, Corporate Communications, Corporate Design, Corporate Behaviour); PR-Strategy nationwide (Defined Media-Contacts, Image-Controlling; Media-Relationship-Management)	Only Corporate Design; No PR-Plan, no PR-objectives
Human Res Management (Material incentive system, Immaterial incentive system)	Wide material and immaterial incentives for employees and managers; Only material incentives for players	No material and few immaterial incentives for employees and managers; Standard material incentives for players (bonus-system), focus on immaterial incentives in order to increase team spirit
Leadership/Int Communication (Patterns of leadership, Communication)	Communicative pattern of leadership; Three weekly department meetings, one monthly club meeting	Communicative pattern of leadership; Daily department meetings in the morning

* Economic characteristics of Washington Capitals: Established Play-Off team; 4 departments with each 3 sub-departments; 60 employees; total turnover 2002/2003: \$85m (ticketing 40%; sponsoring 20%; TV 20%; merchandising 20%).

§ Economic characteristics of Kölner Haie: Germany's most successful hockey club; 3 departments; 20 employees; total turnover 2002/2003: €8m (ticketing 35%; sponsoring 35%; TV 10%; merchandising 15%; others 5%).

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