

**UNIVERSITY OF PENNSYLVANIA  
WHARTON SCHOOL**

LGST 207-001 The Sports Industry  
Spring 2005  
W 3-6  
370 Huntsman Hall  
e-mail: srosner@wharton.upenn.edu  
Secretary: Cherly Vaughn-Curry, 600 Huntsman Hall, (215) 898-7688  
T.A.:

Scott Rosner  
Phone: (215) 573-0577  
Office: 654 Huntsman Hall  
Office Hours: W 1-2:30

**SYLLABUS**

**COURSE DESCRIPTION:**

This course examines the core areas of law and business as they apply to the sport industry. The course provides the student with an overview of the business of the intercollegiate and professional sports enterprises. In addition, the course investigates the business-related issues encountered by managers of sport organizations and covers how business and financial principles can be applied to effectively address these issues.

**COURSE OBJECTIVES:**

Through classroom presentations, discussions, and completion of course assignments, the student will be acquainted with a varied but limited number of important concepts in the study of law and business as they apply to the sports industry. Special attention is given to the regulation of professional and amateur athletics, agency law, antitrust law, the organizational structure of sports leagues and associations, labor-management relations, and the application of business principles to sports.

**REQUIRED MATERIALS:**

Rosner, Scott and Shropshire, Kenneth. (2004). The Business of Sports. Sudbury, Massachusetts: Jones & Bartlett Publishers. ISBN: 0-7637-2621-4.

Various cases from Weiler, Paul and Roberts, Gary (1998). Sports and the Law: Text, Cases, Problems (2<sup>nd</sup> Ed.). St. Paul, Minnesota: West Group. These cases are available on the course website as described below.

Subscription (12 weeks) to *SportsBusiness Journal* (payment due on Wednesday, September 14).

Course Materials distributed via class handouts and/or electronically, consisting primarily of case law and articles of current interest. Lecture slides for each class are posted on the course website at <http://download.wharton.upenn.edu/download/pub/lgst/Srosner/> and clicking on 'LGST 207 Lecture Slides.' Readings that are not in the textbook are available at on the course website at <http://download.wharton.upenn.edu/download/pub/lgst/Srosner/> and clicking on 'LGST 207 Readings.' You must have a Wharton account to access course materials distributed via the course website. A Wharton account can be established by going to Computer Services in the Forum of Huntsman Hall.

**SUPPLEMENTAL MATERIALS:**

Regular reading of newspapers and magazines pertinent to the sports industry is strongly suggested, as a student of sport management should make every attempt to learn about current issues facing sport managers. *Sports Illustrated*, *The Sporting News*, *USA Today*, *Street & Smith's SportsBusiness Journal*, and *The NCAA News*, as well as ESPN's SportsCenter and HBO's *Real Sports* are all recommended media sources. Helpful websites include: [www.espn.com](http://www.espn.com), [www.sportingnews.com](http://www.sportingnews.com), [www.cnnsi.com](http://www.cnnsi.com), [www.sportsbusinessnews.com](http://www.sportsbusinessnews.com), [www.ncaa.org](http://www.ncaa.org), and [www.sportspages.com](http://www.sportspages.com). Access to the [www.sportsbusinessjournal.com](http://www.sportsbusinessjournal.com) website is free with your subscription and also contains an archive of past articles. The additional websites are listed at the end of this syllabus.

**COURSE METHOD OF INSTRUCTION:**

Class sessions will follow a lecture/discussion format. Experiential exercises and case studies may also be used.

**GRADING BASIS:**

PARTICIPATION	50 points
NEGOTIATION EXERCISE	200 points
MIDTERM EXAMINATION	250 points
FINAL EXAMINATION	250 points

**PARTICIPATION:**

Students are expected to be prepared for every class. Attendance is not participation! The quality of participation, as reflected in careful reading and thorough analysis of the assigned materials, is important. It is also important to build upon other students' comments. This requires attentive listening. Class participation will be judged on the basis of quality and consistency upon a weekly basis. In addition, the student's participation grade may be negatively impacted by deficient attendance. Students are encouraged to discuss the adequacy of their participation with the professor.

**EXAM AND ASSIGNMENT POLICIES:**

All examinations must be taken during the scheduled examination time. No make-ups will be given. All examinations will be closed texts and notes. Assignments are expected to be submitted or presented on the assigned due date. Late work and missed presentations will receive a zero.

**ACADEMIC HONESTY POLICY**

The Wharton School and the University of Pennsylvania are committed to academic honesty. All cases of alleged plagiarism, cheating on examinations, undocumented copying of art, and similar forms of academic dishonesty will be reviewed by the appropriate disciplinary bodies. Please refer to the Student Handbook for guidelines relating to academic dishonesty.

Honesty in all academic work is expected of every student. This means giving one's own answers in all class work, papers, and examinations without help from sources not approved by the professor. Written material is to be the student's own original composition. It is expected that ideas that are taken from articles, books, the internet, etc. will be properly noted in all

written papers submitted. It is important to remember that to copy or to paraphrase someone else's work, ideas, or language without proper reference is plagiarism.

### **COURSE OUTLINE/CALENDAR:**

The schedule below is a tentative one and is subject to change. Any changes will be announced to class members.

<b>DATE</b>		<b>READING ASSIGNMENTS</b>
W 9/7	Course Introduction and Requirements Introduction to Professional Sports	R & S - Preface
W 9/14	Ownership Leagues – Structure and Background	R & S Chapter 1 R & S Chapter 2
W 9/21	Leagues – Structure and Background Start-up Leagues and Niche Sports	R & S Chapter 2 R & S Chapter 11
W 9/28	Commissioner Powers <ul style="list-style-type: none"> <li>• Milwaukee v Landis</li> <li>• Finley v Kuhn</li> <li>• Turner v. Kuhn</li> <li>• Cubs v. Fay Vincent</li> <li>• Molinas v NBA</li> <li>• Steve Howe</li> <li>• Artest, O'Neal &amp; Jackson</li> </ul> Leagues: Revenue Sharing and Self-Analysis	Posted Readings       R & S Chapter 3
W 10/5	Leagues: Revenue Sharing and Self-Analysis	R & S Chapter 3
W 10/12	Contract and Antitrust Law <ul style="list-style-type: none"> <li>• Bergey</li> <li>• Chase</li> <li>• Federal Baseball</li> <li>• Gardella v. Chandler</li> <li>• Toolson v. Yankees</li> <li>• Flood v Kuhn</li> </ul>	Posted Readings
W 10/19	Labor Law and Collective Bargaining <ul style="list-style-type: none"> <li>• Messersmith &amp; McNally</li> <li>• KC Royals v MLBPA</li> </ul> Labor Matter: Unions Agent Representation of the Athlete <ul style="list-style-type: none"> <li>• Zinn v Parrish</li> <li>• Brown v. Woolf</li> <li>• Sims v Argovitz</li> </ul>	Posted Readings    R & S Chapter 8 Posted Readings

- Walters & Bloom
- Collins v NBPA

W 10/26	<b>MIDTERM EXAMINATION – 3-5 pm</b> <b>We will have class from 5:10-5:50 after the midterm</b> Labor Matters: Athlete Compensation R & S Chapter 9 <ul style="list-style-type: none"> <li>• Introduction</li> </ul>
W 11/2	Labor Matters: Athlete Compensation R & S Chapter 9 <ul style="list-style-type: none"> <li>• Introduction</li> <li>• Quirk, J. &amp; Fort, R.D., Pay Dirt: The Business of Professional Team Sports.</li> <li>• Lawrence M. Kahn, “The Sports Business as a Labor Market Laboratory.”</li> <li>• Melanie Aubut, “When Negotiations Fail: An Analysis of Salary Arbitration and Salary Cap Systems.”</li> <li>• Jonathan M. Conti, “The Effect of Salary Arbitration on Major League Baseball.”</li> </ul>
W 11/9	Labor Matters: Athlete Compensation R & S Chapter 9 <ul style="list-style-type: none"> <li>• William Duffy, “Football May Be Ill, But Don't Blame Bosman.”</li> <li>• Frick, Management Abilities, “Player Salaries and Team Performance.”</li> <li>• Ahlstrom et. al., “Free Agent Performance in Major League Baseball: Do Teams Get What They Expect?”</li> </ul>
W 11/16	College Sports - Business Issues and Structure R & S Chapter 14 History and Structure <ul style="list-style-type: none"> <li>• Introduction</li> <li>• Smith, “A Brief History of the NCAA’s Role in Regulating Intercollegiate Athletics.”</li> <li>• Masteralexis, <u>Principles and Practice of Sport Management.</u></li> <li>• Yasser, McCurdy, Goplerud &amp; Weston, Sports Law: Cases and Materials.</li> <li>• Mahony et. al, “Ethics in Intercollegiate Athletics: An Examination of NCAA Violations and Penalties -1952-1997.”</li> </ul>
W 11/23	College Sports - Business Issues and Structure R & S Chapter 15 The NCAA and Conference Affiliation <ul style="list-style-type: none"> <li>• Introduction</li> <li>• Koch, “The Economic Realities of Amateur Sports Organization.”</li> <li>• Noll, “The Business of College Sports and the High Cost of Winning.”</li> <li>• Fort and Quirk, “The College Football Industry.”</li> <li>• Fazel &amp; Bennett, “Telecasts and Recruiting in NCAA Division I Football: The Impact of Altered Property Rights.”</li> </ul>

- Zimbalist, Unpaid Professionals.
- NCAA 2002-03 Revenue Distribution Plan
- DeSchraver & Stotlar, “An Economic Analysis of Cartel Behavior Within the NCAA.”

W 11/30

### **PLAYER CONTRACT ASSIGNMENT DUE IN CLASS**

College Sports – Business Issues and Structure  
Member Institutions

R & S Chapter 16  
Introduction

- Sperber, Beer and Circus: How Big-Time College Sports is Crippling Undergraduate Education.
- Goff, “Effects of University Athletics on the University: A Review and Extension of Empirical Assessment.”
- Litan, Orszag, & Orszag, “The Empirical Effects of Collegiate Athletics: An Interim Report.”
- Duderstadt, Intercollegiate Athletics and the American University: A University President’s Perspective.
- University of Michigan Athletic Department Budget, 2003-2004.
- Sperber, Beer and Circus: How Big-Time College Sports is Crippling Undergraduate Education.
- Wahl and Dohrmann, “Welcome to the Big Time.”

W 12/7

College Sports – Gender Equity

R & S Chapter 17; Posted Readings

- Blair v Washington St.
- Cohen v Brown I
- Kelley v Illinois
- Cohen v Brown II
- Hoover v. Meiklejohn

**FINAL EXAMINATION GIVEN ON TUESDAY, DECEMBER 20, 2005 FROM 12-2PM.  
NO EXCEPTIONS!**

### WRITTEN ASSIGNMENT

### **NEGOTIATION/ARBITRATION**

Students will engage in a negotiation exercise during the semester, the end result of which will be either a contract between a team and a player in Major League Baseball or representing a player or team in a MLB salary arbitration. The student will hand in a paper of 10-15 pages.

Details on this assignment will be provided in greater detail during the semester.