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Making a Difference

Bridging the Gap Between the Ivory Tower and the Community

Dan Rascher

Keynote address given at the 2019 ASMA Conference as part of the Lifetime Achievement Award ceremony

When Adam Love reached out to me with the news that I had been awarded the Applied Sport Management Association (ASMA) Lifetime Achievement Award, my first thought was “lifetime?” I’m not done yet! I turned 51 yesterday and am still running full steam ahead. Making an impact and affecting policy and outcomes are what fuel me to keep learning and creating usable knowledge.

First, I would like to thank the ASMA executive committee, as it is truly an honor for me to receive this award and join the list of distinguished recipients. Also, I would really like to thank everyone involved in creating and growing ASMA and the *Journal of Applied Sport Management* to further bridge and strengthen the gap between the academy and practitioners, those who actually carry out policy in the sport industry. These include professors Jason Lee, Damon Andrew (last year’s recipient), Fred Green, Colby Jubenville, Ben Goss, Adam Love, Adam Pfleeger, Erienne Weight, and Matthew Walker, among others.

The structure of higher education, while changing, is still one in which students are educated and enter industry with whatever knowledge, skills, and ethos they learn, and we all hope they improve the world one graduate at a time. Yet, the expertise that we in this room possess and create can sometimes gather dust on the shelf (or be lost in some arcane corner of the Internet). What to do?

While a doctoral student in economics at U.C. Berkeley in the 1990s, I slowly migrated to studying the economics of sports. I was actually told by some that it

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was “too applied.” My mind expanded and I learned a lot at Cal, but we were all inculcated and steeped in the traditional academic experience of producing research and moving on to the next article. Yet, our faculty were often heavily involved in policy, with some of my professors spending time in Washington D.C. as chief economists at the FTC, DOJ, and head of the Council of Economic Advisors to the President. So even within a department, there was a huge chasm between how we as students were being set up to become future faculty and how our faculty were actually making an impact.

When I was near graduation and decided to stay in academia, Glenn Wong and Bill Sutton (a previous ASMA Lifetime Achievement Award winner) hired me at the University of Massachusetts. During my one year there Bill and Dick Irwin (at the University of Memphis) asked me to help them with a survey and estimation of spending by patrons at the Final Four in San Antonio. That led to Dick and I helping the State of Texas create a new law to promote the hosting of major sporting events (now any major events) in order to bring tourism to the state. The Events Trust Fund and its progeny have now helped fund hundreds of large events in Texas including the Super Bowl. We helped the State Comptroller’s Office develop how it was going to measure the tourism economic impact from these events and account for the casuals, time-switchers, locals in the same ways that we teach these steps in class. That was my entrée into applying sports economics and finance (and business research) to the sports industry. I was truly energized by the process.

I realized during my first year teaching that sport management is a very applied discipline and that I was not sufficiently trained in the application of economics to sport. Thus, I left the University of Massachusetts understanding that I needed more industry experience to be an effective teacher, so I began working in consulting on behalf of a former Berkeley professor involved in the Raiders v. NFL lawsuit about the franchise’s relocation from Los Angeles to Oakland. While working at this consulting firm, LECG, that provided a forum for economics faculty to provide expertise to the legal system on lawsuits, one of my colleagues, Ernie Nadel, noticed how much money Steve Spurrier was making as the head football coach at Florida. Ernie asked me about the financials involved in major college football. I nonchalantly told him that economists such as Arthur Fleisher, Brian Goff, Robert Tollison, and Robert McCormick had already determined that the NCAA was an anticompetitive cartel that colluded on the size of scholarships or payments to athletes, generating a very large monopsony rent that went into the hands of the athletic departments and universities to use as they wished. Ernie stated “somebody ought to file a lawsuit.” That was a watershed moment for me. Could we actually bridge the gap between what was known in the academy and affect policy in the world of college sports?

My other colleague, Andy Schwarz, and I wrote an antitrust and college sports article (published in 2000) laying out how economic competition could be brought into NCAA Division I sports by having conferences compete with each

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other (instead of being under a single rule across more than 350 D1 schools). We actually began pitching attorneys to sue the NCAA and the universities, but most did not want to sue their alma mater. We did have a quick case, *White v. NCAA*, in which a class of players tried to get the old scholarship level raised up to the Cost of Attendance (COA). That case settled, but to be frank it really did nothing to move the ball forward. In 2009, however, Ed O'Bannon sued the NCAA. We essentially forced our way (with help from attorney Jon King) into the initial meetings with the Hausfeld firm, who was leading the lawsuit. As some of you may know, *O'Bannon v. NCAA* did lead to meaningful increases in competition for athletes' services, doing what the White case tried to do and adding \$3000-\$4000 per year to scholarships for athletes, beginning in 2015. The Alston and Jenkins cases have followed in the past few years.

As part of those cases, and as an example of applying sport management to affect policy, a couple of years ago I created a probit regression model based on which schools immediately jumped to paying full COA in 2015 to forecast back in time which schools in 2009 (the beginning of the class period due to the statute of limitations) would have adopted full COA payments to athletes. This model, utilizing financial and scholarship information at each school, was the foundation for a \$208 million settlement where WBB, MBB, and FBS football players will receive an average of about \$4,000 each in a settlement accounting for past damages from not paying the full COA. Those payments should go out very soon, but justice is often not swift.

Fast forward to today and Judge Wilken has our conference competition model as the main Less Restrictive Alternative for changing major college sports. She is due to rule on Alston/Jenkins any day now. Along with my team, I have spent thousands of hours, produced multiple 200+ page reports, endured many depositions, and provided trial testimony in applying sports management and economics to college sports to help inform the court.

Over the years, I have worked on over 200 consulting projects taking the literature that you in the academy and I have written and applying it to issues in the sports industry. With help from my partners and staff, examples include having worked for:

- Dwyane Wade—endorsement breach of contract and estimation of what a replacement endorser would cost
- Floyd Mayweather Jr.—defamation of character lawsuit and impact on endorsements for Manny Pacquiao
- Alan Rothenberg—founder of Major League Soccer in a financial valuation of MLS and all of its teams
- MillerCoors—in a sponsorship valuation dispute with the New England Patriots where I utilized a differences-in-differences economic model with AnheuserBusch and MillerCoors data
- Reebok—in an endorsement dispute with Frank Thomas, where a fair royalty was determined

- Internal Revenue Service—conducted a valuation of the Los Angeles Lakers, where I developed a new “hybrid” financial valuation model for outlier sport franchises that uses both the market and income approaches together
- Oakland Raiders—conducted a media equivalency study measuring the amount of negative media coverage [and putting a dollar value on it] caused by Head Coach Lane Kiffin’s alleged violations of his contract in a dispute with the team over being paid the remainder of his contract after he was fired
- Steven Brill—writer of the *Mighty Ducks* movie in a dispute with Disney, utilizing merchandise sales in hockey as a measure of brand and logo value, while controlling for other factors that drive merchandise sales such as winning, population size, and demographics of the fan base. The *Mighty Ducks* exceeded merchandise sales above and beyond what would have been predicted. That excessive amount was used as a basis to infer the financial value of the logo/brand that Brill had helped create.

Some non-litigation projects have included:

- University of Alabama-Birmingham alumni—Andy Schwarz and I analyzed data involving UAB football (and other sports) and noted that the initial decision to drop football was based on incomplete and irrelevant financial analysis. Our report helped force the hand of school executives to bring football back,
- Cal Football—in conducting a survey of thousands of football fans, I used cluster analysis to help Cal create various marketing strategies to target the five distinct groups of fans,
- StubHub—TicketMaster ran an experiment where it limited how tickets could be resold for some seats to some tour stops of the same artist at some venues. We created a series of control groups (seats at a show with typical resale ability) and experimental groups (seats at a show of the same artist in different venues with restricted resale, and seats of a different band at the same venue) with data we scraped from the Internet for concert tickets to specific concerts from multiple sites. The result was that the restricted sale tickets had fewer seats resold and at much higher prices, confirming the impact of the limited supply as economics would predict.

Finally, in a pivot to do more than just consult and move on to the next project, a former student of mine, Colin Weaver, who was working as a consultant for me, came across an opportunity to buy the Kansas City Comets of the Major Arena Soccer League. My wife, Heather, and I decided to put our money where our mouth is and purchased the franchise (along with Colin and other investors). The team has been around for three decades and I used to watch them come to San Diego and play the San Diego Sockers (who just signed Landon Donovan) when I was an undergraduate. The applied curriculum that we teach our students about fan engagement, brand development, sales, marketing, event management, pric-

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ing, etc., are being applied in Kansas City. Colin is managing the franchise and we literally talk about the latest research on these topics.

My advice for anyone looking to further bridge the gap is to:

- (1) Reach out to the obvious consumers of your research (beyond other faculty, of course), discuss their issues, write a proposal, and in order to build a personal brand, overdeliver at a fair price. As mentioned above, I was asked to conduct a financial valuation of all of Major League Soccer (each team, league office, and affiliated businesses), but I was hired, I was told later, because I did the work for about 1/3 of what other groups that had been contacted were going to charge. In other words, I wanted the experience of doing the work, so I priced accordingly. That led to many more projects.
- (2) Develop relationships in the sport community. While this is obvious, it may not be clear what type of project will emerge from that. I tend to ask sport professionals what is it that they wish they knew, but just haven't had the time to answer. That often leads to a discussion and the contours of a research or consulting project begin to take shape.
- (3) Let your industry contacts know what you are up to, in terms of topics you are teaching, research you are conducting, and any industry projects you are working on. This often triggers a response about how they didn't realize you had expertise in a particular area where they need some answers.
- (4) Say yes. If you can make time and are asked, it really can lead to unknowable future research and projects.
- (5) Don't be afraid. I will let you in on a secret. Prior to most of the projects I work on, I have a fear of not knowing how I am going to actually do the work. What methods should I use? What if the data is insufficient? What even are the questions that are trying to be answered? (Most clients only have a vague idea about what they really need until we are already down the road into the project). The fear of the unknown is there, but trust your training, and partner up with others if you need skills outside of your areas of expertise.

These experiences have helped make me a better teacher in that I bring lessons learned and examples (and even mistakes) into the classroom to provide tangible learning outcomes. These experiences even show up in my research, as noted by the many applied chapters in our co-authored sport finance textbook.

Thank you for indulging me, and thank you again to ASMA for giving me the honor of receiving the Lifetime Achievement Award!