Elite Track and Field (ET&F) Study Topic

Topic 2: Strawman Financial Model for a Single Large ET&F Event

October 19, 2017

ETF-Forward
etf.forward@gmail.com

Financial considerations will drive many of the details of any professional sports league or event. ETF-Forward is developing a business model that will support at least two (2) annual large meetings that would have individual ownership. Effectively, these would be self-sanctioned or self-licensed events. The events would need to be modeled on the best of today's large meetings, for example, the IAAF World Championships, the US Olympic Trials, or the the track and field portion of the quadrennial Olympic Games. In addition, there may be value in understanding and applying financial metrics from one or more of the largest tournaments in the archetypal professional Tennis Tour. For example, the US Open, Wimbledon, or the Australian Open.

This study topic will begin to develop a financial model that will drive ET&F Major events. It will create estimates for revenue, based upon analysis of standard quantities (e.g., paying customers, average per capita ticket prices, ancillary event revenues, sponsorship income, and media rights payments) . These will be location-specific. In line with the ideas for Major meets that have been published (https://etf-forward.blog/annual-track-and-field-majors/) the initial locations can be chosen from London and Melbourne. Economic figures related to large events in these locales should be utilized. London is an obvious starting location for this work for a number of reasons. First, it has hosted the most successful track and field meeting of recent memory (IAAF WC: London 2017). Also, we have an informal arrangement with UK Athletics (London 2017 operator) for collaboration on such tasks. While UK Athletics is an obvious resource, it should be remembered that we have some access to Tracktown USA (Eugene), who also has experience (and plans) related to the largest ET&F events.

In a similar fashion, event expenses will also be location-specific. Obvious line items to be explored will include facility rentals and improvements, staff for event development and operation, volunteer staff management, security, and prize money. The last item is to be quantified in a separate task (https://etf-forward.blog/wp-content/uploads/2017/10/Elite-Track-and-Field-ETF-Study-Topic-October-17-2017.pdf). Basically, it is the cost of attracting top-tier athletic talent, without the (initial) ability to apply the subjective appeal of a well-known event name, or the "World or Olympic Champion" labels.

This is a free-form exercise that will provide an opportunity for a team of entrepreneurial students to explore a number of important financial factors related to the sports business world. Similarly, it will provide an opportunity for direct interaction with today's leading event organizers (including Tracktown USA and UK Athletics), as well as event operators in other sports. Like many research study topics, success will be based largely on the ability to utilize outside resources and expertise to develop and refine the internal models.

It is suggested that the overall process will involve multiple steps of research/definition/refinement, where the team creates an initial proposal which they benchmark against existing models. This will necessarily lead to refined proposals that are richer in financial detail. This can go on for a few cycles until what the team agrees as a relevant "delivery point" is reached.

Initial Parameters

--Event Location: London or Melbourne

--Event Size: 20 men's and women's events (including relays) with 64 athlete field sizes

--Event Length: 14 days with multiple sessions on many days. This may be quickly refined (i.e., reduced), in contemplation of schedule details *(a comprehensive meeting schedule will be developed in a separate task)*, and compelling arguments about the clear correlation between schedule and financial success of some existing or past meetings.

The rest is TBD!