McCombs Knowledge To Go

February 08, 2011
Marketing UT Athletics

by Ben Bentzin,
Lecturer in McCombs Marketing Department and
CEO, Interactive Health Technologies, Inc.
Texas Athletics

Ben Bentzin

Tuesday, February 8, 2011
Texas Athletics
Texas Athletics Results Since 1997

National Champs (13)
- Football, 2005
- Baseball, 2002, 2005
- Women's, Outdoor Track 1998, 1999, 2005

Conference Champs (85)

<table>
<thead>
<tr>
<th>Men’s</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Football, 2005, 2009</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Women's</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basketball, 2003, 2004</td>
<td></td>
</tr>
<tr>
<td>Golf, 1997, 2004</td>
<td></td>
</tr>
<tr>
<td>Rowing, 2009, 2010</td>
<td></td>
</tr>
<tr>
<td>Soccer, 2001</td>
<td></td>
</tr>
</tbody>
</table>
How did we get here?
What was the situation facing UT Athletics in 1996?
Texas Athletics 1992

- DeLoss Dodds men’s AD since 1981
  - Turnover in coaching
  - Consolidated fundraising in Longhorn Foundation
- Jody Conradt becomes women’s AD
- Rachel Sanders filed Title IX lawsuit
  - Settled in 1993
  - Required equity in men’s and women’s programs

- $6 million to launch new women’s programs in rowing, soccer, and softball – 200 women athletes
- Chris Plonsky hired to create sponsorship program
- Abandon Southwest Conference for Big 12
  - TV revenue
  - Bowl revenue
- Upgrade facilities
  - Training, sports medicine
  - premium suites and seats
- Hire the best coaches
What were the key factors that caused the Texas Athletics budget to grow from $21.4 million to $143.6 million in thirteen years?
Texas Athletics Strategy

Applying professional sports marketing fundamentals to college athletics

- Improving team performance – winning
- Revenue from sponsorship, contributions, tickets, TV
- Investment in coaches, athletes, facilities
DeLoss Dodd’s Four Point Plan

1. Consolidate fundraising
2. Get out of the SWC
3. Upgrade facilities
4. Hire the best coaches
## Achieving Equity

<table>
<thead>
<tr>
<th>Varsity Teams</th>
<th>Men's</th>
<th>Women's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseball</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Basketball</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>All Track Combined</td>
<td>114</td>
<td>109</td>
</tr>
<tr>
<td>Football</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>Golf</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Rowing</td>
<td></td>
<td>112</td>
</tr>
<tr>
<td>Soccer</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>Softball</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Swimming and Diving</td>
<td>44</td>
<td>32</td>
</tr>
<tr>
<td>Tennis</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Volleyball</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td><strong>Total Participants Men's/Women's</strong></td>
<td>347</td>
<td>341</td>
</tr>
<tr>
<td><strong>Unduplicated Participants</strong></td>
<td>279</td>
<td>281</td>
</tr>
</tbody>
</table>
Texas Athletics Revenue Growth

1996-1997

- All Other Revenue, $21.1 m, 15%

2009-2010

- Football, $93.9 m, 65%
- Basketball, $15.6 m, 11%
- Baseball, $5.0 m, 3%
- Texas Relays, $3.2 m, 2%
- Camps, $4.8 m, 3%

Total Revenue

$143.6m

Programs added:

- Women's 2001
- Trademark/licensing 2004
- Erwin Center 2007
2009 Top 10 Football Revenue

2009 Annual Growth Rate

- UT Austin: 12.0%
- Alabama: 10.3%
- Georgia: 9.1%
- Penn State: 11.2%
- Louisiana State: 10.2%
- Florida: 8.2%
- Auburn: 10.1%
- Notre Dame: 8.8%
- Ohio State: 5.5%
- Michigan: 8.6%

2003 Football Revenue

US Dept of Education Equity in Athletics Data Analysis 2003-2009
Football and Basketball generate the surplus

<table>
<thead>
<tr>
<th>Program</th>
<th>Revenue</th>
<th>Expenses</th>
<th>Surplus/Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Men’s Football</strong></td>
<td>$93.9m</td>
<td>$25.1m</td>
<td>$68.8m surplus (+3.9m pr yr)</td>
</tr>
<tr>
<td><strong>Men’s Basketball</strong></td>
<td>$15.6m</td>
<td>$8.9m</td>
<td>$6.7m surplus (-0.2m pr yr)</td>
</tr>
<tr>
<td><strong>All Other Men’s</strong></td>
<td>$7.1m</td>
<td>$9.1m</td>
<td>$2.0m deficit (+1.5m pr yr)</td>
</tr>
<tr>
<td><strong>All Women’s</strong></td>
<td>$5.7m</td>
<td>$17.0m</td>
<td>$11.3m deficit (-0.2m pr yr)</td>
</tr>
</tbody>
</table>

2009 UT Athletics Surplus/Deficit by Program
2009 Football Revenue as Share of Total

US Dept of Education Equity in Athletics Data Analysis 2009
UT is top’s in the #4 conference in revenue

### 2007-2008 Conference Revenue

1. Big Ten: $154.2 million  
2. ACC: $137.6 million  
3. SEC: $135 million  
4. Big 12: $103.1 million  
5. Pac-10: $80.1 million  
6. Big East: $77.6 million

### 2007-2008 Big 12 Revenue

1. **Texas**: $10.2 million  
2. **Oklahoma**: $9.8 million  
3. **Kansas**: $9.24 million  
4. **Texas A&M**: $9.22 million  
5. **Nebraska**: $9.1 million  
6. **Missouri**: $8.4 million  
7. **Texas Tech**: $8.23 million  
8. **Kansas State**: $8.21 million  
9. **Oklahoma State**: $8.1 million  
10. **Colorado**: $8.0 million  
11. **Iowa State**: $7.4 million  
12. **Baylor**: $7.1 million

*Big 12 revenue sharing: television 50% divided equally, 50% based on appearances; all other revenues divided equally.*
UT and ESPN to launch a University of Texas Network in Sept 2011

20-year, $300 million, agreement between UT, IMG College, and ESPN to operate a 24-hour network dedicated to UT. The network, scheduled to launch in September 2011

- Football – 1 broadcast, others rebroadcast
- Basketball – 8 broadcasts, others rebroadcast
- Broadcast many other UT sports, and network and on web
- Season previews/reviews
- Documentaries/athletic tradition
- Academic/cultural
What is the impact of "commercialism" in the Texas Athletic program?
Concerns about college athletics

- College athletics have become professional
- Money corrupts the system
- Alumni contributions fund athletics at the expense of academic programs
Money is not new to college athletics

- First intercollegiate athletic contest Harvard defeats Yale in rowing
- Held on Lake Winnipesaukee, NH to build ridership on the Boston-Concord-Montreal railroad
- Athletes received free transportation, room, board, and alcohol
Athletics are an integral part of university life

Advice to university presidents:

“If you are a sports enthusiast and enjoy intercollegiate athletics, so much the better; if you are not...fake it.”

--Peter Flawn, President, UT Austin, 1979-1985

Peter T Flawn, A Primer for University Presidents: Managing the Modern University, 1990
Football can accelerate national reputation

- University of Central Florida Knights
  - University founded 1963
  - President Trevor Colbourn embraced football as path to national reputation
  - NCAA football started 1979
  - 47,580 undergraduates

- University of South Florida Bulls
  - University founded 1956
  - President John Allen opposed football to be instead the “Harvard of the South”
  - NCAA football started 1997
  - 36,358 undergraduates

UCF used football to catch up to USF building a national reputation, USF ultimately responded with a football program of their own

UTSA

UT San Antonio starting football program fall 2011
Managing detractors...

<table>
<thead>
<tr>
<th>Successful management of college athletic requires...</th>
<th>UT results...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tracking and reporting academic progress with penalties for poor performance</td>
<td>No academic penalties under APR</td>
</tr>
<tr>
<td>Strict enforcement of NCAA rules</td>
<td>No major NCAA penalties since 1987</td>
</tr>
<tr>
<td>Surpluses after reserves flow to academics</td>
<td>$13.1m direct transfer to university since 2006, $13.0m per year for university services</td>
</tr>
</tbody>
</table>
What key lessons from the not-for-profit Texas Athletics program apply to the for-profit business world?
UT Athletics Success Driven By…

- Innovation
- Focus
- Branding
Implications

1. Narrow the focus for your business or organization
2. Focus on the measures of excellence for the few things you will do very well
3. Successful brands are the result of years of sustained, consistent effort
4. Winning is contagious, identify where you can win and leverage those wins to build your reputation
5. Hire stars who are recognized for being the best in their field
Innovation: DeLoss Dodd’s Four Point Plan

1. Consolidate fundraising
   - Centralized fundraising – 8.8% growth past 5 years

2. Get out of the SWC
   - Big 12 generates national exposure
   - Unique TV revenue sharing – 50% on appearances

3. Upgrade facilities
   - Since 1993 UT Athletics has invested $396 million in facilities

4. Hire the best coaches
   - $19.2m in coaching salaries for 20 head coaches and 62 assistant coaches, $1.5m per men’s head coach and $360k per women’s
Building a winning team...
Innovation usually takes place in response to a crisis or opportunity.

Title IX was the crisis that drove innovation at Texas.
Focus
# UT 20 teams vs. 24 average for top 10

<table>
<thead>
<tr>
<th>Men’s</th>
<th>Women’s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UT Men’s – 9 Teams</strong></td>
<td><strong>UT Women’s – 11 Teams</strong></td>
</tr>
<tr>
<td>Baseball (296)</td>
<td>Basketball (339)</td>
</tr>
<tr>
<td>Basketball (341)</td>
<td>Cross Country (335)</td>
</tr>
<tr>
<td>Cross Country (307)</td>
<td>Golf (244)</td>
</tr>
<tr>
<td>Football (241)</td>
<td>Rowing (84)</td>
</tr>
<tr>
<td>Golf (293)</td>
<td>Soccer (314)</td>
</tr>
<tr>
<td>Swimming (137)</td>
<td>Softball (282)</td>
</tr>
<tr>
<td>Tennis (260)</td>
<td>Swimming (195)</td>
</tr>
<tr>
<td>Track, Indoor (251) / Track, Outdoor (275)</td>
<td>Tennis (317)</td>
</tr>
<tr>
<td><strong>No UT Men’s Team</strong></td>
<td><strong>No UT Women’s Team</strong></td>
</tr>
<tr>
<td>Fencing (19)</td>
<td>Bowling (30)</td>
</tr>
<tr>
<td>Gymnastics (16)</td>
<td>Fencing (23)</td>
</tr>
<tr>
<td>Ice Hockey (58)</td>
<td>Field Hockey (77)</td>
</tr>
<tr>
<td>Lacrosse (57)</td>
<td>Gymnastics (63)</td>
</tr>
<tr>
<td>Skiing (13)</td>
<td>Ice Hockey (34)</td>
</tr>
<tr>
<td>Soccer (200)</td>
<td>Lacrosse (85)</td>
</tr>
<tr>
<td>Volleyball (23)</td>
<td>Skiing (14)</td>
</tr>
<tr>
<td>Water Polo (21)</td>
<td>Water Polo (33)</td>
</tr>
<tr>
<td>Wrestling (84)</td>
<td></td>
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</tbody>
</table>
Separate ADs for men’s and women’s sports

- UT one of only two NCAA Division I schools with separate athletic directors for men’s and women’s sports
  - DeLoss Dodds (1982)
  - Chris Plonsky (2001)
Branding
Corporate Marketing

**Longhorn Sports Network**

### Fan Demographics

- **Texas Fans**
  - 5,000,000+ Texas Fans in the State
  - 1,239,238 Austin DMA Target Population
  - 64.8% Texas Male Fans
  - 35.2% Texas Female Fans

- **45.8** Average Texas Fan's Age
- **48.4%** Household Income more than $50,000
- **420,000+** Texas has the largest alumni base in the state

**ESPN.com** ranked Austin, Texas, one of the Top 10 most passionate football markets in the nation.

### Official Corporate Sponsor Program

The Official Corporate Sponsor Program encompasses the elite partners of Texas Athletics.

- **Official Corporate Sponsors** are granted unique opportunities:
  - "Official" status
  - Category exclusivity
  - Promotional use of UT Athletics Trademarks
  - Access to exclusive hospitality events

Official Corporate Sponsors of Texas Athletics include the likes of AT&T, Bank of America, Coca-Cola, H-E-B, IKON, Lowe’s, State Farm, Taco Bell, Time Warner Cable, Scott & White and others.

### Testimonials

- **"I have found over the years no matter which Longhorn Sports Network team member you interact with they are very professional, creative and energetic. I highly recommend the Longhorn Sports Network and especially the team here in Austin, Texas."**
  - Ronnie Lee Vandiver, Texas Zone Marketing Manager, State Farm Insurance

- **"I would pass on to anyone considering a partnership with UT-IMG that they will not be disappointed. I have met the team of representatives, and everyone is enthusiastic and willing to help each other to be successful. I brag about the Longhorn Sports Network to other sports organizations all the time. The Longhorn Sports Network is quite a standard to keep up with!"**
  - Lynda Carrier-Mezz, Marketing Director, Pizza Hut
Brand Management Objectives

- **Increase favorable associations**
- **Leverage existing affect**
- **Monitor changes**
- **Avoid detractions**
Texas leads in licensing

Four consecutive years through 2009 UT Austin ranked No. 1 in CLC royalties for collegiate merchandise

(1.) The University of Texas at Austin
(2.) University of Florida
(3.) University of Georgia
(4.) Louisiana State University
(5.) The University of Alabama
(6.) University of North Carolina
(7.) University of Michigan
(8.) Pennsylvania State University
(9.) University of Notre Dame
(10.) University of Oklahoma

Winning is key to continued brand strength...
Where should UT Athletics go from here?

Are there opportunities for continued growth, or should UT focus on digesting what’s already been done?

UT Athletics - Outstanding Debt

2005 2006 2007 2008 2009

UT Athletics - Total Contributions

2005 2006 2007 2008 2009
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Talent: Mentor another alumni or speak at a future webinar
Treasure: Make a donation to McCombs

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Suggested fund: MBA or BBA Alumni Excellence Funds
Please use response code KTG
Send me your feedback -- jmbock@gmail.com

Save the Date for the 3rd Annual Access McCombs Event in Dallas: May 12, 2011. This year’s topic is “The Business of UT Athletics: An Exclusive Conversation with Dean Gilligan, DeLoss Dodds and Chris Plonsky.”