

Module 2. Novel Revenue Strategies and Sources for Non-Commercialised Sport Organizations (NCSO)

The term ‘non-commercialised sport organizations’ (NCSOs) broadly refers to smaller sporting organizations who benefit little (or not at all) from the investment from (and interest of) media, broadcasters, or large-scale sponsors. In the context of the United Kingdom, this includes sports such as canoeing, archery, weightlifting, judo, or table tennis¹. Given their lack of commercial interest or investment, research has identified the reliance of NCSOs on national or regional government funding. For example, in the UK, the governing bodies of various NCSOs depend upon central government funding to account for between 80-95% of their total income (Berry and Manoli, 2018). Their reliance on government funds to survive places them in a precarious situation. For example, they may lose control or autonomy over their decision-making to satisfy their government funder. Moreover, governments have signalled their intent to limit or reduce future contributions to sports (or particular sports) that do not contribute to the nation’s success – say, for example, in Olympic/Paralympic medal-winning tables.

Module Overview

Over the course of this module, you will become familiar with new terminology, frameworks, concepts, and theories relating to non-commercialised sport organizations (NCSOs). To further your learning, we will also introduce a selection of examples and student exercises to ensure that you understand – and can then demonstrate your engagement with – the core teachings.

This module will help you (i) explore key characteristics of non-commercialised sport organizations (NCSOs) and how they relate to assumptions made about the evolution of revenue models for sport organizations. We will then explain and apply key *theories* [(ii) resource dependency theory, and (iii) portfolio theory] that help us frame – and better understand – the challenges and opportunities presented to NCSOs in their pursuit of alternative revenue sources.

¹Of course, the commercial interest in different sports varies enormously from country to country. Different cultural appetites to participate in, consume, support, broadcast, or sponsor particular sports will mean that a sport categorised as non-commercialised in one country could be a commercialised sport in another country. This is further explained in section 3.2.1.



Next (in sections iv, v and vi), and central to this module, we delve into the various ways that NCSOs must *practice* flexible, innovative, and customised solutions to address their revenue generation and diversification problems. There is no generalisable template or 'one-size fits all' solution. Section iv looks at the possibilities of forging tailored solutions to attract sponsorship or other revenues from corporations. Section v focuses on broader revenue generation through business and community partnerships, philanthropy, and charitable support. Section vi looks at how NCSOs can modify their sporting offerings to secure new and more diversified revenue streams.

Of course, we must also consider the impacts that strategic changes in revenue generation may have on other organizational stakeholders. NCSOs are entities made up of many stakeholders – each with their opinions, hopes, and desires for what they want their sport organization to be, do, and stand for. Organizational change carries associated risks, and management implications that must be carefully considered as NCSOs move toward a different (and uncertain) future. Sections vii and viii address these issues, and types of conflict, arising when NCSOs seek to generate new revenue streams. Officials at NCSOs must try to foresee and then navigate these tensions or conflicts. This is essential if NCSOs are to seize the opportunities of a more diversified revenue portfolio, whilst mitigating the consequential challenges.

Unit 2.1 Revenue Models for Non-Commercialised Sport Organizations (NCSO)

The Evolution of Sport Revenue Models

Students of sport business need to be familiar with the evolution of sport revenue models. Andreff & Staudohar (2000) traced the evolution of sport finance from amateur, to traditional, and all the way to contemporary revenue models. Academics and sport-business practitioners broadly accept the need for modern sport organizations to focus on revenue generation at a globalised level – particularly the revenues supplied from global media conglomerates, other corporations, and financial markets. However, we must also research, understand, and learn about the myriad of sport organizations that do not fit with the globalised contemporary model.

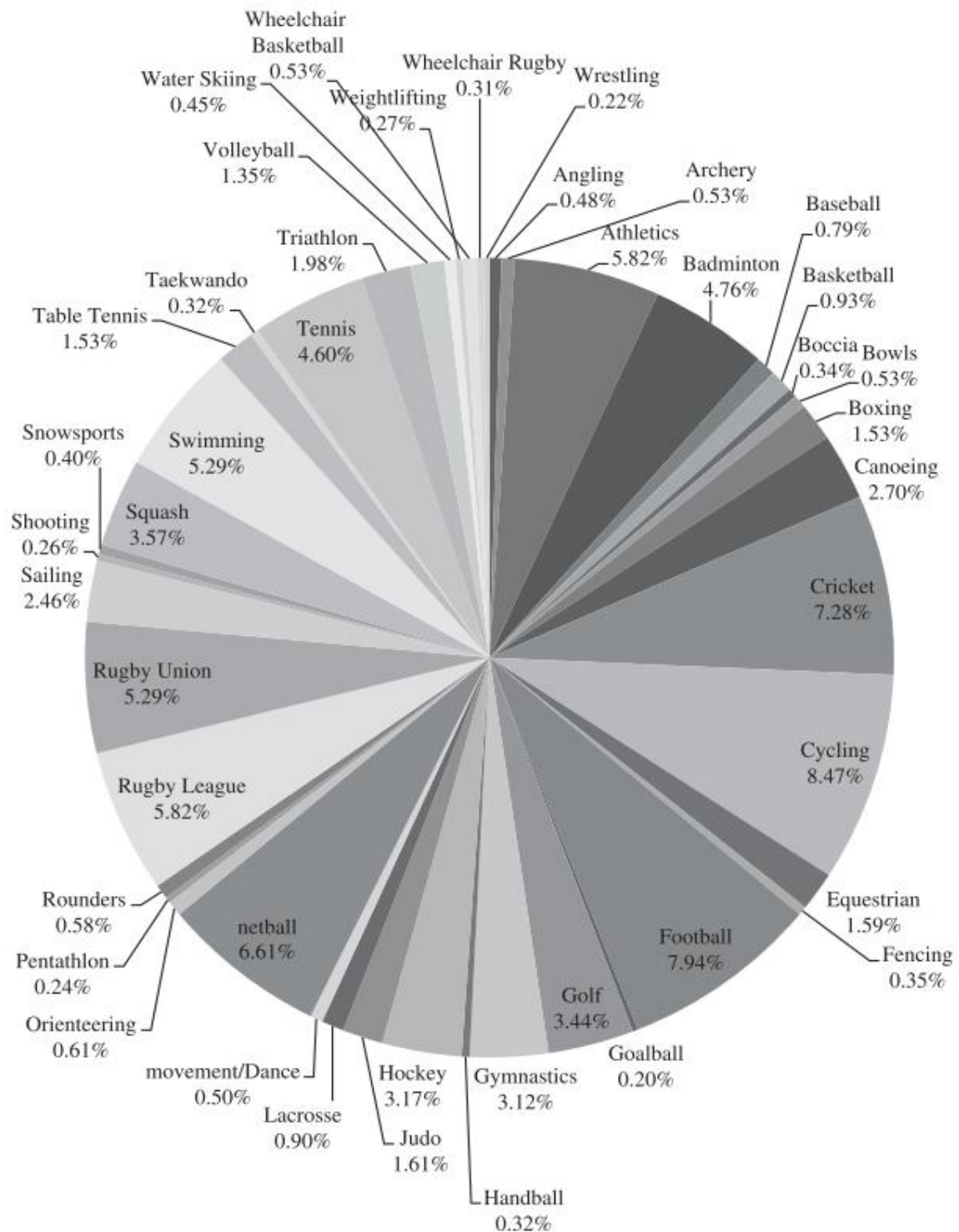
The Financial Precarity of Non-Commercialised Sport Organizations (NCSOs) in Evolved Sport Revenue Models

First, let us consider the array of sport organizations that we are referring to – those that have not benefited financially from global (or sometimes even local) media or corporate

interest. Take a moment to study figure 1 (below). The pie chart reflects the spending of Sport England across a suite of different sports². You will note that large-scale (and commercially successful) sports such as football, cricket, rugby, tennis, cycling, and golf still receive the largest share of Sport England funding. That government funding simply supplements their revenues from broadcasting and commercial/sponsorship avenues. This leaves question marks over the financial survival of the NCSOs which you can also identify in the pie chart in figure 1 (e.g., squash, orienteering, handball, angling, and water-skiing, etc.). Moreover, there are also question marks about the financial survival of sports created to include people with disabilities (e.g., wheelchair basketball and wheelchair rugby).

² Of course, there are many other sport organizations that do not receive any funding from Sport England, any other central government funding stream, and have little financial backing from any media or corporate entity. These organizations would also fall under the umbrella of 'Non-Commercialised Sport Organizations' (NCSOs)

Figure 1: Sport England's Whole Sport Plan 2013-2017



From Alternative revenue streams for centrally funded sport governing bodies, by R. Berry and A. E. Manoli, 2018, p. 447, *International Journal of Sport Policy and Politics*, 10(3), 429-450. <https://doi.org/10.1080/19406940.2017.1387587>



Second, let us now return to Andreff & Staudohar’s (2000) evolution of sport financing/revenue models. Table 1 (below) summarises the core findings of their work, distinguishing between traditional and contemporary revenue models. The contemporary model focuses sport organizations’ attentions on attracting revenue from media, corporations, merchandising, markets (financial) and globalised markets (MCMMG). By comparison, the traditional model focuses on revenue from spectators, subsidies (government), and sponsors at the localised level (SSSL).

Table 1. The Evolution of Sport Revenue Models

Traditional (SSSL)	Contemporary (MCMMG)
<p>Spectators Primary source of revenue was gate receipts</p>	<p>Media Broadcasting has become the main source of professional sports revenue</p>
<p>Subsidies Occasionally, subsidies were received from national and local governments and industry benefactors</p>	<p>Corporations Big corporations have driven the takeover of clubs</p>
<p>Sponsors Sponsorship increases from the 1960s/70s onwards</p>	<p>Merchandising & Match-Day Revenue from merchandising & ticketing has increased, but not enough</p>
<p>Local Sponsorship tended to come from companies located in the same geographic proximity as club</p>	<p>Markets (financial & player) To finance activities, some clubs have set themselves up PLCs or as talent suppliers to larger clubs</p>
	<p>Global Sport too becomes part of the logic of one open globalised marketplace</p>

Note. Adapted from The Evolving European Model of Professional Sports Finance, by W. Andreff & P. D. Staudohar, 2000, *Journal of Sports Economics*, 1(3), 257–276. <https://doi.org/10.1177%2F152700250000100304>

What will quickly become apparent to you is that NCSOs have not benefited from the financial rewards available from the contemporary model. Instead, they continue to rely on revenue from spectators, subsidies (government), and sponsors at the localised level (SSSL). As stated at the outset of this module, many non-commercialised sports depend upon central government funding to account for between 80-95% of their total income (Berry and Manoli, 2018). This situation is made more alarming when considering the broader context of some governments (including the UK) signalling their intention to limit



or reduce future contributions to sports that do not directly serve their agenda. For example, this could relate to a government's focus on national prestige or success – say, at the Olympics/Paralympics. This would spell serious concerns for NCSOs whose sport is not an official Olympic sport, or for those who do not produce medal winning elite athletes.

Student Exercise:

The remaining 'student exercises/challenges' is an optional tasks to deepen student engagement and learning.

It is crucially important to recognise that sports categorised as NCSOs will vary enormously across different world geographies and cultures. For example, baseball and lacrosse are non-commercialised sports in the UK. However, each of these sports enjoy commercial success in the United States of America. Table 2 (below) summarises Major League Baseball's (MLB) recently agreed television broadcast contracts that exceed \$12B for the period 2022-2028 in the USA. This clearly demonstrates how baseball fits with the contemporary revenue model (MCMMG) in one country (i.e., the USA) but remains in the traditional revenue model (SSSL) in others (e.g., the UK).

Figure 2: Brandon Crawford tries his hands at the TV camera in Major League



From Major League Baseball's new media rights deal with Turner Sports worth over \$3 billion, by J. Young, 2020, *CNBC*, <https://www.cnbc.com/2020/06/16/mlb-new-media-rights-deal-with-turner-sports-worth-over-3-billion.html>

Table 2. Major League Baseball Commercial Interest from Media Broadcasters in the USA

MLB NATIONAL TV CONTRACT AMOUNTS (2022-28)

Comparison of the current broadcast deal compared to the new agreements that start in 2022.

Broadcast Partner	Current (Annually)	New (Annually)	(Annual +/- from current)	Total Contract
ESPN	\$700 million	\$550 million	-\$150 million	\$3.85 billion
FOX	\$500 million	\$728.6 million	\$228.6 million	\$5.1 billion
TBS	\$300 million	\$470 million	\$170 million	\$3.29 billion
TOTAL	\$1.5 billion	\$1.76 billion	\$248.6 million	\$12.24 billion

Note. From MLB's \$4 Billion ESPN Media Rights Extension Brings The League's Total Broadcast Value To \$12 Billion Over 7 Years, by M. Brown, 2021, *Forbes*, <https://www.forbes.com/sites/maurybrown/2021/05/14/espn-7-year-392-billion-renewal-with-mlb-starts-in-2022/?sh=45159a783b1c>

Your Challenge: Make a list of sports in your country (or a specific country of your choosing) and compare these to the list from the UK (see figure 1 above). Consider whether you would classify each sport (in the specific country of your choosing) as commercial or non-commercial. You should also identify:

- a) Overlaps (with the UK) that highlight the international nature of some contemporary elite sports, if any.
- b) Contrasts (with the UK) that highlight geographic and cultural differences that result in the same sport being commercialised in one country but non-commercialised in another, if any.



Unit 2.2 Using Resource Dependency Theory to Understand the Threats (and Opportunities) Facing NCSO

Resource dependency theory (Pfeffer and Salancik, 1978) can be used to help students, and sport officials, better understand the challenges and opportunities faced by NCSOs in their pursuit for alternative revenue sources. To put it simply, resource dependency theory asks us to consider how organizations might be controlled by external entities if they are dependent on resources supplied by those external entities. Dependencies affect balances of power and the means to exert control over the direction of an organization.

Resource dependency theory has been applied, by the academics Berry and Manoli (2018), to help us understand the specific challenges facing NCSOs. Those researchers pinpointed the importance of needing to (i) appreciate the *context within which dependencies occur*, and (ii) recognise *how sport organizations can act to reduce the constraints (or precarity) associated with their dependency on government funding to survive*. For example, some national governing bodies of non-commercialised sports in the UK admitted they would struggle to exist without government body funding (Berry & Manoli, 2018). Officers from national governing bodies of non-commercialised sports were explicit in that changes need to be made in their revenue generation diversification strategies.

This module (3.2) frequently draws on the work of Berry and Manoli (2018) because of the lack of research specific to non-commercialised sport. Their research helps students and sport officials frame the context of the dependency of NCSOs on government funding. First, NCSOs were aware of the challenge of needing to continually satisfy government funding objectives and policy while still trying to cater to the needs of all their stakeholders (e.g., members, players, spectators and community supporters, etc.). Dependency can lead to loss of autonomy over management decisions, or even of the strategic direction of the entire organization. For example, government objectives and policy can shift over time. Governments may focus on promoting mass participation in physical activity for several years. However, core objectives and policy can also quickly shift to elite success or national prestige at international competition. Those policies then shape, or dictate, the operations and planning of the sport organizations which governments fund – rather than the sport organizations focusing on the needs of its members [e.g., players and community facilities, etc.]. This can create a mismatch of expectations and call into question the direction of the entire organization. Second, NCSOs were acutely aware that their government funding could be cut even when they continue to shape their organization to meet government objectives and policies.

Sport organizations' reliance on government funding – and an associated decline in sport organizations' autonomy over their own strategic direction – has been researched in various other countries – including Germany, Belgium, and Canada (Horch, 1994; Slack and Hinings, 1992; Vos et al., 2011). For example, researchers have observed Canadian sport organizations who, over time, have had to pivot from a focus on promoting and developing all levels of sport – to instead take a narrow focus on elite athletes and international success (Slack and Hinings, 1992). Of course, this type of proof of 'return on investment' to government funders may not fit with the desired strategic direction of all NCSOs and their stakeholders.

In this respect, reduced funding is both a threat *and* an opportunity for NCSOs. The question mark it places over organizations' continued financial viability is the obvious threat. However, it also means that organizations have opportunities to recast or reform; forging new strategic directions, building new revenue streams, and forming new partnerships. To better understand how NCSOs prepare for these challenges and opportunities, we must now explain portfolio theory – as applied to NCSOs pursuit of alternative revenue sources.

Unit 2.3 Using Portfolio Theory to Expand Our Understanding of the Threats (and Opportunities) Facing NCSO

Portfolio theory (Markowitz, 1991) is a foundational investment theory that has been discerningly applied to the work of non-commercialised sport organizations by the academics Berry and Manoli (2018). Their research demonstrated that senior officials and decision-makers within NCSOs are acutely aware of (i) their unbalanced reliance on government funds to continue to operate, and (ii) the danger or likelihood that government funds will decrease – or be largely reallocated to other sports, or other social needs (Berry and Manoli, 2018). Given this predicament, those same senior officials and decision-makers within NCSOs began casting a wider net for revenue generation to ensure their sport organization's ongoing financial viability. Furthermore, officials were shown to have various other plans in place (at varying stages of development) to further supplement – and diversify – their respective organization's revenue streams. Their actions exemplify the opportunity for NCSOs. For decades, some researchers have argued that reduced government funding will create new opportunities for private philanthropy, which remains latent and unused because it is crowded out by government spending and policy (Brooks, 2000).



However, the process outlined above is not as simple as it sounds. Decisions taken about the strategic direction of NCSO funding will impact on the organization's various stakeholders (e.g., players, members, volunteers, residents in the community where the organization is located, sponsors, board members etc.). Different stakeholders may disagree about the future direction their NCSO should be trying to pursue. For example, should their NCSO prioritise broadening its membership and participation? Or should it be focused on improving the performance of its current players? What about prioritising their elite performers in the hope that this draws more paying spectators and sponsors? Should they prioritise the needs of the community and residents in which their organization is based? Or should they be most concerned with developing their sport's rules and regulations? Or focus on creating new competitions across different regions or countries?

The tensions created by these questions about strategic direction can be better managed with the use of portfolio theory. This is because portfolio theory helps sport organizations understand *how far their revenue-generating nets should be cast*. Portfolio theory helps NCSOs' officials carefully consider the risk and reward ratios of their decisions. For example, are there certain categories of funds they should *not* pursue – or, are there funds they should *not* accept if offered? Portfolio theory can also be used to help NCSO officials better understand the risk and reward processes that influence the decisions of funders and donor bodies themselves. For example, how would a particular NCSO complement a funder's other investments?

One additional layer to consider is that some academic researchers have collected evidence to argue that *both* public funding and commercial funding can successfully co-exist – particularly in a sport-specific context (Enjolras, 2002). Some NCSOs will find themselves needing to satisfy the expectations of both public and private or commercial funders. Again, the difficulty in this balancing act is why decision-making officials of NCSOs need to understand portfolio theory.

In conclusion, sport managers need to both (i) understand resource dependency theory (3.2.2) to recognise (and then manage) the dangers of NCSOs being overly – or totally – reliant on one funder; and, (ii) understand portfolio theory to recognise (and manage) the dangers attached to pursuing overly diverse or heterogeneous revenue generation. The questions asked directly above in this section (3.2.3) help you better understand what the dangers of overly diverse or heterogeneous revenue generation look like – and the tensions and confusion they can cause NCSOs. Having too many funders creates more complexity; requiring more administrators and bureaucracy to manage that complexity. NCSOs need to consider, and then balance, the needs and expectations of each of their funders with the needs and expectations of their other stakeholders. Only with this balanced consideration can NCSOs alleviate tensions across different funders and



stakeholders, who each want to exert influence over the organizations they invest in (Froelich, 1999).

Unit 2.4 The Practice of Diversifying NCSO's Revenue Generation: Developing Return-On-Investment (ROI) Propositions to Attract Corporate Revenues

The sections above (3.2.2 – 3.2.3) have helped you understand the *theories* underpinning NCSOs need to pursue (and balance) new revenue sources and strategies. Next, we delve into various *practices*; NCSOs must forge flexible, innovative, and customised solutions to revenue generation and diversification. These are central to understanding the *practice* of NCSO officials and decision-makers responsible for protecting their ongoing financial viability. The academic research and findings of Berry and Manoli (2018) are central to categorising and explaining NCSOs new revenue streams – as explained throughout sections 3.2.4 and 3.2.6.

It is important to establish at that outset that no generalisable template or 'one-size fits all' solution has been found in research. This is explained by research that has identified how NCSOs are comprised of stakeholders with very different aims and objectives, demographics, psychographics, funding needs, governance frameworks, geographic and cultural contexts, etc. Moreover, each NCSO has highly variable abilities to drive and implement organizational change (e.g., skill sets of their members and volunteers, organizational willingness to change, etc.). For these reasons, comparative studies of non-commercialised sport organizations have struggled to neatly group or categorise different types of NCSOs. Instead, in this section (3.2.4), we focus on how sport managers at NCSOs tailor solutions, that are context-dependent, to better attract corporate sponsorship and revenues.

Sponsorship

Challenges for NCSOs Pursuing Corporate Sponsorships

NCSO officers in the UK highlighted corporate sponsorship as the core alternative to government funding. *However*, sponsorship still accounted for less than 10% of NCSOs total income (Berry and Manoli, 2018). Corporate sponsors tend to no longer view their sponsorships as philanthropic causes (Berry and Manoli, 2018; Herrmann, Kacha & Derbaix, 2016). Instead, corporate sponsors expect, even demand, compelling evidence



as to why their sponsorship will be a mutually beneficial investment. There is an expectation that NCSOs should be able to 'sell' them the benefits they offer, provide evidence on their 'return on investment' (ROI) – and follow up on measuring the actual ROI. Such expectations require NCSOs to have staff skilled in conversing, and evidencing, marketing competencies in, for example, customer relationship management (CRM), brand exposure, attitudinal or behaviour change in target users and customers, and the causal impact on sales figures and value returned to shareholders (Henseler, Wilson & Westberg, 2011; Misener and Doherty, 2014; Turner et al., 2011). The vast majority of NCSOs struggle with these expectations and, consequently, fail to attract bigger corporate sponsors or larger corporate budgets.

Opportunities for NCSOs Pursuing Corporate Sponsorship

NCSOs should *not* try to go 'toe-to-toe' with commercialised sport providers in areas where they will be second best; such as with CRM systems, brand exposure or global media impressions. Instead, NCSOs must focus on, and develop value-propositions about, their *unique characteristics that will attract corporate sponsors* (Berry and Manoli, 2018). For example, this may include NCSOs emphasising their ability to *reach niche audiences and connect with consumers and users in deeper and more meaningful ways*. In this example, a NCSO would need to develop a value-proposition that illustrates the alignment between the demographics of its participants/membership and the target consumers of a particular corporate investor. NCSOs need to focus on the *significant local or regional cultural significance* which they hold in the heart and mind of the niche audiences with which the corporation is trying to engage/build relationships. This approach is different to the broad and global reach that commercialised sports organizations impress upon sponsors. Instead, NCSOs must demonstrate how their events, and image, *aligns cohesively* with the demographic and psychographic profiles of sponsors' target audiences (Pappu & Cornwell, 2014). Furthermore, NCSOs need to develop compelling propositions that document the quality of their sport offerings and events, the different types of brand exposure that their sponsors get (i.e., deeper and more meaningful) – and any exclusivity they offer to sponsors (Henseler, Wilson & Westberg, 2011; Manoli & Hodgkinson, 2017).

The practical steps outlined in the preceding paragraph are essential for NCSOs to develop value-propositions that are robust and compelling enough to satisfy the 'return on investment' calculations which the vast majority of corporate sponsors demand to justify their decisions (Berry and Manoli, 2018; Herrmann, Kacha & Derbaix, 2016; Jensen and Cobbs, 2014; Manoli, 2015).

Corporate Days



NCSOs have also realised that they can offer value, and build relations, with corporate entities in other ways. They can leverage people’s positive perceptions of the values and characteristics associated with sport. These usually include, for example, teamwork, commitment, and determination. Some NCSOs have created packages tailored to meet the needs of corporate team-building or training days. Their offerings cater to fee-paying corporate clients who want to be immersed in sporting activities – while simultaneously developing employees’ ‘soft skills’ (e.g., communication) that can improve their business performance.

For example, consider the non-commercialised sport of canoeing in the UK. The organization ‘Canoe Wales’ helps to fund and develop paddle sports across Wales – including programs specific to helping more women, girls, and disabled people to get active in sport (for more information, check their website: <https://www.nationalwhitewatercentre.co.uk/about>). To help fund their NCSO, they sell corporate packages to business clients. See figures 3 and 4, below, which exemplify a sample of their offerings customised offerings to corporate clients:

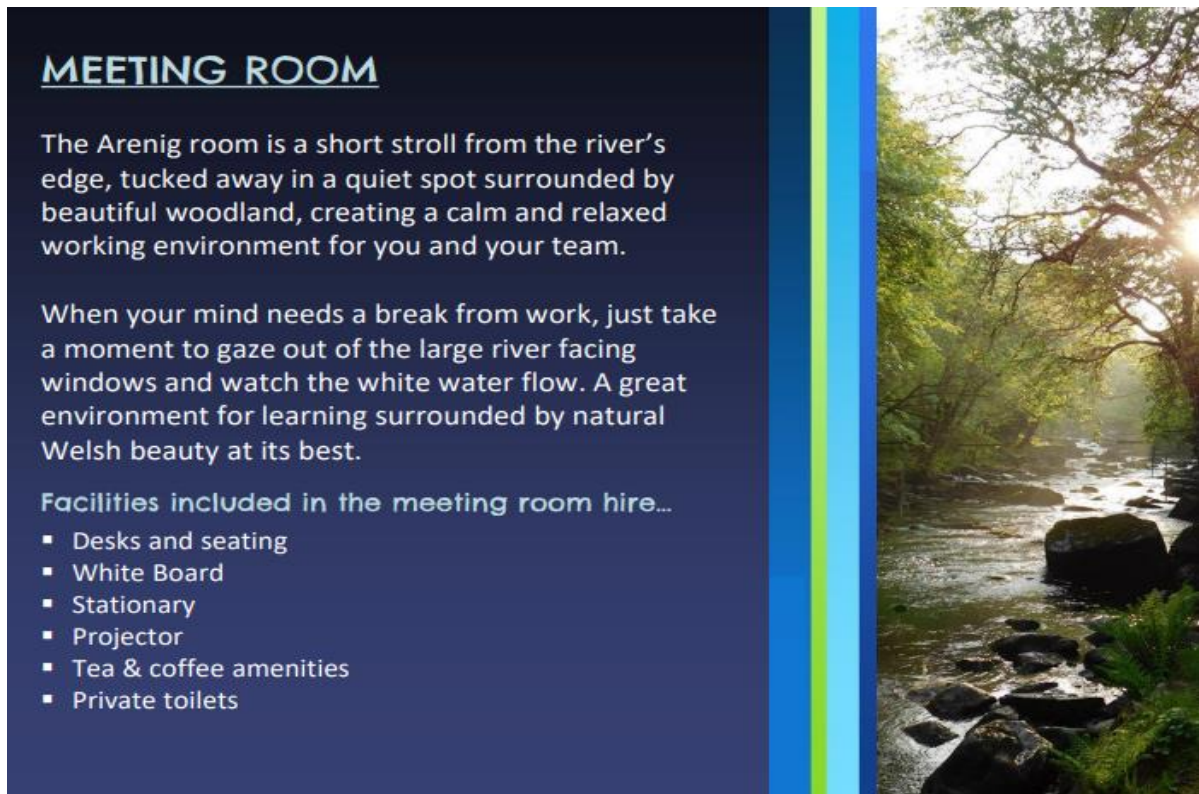
Figure 3: Canoe Wales’ Corporate Event Packages

OUR PACKAGES

<p>TEAM BUILDING PACKAGE</p> <p>A great opportunity to practice teamwork vital for running River Tryweryn.</p> <p>White Water Rafting Lunch</p> <p><i>from £62.80 per person</i></p>	<p>ACTION PACKAGE</p> <p>Test your team with an adrenaline filled day!</p> <p>White Water Rafting Lunch Canyoning</p> <p><i>from £112.80 per person</i></p>	<p>HARD WORKING PACKAGE</p> <p>The great outdoors is a fantastic motivator and the perfect way to refresh your team.</p> <p>White Water Rafting Lunch Meeting Room</p> <p><i>from £87.80 per person</i></p>

From [Untitled image about Canoe Wales’ Corporate Event Packages], s. f., <https://bit.ly/3NpY3bK>

Figure 4: Canoe Wales' Corporate-Event Meeting Rooms



MEETING ROOM

The Arenig room is a short stroll from the river's edge, tucked away in a quiet spot surrounded by beautiful woodland, creating a calm and relaxed working environment for you and your team.

When your mind needs a break from work, just take a moment to gaze out of the large river facing windows and watch the white water flow. A great environment for learning surrounded by natural Welsh beauty at its best.

Facilities included in the meeting room hire...

- Desks and seating
- White Board
- Stationary
- Projector
- Tea & coffee amenities
- Private toilets

From [Untitled image about Canoe Wales' Corporate-Event Meeting Rooms], s. f., <https://bit.ly/3NpY3bK>

You can see from figures 3 and 4 that Canoe Wales' offerings chime with the idea of selling teamwork and employee motivation to corporate clients who can combine sport with business productivity. Their sales literature emphasises the benefits of using sport to foster team building in an "unpredictable environment" with "real-life scenarios" to keep corporate clients engaged with activities focused on strengthening team dynamics and developing communication skills, which can be utilised in day-to-day work scenarios to enhance your company's productivity. They also explicitly emphasise their flexibility and customisations; if their quoted packages are not quite what you are looking for, you can tailor the activities and meals to suit your requirements.

However, the warning here is that this approach is best suited to non-commercial sports that are based on team play rather than individual sports. Furthermore, not all sports are suitable for bringing large groups of inexperienced people (at varying levels of fitness) together to play or compete. Of course, there are also extra skilled staffing (e.g., corporate event organizers) and administrative costs (e.g., insurance policies) that are incurred by sport organizations seeking to establish this revenue stream as a reliable source.

Event Management/Hosting (Non-Sporting)

NCSOs can leverage their playing or training facilities to host, or even manage, events that are ticketed and use the sport organization's own catering facilities or partner. Alternatively, some sport organizations do not undertake the management of the events themselves; instead, they promote their facilities and infrastructure as being available to rent out to corporations.

The limitation is that this is only possible for organizations that own facilities that are deemed attractive for hosting other types of events – and, importantly, located in areas or regions that attract people to ticketed events. For example, there, it is much more likely to be a successful revenue stream for an organization with facilities in a major city rather than those in more regional outposts.

Unit 2.5 The Practice of Diversifying NCSO's Revenue Generation: Developing Broader Value Propositions to Secure New Revenues

Most academics and sport officials focus their attention on corporate sponsorship as the primary alternative revenue source for NCSOs. However, we must also explore the other avenues which NCSOs used to diversify their revenue streams and protect their future against an overreliance on government funds. For example, new revenue streams could be secured through developing business and community partnerships, philanthropy, and charitable support. They could also further leverage these funding streams in new and innovative ways – as shown in the example from Ireland below.

Business and Community Partnerships

Business and community partnerships relate to the practice of building close-knit relationships with organizations that have budgets that are less 'investment' driven. For example, these can relate to corporate social responsibility budgets that may prefer to demonstrate community engagement or boost corporate and social connectedness. However, the obvious issue here relates to a broader trend of businesses using stricter return-on-investment funding models. The majority of NCSOs reported that their efforts to establish these relationships were failing. Only a few sport organizations were successfully collecting revenue classified as business and community partnerships; and, those monies that were being received still only accounted for a maximum of 5% of the organization's total income (Berry and Manoli, 2018).



Charitable Support

Charitable organizations can provide revenues to sport organizations that provide more inclusive participation opportunities. This can include, for example, programs designed to support the participation of people with a disability or those from underprivileged backgrounds.

Philanthropy

NCSOs have found some success in appealing to interested individuals or charities. Examples include former athletes who want to support or 'give back' to the game, or wealthy individuals who are passionate about specific sporting offerings. Figure 5 below demonstrates an example from one NCSO; a small Gaelic Athletic Association (GAA³) club in County Donegal in Ireland which uses philanthropic donations to develop their playing facilities for current and future players. They also leverage their philanthropic donations to run a development draw or raffle – where donated funds can be used as prizes to attract more people to purchase raffle tickets and increase the NCSOs total revenue. Although this example illustrates success for one NCSO, many officers in NCSOs made clear that the success rate of securing ongoing philanthropic donations is very low.

Figure 5: Irish GAA Club Leverage Philanthropic Revenue



³ The Gaelic Athletic Association (GAA) is a national association in Ireland that organises a range of indigenous Irish sports.

Unit 2.6 The Practice of Diversifying NCSO's Revenue Generation: Modifying Sporting Offerings to Attract New Revenues

Beyond sponsorships (3.2.4), business and community partnerships, philanthropy, and charitable support (3.2.5) there are also opportunities for NCSOs to modify their sporting offerings in ways that can open new avenues for revenue generation. For example, these could include hosting of new flagship sport events and exhibitions (with ticketing and merchandise), member fees and annual dues, and sports education programs with certifications awarded.

Event Management/Hosting (Sporting)

Contrary to raising revenues from non-sporting events (as in 3.2.4), NCSOs can create and manage their flagship sporting-events that serve many purposes – including paid tickets and entry fees, merchandise sales, and recruitment of new participants and members. Officers of NCSOs in the UK reported these types of events began being used to generate alternative revenue streams around 2013 – and they have grown in popularity since. This makes sense because officers reported that the income from these days exceed the relatively small costs incurred (e.g., additional event staffing to supplement organizational volunteers). There also appears to be room for further innovation and expansion here. Some governing bodies want to create a bigger portfolio of their events; expanding to include international exhibition matches (e.g., inviting teams and athletes from the US to participate and better promote their sport as they seek further growth and public interest). However, similar limitations relate here as with non-sporting event hosting or management; these relate to facilities' ownership, attractiveness, and location.

Member Registration Fees & Annual Dues

Non-commercial sports that are fearful of shrinking government's funding have already begun to introduce registration fees for any players, coaches, and officials taking part within sanctioned competitions. The assumption here is that existing members will be willing to pay fees for their continued involvement and benefits (e.g., insurance coverage). However, of course, there are fears that this could reduce the number of current members or stifle new members from joining or participating in the future. Many organizations reported dealing with member dissatisfaction with the introduction of registration fees.

This is particularly harmful for sports with low membership numbers, where the membership and dues income generated is minimal. Furthermore, there are also new administrative costs associated with collecting and processing fees and membership expirations. Moreover, earlier research (Wicker, 2011) found that willingness to pay member registration will vary depending on demographics including income, education, and performance. For these reasons, sports that are not popular with more privileged socio-economic groups will struggle to implement registrations fees with any success.

Education Programs/Certifications

Some NCSOs already benefit from revenues generated from certifications relating to their specific sports. Now, more NCSOs have begun to create, organize, and execute a suite of educational offerings that participants pay to complete and gain accreditation. The foci of the education programs are entirely customisable to their customers' needs or desires. However, they tend to focus on people seeking accreditation to teach, supervise, coach, or officiate specific sports. Another major focus is on individuals who seek to demonstrate their improved sport technique or performance. This includes, for example, swimming certifications for children and coloured-belt distinctions in martial arts (see figures 6 and 7 below).

Figure 6: British Combat Karate Certifications



From Gradings, by British Combat Karate Association, n.d. Retrieved April 29, 2022, from <https://www.britishcombatkarate.co.uk/karate/549/Gradings>

Figure 7: British Combat Karate Gradings



From Gradings, by British Combat Karate Association, n.d. Retrieved April 29, 2022, from <https://www.britishcombatkarate.co.uk/karate/549/Gradings>

In addition to offering traditional martial-art certifications (i.e., belts/gradings), British Combat Karate also offers another interesting example that combines various strands explained above. They have modified their sporting offerings to now include ‘LED-Sabre⁴’ or ‘Battle Blades⁵’ training, displays, and tournaments (see figure 6). British Combat Karate state that their new events encourage a much broader participation of new students taking martial-arts classes; students wanting to try a new and more diverse martial art. They are also actively recruiting additional experienced martial artists to join their teams of LED-Sabre or Battle Blades instructors.

⁴ British Combat Karate state that they are legally prevented from using the term ‘Lightsaber’ because The Walt Disney Company own the copyright of that word. Other martial arts providers have had court proceedings issued against them because of their copyright infringement on the use of the word Lightsabre. See: <https://www.businessinsurance.com/article/20161018/news06/912310049/star-wars-brand-uses-force-stop-lightsaber-academy-copyright-infringement-lucasf>

⁵ For more information see <https://www.battleblades.co.uk/>



Figure 8: Battle Blades



Battle Blades [online image]. Retrieved April 29, 2022, from <https://www.battleblades.co.uk/gallery?pgid=km0okk63-97171a99-524d-4be1-9efe-d70ba5e051cf>

Figure 9: British Combat Karate's 'LED-Sabres' and 'Battle Blades' Sporting Modifications



British Combat Karate's 'LED-Sabres' and 'Battle Blades' Sporting Modifications [online image]. Retrieved April 29, 2022, from <https://www.battleblades.co.uk/>

Unit 2.7 Future Trajectories: Recognising Conflicts Arising from NCSO's Drive for New or Alternative Revenues

NCSOs must undergo and implement various organizational changes (3.2.3–3.2.6) as they use portfolio theory (3.2.3) to address their resource dependency (3.2.2). These changes may be necessary to ensure their continued financial viability. However, there is no single solution that suits all non-commercialised sport organizations – nor is creating one new revenue stream usually enough to address the organizations' financial survival. Of course, we must also consider the impacts that strategic changes in revenue generation will have on other organizations stakeholders. NCSOs are entities made up of varied stakeholders – each with their opinions, hopes, and desires for what they want their sport organization to be, do, and stand for. The need for many organizational changes will almost always trigger new issues, tensions, and conflicting visions regarding the future strategic directions of NCSOs. Officials at NCSOs must work to foresee and better understand these issues. Organizational change carries risk, and management implications, that must be

carefully considered as NCSOs move toward a different (and uncertain) future of revenue generation.

For example, some NCSO officials report that the drive to have members pay for registrations, certifications, and flagship events could amount to a new reliance; where members 'self-fund' or attract their sponsors or donors to help pay for their membership, training, and certifications. This creates tensions with some members, and officials, fearing that their already-peripheral NCSO will deter participation (of both existing and new members) in their sport – with many people being unable to 'self-fund' their involvement.

Student Exercise:

The remaining 'student exercises/challenges' is an optional tasks to deepen student engagement and learning

The best way to improve, and then demonstrate, your learning of NCSO's revenue sources (and the conflicts arising) is to work through an exercise that relates to a sport organization with which you are familiar (or may even be a member). You need to think about the core characteristics of one NCSO of your choosing. Remember, a non-commercialised sport organization will have very little (or no) broadcast media coverage or major national sponsors. Instead, you need to consider its specific characteristics that make it special to you and its other stakeholders. What specific characterises do you think would make your chosen NCSO more likely to succeed in being able to generate, or grow, its alternative revenue sources. For example, is there anything special or compelling about its geographic location, cultural importance, community involvement, or the profile and demographics of its members? Does your chosen NCSO cater to an individual or team sport (or is it a mix)? Does your chosen NCSO have any connections to business leaders or former professional athletes?

Once you have chosen your non-commercialised sport organization and recorded some core/special characteristics (in the table below), please proceed to the student challenge.

Table 3. Student Exercise

Name of Your Chosen NCSO:	
List some core/special characteristics that you	1) 2) 3)



have identified about the NCSO of your choice:	4) 5)
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Source: own elaboration.

Your Challenge: In column B, please write down one specific opportunity and one specific challenge that you think your chosen NCSO would face when trying to diversify or attract new funding in each different area listed in column A. Finally, you then need to prioritise (in column C) which specific avenues you would pursue if you were appointed as an official at the NCSO of your choosing.

Table 4. Student’s challenge

<u>Column A</u> Novel Revenue Sources & Strategies	<u>Column B</u> Bullet point one opportunity and one challenge for your chosen NCSO to raise its revenues in each area stated in column A.	<u>Column C</u> Rank/prioritise the importance of each revenue source (from 1-9) to your chosen NCSO’s new revenue generation
Sponsorship	<ul style="list-style-type: none"> ➤ Opportunity: ➤ Challenge: 	
Corporate Days	<ul style="list-style-type: none"> ➤ Opportunity: ➤ Challenge: 	
Corporate Event Management/Hosting (Non-Sporting)	<ul style="list-style-type: none"> ➤ Opportunity: ➤ Challenge: 	



Business Community Partnerships	&	<ul style="list-style-type: none"> ➤ Opportunity: ➤ Challenge: 	
Charitable Support		<ul style="list-style-type: none"> ➤ Opportunity: ➤ Challenge: 	
Philanthropy		<ul style="list-style-type: none"> ➤ Opportunity: ➤ Challenge: 	
Event Management/Hosting (Sporting)		<ul style="list-style-type: none"> ➤ Opportunity: ➤ Challenge: 	
Member Registrations		<ul style="list-style-type: none"> ➤ Opportunity: ➤ Challenge: 	
Education Programs/Certificates		<ul style="list-style-type: none"> ➤ Opportunity: ➤ Challenge: 	

Source: own elaboration.

Unit 2.8 Future Trajectories: Navigating Ideological Opposition to NCSOs' Drive for New or Alternative Revenues

Forging a more diversified portfolio of revenue streams may prove essential for non-commercialised sport organizations to survive (and continue to provide facilities and organise competitions). However, while striving for revenue diversification, sport organizations create new conflicts. It is important to recognise that NCSOs might face



ideological opposition to their decisions regarding new revenue generation. To better understand a core ideological opposition, we will now explore the connection between NCSOs and lifestyle, or alternative sports.

Opposition to New Revenue Generation for NCSOs

It has been well researched (Rinehart, 2000; Turner, 2013; Wheaton, 2005, 2010) that some stakeholders or participants in non-commercialised sports think it is essential that their NCSOs *remain non-commercialised*. Some sports attract participants who are ideologically opposed to sport being influenced by corporate funders and corporate interests. Instead, they support the idea that sport and leisure are more about a lifestyle, and an expression of their identity, that is able to be inherently counter-cultural, or non-commercialised. To put it simply, for them, their sport offers a clear alternative to commercialised sport.

For example, some stakeholders or participants vocally resist the tendency for sport organizations to want to grow their numbers of formalised competitions, events, and tournaments, or to expand their lists of rules and regulations. Instead, they believe that sport should focus on its cultural, artistic, and social activities; rather than having a myopic focus on competition or rankings – which are western ideals that commercialised sport and capitalism thrive upon (Dana, 2013). Alternative-, lifestyle-, or counter-cultural sports usually include surfing, skateboarding, parkour, free running, windsurfing, kitesurfing, BMX, climbing, and snowboarding. Many participants in these sports have fought *against* any pursuit of sponsors and fought *against* their sport's inclusion in commercialised mega-events, such as the Olympic Games. Their opposition demonstrates a committed resistance to sport selling its cultural 'soul'; something they believe to happen when NCSOs reshape to satisfy the demanded return-on-investment (ROI) of corporations. For some stakeholders in NCSOs, they believe they must instead promote their sport as a social movement that offers a retreat from people's overly commercialised and controlled lives.

Student Exercise:

The remaining 'student exercises/challenges' is an optional tasks to deepen student engagement and learning

Using the table that you completed above (3.2.7), consider some negative reactions (e.g., complaints, protests, petitions) that you might encounter as a result of ideological opposition to your chosen strategic focus (i.e., the prioritisation or ranking you placed on new revenue sources to pursue). Consider how you would respond to, or try to prevent, opposition from stakeholder groups. For example:



- (i) Might you expect members to complain about their sporting facilities not being available for periods of the week or year because they are being used for non-sporting events (e.g., corporate days or business meetings)?
- (ii) Might members complain (or even protest, petition, or boycott) your sport organization if you accept sponsorships from sources they dislike, morally oppose, or conflict with their religious beliefs (e.g., alcohol and gambling companies, fast food providers, pay-day loan companies)?

You should consider how you would address (or try to prevent) these types of concerns from participants or other stakeholders in your non-commercialised sport organization. You should also reflect whether you might change (or hold firm on) the prioritisation you gave to the new and growing revenue streams in your completed table (3.2.7).

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