New Business Models for the Value Analysis of Sport Organisations

Herbert Woratschek und Guido Schafmeister

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Abstract

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The value creation analysis provides a deeper understanding of the value creation of a business and gives an opportunity to derive promising strategies to generate income. But the success of the strategies depends on the usage of the appropriate business model for the value creation analysis. Value chain, value shop, and value network are introduced as business models for the value creation analysis of sport organisations at the example of a football match, a training camp, and a football league. Strategy options are discussed and implications for further research are given.

Keywords: Business Models, Value Analysis, Value Chain, Value Shop, Value Net
1 Introduction

Within the last years, many top level sport organisations changed from working with voluntaries to working with professionals. European football clubs are such an example. Nowadays star players earn millions of euros while some decades ago, they used to be volunteers. However, any sport organisation has to make money to cover the expenses.

Making money usually depends on value creation. A part of the strategic management literature is dealing with value creation. (Amit/Zott, 2001; Armistead/Clark, 1993; Betz, 2002; Fjeldstad/Haanes, 2001; Kinder, 2002; Lee, 2001; Lunn, 2002; Porter, 1985; Stabell/Fjeldstad, 1998; Timmers, 1998) The aim of the literature in this field is to explain and analyse the value creation of different organisations, no matter what industry they are in.

The value creation of sport organisations is neither explained nor analysed so far. The sport management literature is focussed on ticket demand if it comes to generating income for sport organisations (e.g. Crains, Jennett./Sloane, 1986; Czarnitzki/Stademann, 2002; Hart, Hutton./Sharot, 1975; D. Peel/Thomas, 1996; D. A. Peel/Thomas, 1988, 1992). Of course, the sale of stadium tickets was the main source of income for professional sport organizations in earlier days. But today, other sources of income such as merchandising, sponsorships, VIP-Louges, and media rights became more important. The scientific focus started to shift accordingly (e.g. Bryant/Raney, 2000; Mahony/Moormann, 1999; Solberg, 2002). But nevertheless, a general theory to explain different kinds of value creation in sport organisations is still missing. The importance of this research gap increases with each new source of income, as a general theory about the value creation of sport organisations can explain the peculiarities of different kinds of value creation. Furthermore, identifying different kinds of value creation gives the opportunity to suggest generic strategies for sport managers, to increase their business.
The purpose of this paper is to introduce different value creation logics for sport organisations. These value creation logics can explain the value creation of different organisations and hence ease the value creation analysis. Three different models conceptualise the different value creation logics. These value creation models are the value chain, the value shop, and the value network. (Porter 1985; Stabell/Fjeldstad, 1998)

The next section introduces the different value creation models. Then, different value creation logics for sport organisations are considered. The paper ends with a discussion of implications for sport management.

2 Distinct Value Creation Logics

So far, the value chain model is usually used to explain and analyse the value creation of an organisation (Porter 1985). Value shop and value network are additional models to analyse the value creation of an organisation (Stabell/Fjeldstad 1998), while each of the three models is based on a different value creation logic. A value creation logic describes the way a value is created. The logic explains whether a value is created by transforming input factors into products and services (value chain), or by solving a customer problem (value shop), or by mediating people (value network).

Explaining and analysing an organisations value creation appropriately, depends on using a suitable value creation model. Using the wrong model leads to suggesting unsuitable strategies. However, at this point it is important to seperate revenue and business models. “A business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities.” (Amit/Zott, 2001, p. 511.) “A revenue model refers to the specific models in which a business model enables revenue generation.” (Amit/Zott, 2001, p. 515). Hence, a business model describes the way an
organisation creates value for the customer. A revenue model describes the generation of money and is based on the value creation. The flow of money is not necessarily similar to the value creation. If business and revenue model are not treated separately, the analysis of the golf club will focus on memberships, as the memberships generate revenues. However, the membership itself does not seem to be the core value for the customers. Reasons for signing a golf club membership might be the opportunities to play golf or to meet other people. Only the separation of business and revenue models gives the opportunity to identify the value creation of an organisation. Looking at the flow of money might be misleading here.

Hence, revenue models will not be considered any further in this paper. A revenue model has to be specified for the individual case according to external and internal circumstance. It cannot be a part of the more general value configuration analysis. The specification of a revenue model is unique but in accordance to an organisation’s value creation logic.

2.1 Value Chain
Porter’s value chain (Porter, 1985) was developed specifically for organisations of the manufacturing industry and is based on a sequential value creation logic. Input factors must be carried to the production facility before the production process can start. Then input factors are transformed into products or services according to a fixed and sequential set of production activities. The finished outputs are either stored or shipped to dealers before they get sold. After sales services are set up to ensure customer satisfaction with products and services, because satisfied customers are assumed to buy the products and services again. (Bruhn, 2003; Rust, Zahorik,/Keiningham, 1995; Zeithaml/Bitner, 2000) Each value creating activity can start only if the preceding activity is already finished. This logic is similar to what Thompson calls a long-linked technology (Thompson, 1967). Value chains can generate
economical advantages out of the repeated execution of the value creating activities, because the set of activities is standardised for each output. Repetition enables increasing returns to scale and a cost function increasing less than linear (Varian, 2003).

The value activities of the value chain are separated into primary and support activities. Primary activities are directly involved in the value creation for the customers. This direct link between primary activities and value creation is the reason for relating an organisation’s strategy to the execution of the primary activities. This means, an organisation should aim at a competitive advantage in one or many of the primary activities. The support activities are also important for the value creation, but they are not directly connected to the customer. Support activities offer assistance for primary activities.

Figure 1 shows the value chain diagram. The margin represents the degree to which the value creation exceeds the costs of both the input factors and the transformation process.

Figure 1: Value Chain (Source: Porter, 1985, p. 37)
According to Porter (1985, p. 39-40), the primary activities of the value chain are inbound logistics, operations, outbound logistics, marketing/sales, and service. Position and order of the primary activities show, that the value creation logic is sequential. Only if the preceding activity is finished, the following activity will start. Hence, production (operations) cannot start before input factors are shipped to the production facility (inbound logistics). The support activities are firm infrastructure, human resource management, technology development, and procurement.

The generic strategies for competitive advantage of value chains are cost advantage and differentiation (Porter, 1985, p. 11). Cost advantage characterises a strategy where an organisation wants to achieve for example the lowest production costs in relation to the rest of the industry. Differentiation would mean to adjust the production to individual customer needs.

Now, some authors applied the value chain model to different industries. Walters/Jones (2001) for example apply the value chain for a hospital. Eustace (2003) uses the value chain model for the knowledge economy. However, the general idea of the sequential value creation logic is not changed. Modifications such as these have in common, that they use the same value creation logic even if order and content of single value activities are different.

2.2 Value Shop
The value shop represents the value creation logic of problem solving organisations such as consultants in sports, training camps, or market research institutes. These organisations offer solutions for individual customer problems. Value creation is possible only if with the customer and the problem solver come together. Activities and resources have to be allocated for each individual customer problem specifically. Thereto, defining the customer’s problem
is the starting point of each job. Thereto, value shops and customers should be able to communicate well with each other. A satisfactory problem solution is possible only if customers and value shops are able to define the problem precisely. Usually, problem definition and customer acquisition go hand in hand. The value shop will develop a proposal for the problem solution based on the problem definition. Both, problem definition and proposal are the basis for contract negotiations. Once, the contracts are signed, the experts of the value shop start to work out the proposed problem solutions for the specific customer problem at hand. Therefore, the value shop has to allocate staff and equipment according to the specific requirements. This is one of the main differences between the value shop and the value chain. The value creation activities of the value shop are individual while the value creation activities of the value chain are standardised. A car manufacturer for example uses the same production facilities for millions of cars, while market research institutes or consulting agencies have to configure specific project team for each problem solving process. It rarely happens that problem solving organisations have to deal with exactly the same problem twice (Stabell/Fjeldstad, 1998, p. 420.). It might happen that parts of an earlier problem solution can be used but still, these parts have to be configured individually for the new problem at hand.

Again, the activities of the value shop are separated into primary and support activities. The activities are characterised by a cyclical and reciprocal order. Single activities as well as the whole process will be repeated until the problem solution is satisfactory. Furthermore, it is possible to go back to earlier activities, if a later activity shows that the earlier ones were not well performed. If for example the problem definition is not as precisely enough and both value shop and customer do not agree on the problem, then the problem definition will take place once more (Stabell/Fjeldstad, 1998, p. 422.).
According to Thompson’s typology of techniques (1967), the value creation logic of the value shop is similar to what he calls intensive technology. The ‘intensive technology’ is characterised by a variety of technologies to solve customer problems. Each problem might cause a need for a different technology to develop a problem solution. Value shops need expertise to apply as many technologies and techniques as necessary to solve the problem. At the same time, customers have an impact on the selection of technologies. If an athlete does not like one kind of fitness-training, the coach has to offer different kinds of fitness-trainings.

The challenge of a value shop is to coordinate various techniques and experts to find a satisfactory problem solution.

The general value shop diagram shows the separation of primary and support activities. A margin is not mentioned.

The support activities are similar to those of the value chain. Differences occur concerning the primary activities. Again, the primary activities are directly involved in the value creation for the customer. Support activities are co-performed and support the primary activities. The
primary activities are shown in the value shop diagram independently of who actually executes them. Primary activities are: Problem Finding and Acquisition, Problem Solving, Choice, Execution, and Control/Evaluation (Stabell/Fjeldstad, 1998, p. 423-424).

The value creation analysis of value shops is specific, because relative cost and value of the activities are not related with each other. Not all primary activities, such as choice, are associated with value creation directly. The decision for one of the offered problem solutions does not provide any value on its own. But, the decision has an important impact on the value creation as it determines the following problem solving process and hence the used techniques. “The challenge is to establish meaningful indicators of value in a situation where we are assessing the capability of the firm to address future client or customer problems – problems that are potentially unique and may require novel solutions.” (Stabell/Fjeldstad, 1998, p. 426).

Apart from these difficulties, three main value drivers of value shops are: earlier success, linkages between different value shops, and learning abilities. Earlier success causes reputation. Reputation is important, because potential customers are looking for information about the value shop (Stabell/Fjeldstad, 1998). The customers will ask a particular value shop for a problem solution if the reputation of this shop promises a satisfactory problem solution. (Wilson, 1985; Yoon/Guffrey/Kijewski, 1993) Linkages ensure that the most appropriate techniques and experts are working on the problem solution. The allocation of experts and techniques is important for value shops to exchange knowledge, ideas, and experiences. At the same time, learning abilities ensure that the experts on the team are able to increase their knowledge-base according to any problem, if necessary. Experts should have access to the knowledge of their colleagues, even if these colleagues are not involved in the current problem solution process. But at the same time, the advantage of economies of scale in terms of a huge problem solving organisation with many experts all over the world is questionable.
On the one side, communication between customers and value shops will be more efficient, if all experts are in a local branch at the customers place. On the other side, globally organised customers might ask for a global representation of a value shop. (Stabell/Fjeldstad, 1998, p. 426-427). The question of economies of scale seems to be as unique as the customer problems and the customers organisational spread.

Again, the generic strategies are cost leadership and differentiation. But cost leadership does not seem to be successful for value shops, because customers usually prefer a reliable over a cheap but not as reliable problem solution. Differentiation seems to be more successful, as customers get a solution for their individual problem. Here, differentiation is mainly focussed on the question whether solutions are offered for a broader range of problems or for certain problems. If solutions are offered for a broader range of problems, the value shop must have access to many different specialists with different skills. A focus of particular problems allows the value shop to focus on certain industries or organisational functions for example.

The rate of change in technologies and the market size for specific problem solutions might be indicators for the decision of either focussing or offering a broader range of problem solutions (Stabell/Fjeldstad, 1998, p. 427). If the rate of change is high, experts will spend a lot of time on learning new technologies. Offering a broader range of problems solutions under these circumstances is quite expensive. With a high rate of change, a focus on certain problems might be advantageous, because a value shop can ensure a high standard of knowledge more easily.

Furthermore, a value shop has the opportunity to incorporate the problem. Problem incorporation is considered to reduce uncertainty for both value shop and customer. But problem incorporation also aims at increasing the efficiency of communication and making the evaluation of the problem solution more reliable (Stabell/Fjeldstad, 1998, p. 427). Incorporating a problem is a question of transaction costs for either using the organization or
the market (Coase, 1937). Costs for using the market exist in the case of uncertainty, because supplier and customer need information about the counterpart. Collecting information causes costs (Stigler, 1961). Costs for using the market will be reduced at the price of organisational costs, if a market transaction such as the problem solution is incorporated. Hence, value shop and customer have to decide, whether the cost for using the market or for using the organisation are lower. Of course, ideas about organisational independence will influence this decision as well.

As mentioned earlier, the customers will use the value shop’s reputation if they feel uncertain about the capabilities of the value shop. Reputation is responsible for the outside appearance of the value shop. But, reputation is not represented in the value shop model as introduced by Stabell/Fjeldstad (1998). A first step to model reputation more expressive is to separate problem finding and acquisition (Woratschek/Roth/Pastowski, 2002). Then, reputation can be treated as a part of acquisition. Still, acquisition is focused on a single customer transaction. But, reputation is more general. Reputation is like the tubing of a wheel. If it is full of air, the organisation can better resist external shocks, for example if the economy goes down. Reputation is influenced by all primary activities. If the primary activities of the value shop are performed well, the reputation increases and vice versa. Each single primary activity has an impact on reputation.
Figure 4: Modified Value Shop

Figure 4 shows the modified value shop. Acquisition and problem finding are separated. Reputation is lying around the primary activities to illustrate, that all primary activities have an impact on reputation and that reputation is responsible for the contact of the value shop with its environment. Customers are attracted by the reputation and reputation is the initiative for acquisition. Word-of-mouth communication is an example for reputation. Satisfied customers are likely to recommend the supplier of their problem solution and reduce the uncertainty of an information seeking new customer. (Woratschek/Horbel, 2002) The arrow in figure represents the spin that is given to the value creation wheel of the value shop by the reputation. At this point, it has to be mentioned, that the modification of the value shop does not change the underlying value creation logic. The modification also relies on the cyclical and iterative value creation logic.
2.3 Value Network

A value network creates value as it mediates and coordinates relationships between network participants. A network facilitates, promotes, and maintains a platform for the interaction of network participants. “Linking, and thus value creation, in value networks is the organisation and facilitation of exchange between customers.” (Stabell/Fjeldstad, 1998, p. 427) The network participants do not have to actually use the network services to derive utility from the network. Sometimes, the offered contact opportunity represents a value on its own as the network participants have access to the network whenever they want. They do not have to actually use the network services. Nevertheless, the value of the network increases with each additional member and hence depends on positive network externalities. (Katz/Shapiro, 1985)

But besides the number of participants, the composition of the customer base is of interest, too. Customers are not interested in interacting with anybody but with the right person. The network services to mediate network participants can have different forms. Three dominant ones are: contact initiation, mediating contracts, or distribution. Contact initiation includes offering a platform were one participant can reach another. An example for such a value network is a sports event. If sport clubs organise a tournament, the advertisers can use the tournament as a platform to reach spectators with their advertising message. Then, the tournament is a platform for interaction. Mediating contracts is the business model of sport agencies, who for example mediate contracts between athletes and sport clubs. The agencies get a provision if a contract is signed. Distribution is the business model for dealers of sport equipment. The dealer has to anticipate the customer needs and decides about the range of products, the quantity of products, and the variety of brands offered (Woratschek, 2002).

Network operators do not differentiate between suppliers and customers. Both groups are customers for the network operator even if they have a customer-supplier relationship.
between each other. Furthermore, each value network itself usually belongs to a group of networks with layered and interconnected network services. One network can extend its services to the customers of other networks or network services can get sourced out to other networks. Value networks show that coordination is productive by itself, as coordinating the connection between customers adds value to their relationship. (Stabell/Fjeldstad, 1998, p. 427-429) Figure 5 shows the value network diagram:

![Value Network Diagram](source: Stabell/Fjeldstad, 1998, p. 430)

Figure 5: Value network (Source: Stabell/Fjeldstad, 1998, p. 430)

Again, the primary and the support activities are disaggregated. The support activities are similar to those of the value chain and the value shop. The primary activities are: Network Promotion/Contract Management, Service Provisioning, and Infrastructure Operation. Network Promotion/Contract Management consists of activities such as inviting potential customers to join the network, signing up new members, and terminating memberships. Service provisioning has to do with establishing, maintaining and terminating the connection
between customers. Service Provisioning is oriented towards the management of individual contacts between customers while Network Promotion/Contract Management is focussed on the network membership. Infrastructure Operation is maintaining and running the physical infrastructure of the network, the platform for communication. (Stabell/Fjeldstad, 1998, p. 429)

The value configuration analysis of networks differs from the analysis of value chains and value shops, because various items can be drivers of both costs and values. Scale and composition of the network are examples for such items. Usually, a value network will be the more attractive the more members it has. But at the same time, the network must offer an access opportunity and capacity for all members. New members require additional capacity and access opportunities and hence increase the operating costs of the network. Capacity utilisation is a cost and value driver, too. On the one hand, a higher capacity utilisation leads to lower unit costs, as it is the case in the value chain model. On the other hand, a high capacity utilisation increases the risk for members to wait for the network service until a sufficient capacity is vacant (e.g. if the telephone line is busy). In this case, the value of the network is reduced by a high capacity utilisation. (Stabell/Fjeldstad, 1998, p. 431-432)

The strategy options of a value network can be seen as cost advantage versus differentiation, too. Here, the question of strategy is whether to vertically or horizontally integrate or not. Vertical integration describes the degree to which a network controls preceding and succeeding activities that are required to fulfil the coordination task of the own network. Hence, vertical integration describes the level of control over co-producing activities of other networks. Horizontal integration describes the customer base scope. The broader the customer base, the more horizontally integrated is a network. A network with a higher degree of horizontal integration provides network services for a variety of customer segments. (Stabell/Fjeldstad, 1998, p. 432) A low degree of horizontal integration will only be
successful if the niche is huge enough and has a sufficient purchasing power to pay for the network services. If certain niches are too small or lack purchasing power, a higher degree of horizontal integration seems necessary. Coming back to cost advantage and differentiation: A cost advantage strategy would be to have only a few members, limited access opportunities, a low capacity or a low degree of integration. A differentiation strategy would mean to offer an easy access and various contact opportunities for different customer groups.

3 Value Creation Logic of Sport Organisations

The Football Match – A modified value chain

Applying the value chain for a football match is another modification of the value chain. Spectators do not know in advance, whether the match will meet their expectations. Therefore, building up reputation is necessary to be successful in the market. But, reputation is not part of Porter’s model although relevant for the sale of sport events. If a football club is famous for good performance, the uncertainty about the quality of the game is reduced and the spectators might be more likely to attend the game. Different studies on the demand for stadium attendance identified the importance of reputation for the demand (Jones/Ferguson, 1988) (Baimbridge, Cameron/,Dawson, 1996; Dobson/Goddard, 1996; Janssens/Késenne, 1987; P. Wilson/Sim, 1995). Building up reputation is the first activity to create economic value in sport organisations and the reputation of both the home and the away team should be a part of the value creation model for football matches. Marketing/sales of a football match rely on the reputation and take place before the beginning of the match. Hence, marketing and sales have to be moved to the second position of the value chain for the football match. Inbound logistics and the arrival of competitors and spectators have to be organised, when the
tickets are sold. So, the production of a match takes place after marketing/sales and inbound logistics. When the match is finished, the departure of competitors and spectators has to be managed, the arena has to be cleaned, and so on. Post to a match a lot of services such as interviews, comments and video clips are provided by the organisers. Hence, for a football match, the structure of the value chain model still works, although the primary activities have a different content and order.

Of course, a single football team can not make a match on its own. In the sport industry, cooperation between competitors (coopetition) is necessary to arrange a match. The simplest kind of coopetition is cooperation in the activity “operation”, although cooperation in other activities is possible as well. Hence, for a football match, the value chains of two competing teams are linked with each other at least at the activity ‘operation’. Figure two gives an example for such a co-producing value chain of the sport event industry.
The modifications of the value chain demonstrate the flexibility of the concept. The underlying value creation logic is never changed. Only the order and the content of the value activities are modified. In addition, it might be necessary to sometimes add single value activities or to link value chains.

Porter’s value chain recommends two generic strategies: cost advantage and differentiation. What does this mean for football clubs? It is obvious that most professional football clubs offer standing rooms, seats and VIP-lounges for the spectators. So, mostly they seem to follow a differentiation strategy. But, are the clubs really different from each other using this...
kind of differentiation? Do they really have a unique selling proposition? Maybe, a lot more could be done to be different from the competitors regarding all primary activities. Here, baseball in the USA is an example for another differentiation strategy. If spectators expect more entertainment before the match starts and during the breaks, then it could be valuable to offer unique entertainment in the stadium, which means an improvement in operations. In addition, realising cost advantages in some of the primary activities could also be worthwhile to think about. A question could be how inbound and outbound logistics can be organized more efficiently? Another questions could be, which distribution channel is the cheapest for ticket-sales? Hence, there are a variety of strategy options for a football match. The decision for one of these options should take the unique situation of each football club into account. Even if several football clubs decide for a differentiation or cost leadership, the way the strategy is rolled out should be based on the customer needs to achieve a unique selling proposition.

The Training Camp – A Value Shop

In the case of a training camp, activities and resources are allocated specifically for the individual problem at hand. Nothing is produced, no service can be provided without the customer. Athletes face the problem that they want to increase their performance but do not have the expertise to do it on their own. But, the athlete does not know in advance, how good the coach performs and whether his problems will really be solved. Thus, the athletes start to ask other athletes or friends for a recommendation and based on these recommendations they will decide for a training camp or at least for testing certain training camps. Therefore, reputation is most important for the economic success of a training camp, especially for gaining new customers. The importance of reputation makes it obvious, that a training camp needs experts bringing reputation to the camp. A new training camp will have a hard time to
succeed, if it is founded by coaches who just finished their education and did not build up reputation yet. Hence, if young coaches want to open up a training camp, they have to make investments into their reputation first. Working together with a well known coach for another training camp with good reputation would be such an investment. While working in these surroundings, the young coaches will build up their own reputation and opening up a training camp will be more promising afterwards.

Once the athletes are attracted by the reputation of the value shop acquisition and problem definition will start. If a meeting with an athlete can be arranged, the problem of the athlete has to be defined. Therefore, the training camp needs a specialist to communicate with the athlete, as athletes are often not able to define their problem precisely on their own. For example, an athlete wants to improve his performance, but what does this mean in detail? First of all, coach and athlete have to speak the “same language” to get a mutual understanding of what they are talking about. The coach cannot solve the problem without the athlete. Obviously, working together and hence understanding each other is necessary for a training camp and coaches have to be good in communication. Second, the coach has to be able to identify the athlete’s problems precisely. The coach will only get an opportunity to make a proposal and to get the contract if the athlete has the impression that the coach has a deep understanding of the problems and is able to clarify the training objectives. This means, problem finding and acquisition go hand in hand. Once, the contracts are signed, coaches elaborate the proposed forms of training and different training methods to meet the training objectives. The athlete has to make a decision for one of the offered training methods or forms. Usually, the coaches support the decision. If the offered training methods or forms do not suit the athlete, the coaches will go one step back and look for alternative solutions. However, a choice among the different problem solving opportunities has to be made. The choice is then the kick-off for the execution of the training and takes place in accordance to
the chosen training method. The later evaluation might show that the athlete did not meet the training objectives. Maybe both, coach and athlete realise, that the chosen training method was not appropriate. Then the coaches must go on and develop new solutions for the training. The problem solving circle starts again.

As mentioned above, the generic strategies of a training camp are cost advantage or differentiation. In the case of a training camp, cost advantage would for example mean lower wages for the coaches. However a lower wage will go hand in hand with fewer or lower skilled coaches and hence lower problem solving capabilities. In general, differentiation seems to be more successful for value shops. An example for a differentiation strategy would be a football training camp where coaches are appointed specifically for goalkeepers, for forwards, and defence instead of just one coach for all. In this case, the specialisation of the coaches gives the opportunity to work on unique problems individually.

A Football League – The Value Network

A value network such as a football league creates value as it coordinates competition between competing football clubs. Of course, playing football would be possible without the league organising a championship series, but the championship series adds value to the games, as the best team is rewarded with the championship title. A championship series is more attractive for the spectators than a single friendly game, because of the chance of winning the championship title and the relegation threat. (e.g. Borland/Lye, 1992; Dobson/Goddard, 1992; P. Wilson/Sim, 1995)

A primary activity of a football league is the selection of the participants of the championship series. The network promotion of a football league means the identification of teams who are able to fulfil the requirements of the championship series. The attractiveness of a football
league depends on the performance of the participating teams and on the number of participating top-teams. Obviously, 100 teams are too much and 2 teams are not enough for an interesting championship series. Hence, another value creating activity is to determine how many teams should compete in a league. But, besides signing up members for the championship series, terminating memberships is also a key value activity for a football league. The league has to make sure, that for example football clubs with financial problems do not harm the league, if they have to resign during the season due to a lack of financial funding. Hence, the league has to check the financial funding of each participating club. Furthermore, the league has to exclude teams who do meet the performance requirements (relegation) to ensure high level matches. Thus, if the league terminates the membership of a club, the league usually protects the value of the championship series as a whole. An example for service provisioning is the organisation of the weekly tournaments and the settlement of the entrance and broadcasting fees. The league fixes the schedule for the championship series, consisting of fixtures as well as dates and times. The infrastructure operations of a football league mainly deal with rules and regulations for the championship series. In some countries, transfer payments are supposed to guarantee the competitive balance between the teams. In other countries, salary caps and draft systems are installed for similar reasons. Furthermore, to make the football competition more attractive in relation to other sports, the point system for football tournaments was changed some years ago. For a win, three points are rewarded now instead of two to motivate the teams to play more offensive. Developing the rules for the games, organising relegation or penalising athletes and teams for violating the rules are other examples for infrastructure operations. All these activities aim at maintaining or increasing the value of the network championship series.

The strategic options of the football league are horizontal and/or vertical integration. A football league usually forms the national top level of football. A vertical backward
integration would mean to incorporate lower level football series. In Germany, each local football club is a member of the German football federation, who owns the German football league organisation. This is an example for a vertical backward integration. Vertical forward integration of a national top level football league is usually organised by a membership in the international football federation (FIFA). Hence, most national football leagues are vertically integrated in one or the other way and the international organisation makes the national series more attractive. The advantage of the vertical backward integration of national football leagues is the offered incentive for lower level clubs as they have the opportunity to reach the top level. The vertical backward integration allows lower level clubs to reach the top level, if they perform well. Furthermore, the vertical backward integration is a threat for the top level teams, because of relegation. The threat of relegation will push these teams to work hard to stay in the premier league. Thus, the vertical backward integration helps to ensure a high level of performance on both the top level and the lower level. The same argument works for the vertical forward integration. Here, the national top teams will work as hard to participate in the international tournaments as the local teams do to participate in the national series. However, vertical integration in both directions seems to be a promising strategy option for national football leagues. With horizontal integration, the situation seems to be slightly different. If football is a popular national sport, the customer base is rather huge. Attractive teams should be available to participate in the championship series as well as a huge number of interested spectators. A horizontal integration with other sports like tennis or baseball does neither seem to provide additional value for the teams nor for the spectators. But the situation might be different for sports with a lower popularity. If attractive teams are rare, and if customers are not particularly interested in a certain type of sports, then a horizontal integration of different sports might be advantageous as tournaments of several sports are arranged parallel, on the same date at the same place. Doing so, horizontal integration can
increase the value of the network for both, teams and athletes as well as spectators as the variety of offered sports increases.

4 Discussion

The theoretical considerations lead to three different business models for the value configuration analysis of sport organisations: value chain, value shop, and value network. The value chain alone is not appropriate for the analysis of all sport organisations and could lead to wrong strategies. Value shop and value network represent different value creation logics than the value chain. They seem suitable for the analysis of sport organisations, too. Whether value chain, value shop or value network have to be used for a value analysis depends on the value creation logic of the sport organisation on focus. The value shop in particular shows the importance of reputation for some sport organisations. The value network points out the importance of horizontal and vertical integration.

Up until now, the distinct business models appear as an alternative for sport organisations in a sense, that a sport organisation can only create values according to one of the models. But, the business models have to be seen as a flexible set. The models can be combined individually for each unique sport organisation on focus. A whole sport organisation will work seldom according to just one business model but all three. A football club is such an example. The match against a competitor can be organised like a value chain, as described above. The teams, the spectators, beverages and food have to be carried to the arena. The production takes place in a similar way every week. But, the training of the athletes will be organised as a value shop. Coaches work together with athletes to solve individual problems. Still, the matches can also represent a value network. The clubs offer a platform (the match) for people
to meet each other. VIP-Lounges and advertising in the arena are just two example of getting in contact. In this sense, the game is a value network. Thus, it is important to bear in mind the perspective of a value creation analysis. If the organisation of the game is on focus, a value chain will be more appropriate. If the training of athletes should be analysed, the value shop will be most suitable. If the attendance of spectators is on focus, a value network will be the model for the value creation analysis. Still, a single business model can be the dominating business models for certain organisations.

So far, these analyses of sport organisations are based on theoretical consideration. Empirical investigations in this area are necessary. A first research question should be, whether the above discussed models really work for sport organisations. Maybe, the models do not fit for sport organisations as they are developed for commercial enterprises such as manufacturing companies, consulting agencies and telephone networks. Sport organisations might work according to a fourth or fifth value creation logic. A second research question should deal with the strategic options of the business models. Drivers of costs and values have to be identified to derive strategies properly. This second part of research will be more applied research focussed on different sport organisations.

References


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