THE ATHLETICS PROGRAM IN TRANSITION

Adding and Dropping Sports and Other Changes
Moderator: Donnie Brooks — Macalester College — Director of Athletics
PANELISTS

• Tiffany Franks — Averett University
  President

• Ken Shuman — Pacific University
  Director of Athletics

• Amy Weaver — Hendrix College
  Director of Athletics, Wellness and Recreation/Head Softball Coach

• Matt Land — Trine University
  Director of Athletics/Assistant Vice President for Athletics

• Maria Buckel — Fontbonne University
  Director of Athletics
OVERVIEW

• WHY IS EXPANSION IMPORTANT
LESSONS LEARNED START TO FINISH

• IT’S A BUSINES DECISION
BUSINESS PLAN AND MODELING

• A FOOTBALL STORY
THE 20-MONTH PROCESS

• ESPORTS
THE WILD, WILD WEST, OR THE NEW FRONTIER

• GAINING INSTITUTIONAL SUPPORT THRU ADDING SPORTS
THE TIPPING POINT: WHEN TO REINVEST AND WHEN TO CUT YOUR LOSSES

2019 CONVENTION
ORLANDO
A PRESIDENT’S PERSPECTIVE

DIVISION III
#whyd3
• Why Expansion is Important
  • Lessons Learned
  • The Plan
Why Expansion is Important

• Mission.
• Enrollment Growth.
• Positively Change the Profile of Your Institution.
Lessons Learned

• Research.
• Good Business Sense.
• Clarity of Purpose and Plan.
• University-Wide Commitment and Investment.
• Importance of Glide Path.
Lessons Learned

• Value of Multiple Perspectives.
• Stress on Institutional Capacity.
• Embrace Uniqueness.
• Sound Business Plan.
• Boost to the Institution.
The Plan

- A Competitive Analysis.
- Financial Analysis.
  - Pro Forma Worksheet.
The Plan

Financial Analysis

- Net Revenue from Unduplicated New Students.
- Start-Up Expenses.
- Remodeling of Space for Practice/Competition.
- Operating Expenses.

- Team Travel and Transportation.
- Capital Facilities’ Expenses.
- Support Personnel.
- Equipment and Storage.
- Insurance.
ATHLETICS AS A STRATEGY FOR INSTITUTIONAL GROWTH IN DIVISION III

IT’S A BUSINESS DECISION!
PACIFIC UNIVERSITY (OREGON)

BACKGROUND:

• In 2005 the University completed a strategic plan which outlined a goal of increasing enrollment from 1,125 students in the undergraduate college to 2,000 undergraduate students by 2020.

• The Athletic program was an area which was identified to assist the undergraduate college in achieving the 2020 enrollment goal.
• In the 2004-05 academic year the athletics program at Pacific had 269 student-athletes competing in 18 varsity programs.

• After implementing growth initiatives, the athletic program at Pacific expanded to 618 student-athlete participants in 24 varsity intercollegiate programs and 7 junior varsity programs. The undergraduate College of Arts & Sciences enrollment has increased to 1,904 students. Growth in athletics has accounted for approximately 45% of the growth of the undergraduate college.
ATHLETICS GROWTH MODEL AT PACIFIC HAS INVOLVED THESE STRATEGIES

- Addition of varsity intercollegiate programs.
- Addition of junior varsity (JV) programs.
- Expand existing programs which can accommodate large roster sizes.
## PACIFIC UNIVERSITY
### SPORT PROGRAM GROWTH TIMELINE

<table>
<thead>
<tr>
<th>Year</th>
<th>Sports</th>
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<tbody>
<tr>
<td>2005-06</td>
<td>Men’s Swimming.</td>
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<tr>
<td>2006-07</td>
<td>Women’s Lacrosse.</td>
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<tr>
<td>2009-10</td>
<td>Football.</td>
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<tr>
<td>2013-14</td>
<td>Women’s Rowing, Men’s and Women’s Indoor Track &amp; Field.</td>
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<tr>
<td>2014-15</td>
<td>JV Men’s Soccer, JV Women’s Soccer, JV Volleyball.</td>
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<tr>
<td>2017-18</td>
<td>Expansion of Men’s and Women’s Track &amp; Field Programs.</td>
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</table>
THE RATIONALE FOR USING ATHLETICS AS A STRATEGY TO GROW INSTITUTIONAL ENROLLMENT:

- Many institutions in NCAA Division III without large endowments are tuition-driven. Growth is important for these institutions to survive and thrive.
- Since the NCAA Division III athletic program model is non-scholarship, student-athletes recruited to the institution generate revenue for the institution in the same way as non-student athletes.
- Leverage additional recruiters (coaches) as an extension of the admissions staff.
- The vast majority of student-athletes recruited by coaches to participate in intercollegiate athletics are students who would not otherwise attend the institution.
THE BUSINESS PLAN
REVENUE AND EXPENSE FORMULA FOR ATHLETICS ENROLLMENT INITIATIVES

REVENUE
• Tuition and fees x Number of student-athletes.
• Room and Board x Estimate of number of student-athletes who will stay in campus housing.

EXPENSE
• Financial Aid Discount.
• Cost to Educate.
• Indirect Overhead (Support Services).
• Cost of the Program (Salaries, Budget Pool, Recruiting).
THE BUSINESS PLAN
REVENUE AND EXPENSE FORMULA FOR ATHLETICS ENROLLMENT INITIATIVES

EXPENSE cont.
- Cost of the Program (Salaries, Budget Pool, Recruiting).
- Indirect Departmental Expense (Athletic Training, Sports Information, Athletic Administration, Insurance).
- Capital Expense.
- Contractual Expense.

Gross Margin (Net Revenue-Expenses).
Overall Net Margin (Net Revenue-Expenses-Indirect Overhead).
Cumulative Overall Net Margin (Net Margin over 5 years).

THE REVENUE AND EXPENSE FORMULA SHOULD REFLECT A POSITIVE NET MARGIN FOR THE INSTITUTION.
BUSINESS PLAN NARRATIVE

- Executive Summary.

- Enrollment Potential/Roster Size/Retention Plan.
  - Target number of student-athletes to be recruited in each recruiting cycle of the 5-year plan.
  - Demographics of student-athletes.
  - Target Roster Size (Particularly for programs that can carry large numbers).
  - Initiatives to retain these new student-athletes.
BUSINESS PLAN NARRATIVE

- Competitive Landscape.
  - NCAA Sponsored or Emerging Sport.
  - Conference Sponsored Sport.
  - Division III Regional Opponents.
  - Sample Schedule.

- Title IX Impacts.
  - How will the initiative enhance the commitment of the University/Athletic Department to Title IX guidelines.
  - Plan to track Title IX impacts.
BUSINESS PLAN NARRATIVE (CONT.)

• Academic Performance Expectations.
  o Compare the academic performance of student-athletes in the new initiative to current student-athlete performance across the department.
  o Compare new initiative academic performance to the general student body.
  o Expectation generally is that student-athlete academic performance is higher.

• Facility/Staff Impacts.
  o Impact of the initiative on current facilities.
  o New or enhanced facilities need to support initiative.
BUSINESS PLAN NARRATIVE (CONT.)

• Facility/Staff Impacts cont.
  o Impacts on current sport programs (practice schedules).
  o Impacts to staff (Athletic Training, Sports Information, Facilities and Other).

• Measurements of Success.
  o Recruitment & retention goals achieved.
  o Academic performance goals achieved.
  o Competitive success goals achieved.
  o Facility/Staff impacts mitigated.
  o Positive integration with current sport programs.
BUSINESS PLAN NARRATIVE (CONT.)

• Assessment of Business Plan Recruitment.
  o Monthly recruiting reports.
  o Number of active recruits.
  o Number of applications submitted.
  o Number of admitted student-athletes.
  o Number of student-athletes who have deposited.

• Exit Strategy Benchmarks.
  o Unable to achieve recruitment goals for the program.
  o Net negative revenue for the institution at the completion of the business plan.
  o Program not competitive with conference competitors after 5 years.
  o Outline plan to exit based on your institutions governance structure.
### Division III University
#### Business Plan Revenue and Expense Summary

**Women's Lacrosse**

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<tr>
<th></th>
<th>YEAR 0</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
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<tr>
<td><strong>Total Revenues</strong></td>
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<tr>
<td>FTE</td>
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<tr>
<td>Total Revenue</td>
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<td>Student-Athletes x $45,000 Tuition &amp; Fees</td>
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<tr>
<td>0</td>
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<td>20</td>
<td>$900,000</td>
<td>15</td>
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<td>12 Students Room &amp; Board-Net Per Year</td>
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<td>$144,000</td>
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<td>$156,000</td>
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<td>Financial Aid Discount 50%</td>
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<td></td>
<td>($450,000)</td>
<td>($352,500)</td>
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<td>Total Net Revenue:</td>
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<td>$594,000</td>
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<td><strong>Expenses</strong></td>
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<td>Payroll</td>
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<td>$90,500</td>
<td>$93,500</td>
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<td>Contractual</td>
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<td>Capital</td>
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<td>Cost to Educate 40% of Net Tuition Revenue</td>
<td>0</td>
<td>$180,000</td>
<td>$140,800</td>
<td>$100,000</td>
<td>$104,000</td>
<td>$108,000</td>
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<td>Gross Margin (Net Rev+Exp)</td>
<td>($268,000)</td>
<td>$255,500</td>
<td>$208,200</td>
<td>$144,500</td>
<td>$153,500</td>
<td>$157,000</td>
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<td>Overhead Cost Allocation 20%</td>
<td>($23,600)</td>
<td>($30,100)</td>
<td>($30,700)</td>
<td>($32,300)</td>
<td>($32,900)</td>
<td>($33,000)</td>
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<tr>
<td>Overall Net Margin</td>
<td>($291,600)</td>
<td>$225,400</td>
<td>$177,500</td>
<td>$112,200</td>
<td>$120,600</td>
<td>$124,000</td>
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<td>Cumulative Net Margin</td>
<td>($291,600)</td>
<td>($66,200)</td>
<td>$111,300</td>
<td>$223,500</td>
<td>$344,100</td>
<td>$468,100</td>
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2019 Convention
Orlando
ESPORTS

THE NEW PLAYING FIELD!
What Are Esports?

• If I said:
  
  “Coaches, Assistant Coaches, Practice, Positions, Film Breakdown, Opponent tendencies, Strategy, Statistical Analysis, Execution, and Competition!”

• What would you say?
Program Overview

• Trine University.
  o Competed in 2017- 24/62.
  o 2018 Year 2- 28/82.
  o Director of Esports-Alex Goplin.
  o $2,000 Activity Award.
  o 99% ROI.
Facility
Where to begin?

- Scale- How big do you want the program?
- Space- Where? How many machines?
- Support- Does the institution believe in esports?
- Report- What department will it fit best?
- Funding- At what level will you support esports?
Next Steps...Decision Time!

1. Staffing — Director, In-House or Virtual Coaches?
2. What games will you compete in?
   • What are your students already competing/playing on campus?
   • Competitive Collegiate offerings? (NACe, Tespa, CSL etc.)
Next Steps...Decision Time!

3. How many teams for each game?
   • Students will self-select
   • Players specialize in ONE game!

4. Set a Recruiting Goal!
   • Just like any other team in the Athletics Department!

5. Develop a budget! Strong ROI.
Future of Esports

Growth and Structure.

- Exponential growth.
  - 1 team in 2014, 125+ in 2018.
- More structure in the future!
- Increase in competition options!
- Becoming more mainstream each day!
Esports are Flexible and Sustainable!

• Games — Ever changing selection.
  o Your program can specialize in one game or field teams in multiple games.
• Number of students or teams for each game.
• Esports interest is growing as we speak! FAST!
Esports: Value Added!

Esports are a different demographic for an Athletics Department!

- E’sprit d’corps- Gives group an identity.
- High Retention rates
- Increased Social activity
- Team building!
WHEN TO REINVEST AND WHEN TO CUT YOUR LOSSES
Reinvest or Bail

• Assessment of roster size.
• Examine potential barriers to recruitment and retention and if they can be reduced or eliminated.
• Project success rate and sustainability.
• Determine return on investment tipping point.
• Decide and communicate.
GAINING INSTITUTIONAL SUPPORT BY ADDING SPORTS
The Benefits of Adding Sports

• Opportunities for student-athletes.
• Leverage based on net revenue.
  o Budget.
  o Staffing.
• Support the institution financially.
QUESTIONS ???

CONCLUDING REMARKS

2019 CONVENTION
ORLANDO