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Looking at sports: Values and strategies for international management

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Looking at Sports –
Values and Strategies for
International Management

Reutlinger Diskussionsbeiträge zu Marketing & Management
Reutlingen Working Papers on Marketing & Management

herausgegeben von Carsten Rennhak & Gerd Nufer

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Abstract

Although sport is generally defined as motor activity, it has always been much more than that. Many years ago, people already contrasted the games against the more serious demands of employment or against military conflicts, which led to a special status of sports that lasts until today. Since management and sports follow the same objective of achieving highest performance, correlations between these two fields nowadays become increasingly interesting in terms of corporate and business unit strategy. This elaboration aims to point out how organizations as well as individuals can benefit from the general and psychological values and strategies of professional sports, by first looking at the general framework of professional sports and further applying approaches from various types of sports directly to certain business areas.
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1. Introduction

People love sports. Sport is a manifold topic influencing and moving people all over the world regardless of nationality, gender or age. It has been connecting people, cultures and countries at all times and overcomes conflicts, wars and political disputes. Due to the focus on the individual by means of performance and personal development, sports are on one hand very emotional and private\(^1\) and on the other hand society is highly interested and enthused about this field and therefore rewards it with highest reputation. Accordingly sport is turned into a kind of social commodity\(^2\). Given these special characteristics sports became more and more important, globalized and commercialized throughout history.\(^3\) Whereas the worldwide interest and significance of sports is nowadays reflected in the economic science called sports management\(^4\), business is not yet deriving or implementing many strategies or values from sports into their area.

Precisely because of the fact that "[…] sport is a microcosm of society, it dramatizes the social order [and] represents the social order in miniature"\(^5\), we can successfully refer sports to management. Substituting the opponent (team) with a competing company, the athletes with employees, the coach with the manager and the fans with clients\(^6\), one can see similarities and derive recommendations for innovative management, human resource and marketing strategies.

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2. The framework of sports

2.1. Internationality

People have been competing in sports at all times. Since the 19th century however, there exist international sporting competitions in the forms of world cups and European championships as well as the modern Olympic Games that make a global interaction possible. Maybe the long history and the importance of peaceful sports are the reason why there is such a high degree in internationality in the sport market nowadays. Looking at team sports as football, handball or basketball the teams are very mixed and diverse. In no organization we can find a mix of international employees to such a large extent as for example in the English football league with a proportion of more than 60% of foreign players (see Fig. 1).

<table>
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<tr>
<th>Country</th>
<th>League</th>
<th>Total number of players</th>
<th>Foreign players</th>
<th>Avg. per Club</th>
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<td>18</td>
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<tr>
<td>Portugal</td>
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<tr>
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<td>14</td>
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<tr>
<td>Switzerland</td>
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<td>13</td>
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<tr>
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*Fig. 1: Number of foreign players in Europe’s most important football leagues.*

*Adopted from: Transfermarkt (2010), w.p.*
International companies often fail to hire, or if hired, to appropriately integrate people with different cultural backgrounds and therefore cause inconvenient working atmospheres. These problems do not seem to exist in sports. In order to benefit more from globalization, management should decrease or avoid the prevalence of cultural prejudices and better concentrate on diversity management.⁷

### 2.2. Transparency

A further particular characteristic of the professional sports market is the predominant transparency of all actions and decisions concerning athletes, teams, coaches or clubs based on the public awareness.⁸ The special attention of the public, represented by the media, is justified by the strong interest of the consumers – the fans. The followers who identify with the club or sport want to be informed about everything concerning the club, players or coach. Accordingly, the sports clubs and organizations are forced to consistently share all decisions with the public and often they have to justify these actions to a very critical audience.⁹

Exactly this transparency is lacking in many business fields. The organizations should share more decisions with the public or important external advisors. For companies this would, on the one hand, mean losing sovereignty, but on the other hand it would help preventing bad outcomes and probably give more trust to the clients.

### 2.3. Fair play

Fair play is one of the basic behavioral principles and prerequisites of sport interaction. It refers to the consistent and conscious compliance with the rules within a tournament or competition as well as the respect and appropriate behavior towards the opponent.¹⁰ Further, one can

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distinguish between the so-called **formal fair play**\(^{11}\), which is required by regulation and the **informal fair play**\(^{12}\) that implies the "rules of decency".\(^{13}\)

Given the high economic importance of the performance in today’s professional sports, one can directly compare sports and management in terms of fair play. Whereas informal fair play is still prevailing in sports because it belongs to the traditional value system of athletes, the principle of formal fair play is the reality in business life. Due to the economic concept of utility maximization, managers strive to achieve as many profits as possible in compliance with legal rights. This often results in the lacking application of ethical rules. Applied ethics are becoming more important nowadays and customers and society expect organizations to establish a value system accordingly.\(^{14}\) Looking at sports, management can learn from the natural conviction of athletes to follow the informal fair play-code in order to ensure a fair competition and a sustainable relationship with customers, suppliers and competitors based on the principles of respect.

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3. General Management strategy

3.1. Determining a vision

In all kinds of sports athletes follow the same overall objective – winning. Before the athletes start to prepare for the next tournament or competition, they first think about their dreams and their objectives. In line with their resources they then determine their vision that will lead them through the tough times, support them when they have to suffer from a defeat and reminds them of their dream when they start again.\(^{15}\)

Nowadays, almost every company has a formulated vision that describes two or three main objectives in the future. However, in many cases these statements are not communicated properly or the employees cannot identify with the values or vision and will not try their best to achieve it. The management has to clearly define the vision so that everybody can understand and identify with it.\(^{16}\) “Leaders inspire a shared vision. They breathe life into the hopes and dreams of others, enabling them to see the exciting possibilities that the future holds. They forge a unity of purpose by showing their constituents how a dream is for the common good.”\(^{17}\) After the vision has been communicated, it is essential to monitor and measure the fulfillment. In sports, athletes immediately see how they have performed and if they have met their objectives. In business life, many companies fail to measure their success. According to Galileo Galilei, organizations need to "Count what is countable, measure what is measurable, and what is not measurable, make measurable."\(^{18}\)

3.2. Energy, discipline and perseverance

"Energy and persistence conquer all thing" (Benjamin Franklin, 1732-1758). In decathlon, athletes have to complete ten track and field events, which are enduring two days. The athletes prepare themselves many months only for this one event, in order to exploit all their strengths on the tournament day. In order to succeed they have to concentrate from the first

\(^{17}\) Kouzes/Posner (2007), p. 11.
second on. After having completed one discipline, they concentrate on the next discipline without worrying about things happened before, so they can again use their full energy potential. Mental and psychological training helps them to keep this rhythm. Their preparation is a continuous process, their objective must be to always continue and improve results. They follow the motto of the modern Olympic Games "Citius, Altius, Fortius" (Henry Didon, 1924) – in English: faster, higher, stronger.

Whereas in sports it is normal to practice everyday, managers usually only attend one or two further educations per year. In order to have a competitive advantage, however, it is vital to learn continuously.\(^1^9\)

### 3.3. Dealing with failure

Professional athletes within their discipline are constantly exposed to changes and failure. Especially fast team sports as handball, ice hockey or basketball, could be called "failure games\(^2^0\)" because of the high proportion of failures in a game. The players are trying to keep the possession of the ball and to create as many goal-scoring chances as possible throughout the whole game. This strategy is associated with a lot of trying and also a lot of disappointment. Nevertheless, the players motivate themselves again after every loss of ball possession and strive to attack the opponent again to regain the ball. Psychological and mental coaching belongs to the athlete’s preparation; it helps to become aware of the possible failure and to deal with it in advance.\(^2^1\)

Many business organizations as well as politicians do not plan on failure with the resulting reaction of disappointment, "fear and repression instead of acting strategically".\(^2^2\) Actively managing failure by preparing the organizations and its employees is a highly effective psychological tool.\(^2^3\)

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22 Uhtenwoldt (2009), w.p.
3.4. Support and advise

Every athlete is assisted by a coach. The coach is supporting the athlete before, during and after the tournament with preparation, training, recommendations and personal support. In the course of the professional career and alongside an increasing level of success and importance, the number of supporting people around the athlete is rising. Coaches, personal managers, psychologists, physiologists, doctors, etc. provide the sportsman or woman with expert knowledge in every field.

Considering the dynamic and challenging business environment, managers are in need of professional support and external advice too. Contrary to the authoritarian leadership-style, management needs to establish expert teams and share responsibilities among more people rather than directing all important decisions to only one person.\(^{24}\)

\(^{24}\) Cf. Sprenger (2008a), p. 70.
4. Human Resource strategy

4.1. Managing people

Success in football means winning games. The players therefore have to shoot goals. All the players have to work together to achieve their common objective and to become better. The role of the coach is here to be the "coordinator that steers the talents and energies of a non-uniformly paid and varyingly talented multicultural workforce". During the game, which is the crucial event, he can only give advice.

Substituting the coach with the manager and the team with the employees, it becomes clear how important the employees are, because they are actually responsible for the success of the company in the end.

4.2. Motivation, enthusiasm, passion and commitment

Excellent athletes do not decide to become professional because of the money or the reputation they might earn. The secret of their outstanding performance is the will to become better everyday and to live their dream. The ups and downs of their career, the tension and the competition are what make them so emotional and committed towards their profession. Although coaches support and strengthen the athletes, the motivation has to come from the athletes themselves.

In Germany, only 13% of the employees describe themselves as highly committed. According to this study by the Gallup Institute, most of the Germans work below their capacity. These unsatisfied employees mean an approximated yearly loss of 250-260 billion € to German society. Management has to fight this lacking motivation by integrating the employees and communicating to them their value, so that every employee can identify with the organi-

27 Gallup (2009), w.p.
zation, makes the customer happy and generates more profit for the company.\textsuperscript{30} Gallup’s "Human Sigma" methodology (see Fig. 2) demonstrates this theory and shows that companies with highly engaged employees and customers at the same time can achieve significant growth and up to 50\% more profits.\textsuperscript{31}

![Human Sigma Diagram](image)

Fig. 2: Motivation and output

Adopted from: Cave Henricks (2007), w. p.; Reiss (2009), p. 51

4.3. Team spirit and individual responsibility

In racing the surrounding team has to cooperate perfectly in order to succeed. Although the driver is alone in the racing track and responsible for winning the competition, he is totally dependent on his team in the pit stop. Within a very short time frame the mechanics have to prepare the car for the driver in order to avoid accidents. This requires high trust and very good teamwork. In most other team sports the team consists of several different athletes who get assigned different positions and salaries. Although some players may play better or are more experienced, everybody is treated equally and only the sum of all players can achieve extraordinary success.

\textsuperscript{31} Cf. Cave Henricks (2007), w.p.
In the complex globalized world employees more and more have to work in international diverse teams. Excellent business people therefore have to be both responsible individuals as well as very good team players that create synergies. Only the sum of individual high-performance and maximized team spirit can lead to innovative success of the corporation (see Fig. 3).

**Fig. 3: The formula of corporate success**

### 4.4. Health and sustainability

Sports demand a lot of **mental and physical strength** from the athletes. Of course they can have the motivation and will power to achieve incredible accomplishments but they also have to plan in line with their resources. Faster than in any other profession, professional athletes notice when they expect too much of their body because they will directly be punished with failure or injuries. This forces them to practice according to long-term training plans and to study their body signs in order to develop responsibility towards their most important asset – their body.\(^{32}\)

With reference to the managerial world, the most important assets of a company could be the employees, the products or the services. Comparable with sports, the management has to think and act responsibly in the long-term by treating their capital as if it was e.g. their own health they would have to care about.

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5. Marketing strategy

5.1. The audience

Professional sport does not work without fans. They are essential for the atmosphere and outcome of the game or tournament and not least for financing everything. The in football so-called **twelfth player** feels connected with the team to such a degree, because both have the same objective – success.

Companies need to establish a similar relationship with their customers. They need to turn their customers into fans in order to obtain sustainable long-term customer relationships.\(^{33}\)

5.2. Emotionality and sensation

"Some people think football is a matter of life and death. I don’t like that attitude. I can assure them it is much more serious than that."\(^{34}\) Emotionality is a predominant factor in sports. Either leisure or professional, people identify with the athletes and feel a high personal **involvement**.\(^{35}\) Reasons for this lie in history and psychology, since we "as human beings [...] inherently need to feel connected with others, to belong".\(^{36}\) Fans attend games because they want to be entertained and expect a to see a good game.\(^{37}\) Sport is therefore not just a product or a service but rather an experience that is adding value to people’s lives. Due to the satisfaction and happiness people gain from the added value, they consume it more and reward their favorite sport, team or athlete with incomparable loyalty that can last a lifetime.\(^{38}\)

Alongside the social development in the direction of a "challenge-seeking-society" marketing has to adapt to this social change in order to satisfy customers. In terms of experience marketing, sport is a very good example for attracting customers on an emotional basis and

\(^{39}\) Schulze (2005), p. 34 ff.
adding such an amount of value that people become dependent on the "product" by for example creating so-called "worlds of experience".\footnote{Cf. Diehl/Terlutter (2009), p. 594.}

5.3. Athletes as idols/brands

People love athletes when they win and when they can identify with them. In either way the athletes are responsible for the reaction and loyalty of the fans. As a result, professional athletes, coaches or sport managers become idols, guiding examples or "brands"\footnote{Cf. O’Reilly/Braedley (2008), p. 272.} that fans associate with the club or team.

Establishing such idols in the company to whom customers look up to and immediately associate with the respective organization is a major competitive advantage against other companies.\footnote{Cf. Brand/Löhr (2008), p. 315 f.} Famous examples are Steve Jobs (Apple), Bill Gates (Microsoft) or Michael Dell (Dell). These people give the company a face and a story people can identify with which adds "human touch" to the organization.\footnote{Cf. Carter/Rovell (2003), p. 92.}
6. Conclusion

Although the emotional world of sports differs in many ways from the rational business world it proved to be worth derivable to General Management, Human Resources and Marketing. However, with regard to the many psychological aspects that relate to a lot of different situations or departments it cannot clearly be differentiated between these three managerial sectors. Most factors do not only directly concern the manager or the employee but more likely the individual in accordance with his or her special personality.

Given the fact that the business world has already recognized the social importance of sports and athletes and is successfully exploiting it in terms of e.g. sponsoring or testimonial marketing, the next step of looking at sports as an example for management strategies does not seem very far.

Yet one has to emphasize, that sport or physical training are particular social commodities that could be compared to a basic need. This classification gives it a special status and explains many characteristics regarding the sports-fan-relationship. Even though these characteristics contain desirable value, one has to keep in mind the special circumstances in order to successfully implement strategies from sports into the management world.
Bibliography


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