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Sport Management

Manual for Sport Management

E. Eksteen

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Sport Management: Manual for Sport Management
1st edition
© 2014 E. Eksteen & bookboon.com
ISBN 978-87-403-0644-6

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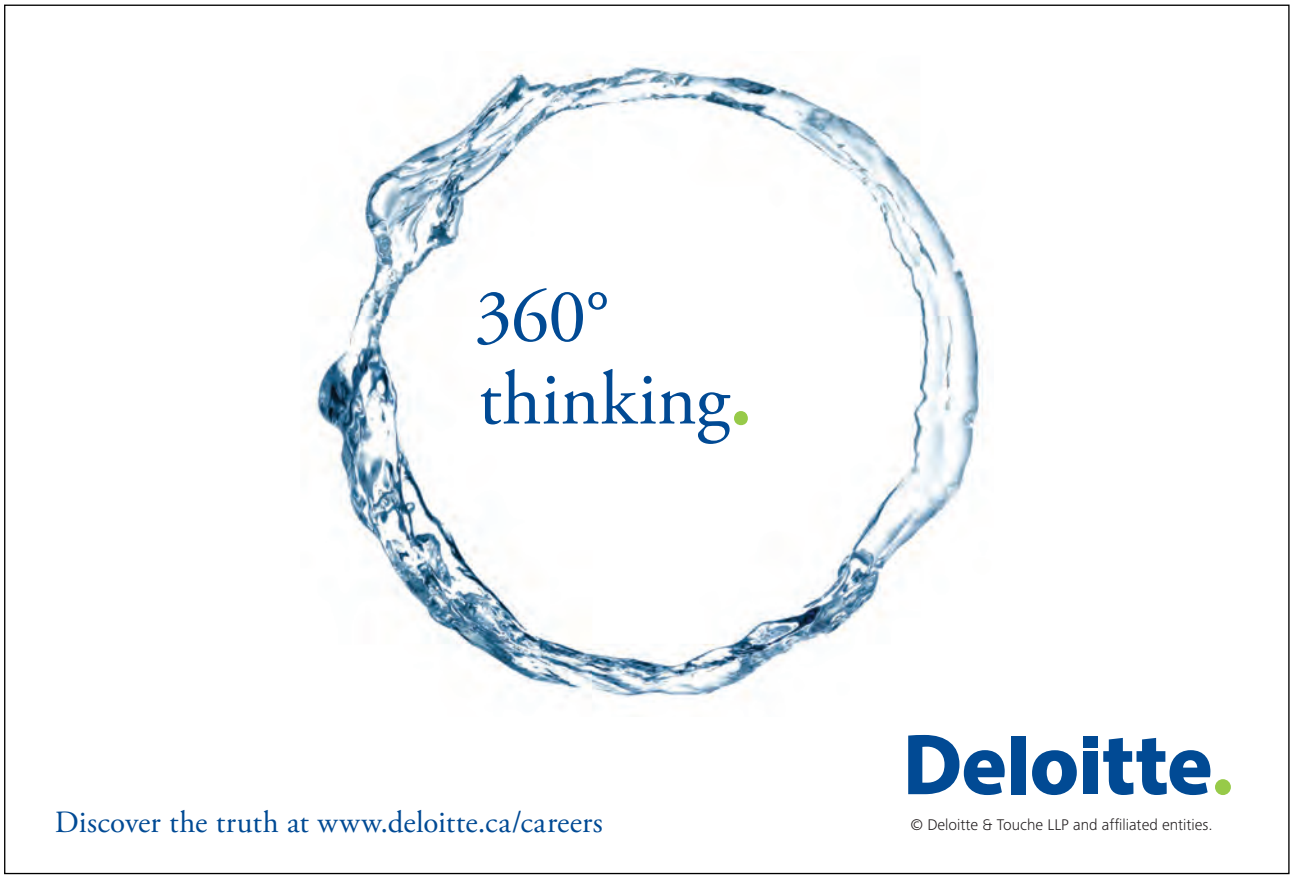

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1 Introduction to sport management

1.1 Introduction

For most of us, sport implies having fun, but it can also be work, a means of employment, or a business. Many people who are employed in business endeavors associated with sport are engaged in a career field known as sport management. Sport management can be defined as:

Sport Management:
"the study and practice of all people, activities, businesses, or organizations involved in producing, facilitating, promoting, or organizing any sport-related business or product"

In this chapter will be looked at the scope of management, sport manager's responsibilities, and the sport business environment.

1.2 The scope of sport management`

The practice of sport management is not limited to large sport clubs only, but effective and efficient sport management practice is equally important in smaller sport organisations as well as in non-profit organisations such as government departments, universities, schools etc. Good sport management practice is applicable to every organisation where one, two or more people work together to achieve a set of goals.

Settings for sporting activities

It is important to examine the many different settings in which sporting activities occur, such as:

- Single sports
  - Professional leagues, teams
- Multi sports
  - Athletic foundations
  - High school sports
  - Sport organisations
  - Sport bureaus
- College sports
  - College associations
  - College athletic departments
  - Sport management degree programs

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- Events
  - Meetings
  - Trade shows

- Media
  - Newspapers
  - Sports magazines
  - Sports television

- Sports sponsors
- Professional services
  - Event planning and services
  - Financial services
  - Marketing services
  - Sports agents

- Facilities
  - Arenas and stadiums
  - Auto race tracks
  - Facility management

- Manufacturers and retailers
  - Equipment and product manufacturers
  - Retailers

1.3 Sport manager's responsibilities

A sport manager is responsible for achieving the sport organisation's objectives through efficient and effective use of resources. **Efficient** means getting the maximum out of your available resources. **Effective** means doing the right thing to attain your objective; it also describes how well you achieve the objectives. The **manager's resources** include human, financial, physical, and informational resources.

Human resources

- People are a manager's most valuable resource
- If you don't take care of your people, your organisation will not be successful
- As a manager, you will endeavor to recruit and hire the best people available
- These people must then be trained to use the organisation's other resources to maximize productivity

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Financial resources

- Most managers have budgets that state how much it should cost to operate their department, team, or store for a set period of time
- The budget tells you what financial resources you have available to achieve your objectives
- As a manager, you will be responsible for seeing that your department does not waste resources

Physical resources

- Physical resources for a sport club can include facilities, playing fields, score boards, equipment, and computers
- Managers are responsible for keeping equipment in working condition and for making sure that materials and supplies are readily available

Informational resources

- Managers need all kinds of information
- For example in a sport club, the manager needs to know how many members the club have, the age and gender of the members, their medical history, as well as the contact details of their parents if they are under aged.

1.4 The sport business environment

Sport clubs do not operate in vacuums. A number of factors outside and inside the organisation can either contribute to or detract from the club achieving its goals. It is important for managers to understand the sport business environment. The environment comprises the internal environment (micro-environment), and external environment (market- and macro-environment).

1.4.1 Internal environment

The internal environment is also called the micro-environment. The organisation's internal environment includes the factors within its boundaries that affect its performance and the organisation has control over these factors. There are four internal environment factors we will look at in this section, namely management, mission, resources, and culture and tradition.

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Management

- Managers are responsible for their organisation's performance and plan, organise, lead and control the activities in the organisation.
- The leadership style they use and the decisions they make affect the performance of the entire organisation.
- Effective managers develop their organisation's internal environment with a culture of success.
- Sport club managers must be cognizant of any official club documents that lay out the guidelines and policies and procedures for how the club should be run.
- Example of club documents is a constitution and bylaws, and policies and procedures manual.

Mission

- Developing the mission is the responsibility of top management, and all employees interact to carry out the mission.
- Missions should clearly state the organisation's objectives.
- A mission can also be defined as the outcomes that the organisation strives to attain.

Resources

- Organisations need resources to accomplish their mission.
- Organisational resources include
  - Human resources – the employees that a club has access to, to achieve its goals.
  - Financial resources – capital that a club has to achieve its goals.
  - Physical resources – the space and facilities that a club has access to, to achieve its goals, such as swimming pools, fitness centers etc.

Culture and traditions

- For example, participants in a club may wear a particular style of uniform or had a pregame ritual for decades.
- Changing or eliminating those elements of culture could cause an adverse reaction among the club staff and members.
- Certain aspects of a club's culture may be negative and need to be eliminated

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1.4.2 External environment

The external environment comprises the **task environment,** also called market environment, and the **general environment**, also called the macro-environment.

Task environment / market environment

- The elements of this environment directly affect the club and whether it achieves its organisational goals.
- Elements of the task environment are:
  - **Customers or members**
    - Customers and members purchase products and tickets, and without customers, organisations cannot exist.
    - To succeed, teams need loyal fans who consistently attend games.
    - Sport club managers are compelled to measure the service quality they provide in order to attract and retain customers and fans.
  - **Competitors**
    - Competitors' strategic moves can affect the performance of the organisation.
    - An important aspect of competition is pricing, when a competitor lowers prices, other clubs often have to match these prices to keep customers.
  - **Suppliers**
    - Organisations buy land, buildings, machines, equipment, natural resources, and merchandise from suppliers.
    - Poor quality and out-of-stock items can result in loss of revenue for organisations.
    - Effective managers recognize that suppliers are a key factor in their success and develop close working relationships with them.
    - Managers need to ensure that the suppliers are trustworthy and that the quality of their products is up to standard.

General environment / macro-environment

- The general environment is those sectors that may not have a direct impact on the operations of the sport organisation but can influence decisions made by the organisation.
- The sport organisation has no control over this environment.
- Elements of this environment are:

  - **Technology**
    - The internet, e-mail databases, scheduling software, and operating systems have become standards, and leaders must keep abreast of changes in these technologies.

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- **Economy**
  - Organisations have no control over economic growth, inflation, interest rates, or international exchange rates, yet these factors have a direct impact on performance.
  - During periods of inflation, organisations experience increased costs, which results in decreased profits.
  - When the Rand is weak, goods from other countries are more expensive in South Africa, and South African goods are less expensive in other countries.
- **Politics**
  - The political environment consists of laws, government agencies, and pressure groups that influence or limit organisations and individuals in a given society.
  - For example, the quota system that applies to all sport codes in South Africa.
- **Legal**
  - A club must know laws, statutes, and standards established by governments and sport governing bodies, and must adhere to them.

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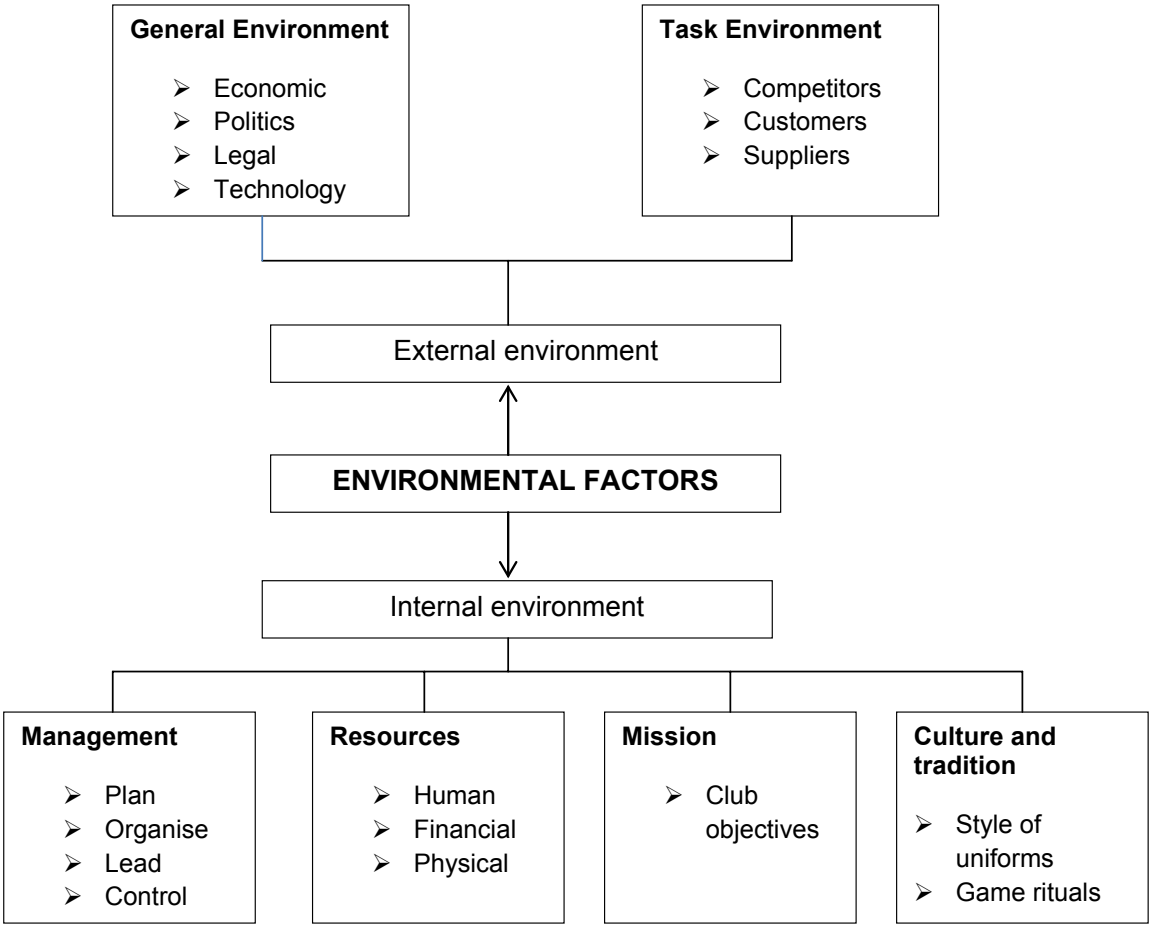

Figure 1: Internal and external environmental factors in a sport club

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2 Management Functions

2.1 Introduction

In the classic 1971, Professor Edwin Ghiselli identified six traits as important for managers, although not all necessary to succeed as managers. They are, initiative, self-assurance, decisiveness, intelligence, need for occupational achievement, and supervisory ability. The number one trait, supervisory ability, requires skills in planning, organising, leading, and controlling. Ghiselli's four areas of supervisory ability are more commonly referred to today as the management functions, which will be discussed in this next section.

2.2 Management functions

The four management functions are **planning, organising, leading** and **control** and will be discussed in detail in this chapter.

2.2.1 Planning

Planning may be the most important process within the function of management and is typically the starting point in the management process. The people working for organisations need goals and objectives as well as plans by which they will achieve their goals and objectives.

Definition of planning:

"setting goals for the organisation and its members and specifying the activities or programs through which to achieve those goals"

In planning the sport club manager must:

- Identify the desired outcome
- Understand what environmental constraints are present
- Establish activities that will lead to the desired outcome

Types of planning

Strategic planning:

- Management develops a mission and long-term objectives and determines in advance how they will be accomplished.
- Long-term generally means longer than 1 year.
- Strategic plans are typically developed for 5 years
- Top-level managers develop strategic plans

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Operational planning:

- Management sets short-term objectives and determines in advance how they will be accomplished.
- Short-term objectives are those that can be met in 1 year or less.
- Middle managers or first-line managers develop operational plans.

Performing the planning function well requires strong **conceptual** and **decision-making** skills.

2.2.2 Organising

Successful managers put a great deal of effort into organising and design and develop systems to implement plans.

Definition of organising:

"the process of delegating and coordinating tasks and resources to achieve objectives by breaking down the jobs that must be completed to achieve the goals"

An important part of allocating human resources is assigning people to various jobs and tasks. Organising requires a sport club manager to be able to see the big picture while also assigning the smaller tasks to the people within the organisation who execute the day-to-day operations. Effective organising requires both **conceptual** and **decision-making skills** as well as **people skills** and **communication skills.**

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Example of organising:

You are responsible to plan your club's league, holiday tournaments, and coaching clinics. To do this, you need to organise the club's employees such as coaches, assistants, facility manager, cleaners, and equipment manager to cover every game. You are also responsible for staffing the teams which involves the process of selecting, training, and evaluating employees.

Principles of organisation

There are eight principles of organisation that are commonly followed in sport organisations.

1. **Unity of command and direction**
   - Unity of command means that each employee reports to only one boss
   - Unity of direction means that all activities are directed toward the same objectives – winning the game

2. **Chain of command**
   - Chain of command is the clear line of authority from the organisation's top to its bottom
   - Everyone in the company needs to understand the chain of command – that is, to whom they report to and who reports to them
   - The chain of command also identifies the formal path for communications
   - It forms the hierarchy described in organisation charts
   - Team captains are part of the chain of command that links coaches and players.

3. **Span of control**
   - The span of control has to do with how many employees report directly to a manager
   - The fewer employees are supervised, the smaller or narrower the manager's span of control, and vice versa
   - The span should be limited to a number that can be effectively supervised and will depend on the nature of the work
   - Flat organisations have very few levels of management with wide spans of control
   - Tall organisations have many levels of management with narrow spans of control

Figure 2.1 illustrates the differences between wide and narrow span of control. The flat organisation has only two levels of management and the tall one has four.

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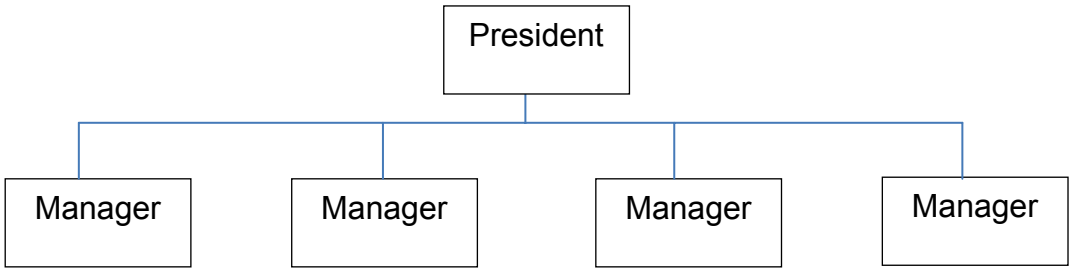
Flat structure – wide span of control



Tall structure – narrow span of control

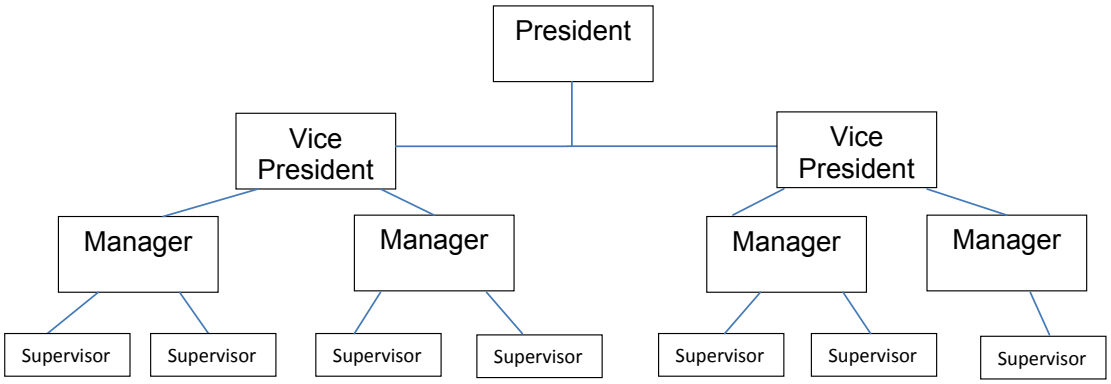


Figure 2.1 Flat and tall structures

4. **Division of labour**
   - Division of labour occurs when jobs are organised by specialty
   - Example, accountants work in accounting department, sales reps work in marketing department
   - **Differentiation** is about organising groups into departments
   - **Integration** is about coordinating department activities

5. **Coordination**
   - Coordination is about departments and individuals in an organisation working together to accomplish strategic and operational objectives
   - Coordination across jobs and departments requires system-based analysis and conceptual skills
   - As sport club manager, you need to coordinate use of the physical site, i.e. the gymnasium, pool, health club, and outdoor facilities, as well as the staff and cleaning schedules

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6. **Clarification of responsibilities and scope of authority**
   - Each person's responsibilities in the organisation needs to be clearly defined
   - Employees must get the authority they need to meet these responsibilities
   - The scope of authority should match their responsibilities
   - Responsibility is:
     - One's obligation to achieve objectives by performing required activities
   - Authority is:
     - The right to make decisions, issue orders, and use resources

7. **Delegation**
   - Delegation has to do with assigning responsibility and authority for accomplishing objectives
   - When you delegate, you both assign the person responsibility for accomplishing a task and give him or her the authority to do what is needed
   - Delegating is about giving employees tasks that are not part of their regular job
   - The delegated task may eventually become a part of their job, or it may be a one-time thing

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8. **Flexibility**
   - Flexibility has to do with understanding that there are often exceptions to the rule
   - Many managers focus on company rules rather than on creating customer satisfaction
   - For example, your sport shop has a rule that customers can only exchange their merchandise if they have the sales receipt. This is a good rule, but what if a well-known customer comes into the shop to exchange his item, and you know he bought the item from you, but he does not have his slip. Should you follow the rules and lose a good customer or make an exception and keep the good customer?

2.2.3 Leading

In addition to planning and organising, managers work with employees daily as they perform their tasks. Managers not only must communicate their objectives to employees, but also must motivate employees to achieve the objectives. Effective leaders have strong **people skills** and **communication skills.** A manager may have a good plan and have organised the employees well, but if he cannot influence the members of the organisation to perform, the organisation is doomed for failure. Leaders and managers are not necessarily the same. Leading is a management function, but unfortunately not all managers are leaders.

Definition of leading

"leading is the process of influencing employees to work toward achieving objectives"

Traits of effective leaders

- Supervisory ability
- A need for occupational achievement
- Intelligence
- Decisiveness
- Self-assurance
- Initiative

Leadership styles

A leadership style is the combination of traits, skills, and behaviors that managers use to interact with employees. In this section, four general leadership styles will be discussed, namely autocratic, democratic, participative, and laissez-faire leadership styles.

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1. **Autocratic leaders**
   - They tend to sell subordinates what to do and expect them to do it
   - The subordinates are not involved in decision making and have little if any autonomy
   - Autocratic leaders tend to believe that subordinates would provide input that would lead to less work or responsibility for them rather than to achieving organisational goals
   - Example, the director of coaching who tells the coaches what to do in practice, when to practice, and how to manage a game.
   - Such leaders may lose motivated coaches who want the autonomy to make those decisions themselves.

2. **Democratic leaders**
   - They seek input from subordinates and do what the majority of the subordinates want
   - The leader encourages employee participation in decisions,
   - They work with employees to determine what to do
   - They do not supervise them closely
   - This style can lead to high employee morale because employees feel a part of the decision-making process
   - Example, the CEO of the sport club holds a staff meeting in which the staff puts forth ideas on what tournaments teams should attend for the coming season.

3. **Participative leaders**
   - They tend to involve subordinates in leadership activities and decision making, but ultimately they retain final authority
   - Even though they seek input from the subordinates, they make the final decisions
   - Example, the club's CEO needs to make a decision related to marketing, but knows little about it, and consults the club's business manager about marketing. The CEO may decide to use all or just some of the input, or he may disregard the business manager's input all together. Ultimately, the decision is his.

4. **Laissez-fair leaders**
   - A laissez-fair leader takes a hands-off approach to leadership
   - They allow subordinates to make decisions
   - The mantra of a laissez-fair leaders is "Hire good people and get out of their way"
   - The laissez-fair leader defers to the person he has selected for a given position to provide the leadership in that area
   - This type of leader offers incredible autonomy to subordinates
   - Example, if the CEO of a sport club comes from the ranks of the marketing side of a club, he should look to hire the best person possible to run the sport side of the club, because he will be turning those decisions over to that person. The CEO then steps back and let this person do what he does best.

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Leadership Grid

The leadership grid uses two dimensions, people-oriented and task oriented, to identify the different leadership styles.

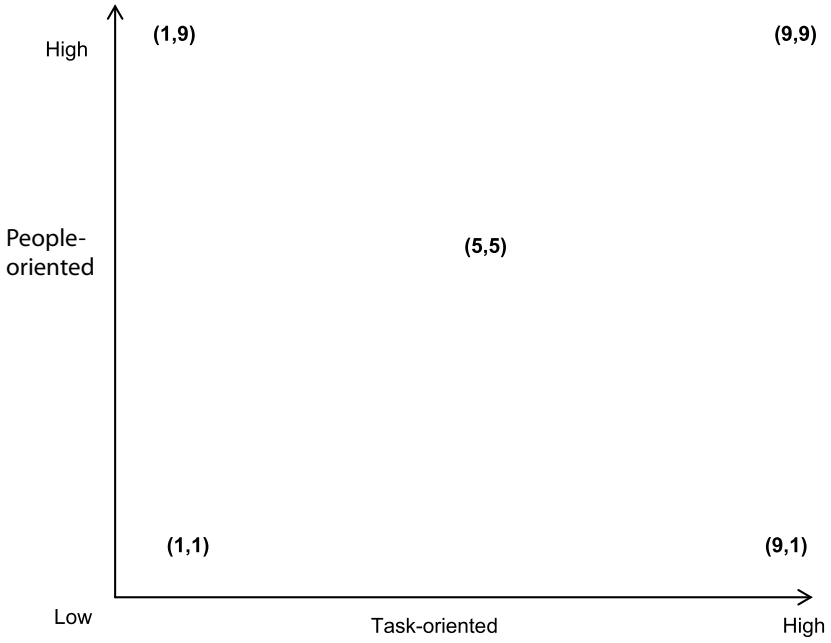

Figure 2.2 The leadership Grid

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(1,9)

- This leader shows a low concern for task and a high concern for people
- They strive to maintain a friendly atmosphere without much regard for tasks
- They focus on the needs of the members and staff of the sport club

(1,1)

- Impoverished leaders show low concern for both task and people
- They do the minimum required to remain employed
- They provide little leadership
- They ignore the needs of the club members and staff

(9,9)

- Team leaders show a high concern for both task and people
- They strive for maximum performance and employee satisfaction
- The leader has high interaction with the people involved in the club
- They creates a positive environment
- They emphasize achieving the long term goals of the club while having fun doing so

(9,1)

- Authority-compliance leaders show a high concern for task and a low concern for people
- They focus on getting the job done by treating people like machines
- Leader emphasizes being highly structured, but fails to involve members and staff of the club in planning the work

(5,5)

- Middle of the road leaders balance their concerns for task and people
- They strive for performance and morale levels that are minimally satisfactory

2.2.4 Controlling

A sport club manager must control many aspects of the club ranging from processes to personnel and control feedback to determine whether the process or behavior of those in the club is working or in need of corrective action.

Definition of controlling

"Controlling is the process of establishing and implementing mechanisms to ensure that objectives are achieved"

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An important part of controlling is measuring progress and taking corrective action when necessary. Effective controlling requires **technical skills** as well as **conceptual** and **decision-making** skills.

Types of controls

Top managers use controls to guide and effect change in the organisations they lead. Four types of controls are identified.

1. **Preliminary controls**
   - Anticipate and prevent possible problems
   - Planning and organising are key functions in preliminary control
   - Is also called feedforward control
   - Example of preliminary control is preventative maintenance, such as routinely tune up of engines of busses transporting participants, to prevent breakdowns

2. **Concurrent controls**
   - Concurrent controls are actions taken during transformation to ensure that standards are met
   - Key success is quality control
   - Example, player assistance out on a golf course, if players are not satisfied player assistants know it early on and fix the problem before the game is over

3. **Rework controls**
   - Rework controls are action taken to fix output
   - Rework is necessary when preliminary and concurrent controls fail
   - Example, Gilbert makes defective rugby balls (outputs), it is too late; the company cannot change the past

4. **Damage controls**
   - Damage controls are actions taken to minimize negative impacts on customers attributable to faulty output
   - When a faulty product or service gets to a customer, damage control is needed
   - Forms of damage control are to refund the purchase price, fix the product, re-perform the service, or replace the product with a new one

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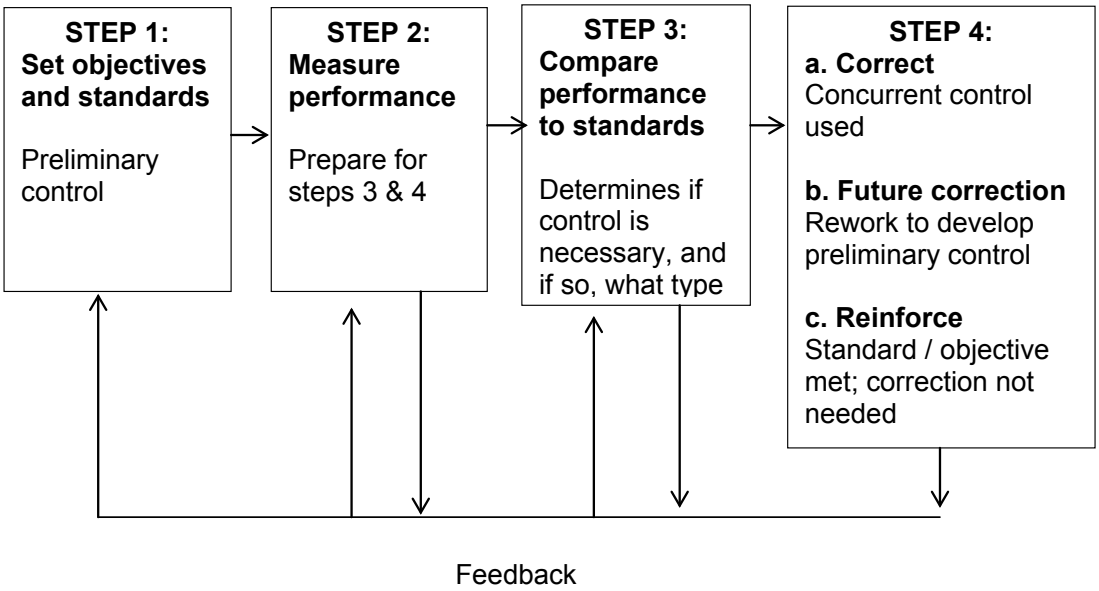
Control Process

The control process involves four steps shown in figure 2.3. Effective control mechanisms provide knowledge for continuous improvement through the four phases of the control process.



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STEP 1: Set objectives and standards

- Objectives and standards are part of the input process and are preliminary controls
- Standards must address five criteria
  - **Quantity** – how many tries should the team have to score in the next game to end at the top of their log?
  - **Quality** – how well must a job be done?
  - **Time** – when should the task be completed? It is important to specify time frames when assigning a task.
  - **Cost** – how much should the job cost to do?
  - **Behavior** – which behaviors are appropriate and which ones are not?

STEP 2: Measuring performance

- Measuring performance helps organisations determine whether they are meeting their objectives
- An important consideration is what to measure and how frequently to measure it
- One important measure is customer satisfaction

STEP 3: Compare performance with standards

- A performance report is commonly used to measure performance
- After performance is measured you need to compare it with the standards you've set
- This step is relatively easy if the first two steps have been done correctly
- The results of this step determine what type of control, if any, is needed in step 4

STEP 4: Correct or reinforce

- When the job is done (the product is made or the service is delivered) and is faulty and too late to correct the problem, then it is time to:
  - Figure out why the standard was not met
  - Use the information to develop a new preliminary controls
  - Implement the new controls so that the standard is met next time
- When performance affects others, damage control may also be required
- When the standard has been met, there is no need for corrective action

Control methods

An important consideration in the control process is how frequently to measure performance. Nine methods are used to measure and control performance.

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1. ***Constant controls***
   - Constant controls are in continuous use and include:
     - Self-control – know your staff, because some groups need much less control than others. Have a balance, too much control causes problems and so does too little control
     - Clan control – this control is about organisational culture and norms
     - Standing plans – policies, procedures, and rules exist to influence behavior recurring predictable situations. Standards can be thought of as a type of standing plan.

2. ***Periodic controls***
   - Periodic controls are used on a regular, fixed basis, such as hourly, daily, weekly, monthly, quarterly, or annually
   - Periodic controls include:
     - Scheduled reports
       - oral reports in the form of daily, weekly, and monthly meetings to discuss progress and problems
       - written reports required on a schedule are also common in organisations and are usually send via e-mail
     - Budgets
       - Budgets are a widely used control tool and should be constructed carefully, always with an eye on where costs can be cut
     - Audits
       - Part of the accounting function is to maintain careful and extremely detailed records of the organisation's transactions and assets

3. **Occasional controls**
   - Occasional controls are used on an as-needed basis
   - They include:
     - Observation
       - Designated people, video cameras, and electronic devices are used to observe work in progress
     - Exception principle
       - This is about placing control in the hands of staff unless problems occur, in which case people go to their supervisors for help
     - Special reports
       - When problems or opportunities are identified, management often requests special reports, which may be compiled by a single employee, a committee, or outside consultants
       - The intent of such reports is to identify causes of problems and possible solutions

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3 What Does It Take To Be A Successful Manager?

3.1 Introduction

Besides the various management functions, managers must also assume a variety of roles, skills and power. At various levels of management, different management skills are needed, different management functions and power are performed, and different roles played. In this chapter will be looked at the different management roles, management skills, management levels, and organisational power.

3.2 Management roles

The following management roles will be discussed: figurehead, leader, liaison, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator, and negotiator.

3.2.1 Interpersonal roles

When managers play interpersonal roles they use their **people skills** and their **communication skills**. Interpersonal roles are figurehead, leader, and liaison.

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Figurehead

- Managers are figureheads when they represent the organisation or department in ceremonial and symbolic activities
- Example, when the manager is interviewed regarding the team's performance

Leader

- Managers are leaders when they motivate, train, communicate with, and influence others
- Leaders are also responsible for coordinating the work of followers
- Example, the manager functions as a leader when he directs players to prepare for the upcoming game

Liaison

- Managers are liaisons when they interact with people outside their unit to gain information and favors
- Example, the manager meet with local businesses to place advertisements in game programs

3.2.2 Informational roles

When managers play informational roles, they use their **people skills** and their **communication skills**. Informational roles are monitor, disseminator, and spokesperson.

Monitor

- Managers are monitors when they read and talk to others to gather information
- Managers scan the environment for information about trends and events that can affect the organisation
- They collect information from a variety of sources including subordinates, peers, superiors, news media, internet etc.
- Example, the manager continually monitors his situation by following the performance of other teams in his league

Disseminator

- Managers are disseminators when they send information to others
- Example, the manager who attends a sport conference and then informs the subordinates of rule changes that were enacted

Spokesperson

- As spokesperson, managers transmit information to persons or groups outside their organisations or work units
- Example, the sport club manager speaks to the local high school and tells them of the upcoming season and special events at their sports club.

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3.2.3 Decisional roles

Decisional roles include entrepreneur, disturbance handler, resource allocator, and negotiator. When managers play decisional roles, they use their **conceptual** and **decision-making** skills.

Entrepreneur

- As entrepreneurs, managers search for ways and take risks to effect change and improve their organisation
- They are entrepreneurs when they innovate and improve products, systems, or services
- Example, a manager who provides the latest computer technology for the ticket office

Disturbance handler

- Managers respond to unexpected situations that might disrupt the organisation's normal operation
- Example, if half of your staff become ill with cold and flu and cannot report to work during the week of a major tournament, the normal operations of the tournament will be disrupted

Resource allocator

- Managers determine how best to allocate resources such as people, money, equipment, supplies, time, and information to each employee, group, or to the entire organisation
- Example, the marketing manager of a local sport festival must provide support staff and assistants with adequate office supplies to develop literature for informing the public about upcoming events

Negotiators

- Managers are negotiators when they represent their department or organisation during non-routine transactions to gain agreement and commitment.
- Bargaining and reaching an agreement with subordinates, a regulatory agency, or vendor are examples of the negotiating role.
- Example, the purchasing manager of a sport club who negotiates with a vendor for lower prices and fast delivery times on equipment and supplies.

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Figure 3.1 Ten roles managers play

3.3 Management skills

People with strong management skills are in demand. Gaining experience in the workplace and completing coursed similar to this one will help you develop these skills. In this section we are discussing technical skills, interpersonal skills, and conceptual skills.

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Technical skills

- Technical skills refer to the ability to use methods or techniques to perform a specific task
- For example, when managers compile their budgets, they use spreadsheet software, so they need computer skills; they also need some knowledge of accounting.
- In a sport club technical skills could include coaching, facility management, league, camp, and tournament management.
- Most people get promoted to their first management position primarily because of their technical skills.
- Technical skills should be present in first-level managers and mid-level managers.

Interpersonal skills / Human skills

- Also known as people skills, and are the ability to work well with people.
- Your interpersonal skills are what will make athletes, parents, employees, and other coaches want to work with you and for you.
- Human skills enable a sport club manager to motivate people to achieve their goals, to get volunteers to work on a weekend to host a tournament or to get a coach to improve a team that won only one game the year before.
- Human skills should be present at all three levels of management.

Conceptual skills

- Conceptual skills are the ability to understand abstract ideas.
- It involves the manager's thinking and planning abilities to ensure the organisation is prepared for the future.
- It also includes the manager's ability to think strategically about the organisation.
- Another term for conceptual skills is systems thinking, the ability to understand the organisation as a whole.
- Managers need to have conceptual skills to think outside the box and come up with creative ways to improve performance.
- Conceptual skills should be present at mid-level and top-level managers.

3.4 Management levels

Within a sport club there are three levels of management, namely top-management, midlevel, and first-level. The responsibilities of each level vary in terms of context as well as importance. At each level a different managerial skill is of a greatest importance. In smaller organisations a manager may operate at all three levels; larger clubs may have three distinct levels.

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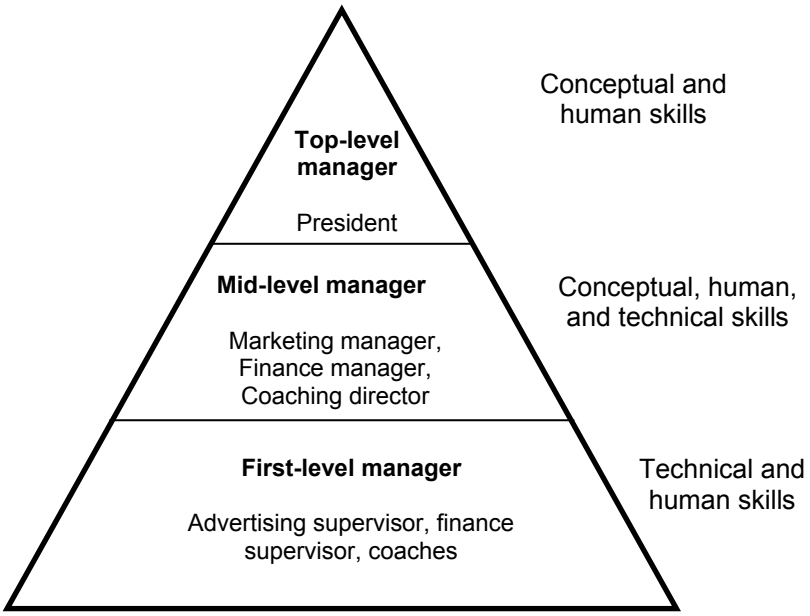

Figure 3.2 Management Levels

First-Level Managers

- They focus on technical aspects and may have some responsibility for overseeing others.
- A first-level manager may not have a great deal of say in how the overall club is run, but he will do his part in achieving the overall goals of the club.
- These managers implement middle managers' operational plans.
- They generally report to middle managers.
- Example of a first-level manager is a coach. His main responsibility is to train teams, he plans practice sessions and implement those plans. To assist him with his responsibilities, he may have an assistant coach.
- Management skills of these managers are **technical** and **human** skills.

Mid-level Managers

- People holding these positions have titles such as general manager, director of coaching, sales manager, department head etc.
- They are more involved with the management of staff while also participating in the conceptual aspects of leading an organisation.
- A person in this position is usually promoted from a first-level management position.
- A mid-level manager must understand the role of his department (coaching, marketing, sales etc.) in the overall achievement of the club's goals.
- They implement top management's strategies by developing short-term operating plans.
- They generally report to executives and supervise the work of first-line managers.

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Top-level managers

- They set the vision for the club and fine-tune the organisation's mission, objectives, strategies, and long-term plans.
- These executives have titles such as chairman of the board, chief executive officer (CEO), president, or vice president.
- They manage the entire organisation and report to other executives or the board of directors.
- They supervise the activities of middle-level managers.

MANAGEMENT LEVEL	MANAGEMENT SKILL	MANAGEMENT FUNCTION
Top-level	Conceptual and human	Planning and organising
Mid-level	Conceptual, human and technical	Planning, organising, leading, and controlling
First-level	Technical and human	Leading and controlling

Table 3.1 Skills and functions performed by management level

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3.5 Power

It is important to understand power structures within sport organisations. To be effective in an organisation, you also need to understand how people gain power and how they use power.

Definition of power:
"the ability to influence the actions of others"

Sport club managers use power to achieve the club's goals. Two sources of power will be discussed in this section, namely *personal power* and *position power*. The seven bases of power, along with their two sources (personal and position power), are shown in figure 3.3.

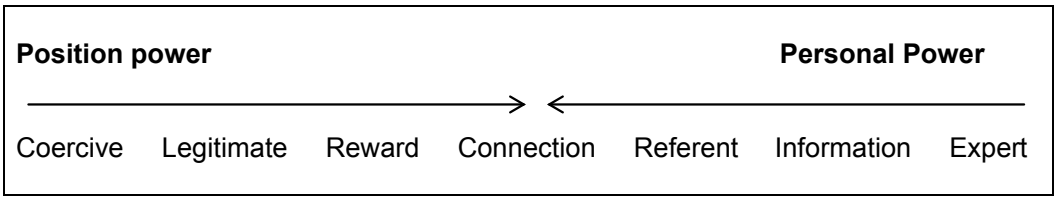

Figure 3.3 Sources and bases of power

Bases of power

3.5.1 Coercive power

- The source of coercive power is **position power**.
- Coercive power uses threats or punishment to achieve compliance.
- Coercive power is based on the leader being able to punish those who do not do what is asked of them.
- The punishment can come in the form of demotion, removal of certain responsibilities, suspension, or firing.
- Group members may use coercive power to enforce norms.
- Example, when a player comes late for training for the third time now, the coach has coercive power to suspend him for the next game. Next time the player won't be late for training again.

3.5.2 Legitimate power

- This source of power comes from the leadership or management position that a person holds in the organisation.
- The source is **position power.**
- Example, a coach does what the director of coaches tells him to do, because coaches are supposed to listen to and follow those directives. The director of coaches derives his power from the title.

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3.5.3 Reward power

- Reward power is the ability to influence others by giving them something they value.
- As a manager, you will have the ability to praise, recognize achievements, raise wages, and promote people.
- The source of reward power is position power.

3.5.4 Connection power

- When someone uses his relationship with influential or important people to influence your behavior or attitude, he is using connection power.
- It is a combination of **position and personal** power.
- Connections can help you find work, and can also help you get the resources you need to perform your work

3.5.5 Referent power

- Referent power refers to the force of the leader's personality.
- Subordinates respond to the personal qualities of a leader with referent power.
- Referent power is therefore about voluntarily giving someone power over you, because you admire them, and is **personal power.**
- People using referent power don't give orders; they make relationship-related requests like "will you please do this for me"?
- Managers gain this power when they are respected by their work group.
- The term often associated with referent power is *charisma.*
- Example, a coach who works under a director of coaches (DOC) with referent power may come in on his off day to help plan an upcoming tournament because he likes the DOC and wants to help him.

3.5.6 Information power

- People who have knowledge or data that others need have information power.
- This is **personal power.**
- As a manager, you will also be a conveyer of information – to your staff and your bosses – and as such will also have information power.

3.5.7 Expert power

- People who have expertise or specialized skills that others need have expert power.
- This is a **personal power.**
- The fewer people who possess a particular expertise, the more power the expert has.
- They have no direct position power, but being seen as an expert gives them credibility and standing.
- Example, a young aspiring coach may want to work under an elite coach, to learn about training world-class athletes.

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4 Finance Management

4.1 Introduction

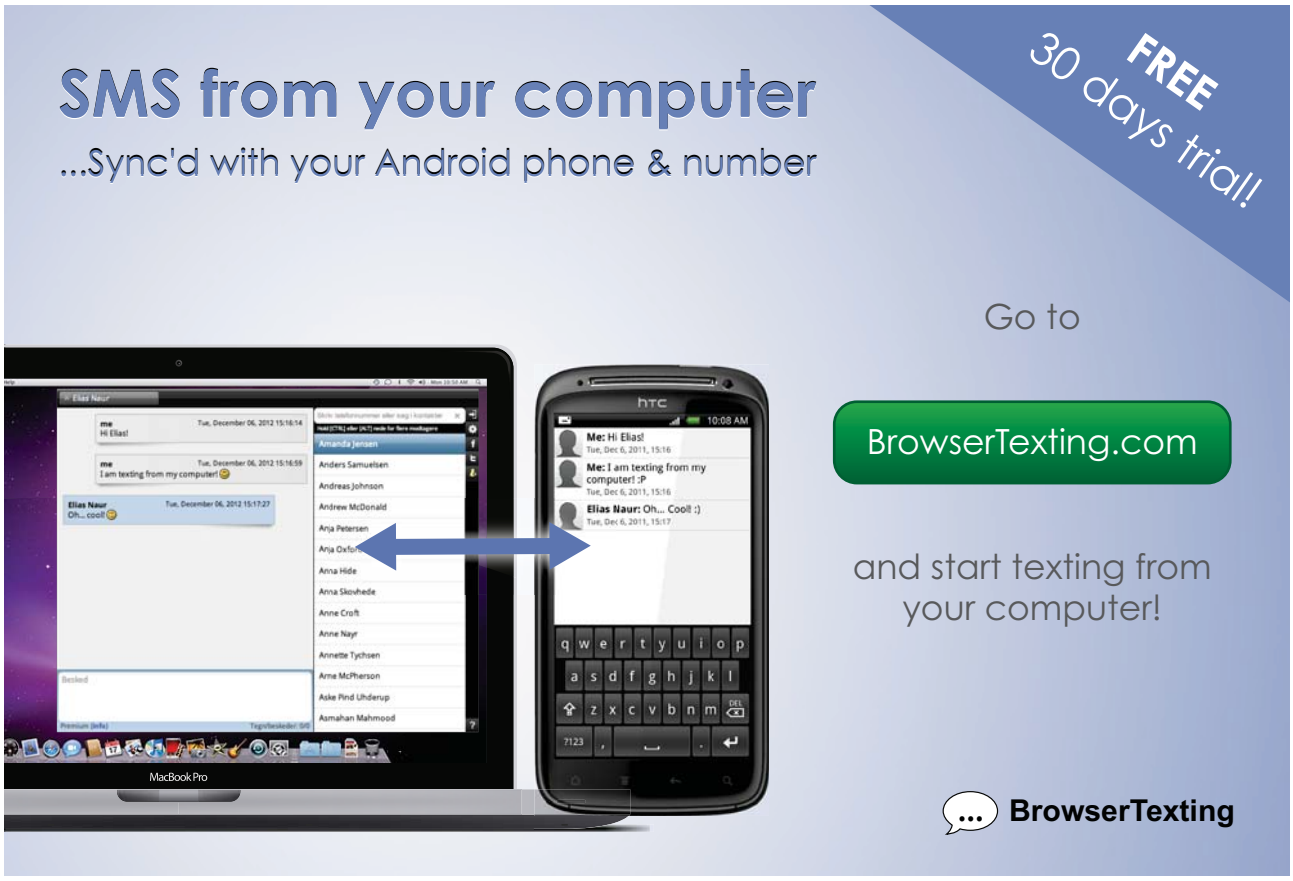
Finances are the nuts and bolts of running a sport club. You need money to run a sport club and therefore you need to budget for your expenses, live within your means, and keep records to account for it all. The purpose of this chapter is to teach you to administer your club's finance as easy as possible. Aspects that will be discussed in this chapter are *sources of funds*, *budgeting*, and *accounting*.

4.2 Sources of funds

For clubs to obtain more money for the club, they need to identify certain sources of funds. The two funding sources often underutilized are special-event fundraising and commercial sponsorships.

4.2.1 Special-event fundraising

Special-event fundraising is distinguished from other sources of funds in that you provide people with a product or service for which they are willing to pay. Numerous ways can be used to raise funds through special events that are both fun and profitable.



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Examples of special-event fundraisers

- food sales
- service sales – car washes, cleanup work,
- auctions
- raffles and lotteries
- social events – parties and dances
- celebrity sports contests – golf day

Requirements for conducting a successful fundraising event

- your club must have a good image in the community
- plan an event that appeals to large numbers of people
- organize the event effectively
- promote the event well
- select the appropriate time for the event (not when other events take place)
- avoid events where you have expenses upfront that risk a potential loss
- have the support and help of the members of the club to conduct the event

4.2.2 Commercial sponsorships

Sponsorships are business agreements. A business is willing to pay you for the opportunity to communicate a message by being associated with your club. Fundamentally, you are selling a way for the company to communicate a message with an audience that you reach.

Benefits for a company to sponsor your team

- enhanced corporate awareness through association with your club or event
- building or reinforcing a corporate image
- opportunity to develop new markets by exposure of a product
- opportunity to promote sales of a product
- a means to build and enhance community relations
- opportunity to compete favorably with competitors in the community

Sponsorship is an attractive means to communicate with potential customers. Your club's programs are seen as contributing to society, and by sponsoring these programs a company may also be seen as contributing to society.

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Developing a sponsorship plan to obtain a sponsorship

There are five steps in the process to obtain a sponsor.

STEP 1: Identify the specific events or components of your program to be sponsored. Example, sponsor:

- a team – DHL Stormers
- a player – Tiger Woods sponsored by Nike
- a tournament – Vodacom Cup
- a facility – Coca-Cola Park
- playing kit
- food and drinks during the event

STEP 2: Identify potential sponsors

- create a list of potential sponsors
- consider companies whose products or services are compatible with your program's philosophy and goals
- see whether any parents in your club are executives in companies that may be interested in sponsoring
- identify those companies that have sponsored other sport events in the community
- identify those companies that will directly benefit from your event

STEP 3: Prepare the sponsorship proposal

- prepare a generic proposal that you can easily modify for a specific business
- keep the proposal short, about 2–3 pages

Components of a good proposal
The following components should be present in a proposal:

- event to be sponsored
    - give a brief description of the sport or event to be sponsored
    - provide the date of the event and explain who is involved and where it will take place
    - indicate how many participants will participate as well as how many spectators are expected

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- your organization
  - describe your organization in terms that make association with it appealing
- sponsorship request
  - explain the specific component of the event / club that you are offering the company to sponsor
  - example, the food and drinks during a league match
  - outline the amount of many you need from the sponsorship as well as what the money will be used for
- sponsorship benefits
  - state how the company will be recognized, how many people will be exposed to the message, and who those people are

STEP 4: Contact potential sponsors

- identify who in the company is responsible for deciding about sponsorships and how the person would like to be approached
- contact the sponsor and briefly explain the purpose of your call and request an appointment
- send the proposal in the meantime to the sponsor to allow him enough time to review it before the meeting
- meet with the sponsor to review the proposal

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STEP 5: Draw up a letter of agreement

- Once you have a sponsor, draw up a letter of agreement to specify the terms of your business relationship
- Include the following elements in this letter:
    - Date of the agreement
    - Names and addresses of your club and the sponsor
    - The event or activity to be sponsored
    - The time period for the sponsor
    - The specific rights the sponsor has
    - What the sponsor agrees to do and when
    - What happens if the event is cancelled
    - Any other termination clauses

STEP 6: EVALUATION AND FEEDBACK

- Feedback must take place continuously between the sponsor and the organisation that is sponsored; to make sure both parties is satisfied with the processes.
- At the end of the sponsorship term a detailed audit needs to be done of the whole sponsorship to determine if the objectives of both parties were met.
- This can lead to the renewal of the sponsorship for another term.

4.3 Budgeting

Budgeting financial resources is a process that a club's leaders ask club managers to accomplish. Budgeting is an administrative activity required in any size of club, whether an emerging or competitive sport club. The bigger the club, the more complex budgeting will become. Whatever the case, budgeting is an effective method of control and evaluation.

Definition: Budgeting
"a management plan estimating anticipated income and expenses for a period of time"

4.3.1 Goals to accomplish when constructing a budget

When formulating and executing a sport club's budget the sport club manager should seek to accomplish five basic goals, namely:

- Understand the budget structure
    - You need to have a firm understanding of what funds are going in and out of the club
- Explain the budget to all stakeholders
    - There should be no secrets and all information should be freely shared with administrators, coaches and members of the club on a regular basis

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- Modify the budget when necessary to meet new challenges
  - The budget should be flexible enough to meet new needs and demands as they arise without compromising the integrity of the process
- Sell the budget to all parties
- Document all phases of the budget process
  - Accurate documentation is a matter of absolute trust that must be garnered through exhaustive measures to ensure a complete paper trail at all times.

4.3.2 Advantages of budgeting

Among other common advantages budgeting

- Compels sport club managers to plan the future operation of the club in concrete and specific terms;
- Fosters cooperation, coordination, and communication among key persons responsible for the results of the club;
- Provides a framework to evaluate performance;
- Creates cost-consciousness;
- Orients the activities of a sport club toward common goals and objectives
- Prevent over budgeting;
- It helps the contributors to see where revenues are coming from and what expenditures are for

4.3.3 Elements of a budget

Sport club managers needs to develop an operational budget that details various expenses expected in operating a club. Basic elements within such a budget include the following:

1. **Fixed costs**
   - A cost that will not fluctuate over the course of a budgetary cycle
   - Example
     - Rent or mortgage on a property
     - Insurance premiums
     - Salaries
     - Contracted services like lawn care service, trash removal

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2. **Variable costs**
   - A cost that will fluctuate based on usage over the course of a budgetary cycle
   - Example
     - Utilities such as water and electricity
     - Equipment and uniform
     - Office supplies
     - Travel expenses
     - Maintenance
     - Tournaments
     - Affiliation fees

3. **Capital expenditures**
   - Major one-time purchases that are outside the normal operating expenses
   - Example
     - A scrum machine
     - Electronic score board
     - Flood lights

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SAMPLE BUDGET FOR A SPORT CLUB

REVENUE	
ITEM	**COST**
Members registration fee 300 members @ R2000 per year	R600 000
Coaching clinic registration fee 100 players @ R800 per player	R 80 000
Sponsorship	R300 000
Facility rental to outside groups per year	R110 000
Fund raising	R 50 000
Total revenue	**R1 140 000**
EXPENDITURES	
Salaries • 8 x coaches @ R6000 per month x 8 months • 2 x Office staff @ R8000 per month x 12 months • 2 x Cleaners @ R3500 per month x 12 months • 1 x Manager @ R15000 per month x 12 months	R384 000 R192 000 R 84 000 R180 000
Facility • Maintenance per year • Equipment replacement	R 10 000 R 5 000
Competition costs • League costs • Affiliation fee • Uniforms • Travel expenses • Coaching clinics	R 6 000 R 20 000 R 30 000 R 70 000 R 12 000
Office expenses • Office supplies • Advertising	R 18 000 R 9 000
Utilities • Water and electricity • Telephone • Internet	R 45 000 R 12 000 R 6 000
Contracted services • Accountant • Trash removal • Lawn care service	R 12 000 R 5 000 R 4 000
Awards • End year function • Trophies	R 25 000 R 8 000
Total expenditures	R1 137 000

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4.3.4 Types of budgets

Budgets are typically classified as zero based, fixed, programed, performance and capital budgets.

1. ***Zero-based budgets***
   - A zero-based budget is an administrative method that requires the sport club manager and coaching staff to annually negotiate all funding based on documented need.
   - The negotiation starts at zero and is expanded depending on current need in each area of the club.
   - Past history is usually not taken into consideration
   - It requires sport club managers to evaluate each sub function of the club and rank it according to how important it is
   - Areas that become part of such negotiation might include the following:
     - The number of coaching staff for the upcoming season
     - All inventory levels and projected needs for the sport
     - Travel to all competitions
     - Cost of officials for all home events
     - Repair, maintenance, cleaning, and replacement of all items in inventory
     - Repair and maintenance of facilities
   - **Purpose** of this budget is to control over budgeting and waste

2. ***Fixed budgets***
   - Fixed budgeting is an appropriate process for sport clubs in financially stable environments
   - This method requires sport club managers to project both expenditures and income on a month-by-month basis to determine total costs and revenues for the year
   - This type of budgeting is most appropriate for large, well established clubs during periods of relatively economic certainty
   - School sport clubs rarely use fixed budgeting because most of these clubs are not income oriented.

3. ***Program budgets***
   - The program budget separates a club by unique units
   - Each sport in the club would develop a separate budget with a description of the sport's goals and those features of its program that are deemed to be the most important
   - The sport club manager then compare the various budget requests and make decisions based on their needs
     - Example, in a school setup, the manager or coach of each sport presented in the school should compile a budget with a description of their goals and most important needs. They hand it in to the school's sport manager who would make decisions accordingly.

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4. ***Performance budgets***
   - The performance budget breaks the functions of a sport club into discrete activities and appropriates the funds necessary to accomplish these activities
   - The purpose of this budget is to explain what services and activities are being provided by the club
   - Each activity is defined by the amount of time that is involved to perform the activity and a cost is then attributed to each activity
   - Example, activities with their expenses in a sport club can be
     - League matches
       - Travel expenses
       - Uniform
       - administration
     - Tours and Tournaments
       - Uniform
       - Travel expenses
       - Tournament levies
       - Equipment
     - Coaching
       - Salaries of coaches
       - Administration

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5. ***Capital budgets***
   - A capital budget describes expenses that include long-range budget items
   - It usually covers a number of years – as many as 10 years
   - It includes major purchases, such as new buildings and equipment (electronic score boards)
   - Capital budgets require a narrative explanation or justification for each expense

4.3.5 The budget process

Before you begin with the budget process you need to do some budget preparation beforehand. To **prepare** a financial budget, sport club managers should:

- Collect past budgets, up to 5 years, to prepare for analysis of expected costs;
- Collect the statements from the past year for all expenditures and analyze areas of expected increase;
- Inform all staff of required date for budgetary needs for their specialty areas, i.e. maintenance, facilities etc. for the next budget year;
- Divide the club's budget into operating and capital activities;
- Prioritize budget requests according to necessity;
- Prepare your budget carefully with all justifications included

It is important to follow a systematic process when it comes to reviewing a budget. The following 9 steps are a comprehensive approach to the budget process.

The budget process

STEP 1: Examine the club's mission, goals, and objectives
STEP 2: Include all key players in the budget process
STEP 3: Review the information and data gathered (during the preparation process)
STEP 4: Prepare the budget using the predetermined budget type established by the blub
STEP 5: Examine the budget for accuracy, feasibility and reality
STEP 6: Submit the budget to a few key people for additional critical analyses
STEP 7: Prepare and execute a final and formal budget presentation to the club's board for approval
STEP 8: Implement the approved budget
STEP 9: Audit and evaluate the budget implementation

4.4 Accounting

Definition of accounting:
"the collection of financial data about an organization"

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The **process of accounting** includes the gathering, recording, classifying, summarizing, and interpreting data. Accounting is done on a daily, weekly, monthly, quarterly, and annual basis. Accounting examines a club's *profit or loss*, determines *how it occurred*, and determines *assets and liabilities*.

4.4.1 Financial statements

At the most basic level, accounting deals with debits and credits. **Debits** are the revenues generated. People owing your club money are called **debtors**, for example an organization who rents your facility for an event. **Credits** are the expenses that have been budgeted for and must be paid. People your club owes money to are called **creditors**, for example the municipality you owe water and electricity to.

The financial statements discussed in this section are the balance sheet and the income statement. These statements provide an overview of the club's financial condition in the short and long term.

Income statement

The purpose of the income statement is to analyze the success of the club. The profit or loss of the club is found in the income statement.

Definition of an income statement:
"A statement showing the money a club made and spent over a period of time"

An income statement is read from the top down with the revenues stated first with a gross profit followed by the operating expenses. Examples of revenues of a sport club can be member's registration fee, sponsorships, facility rental to outside groups, fund raising etc. The operating expenses include all other expenses a business accrues during day-to-day operations. Examples of operating expenses of a sport club include salaries, insurance, office expenses, contracted services, awards etc.

Net income or net profit is the amount of money remaining after all expenses have been paid. This amount is shown in the balance sheet under equity. If the business accrues a net loss, the amount of the loss will be shown in parentheses, (R50 000) represents a R50 000 loss.

Sample income state for a sport club

Revenue

Members registrations	R640 000
Sponsorship	R300 000
Facility rental	R100 000
Fund raising	R 60 000
Gross profit	R1 100 000

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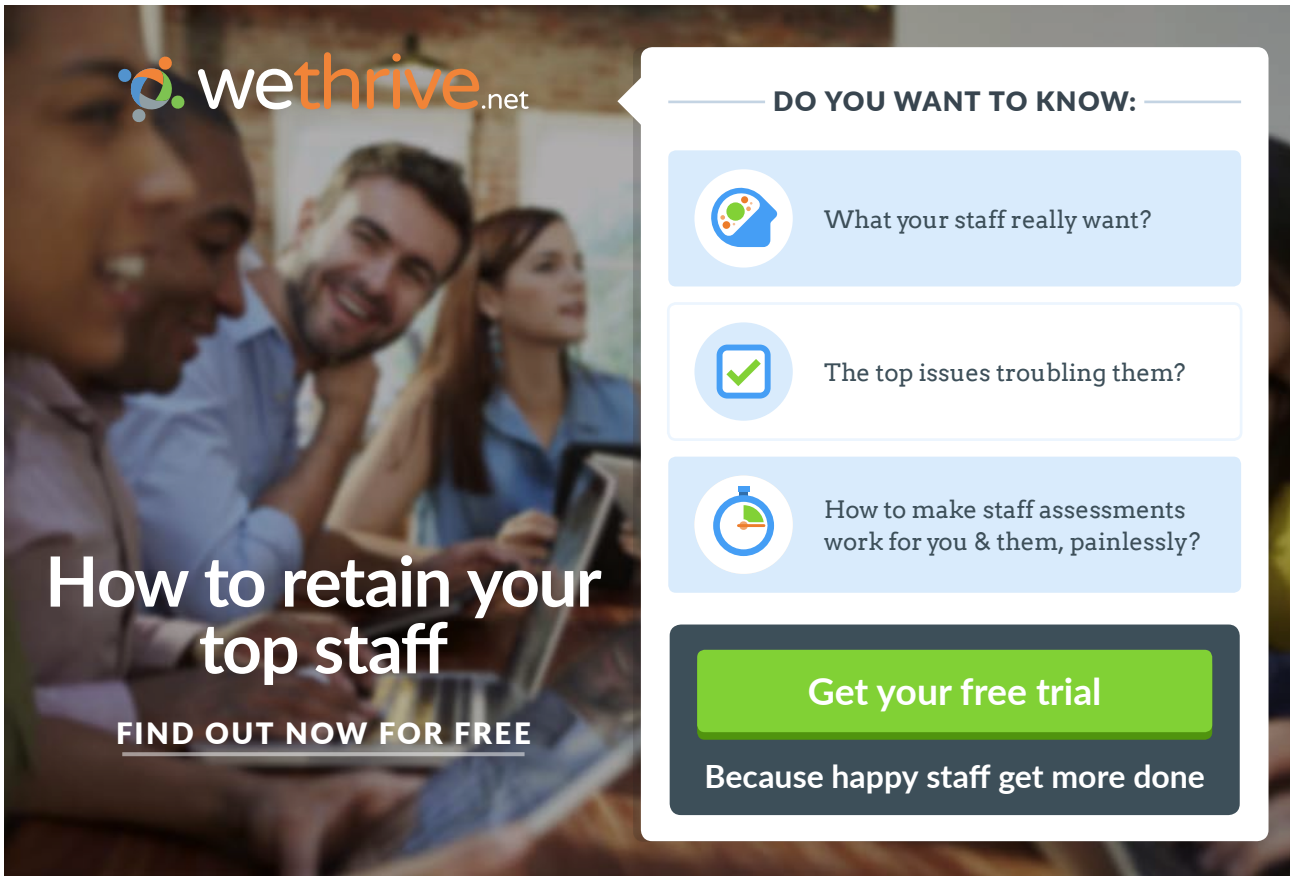
Operating expenses

Salaries and wages	R740 000
Facility	R 10 000
Competition costs	R130 000
Office expenses	R 25 000
Utilities	R 55 000
Contracted services	R 20 000
Awards	R 32 000
Total operating expenses	R1 012 000
Net income	**R88 000**

Balance sheet

The four main uses of a balance sheet are that it:

- Shows changes in the business over a period of time
- Shows growth or decline in various phases of the club
- Shows the club's ability to pay debts
- Shows financial position



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Definition of a balance sheet

"a statement of the financial position of the club that presents the club's assets and liabilities and how much equity the club has at a fixed point in time"

Elements of a balance sheet

1. **Assets**
   - Assets are items that the club owns
   - Assets come in two forms
     - *Current assets*
       - Cash on hand and any asset that can be converted to cash within a year, for example inventory, prepaid expenses etc.
     - *Fixed assets*
       - Those items a club owns that cannot be sold without changing the club's operation
       - Example facility, equipment, furniture, cars etc.

2. **Liabilities**
   - Liabilities are the financial obligations the club has to other entities
   - It is the club's debt, how much money the club owes to other parties
   - Example loans from banks
   - Liabilities come in two forms:
     - *Current liabilities*
       - Are those debts that must be repaid within one year
       - Example, goods and services purchased on credit usually payable within 30 days, interest, taxes,
     - *Long-term liabilities*
       - All loans a club may have that are not currently payable
       - Usually larger loans that were acquired to purchase fixed assets such as a building, car, furniture etc.

3. **Equity**
   - Owner's equity is the amount of money invested by the owners
   - In a sole proprietorship, the business begins with the amount of money the owner invested from personal funds
   - In a partnership, it is the amount of money each partner invested individually
   - Earned income, as shown in the income statement, is added to the owner's investment

Once the total liabilities and the total equity are calculated, these two figures are added together and **the combined values should equal the total assets**.

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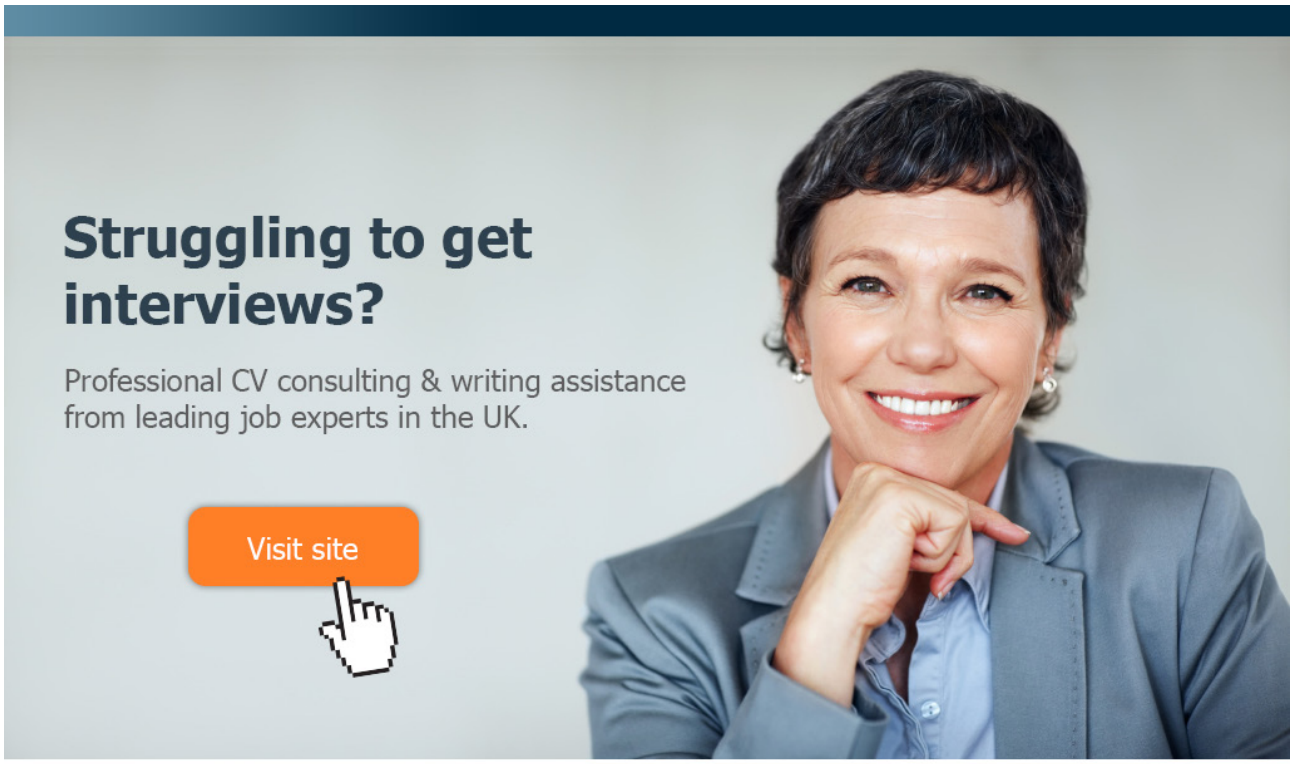
Sample balance sheet of a sport club

Assets		**Liabilities**	
Current assets		Current liabilities	
Cash	R10 000	Accounts payable	R20 000
Accounts receivable	R 8 000	Short-term loans	R45 000
Inventory	R 5 000	Interest payable	R14 000
Short-term investments	R 4 000	Taxes	R25 000
Prepaid expenses	R12 000	Long-term liabilities	
Total current assets	**R39 000**	Loans payable	R72 000
Fixed assets		**Total liabilities**	**R176 000**
Facility and building	R600 000		
Facility Equipment	R 20 000	**Equity**	
Total fixed assets	**R620 000**	Owners investment	R395 000
		Plus net income	R 88 000
		Total equity	**R483** 000
Total assets	**R659 000**	**Total liabilities and equity**	**R659 000**



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5 Risk Management

5.1 Introduction

Every sport is risky and as a responsible sport manager you want to provide safe and equitable programs in your club. Athletes, coaches, officials, managers, spectators, and even innocent bystanders can be injured by balls, slippery ground, ill-fitting equipment, lightning, and many other hazards. You'll need to think about ways to manage risks in your club and the best way is to have a comprehensive risk-management program, which will be discussed in this chapter.

5.2 What is risk and risk management

Before we define what risk management is, we need to look at what risk is.

Risk:

"Risk refers to the probability of loss, either to people's well-being or to their property"

As a sport manager you will want to manage risk for three groups:

1. The participants in your club
2. Your coaches, officials, spectators, yourself and your staff
3. Your club

Risk management:

"the process of decision making and implementation so as to minimize injuries and loss and their effects on your sport club, facility, or event"

Reasons for developing a risk management program are:

- To provide the safest and fairest environment possible for the participants
- To reduce the risk of liability
- To prevent losses of all kinds, (financial, physical, property, activity, time) for everyone associated with an organization, including its directors, administrators, employees, spectators, and clients.

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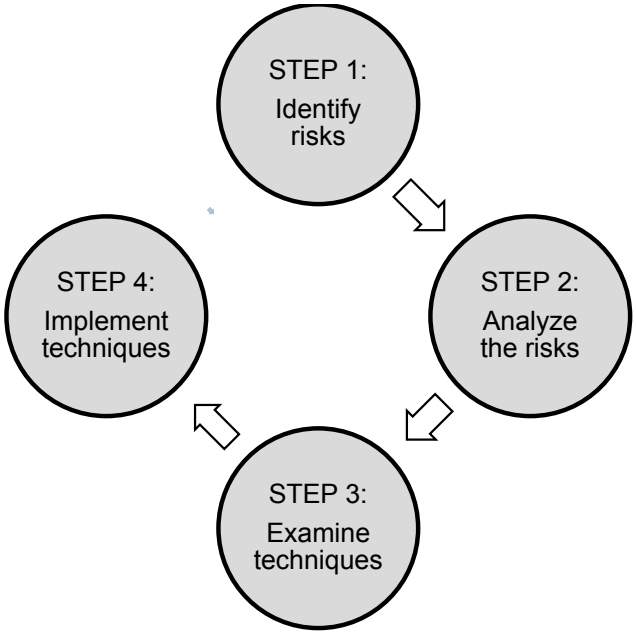
5.3 Risk management process

To make risk management easier, the risk management process is broken down into four steps that should be taken:



5.3.1 Identify the risks of the sport in your club

Identifying the loss exposures in a particular sport club means determining which exposures will undermine the club's goals. Essentially, loss exposures can be placed in four categories, namely:

- Property loss
- Liability loss
- Personnel loss
- Net income loss

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Property loss

Property loss exposure arises out of the possibility of damage, destruction, or disappearance of property resulting from a peril or cause of loss. Examples of losses would be:

- Unimproved land
- Buildings
- Tangible personal property
  - Money
  - Inventory
  - Computer and media equipment
  - Valuable records and papers
  - Furniture
  - Supplies
  - Mobile property
  - Intangible personal property Patents
  - Trademarks
  - Copyrights
  - Goodwill
  - Trade secrets
- Legal interests in property
  - Owner's interest
  - Buyer's and seller's interest
  - Landlord or tenant's interest

Liability loss

Liability loss exposures results from a club having a legal responsibility to pay a claim for bodily injury or property damage sustained by another party. These loss exposures arise out of:

- Torts
  - Negligence
  - Intentional torts
  - Strict liability torts
- Contracts
  - Breach of contract
- Statutes
  - Such as workers compensation

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Personnel loss

A personnel loss exposure occurs when an employee, manager, or owner with special knowledge or skill retires, resigns, or dies.

Net income loss

Net income loss arises when some circumstance affecting the club causes reduction of net income, which could occur as a result of property, liability, or personnel loss exposures. This could happen in poor economic times when revenues are down.

Reduction of loss exposures cannot be accomplished if they are not identified. Sometimes identification of loss exposures is simple and obvious, but even those circumstances lead to a multitude of lawsuits. For each loss exposure described above, a club's risk management team will have to make a complete assessment.

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5.3.2 Evaluate and analyze the risks

Once risks have been identified, those risks should be analyzed. A common means of analysis is the risk matrixes that analyze risk exposures based on *severity* vs *frequency.* Such charts provide guidance for classifying risks as severe, moderate or slight in severity, as well as slight, moderate, or definite as to frequency. In situations in which loss severity is slight to significant and loss frequency is slight to moderate, it may be reasonable to take actions to reduce or prevent the losses from occurring. For example, at your sport club's facility, slips and falls are common occurrences that vary in severity. These may deserve more risk management attention than the possibility of a large fire, and the club would likely put more resources into slip and fall reduction and prevention.

5.3.3 Examine possible risk control techniques

Risk control techniques include the following:

- **Avoidance technique**
  - This means a club decides to stop a particular activity or not start it in the first place
  - Example, a primary school decides not to present tackle rugby for boys under the age of 12, but only tag rugby.
- **Loss prevention techniques**
  - This technique implements measures to reduce the frequency of loss
  - Example, the club may prohibit any spectators at a hockey match to stand behind the goal boxes, to decrease the number of spectators hit by hockey balls.
- **Loss reduction technique**
  - Loss reduction is a loss control technique that is designed to decrease loss severity
  - Example, rugby players wearing padding, they may still injure themselves when being tackled, but this protection will reduce the severity of injuries.
- **Duplication**
  - Duplication means having spare parts or equipment so you can continue business as usual if a loss occurs.
- **Separation**
  - Separation means dispersing assets or activities so that if, for example, a natural disaster occurs, it will not wipe out all of the club's assets or activities

5.3.4 Implement risk control techniques

After identifying risks in your club, assessing them, and examined possible risk control techniques, you now need to implement those techniques. Someone has to take charge in implementing the techniques, and this could be the coach, club manager, or owner. The person in charge puts safety first – above winning or profits. For example, lightning is imminent and only 15 minutes of the rugby game remains. The score is tied, and the spectators are excited. The sport club manager has to make a decision to stop the match or to risk playing on with the potential lightning, which has been known to strike the rugby club before.

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Implementing loss prevention and reduction techniques

The following are means of implementing *loss prevention* and *reduction techniques*:

- **Facility inspection**
  - Inspections can take place at regular intervals, such as daily or weekly, or they can take place before, during, and after practices or events
  - Example, before a rugby game or practice begins; the field should be inspected for holes, dangerous objects, or defects.
  - Documentation of each inspection is important in the event a lawsuit is filed
- **Facility cleaning, maintenance, and repair**
  - Each area of the facility should have a documented cleaning and maintenance schedule
  - Regular inspections should reveal additional cleaning, repair, and maintenance
  - The facility should be monitored at all times for slipping and tripping hazards
  - Maintenance should take place on a regularly scheduled basis
  - Repairs should be made promptly
  - If an item is found to be in disrepair, it should be taken out of service immediately
  - If it cannot be stored, a sign should be displayed warning that it is out of service and should not be used
- **Crowd management**
  - If your club hosts events in which large crowds gather, an important part of risk control is establishing and implementing a crowd management plan
  - The following elements should be present in a crowd management plan:
    - Competent staff trained in crowd management
    - Emergency and disaster planning and implementation
    - Procedures to eject unruly, intoxicated, or disruptive spectators
    - Use of signage to promote crowd management
- **Protective gear**
  - A sport club may wish to require and enforce use of certain protective gear as part of its implementation of loss prevention and reduction techniques
  - The use of mouth guards, shin guards, helmets, and protective padding will reduce the frequency of injuries and their severity
- **Equipment**
  - Equipment should be regularly inspected and tested to determine if it is still working properly
  - Maintenance should be done regularly as appropriate to all equipment
  - After each use, equipment should be cleaned in accordance to the manufacturer's recommendations
  - When using equipment, the manufacturer's recommendations regarding use, maintenance, and repair should be followed
  - Documentation of cleaning, repair, and maintenance of equipment is important if a lawsuit ever arises over equipment that causes injury

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5.4 Duties regarding risk prevention

As the manager of your sport club, you have assigned responsibilities. Some of these responsibilities you delegate to others such as coaches. Failing to perform your duties properly can risk the safety of your staff, coaches, and participants.

Coaches' duties

Coaches should:

- Provide a safe environment for practice and contests
- Teach skills in developmentally appropriate progression
- Provide appropriate supervision during activities
- Warn players of inherent risks in the activity
- Enforce the rules and regulations of the sport and your club
- Provide proper first aid when injuries occur
- Ensure the civil rights of participants
- Keep records of injuries and other losses

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Manager's duties

Managers should:

- Select qualified staff, officials, and coaches to conduct the activities in the club
- Ensure that the staff, officials, and coaches are appropriately educated to perform their duties
- Supervise all aspects of the activities in the club

5.5 How to make the activities at your club safer

There are five things you can do to make the activities in your club safer.

1. **Develop a risk-management plan**
   - Develop policies and procedures to help reduce injuries in the specific situation
   - Example, compile a policy stating that boys younger than 12 years may not play against boys older than 16 years.
2. **Keep knowledgeable about current standards**
   - Standards are continually evolving, so you need to stay abreast of any changes
   - Pass on the appropriate information to your staff and coaches
3. **Educate your staff and coaches**
   - Pass along to your staff and coaches the information they need to implement your risk-management plan and to fulfill their duties
   - Help your staff understand that part of their responsibility is to be ongoing risk managers
   - You need to have regular sessions, written policies and guidelines and periodic training for emergency procedures
4. **Supervise your program**
   - Supervision is essential to see that your staff and coaches carry out the program in a safe way
   - As sport club manager you usually will have general supervisory duties over all areas of the club
   - You will often need to assign others to provide general and specific supervision
   - When you assign others to supervise a playing facility or special event, they must be competent to:
     - plan for the activity
     - present clear warnings of risks
     - provide age- and gender-appropriate supervision
     - know how to provide for a safe environment
     - be able to evaluate injuries
     - implement an emergency plan
5. **Keep records**
   - In the event of an alleged wrongdoing, without records it becomes your word against the accuser's

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5.6 Supervision guidelines

Supervision guidelines are necessary for certain areas in your club. In this section we are looking at supervision guidelines in general, for sports facilities, and for sports equipment.

General supervision guidelines:

- Provide general supervision for all your activities presented in the club
- Coaches should know how to provide close supervision for activities that pose greater risk to the participants
- Have enough supervisors for the activities being monitored
- Supervisors should not be too close to the activity or too far away
- Know the rules of the activity designed to protect the players from injury
- Never leave young participants unsupervised

Supervising sports facilities

- Make sure the facilities are adequate and appropriate for their use
- Facilities should be constantly monitored to ensure they remain adequate
- Control access to facilities that present potential risks, such as swimming pools, gymnastics centers
- Set procedures for correcting problems when you identify any inadequate aspect of the facility
- Require participants to perform basic safety inspections of the facilities they use

Supervising sports equipment

- Equipment should meet existing standards
- Coaches should know how to properly fit equipment that players uses, such as helmets, face masks etc.
- Coaches should know how to properly use all equipment in their sport
- You, your staff or the coaches should regularly inspect equipment that you provide
- Equipment should be properly maintained and repaired

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5.7 Managing specific risks

No matter how much you try to prevent accidents, they are going to happen and injuries result. Your duties are to do all that you can to minimize accidents and injuries and keep your organization from being held liable for accidents and injuries. To achieve these objectives, you need a medical response plan.

Medical response plan

The following elements should be considered when preparing your medical response plan:

- **All participants should provide you with medical histories**
  - This information can be obtained when they become a member of the club
- **Obtain a consent form for participation**
  - Children should not be allowed to participate until they have submitted a consent form
- **Have all participants fill out an emergency information card**
  - This information card should include the names and numbers of parents or guardians to contact in the event of an emergency
  - This card should also contain information to alert you to any preexisting medical conditions the participant may have that could influence the treatment
- **Train your coaches and supervisors about what to do and what not to do** when players are injured
  - Ideally, every coach should be qualified to administer CPR and first aid
- **There should be a first-aid kit at every practice and contest**
  - coaches should know how and when to use it
- **Develop an emergency plan to obtain medical assistance fast**
  - If there are no phones at the playing site, arrange to have cellular phones available at practices and games
- **Keep good records of the accidents**

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6 Decision Making

6.1 Introduction

Not all decisions made in sport clubs are long and complex. The decisions made in a sport club may range from deciding on the playing clothes of the club to organizing a major event. Decision making is a central aspect of the four fundamental management functions, namely planning, organising, leading and control. When managers perform these functions with skilled decision making, they will have fewer problems to solve. In this chapter we will look at the types of decisions you get, the conditions of decision making, the decision making process and techniques for improving group decision making.

6.2 Types of decisions

Before looking at the types of decisions, you need to know the definition of decision making.

Decision making:
"a decision is a judgment, a choice between alternatives"

Sport club managers use their judgment to make decisions about whether to hire or fire employees or to trade a player during a match etc. The decisions a manager makes can be categorized into two types: programmed and nonprogrammed.

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6.2.1 *Programmed decisions*

- Programmed decisions are repetitive and routine
- They are made on the basis of clearly defined policies and procedures
- Types of problems to be solved using programmed decision making are usually **well structured**, have **adequate information** available and present **clear alternatives**
- There are definite methods for obtaining a solution to some decisions
- Are generally made by the club's lower-level managers and operators
- Examples of programmed decisions in a sport club
    - The decision to have more medical staff the bigger the tournament
    - The decision of the rugby coach on the next play
    - The admission of athletes to the club

6.2.2 *Nonprogrammed decisions*

- Nonprogrammed decisions are new and unique
- Decisions are novel and ill structured, complex and elusive
- There are no established guidelines or procedures to direct the way this type of decision should be handled
- Often sport clubs has never faced decisions about this exact situation
- There are no clear alternatives from which to select
- Managers at all levels of the club make nonprogrammed decisions.

6.3 Decision making conditions

By identifying the type of decision, as well as the conditions under which it will be made, managers should be able to make better decisions. The conditions under which decisions are made are certainty, risk, and uncertainty.

6.3.1 *Certainty*

A decision is made under conditions of certainty when the available options and the benefits or costs associated with each are **known in advance**. In other words, the manager understands completely the available alternatives and the outcomes of each, with 100% certainty. Unfortunately, very few decisions in a sport club are made under conditions of certainty.

6.3.2 *Risk*

Under the condition of risk, a decision maker has a basic understanding of the available alternatives, but the potential cost and benefits associated with each are uncertain. In other words, the manager does not know the outcome of each alternative in advance, but can assign a probability to each outcome. Decisions under conditions of risk are most common in sport clubs.

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6.3.3 *Uncertainty*

Under conditions of uncertainty the decision alternatives and their potential outcomes are both relatively unknown. In other words, the outcome of each alternative is unpredictable and managers cannot determine probabilities. Decisions made under conditions of uncertainty are the most difficult.

Certainty	Risk	Uncertainty
Decision maker has complete certainty	Decision maker has some certainty	Decision maker has no certainty
Available options and the benefits or costs of each are known	Outcome of each alternative is not known in advance	Outcome of each alternative is unpredictable
No element of change intervenes between the option and its outcome	Probability can be assigned to each alternative outcome	Probability cannot be assigned to each alternative outcome
Decision is a sure thing	Decision is a "gamble"	Decision is a "gut" feeling

Table 6.1 Summary of decision making conditions and levels of certainty

6.4 The decision making process

The decision making process describes a set of steps that decision makers should follow in order to increase the probability that their decision will be optimal.

STEP 1: Recognize, classify and define the problem

- Recognize that there is a problem
- Classify the problem in terms of the *type of decision* (programmed or nonprogrammed), and the decision making *condition* (certainty, risk, or uncertainty).
- Accurately define the problem
- Example, if a sport club needs a new pavilion for the spectators, the club must be in a position to explain the problem, e.g. the current pavilion is poorly designed and does not meet the needs of the club and spectators.

STEP 2: Set goals and criteria

- Generally in programmed decisions the criteria can be found in policies
- In the case of nonprogrammed decisions, no goals or criteria have been set
- The manager will be responsible for this task and he / she can make an individual decision or involve a group in decision making
- Example: is time of the essence in making the decision about the need for a new pavilion? Is there a cost issue to consider? What is the budget for this facility?

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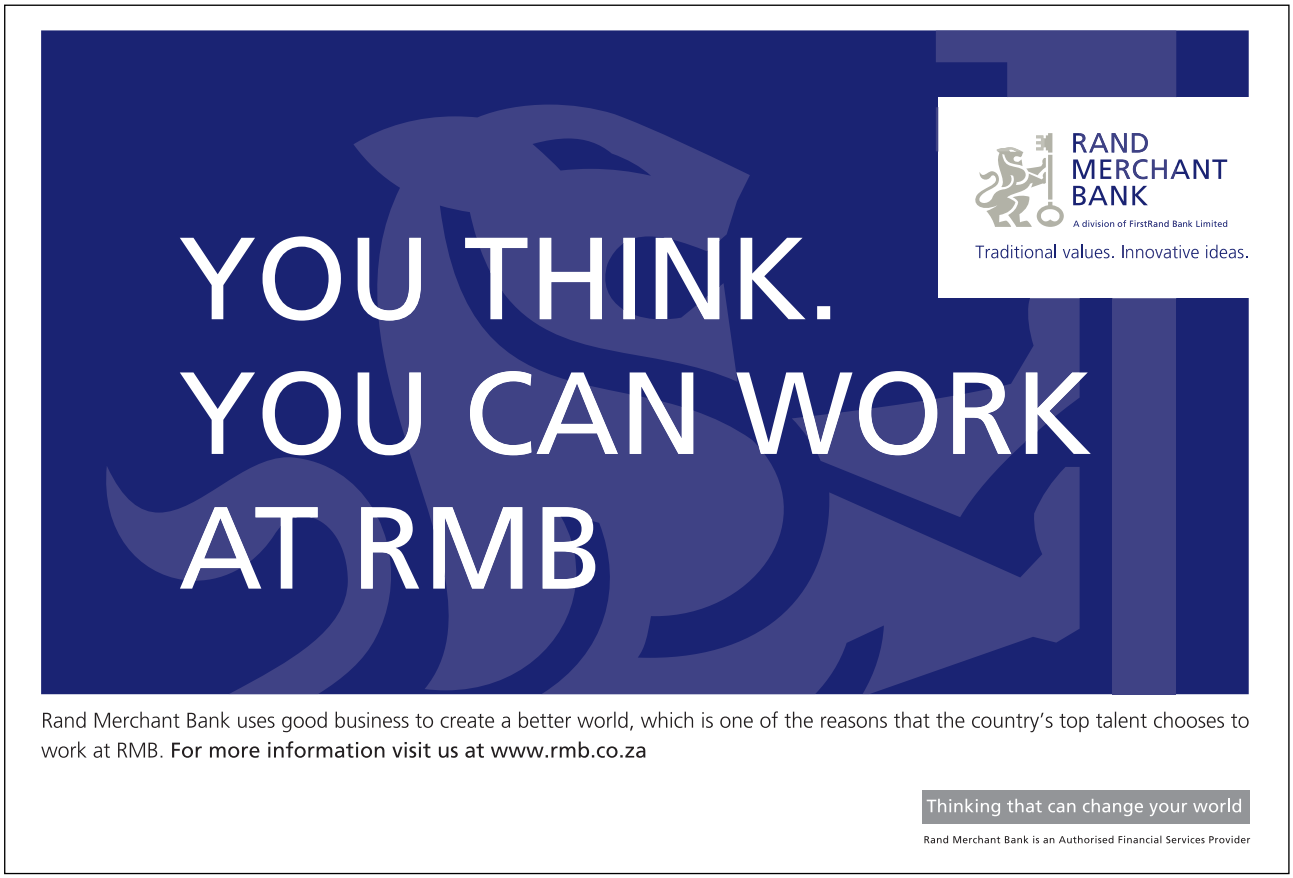
Step 3: Developing and evaluating alternatives

- For every problem or issue, various alternatives may be available
- Alternatives may include what type of facility will be build and where the facility will be located
- Innovation and creativity play a major part in developing various alternatives
- Using groups to generate solutions could enhance this process
- The number of available alternatives identified is limited by *time* and *money*
- Each alternative should then be evaluated in terms of its strengths and weaknesses, advantages and disadvantages, benefits and costs.

Step 4: Select the best alternative

- The decision is made at this step
- This step requires a manager to evaluate each alternative carefully against the goals and criteria set during the second step
- Rank the alternatives in order of priority
- The manager's experience, values, internal politics and so on influence his choice.



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Step 5: Implementing the alternative

- Once an alternative has been selected, appropriate actions should be taken to ensure that it is properly implemented
- During this stage you need to establish who needs to be involved in implementing the decision and how this decision can be best implemented
- Decisions should be explained in such a way that all relevant parties understand them

Step 6: Conduct follow-up evaluation

- Once a decision has been set in motion, evaluation is necessary to provide feedback on its outcome
- Adjustments are invariably needed to ensure that actual results compare favorably with planned results
- Questions to be answered in this step are:
    - Did the decision lead to the intended outcomes?
    - Was it the best decision given the circumstances?
    - What were the final costs of building the pavilion?

6.5 Techniques for improving group decision making

Group decision making can enhance the process of setting goals and criteria and generating alternatives in the decision making process. Group decision making has certain advantages and disadvantages.

Advantages

- A variety of skills and specialized knowledge can be used to solve a problem
- Multiple and conflicting views can be taken into account
- Beliefs and values can be transmitted and aligned
- More organization members will be committed to decisions, since they have participated in the decision making process
- Participation in problem solving and decision making will improve the morale and motivation of employees
- Allowing participation in problem solving and decision making, trains people to work in groups

Disadvantages

- It can be more time consuming and can lead to slower decision making
- Groups are more likely to satisfice than an individual
- One group member may dominate the group decision
- It may inhibit creativity and lead to conformity

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6.5.1 Techniques for decision making

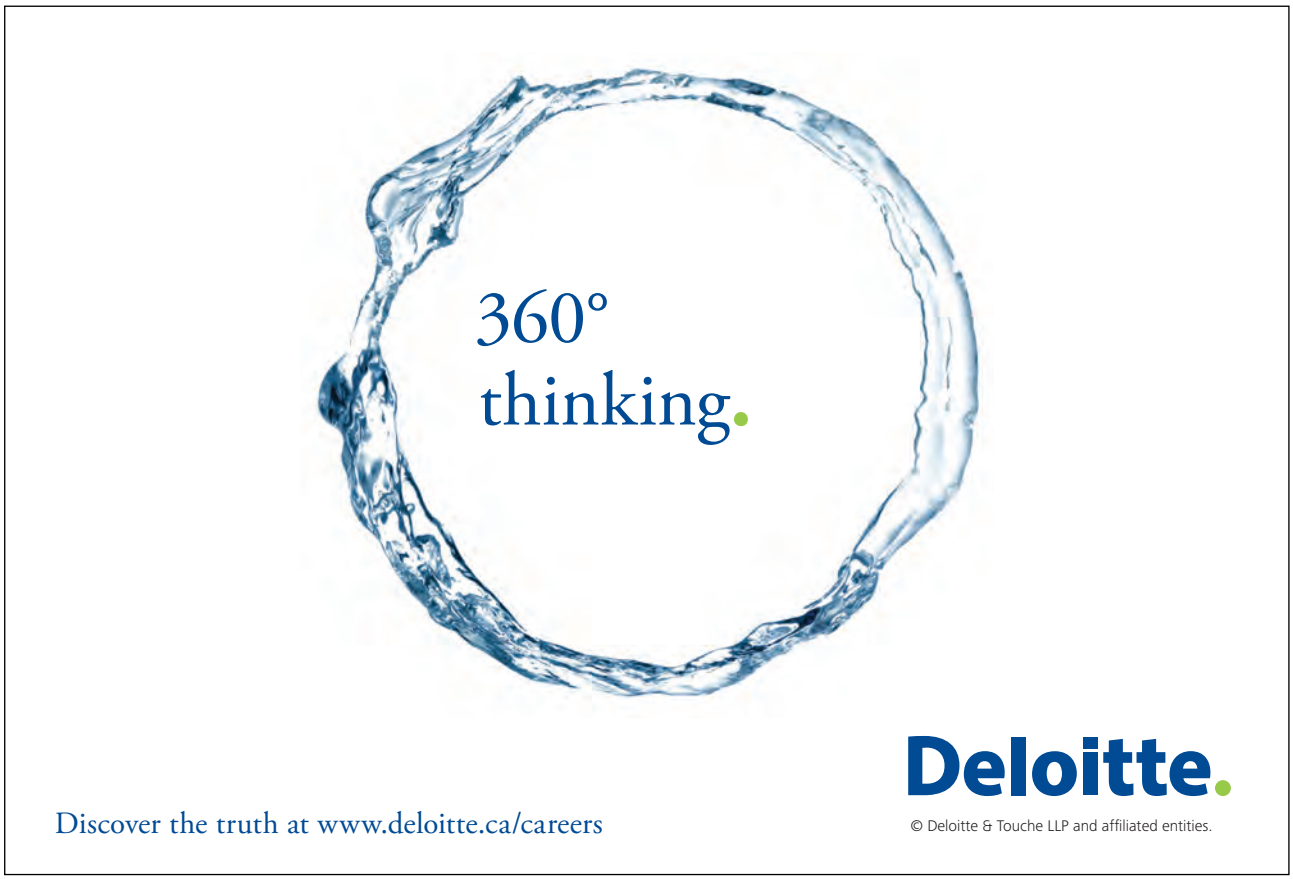
Various techniques have been suggested to make group decision making more creative in order to overcome the disadvantages and to capitalize on the advantages of group decision making. The following three techniques will be discussed in this section, namely brainstorming, the nominal group technique and the Delphi technique.

Brainstorming

Brainstorming is a technique used to stimulate creative solutions to organizational problems. Brainstorming is used to help groups generate multiple ideas and alternatives for solving problems.

Process of brainstorming:

- A group is convened and the problem at hand is reviewed
- Individual members then are asked to silently generate ideas / alternatives for solving the problem
- These ideas are solicited and written on a board or flip chart
- Finally a second session is used to critique and evaluate the ideas
- Brainstorming sessions usually last from thirty minutes to an hour



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Rules of a brainstorming session:

1. Defer the judgment
   - Don't criticize during the initial stage of idea generation
   - Phrases such as "it won't work", "it's too expensive" etc. should not be used
2. Build on the ideas of others
   - Encourage participants to extend others ideas by avoiding "buts" and using "ands"
3. Encourage wild ideas
   - Encourage out-of-the-box thinking
   - The wilder and more outrageous the ideas, the better
4. Go for quantity over quality
   - Focusing on quantity encourages people to think beyond their favorite ideas
5. Be visual
   - Use different colored pens to write on big sheets of paper or white boards
6. Stay focused on the topic
   - A facilitator should be used for keeping the discussion on target
7. One conversation at a time
   - The ground rules are that no one interrupts another person, no dismissing of someone's ideas, no disrespects, and no rudeness.

The Delphi Technique

Decisions often have to be made by experts in different geographical areas. The Delphi technique is a decision making technique that does not require the physical presence of the participants. This technique is a group process that anonymously generates ideas or judgments from physically dispersed experts. Ideas are obtained from questionnaires as opposed to face-to-face group discussions. In this technique the group's members never meet face to face.

Process of the Delphi techniques

- The manager identifies the issue to be investigated
- Choose the experts to participate – there should be a variety of knowledgeable people in different areas
- Develop a questionnaire
- The questionnaire is sent to participants and returned to the manager (usually by e-mail)
- The manager then summarize the responses and sends feedback to the participants with appropriate new questions
- Participants are asked to
  - Review the feedback
  - Prioritize the issues being considered
  - Return the survey within a specific time period
- The cycle repeats until the manager obtains the necessary information

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The Delphi technique is useful when:

- Face-to-face discussions are impractical
- Disagreements and conflict are likely to impair communication
- Certain individuals might severely dominate group discussion
- Groupthink is a probable outcome of the group process

The Nominal group technique

The nominal group technique helps groups generate ideas and evaluate and select solutions. This technique is a *structured* group decision making technique and restricts discussion or interpersonal communication during the decision making process. Group members are physically present, but members operate independently.

Process of the nominal group technique

- A group of 7–10 members is convened to discuss a particular problem
- After the problem is understood, individuals silently generate ideas in writing
- Each member then offers one idea from his or her list
- Ideas are recorded on a blackboard or flip chart and are not discussed at this stage
- Once all ideas are elicited, the group discuss them
- Anyone may criticize or defend any item
- Clarification is then provided as well as general agreement or disagreement with the idea

This technique is appropriate for situations in which groups may be affected by a dominant person, conformity, or groupthink, because it minimizes these effects.

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7 Conflict in Sport Clubs

7.1 Introduction

Conflict is an unavoidable aspect in any organization. Anyone who has been involved in any type of sport club, amateur or professional will have experienced the conflict that can occur in these clubs. A conflict exists whenever argument becomes antagonistic. When the issues are important and the opposing opinions strong, temperature rise and conflict can ensue. In this chapter we are going to discuss what conflict is, functional and dysfunctional conflict, types of conflict, the conflict process, and managing conflict.

7.2 What is conflict?

For conflict to exist, there are four important aspects that must be present.

1. The parties involved must perceive a conflict to exist
2. A conflict situation must involve two or more parties in opposition
3. One or more of the parties must be involved in preventing one or more of the other parties from achieving its goal by some form of **blocking behavior**.
4. This blocking behavior must result in frustration, anger, and some other form of emotional response.

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Definition of conflict:

"conflict is a process in which one party perceives that its interests are being opposed or negatively affected by another party"

7.3 Functional and dysfunctional conflict

There are two types of conflict you need to distinguish between, namely functional and dysfunctional conflict. **Functional conflict** is commonly referred to in management circles as constructive or cooperative and those engaging in functional conflict apply a win-win attitude to solve problems. **Dysfunctional conflict** is conflict that prevents groups from achieving their objectives and entails fighting and disruption. The distinction between functional and dysfunctional conflict pivots on whether the club's interests are served. Functional conflict serves the clubs interest and dysfunctional conflict threatens the club's interests. Certain situations produce more conflict than others. By knowing the antecedents of conflict, managers are better able to anticipate it and take steps to resolve it if it becomes dysfunctional.

Situations tending to produce functional or dysfunctional conflict

- Incompatible personalities or value systems
- Overlapping of unclear job boundaries
- Competition for limited resources
- Interdepartment competition
- Inadequate communication
- Unreasonable or unclear policies and rules
- Unreasonable deadlines
- Unmet expectations
- Unresolved conflict

7.4 Types of conflict

This section probes the nature and organizational implications of two basic types of conflict, namely personality conflict and intergroup conflict.

7.4.1 Personality conflict

A personality conflict can be defined as interpersonal opposition based on personal dislike, disagreement, or different styles. Chronic personality conflict often begins with seemingly insignificant irritations. Traditionally, managers dealt with personality conflicts by either ignoring them or transferring one party.

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How to deal with personality conflicts

Employees having a personality conflict

- Communicate directly with the other person to resolve the perceived conflict
- Avoid dragging co-workers into the conflict
- If dysfunctional conflict persists, seek help from direct supervisors or human resource specialists.

Third-party observers of a personality conflict

- Do not take sides in someone else's personality conflict
- Suggest the parties work things out themselves in a constructive and positive way
- If dysfunctional conflict persists, refer the problem to parties' direct supervisors.

Managers whose employees are having a personality conflict

- Investigate and document conflict
- If appropriate, take corrective action
- If necessary, attempt informal dispute resolution
- Refer difficult conflicts to human resource specialists or hired counselors for formal resolution attempts and other interventions.

7.4.2 Intergroup conflict

Conflict among work groups, teams and departments is a common threat to a club's competitiveness. Sport managers who understand the mechanics of intergroup conflict are better equipped to face this sort of challenge. Cohesiveness can be a good or bad thing. A certain amount of cohesiveness can turn a group of individuals into a smooth-running team. Too much cohesiveness, however, can breed groupthink because a desire to get along pushes aside critical thinking.

Changes associated with increased group cohesiveness

- Members of in-groups view themselves as a collection of unique individuals, while they stereotype members of other groups as being "all alike"
- In-group members see themselves positively and as morally correct, while they view members of other groups negatively and as immoral
- In-groups view outsiders as a threat
- In-group members exaggerate the differences between their group and other groups.

An example of in-group thinking is sport fans that simply can't imagine how someone would support the opposing team.

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7.5 The conflict process

Often we tend to think of conflict situations as discrete events, the conflict occurs and then is resolved by some means. However, a conflict situation is made up of a series interrelated stages. By being aware of the stages of the conflict process, and consequently the conditions that produce conflict and the events that can trigger a conflict situation, sport managers can be in a better position to manage the incident. Pondy (1967) developed a five-stage model of conflict.

Pondy's Five-Stage Model of Conflict

Stage 1: Latent stage of conflict

- Certain conditions frequently found in a club provide the latent potential for conflict to occur
- These conditions are condensed into three basic types of latent conflict, namely:
  - **Competition for scarce resources**, for example when different departments of the club are vying for a portion of the club's financial resources, there is a latent potential for conflict.
  - **Drive for autonomy**, for example the coach of the u/16 team would like his team to wear white pants for their matches, but he may be constrained by the club's constitution stipulating that the playing pants are black.
  - **Different goals that subunits within a club can have**

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Stage 2: Perceived conflict

- One or more of the parties involved becomes aware of the potential for a conflict through some type of stimulus or information received
- Because clubs are often faced with more conflicts that they can handle, only a few are dealt with
- Conflicts that are dealt with are usually those for which routine solutions are available.

Stage 3: Felt conflict

- During this stage emotions such as anger, hostility, and frustration are encountered

Stage 4: Manifest conflict

- During this stage some sort of adversarial behavior are exhibited, ranging from apathy and rigid adherence to rules to violence and physical abuse.

Stage 5: Conflict aftermath

- During this stage the conflict is either resolved or becomes the basis for the future conflicts, as indicated by the broken line in **figure 6.1**

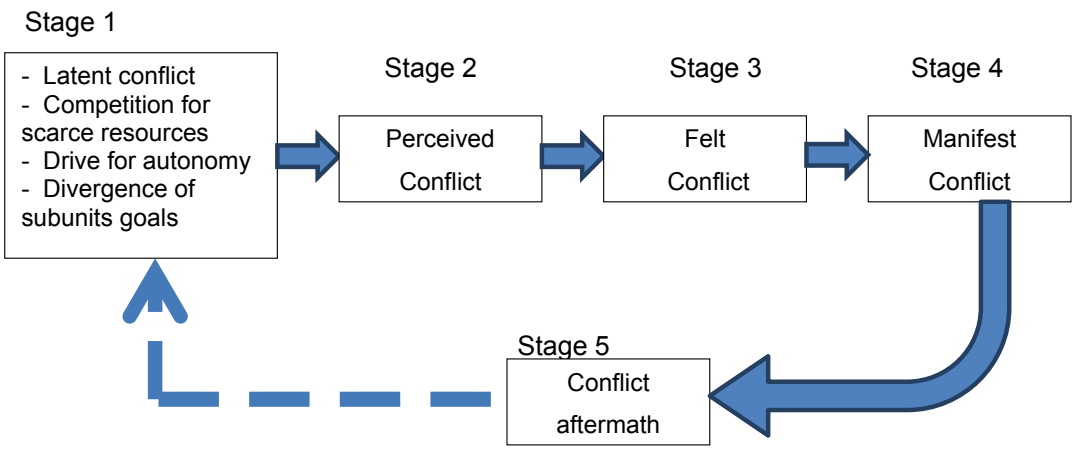

Figure 7.1 Pondy's five-stage model of conflict

7.6 Managing conflict

Conflict management is based on two dimensions, concern for others' needs and concern for your own needs, which result in three types of behavior, namely passive, aggressive, and assertive. Taken together, these five components give us five different *styles of conflict resolution* that will be discussed in this section as well as how to stimulate functional conflict.

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7.6.1 Styles of conflict management

The following are conflict styles that sport club managers must be aware of.

1. **Avoiding conflict style**
   - Some employees try to manage conflict by avoiding it
   - They refuse to take a stand, withdraw mentally, or simply leave
   - This approach is neither assertive nor cooperative, and it resolves nothing
   - Both sides lose
   - Passive behavior
   - Avoider managers allow employees to perform poorly without confronting them

   Avoidance is appropriate when:
   - the conflict is trivial
   - your stake in the issue is not high (you have everything to lose and nothing to win)
   - confrontation can damage an important relationship
   - you don't have time to resolve the conflict
   - emotions are high (wait until everyone is cooled down)

2. **Accommodating conflict styles**
   - People who resolve conflict by passively giving in
   - Accommodators satisfy the other party but neglect their own needs in the process
   - The opposing party wins; the accommodator loses
   - Habitual accommodation maintains relationships by doing things the other person's way
   - As with avoiders, people also take advantage of accommodators

   Accommodation is appropriate when:
   - You enjoy doing things for others (it's part of friendship)
   - Maintaining the relationship outweighs all other considerations
   - The changes agreed to are not important to you but are to the other party
   - Time is limited
   - You have an autocratic boss who resolves conflict by force

3. **Forcing**
   - People who use aggression to get their way resolve conflict by force
   - Forcers are uncooperative and aggressive
   - They do whatever it takes to satisfy their needs at the expense of others
   - Forcers threaten, intimidate and call for majority rule when they know they will win
   - They enjoy dealing with avoiders and accommodators because they are easy wins
   - Forcers win; everyone else loses
   - Forcers make enemies

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Force is appropriate in conflict resolution when:

- Unpopular action must be taken on important issues
- Maintaining relationships is not critical
- The conflict resolution is urgent
- You are dealing with an insubordinate employee

4. **Negotiating**
   - People who resolve conflict through assertive give-and-take sessions
   - Also called compromise
   - Negotiations are both assertive and cooperative
   - Everyone wins some and loses some
   - Negotiators resolve conflict quickly
   - Working relationships are maintained

Negotiation is appropriate to use when:

- The issues are complex and critical and there is no simple, clear-cut solution
- Parties have about equal power and are interested in different solutions
- A solution will be only temporary
- Time is short

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5. **Collaborating**
   - People who jointly and assertively try to get the best solution that all parties can buy in to
   - Collaborators are problem solvers
   - They are both assertive and cooperative
   - Collaborators are willing to change positions if a better solution is presented
   - Collaboration is based on open and honest communication
   - All parties win

   Collaboration is appropriate when:
   - An important issue requires an optimal solution and compromises would result in a suboptimal solution
   - People place the group goal before self-interest
   - Maintaining relationships is important
   - Time is available
   - Conflict is among peers

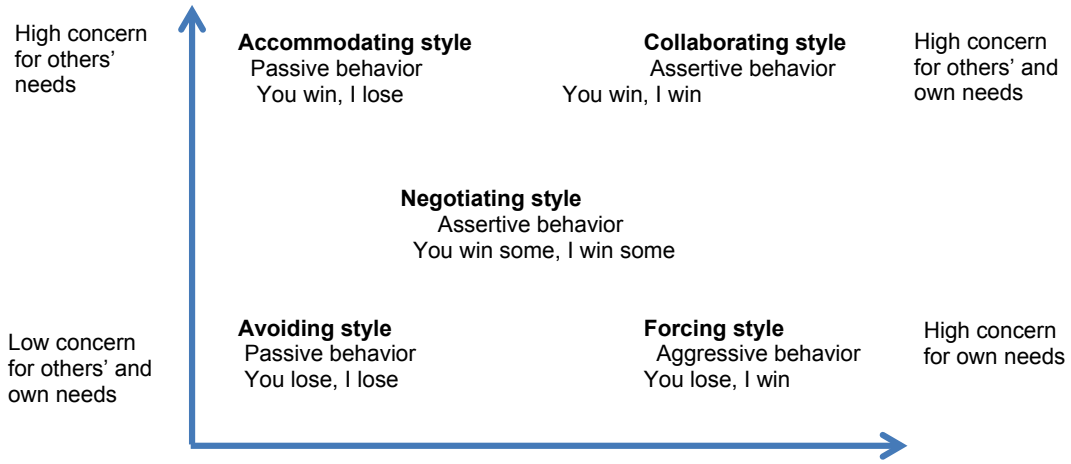

Figure 7.2 Styles of conflict management

7.6.2 Stimulating functional conflict

Sometimes committees and decision-making groups become so bogged down in details and procedures that nothing substantive is accomplished. Carefully monitored functional conflict can help get the creative juices flowing once again. Managers can resort to **programmed conflict** which is defined as "*conflict that raises different opinions regardless of the personal feelings of the managers*".

Programmed conflict techniques

Two programmed conflict techniques of stimulating functional conflict are *devil's advocacy* and the *dialectic method.*

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1. **Devil's advocacy**
   - Involves assigning someone the role of critic
   - This approach is intended to generate critical thinking and reality testing
   - Rotate the job of devil's advocate among the group
   - Is good training for developing analytical and communicating skills and emotional intelligence

2. **The dialectic method**
   - Is a time-honored practice
   - This method calls for managers to foster a structured debate of opposing viewpoints prior to making a decision
   - Requires more skill training than devil's advocacy

Managers have some latitude in using either devil's advocacy or the dialectic method for pumping creative life back into stalled deliberations. The important thing is to actively stimulate functional conflict when necessary.

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8 Ethics in Sport Management

8.1 Introduction

Why discuss ethics? Ethics has taken on increased importance in sport club management in recent years. The temptation for sport club managers and clubs to act unethically or immorally has become greater for the following reasons: *overemphasis on success*, *pursuit of prestige and material rewards*, and *self-interest*. These factors have created a competitive environment with a great deal at stake for all involved. The higher the stakes, the greater the temptation is to disregard the rightness of actions. This highlights the importance of discussing ethics within the sport club environment. In this section, we discuss basic ethical concepts in sport club management, moral development, ethical theories, provide some guidelines for ethical behavior, and discuss how you can manage employee ethics.

8.2 Basic ethical concepts in sport club management

A basic theoretical understanding of ethics is necessary for discussing the application of ethics in the sport club environment.

Definition of ethics:

"the objective basis on which judgements are rendered regarding right and wrong, good and bad, authentic and inauthentic behavior"

Definition of ethical issues:

"the questions, problems, situations, and actions that contain legitimate questions of right and wrong"

Example of an ethical issue:

When a club manager recognizes that an oversight has occurred regarding the age eligibility of an athlete that will allow that athlete to compete in a younger age classification, should she bring the oversight to the attention of the governing body, or let the athlete compete so that the club team has a competitive advantage?

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Ethical concepts

There are four basic ethical concepts that each sport club manager must understand.

1. **Values**
   - A person's ethics are based on values.
   - A value is anything a person assesses to be worthwhile, interesting, desirable, or important.
   - Values in the form of virtues or moral values:
     - loyalty,
     - integrity,
     - honesty,
     - compassion,
     - courage, and
     - perseverance.
   - Values in the form of tangible outcomes:
     - Money,
     - Material objects
   - Values in the form of intangible outcomes:
     - Fame,
     - Prestige,
     - Reputation
   - Values are derived from a variety of sources such as family, friends, teachers, and religion.

2. **Principles**
   - Principles are universal guides that tell what actions, intentions, or motives are prohibited.
   - Principles enable values to be translated in action.
   - Example, if the sport club manager values honesty, he will develop a principle that he will not falsify the paperwork regarding the age of participants.

3. **Action**
   - An action is the ultimate statement of a person's values and principles.
   - Example, a sport club manager can say he values honesty and develop a principle that he will not be dishonest in managing the club, but when asked to replace a player for one whose parents are influential in the club, what he does is the ultimate statement of his ethics.

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4. **Morality**
   - Morality is the debate over the rightness and wrongness of an action.
   - A moral person does what is right.
   - Example, a club's coach who recruits a player away from another club to improve his team and further his reputation as a successful coach. In his recruiting, the coach fabricates false information about the player's current club that sway's the player's decision. This coach can justify his action based on self-interest, arguing that he needs to stay employed or continue with his coaching career. Some may view his action as morally wrong, others may make normative judgements about the coach because he has benefited at the expense of another.

8.3 Moral development

Moral development affects people's ethical decisions. Morality is learned early in life from parents and others and then evolves throughout one's life.

Levels and stages of moral development

Kohlberg identified three levels and six stages of moral development.

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Preconventional Level	
Stage 1:	Obey rules to avoid punishment
Stage 2:	Obey rules to gain a reward
Conventional level	
Stage 3:	Obey rules to avoid disappointing others
Stage 4:	Obey rules to avoid guilt
Postconvetional level	
Stage 5:	Obey rules to promote social welfare
Stage 6:	Obey rules to abide by universal ethical principles

Preconventional level

- At this level a person choose right and wrong behavior based on self-interest and the likely consequences of the behavior (reward or punishment).
- At the first stage of this level, people obey rules to avoid punishment.
- The coach does not use overage players for fear of being discredited.
- At stage two, people obey rules to obtain rewards and have favours returned.
- The coach does not use the overage player because he wants to continue in his career in the right way.

Conventional level

- Those whose ethical reasoning has advanced to this level seek to maintain expected standards and live up to the expectations of others.
- Perceived peer behavior has the largest effect on behavior decisions and involves the crowd, giving in to peer pressure, and complying with group norms.
- At stage three in this level, people obey rules to avoid others' disapproval.
- The coach does not use the overage player because he does not want to be viewed as a cheat by his family, close friend, and mentors.
- At stage four, the coach does what is deemed right to avoid guilt as well as to feel that he is a member of society.
- In the conventional stages the incentive to do the right thing is based more on the person's desire to gain the approval of others.

Postconventional level

- At stage 5 in this level, people obey rules for the sake of social and community welfare.
- In this case the coach does not use the overage player because if others do the same, a total breakdown of the integrity of competition as it is known could occur.
- At stage 6, people obey rules to abide by universal ethical principles.
- At his stage, the coach does not use the overage player because it is not the right thing to do.

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8.4 Ethical theories

When making a decision, to what degree does a person consider the consequences of the action? The response indicates the ethical theory to which the person adheres. Ethical theories can be broken down into two broad categories: those that focus on the consequences of actions, **teleological theories**, and those that do not, **deontological theories**.

Teleological theories

Teleological theories are characterised by a focus on consequences. Decisions are made based on what will result from those decisions. Actions that lead to good and valuable consequences are right, whereas actions that lead away from them are wrong. Teleological theories include egoism, utilitarianism, and situation ethics.

Egoism

- Egoism is the belief that all people act in self-interest.
- Egoists may act on behalf of others, but ultimately they are concerned about themselves and not about making sacrifices on behalf of others.
- An egoist sport club manager will develop a topflight club program not for the benefit of the participants but for his own benefit (e.g., monetary reward, enhanced reputation, personal glory).
- Egoists are often viewed in the negative, but they argue that the pursuit of their personal goals benefits many.

Utilitarianism

- Utilitarianism is the belief that the only moral duty is to promote the greatest good for the greatest number of people, such as to promote the greatest amount of happiness.
- A utilitarianism sport club manager will make decisions that will be of the most benefit to the greatest number of people within the club.
- They can justify their actions based on the fact that they accrue the most benefits to the greatest number of people.

Situation ethics

- Situation ethics do not take into account overriding moral principles or rules.
- Sport club managers practising situation ethics evaluate acts in light of the situational context.
- Each situation is unique, and the consequences dictate what actions to take.

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Deontological theories

Sport club managers who practice deontological ethics believe they have an obligation to do right without considering the outcomes of their decisions. Consequences do not determine the rightness of actions. A sport club manager with this ethical orientation will not recruit a player away from another club because it is wrong.

The golden rule

One of the most well-known deontological principles is the Golden Rule: *Do unto others as you would have them do unto you.* The Golden Rule is based on the assumption that all people want to be treated well. A sport club manager will not try to recruit an athlete away from another club because he would not want that done to his club.

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8.5 Guidelines for ethical behavior

Every day in your personal and professional life you face decisions in which you can make ethical or unethical choices. Following are two important guidelines that can help you make the right decisions.

1. **Golden and Platinum rules**
   - As mentioned before, the golden rule is to treat others as you would have them treat you.
   - Not everyone wants to be treated the way you do, so the new **platinum rule** was developed: *treat other people as they want to be treated.*

2. **Four-way test**
   - When you are faced with an ethical dilemma, ask yourself the following four questions:
     - Is it the truth?
     - Is it fair to all concerned?
     - Will it build goodwill and better friendship?
     - Will it be beneficial to all concerned?
   - If you can answer yes to these questions, you are probably making an ethical choice.

8.6 Managing employee ethics

Managers develop their organisation's guidelines for ethical behavior, set the example, and enforce the rules they want to play by. Ultimately, individuals are responsible for their own behavior and must pay the consequences, including being fired and going to jail. Ethics can be managed by means of a code of ethics, support and example of top management, and enforcing ethical behavior.

Code of ethics

- Code of ethics, also called codes of conduct, state the importance of conducting business in an ethical manner and provide guidelines for ethical behavior.
- The purpose of a code of ethics is to establish moral guidelines to monitor the behavior of those under its authority.
- When faced with an ethical dilemma, a person can refer to the code of ethics for guidance.
- The code can address issues such as player recruitment, treatment of players and officials, dealing with parents, sponsorships, relations with other clubs etc.

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SAMPLE CODE OF ETHICS

Player recruitment

The Potch Sport Club's board of directors, staff, coaches, parents and players will do the following:

- Refrain from initiating communication for the purpose of enticing or recruiting a player from a competing club to join the Potch Sport Club.
- Refrain from speaking negatively about other clubs to recruit a player to the Potch Sport Club.

Treatment of players

The Potch Sport Club's board of directors, staff, coaches, parents and players will do the following:

- Respect the rights of all who are associated with the club and offer equal opportunities to all.
- Place the emotional en physical well-being of the players ahead of all other considerations.
- Treat each player as an individual
- Offer a safe playing environment for all players.

Support and example of top management

- Managers' primary responsibility is to lead by example.
- Managers set the standard because employees tend to imitate managers' behavior.

Enforcing ethical behavior

- If employees are not punished for unethical behavior, they will continue to pursue questionable business practices.
- To help keep people honest, many organisations create ethics committees.
- Such committees act as judge and jury to determine whether unethical behavior has occurred and what the punishment should be for violating company policy.

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