

strategy for the current and future activities of the club. Now suppose that you receive an inside tip that your main competitor who runs three local clubs is about to sell the business. Having a strategic management plan that includes designs for acting relative to both future acquisitions and outselling the competition might well enable you to merge your business with your competitor's. In the absence of such strategic management and planning, you may be ill equipped to make such a decision or to make it in a timely manner. Capitalizing on this opportunity is critical, given the competition among sport organizations for customers, fans, athletes, and consumers.

**3. TO MAKE EFFECTIVE DECISIONS.** An organization charting a specific course of action is most likely to make effective decisions. Strategic management will enable strategic decision making by keeping the organization in tune with environmental realities and reducing internal resistance to change.

**4. TO ENHANCE THE MANAGER'S ENTREPRENEURIAL ROLE.** Many years ago Mintzberg (1975) described four decisional roles of a manager: entrepreneur, disturbance handler, resource allocator, and negotiator. The sport organization with a clear business strategy has the greatest potential of enhancing the manager's entrepreneurial role, encouraging the development or acquisition of innovative goods and services, and effectively managing organizational change.

In addition to strategic management, effective sport organizations are administered through effective policy. Strategic management involves specific action or patterns of action. The ultimate goal of this action is to achieve objectives defined by the organization while respecting the guiding principles and policies of the organization. Let's turn our attention now to the definition of policy, the importance of policy in the governance of sport organizations, and the concept of policy development.

## POLICY

**A**ll organizations deal with different types of difficult situations, often issues related to human resources, service delivery, risk management, or finance. The issue could result from deviating from the strategic business plan, straying from past practice, or confronting some new, uncharted ground. It may be difficult or tricky, the answer may not be immediately clear, and the potential consequences could be far-reaching within the organization. Sport organizations require policy in the areas of finance, human resources, facility use and control, equipment, travel, public relations, promotion, and other items related to managing risk. For example, travel is a pressure point in college athletics. How will the college Athletic Director react when an athlete asks to travel to a particular road game on his own? Should this concern the administrator? Are there larger

issues to consider? Will granting the request set a precedent? Would it matter if the athlete were to travel with his parents as opposed to his girlfriend? Who would be responsible in the event of an accident? How will the athlete's coach view the situation? Each of these questions, and possibly others defined by the college risk manager and insurance carrier, provides the framework for developing policy to deal with this issue. Let's take a further look at defining policy and answer the questions posed above.

## What Is a Policy?

Policies are broad guidelines or procedures an organization follows as it moves toward its goals and objectives. Policies are normally general, written statements providing a framework for enabling decisions while allowing employees some flexibility and discretion in problem solving. These guiding statements are meant to provide common direction for all facets of the organization. It is important to understand that policies are different from objectives, strategies, procedures, or philosophy (VanderZwaag, 1998; see Exhibit 3.2). Policies have wide ramifications and are formal expressions of an organization's standing decisions on important, often recurring, issues. They are different from procedures, which are established to guide the work of an individual or a division within the organization. Policies are also different from goals, objectives, and tactics. They emerge from the organization's philosophy by creating a framework for resolving issues directly and consistently. Effective policies evolve over time in reaction to the environment within which the organization exists. For example, an amateur sport organization often has a fiscal responsibility policy that prevents its departments from spending beyond their budgets. The policy does not dictate how or on what items to spend, but rather creates a bottom line principle specific to the importance of only

Definition of terms related to policy development.

**exhibit 3.2**

Philosophy	A set of beliefs used to guide decision making.
Policy	General, usually written statements emerging from an organization's philosophy that express its position on important, recurring issues and used to guide decisions and enable consistent decision making.
Goal	Broad, qualitative statements that provide general direction for an organization (see Chapter 2).
Objective	Quantitative statements that help an organization determine if it is fulfilling its goals (see Chapter 2).
Strategy	A plan to bring about a goal or solution to a problem in the most efficient and effective manner.
Procedure	A step-by-step sequence of activities implemented in order to achieve a task.

spending within the means of the organization. As significant savings occur, the policy might be amended to allow quarterly reports on budget savings to reallocate funds to a list of items not funded in the original budget. Over time, this practice might be changed slightly so that the savings remain within the original department budget to further encourage fiscal responsibility to managers concerned with losing part of their original resources.

Organizations rely upon policy and precedent (or past practice) to solve problems fairly and consistently. In the example of the athlete who wishes to travel by his own means to the college game, the Athletic Director will likely rely on a college policy or a departmental policy for an answer to help ensure consistency when another athlete asks. Furthermore, the administrator will be concerned with the following:

- the college's responsibility for the safety and the behavior of athletes when traveling
- the coach's wishes about team cohesion and togetherness
- the athlete's understanding of his responsibilities and expectations
- the circumstances and rationale surrounding the request.

In such a case, the Department of Athletics may approve the policy shown in Exhibit 3.3 regarding athletes traveling to competitions. In its policy, the department defines an expectation that athletes will travel with their team, but it acknowledges that there are circumstances in which this may not be possible and that such cases will be dealt with on an individual basis. The definition of those circumstances will then be left to the discretion of those involved. Perhaps the athlete has an exam that will not permit him to leave with the team but is able and willing to drive on his own and arrive in time for the game. A parent might be at the game and want to take her son home for the weekend afterward. Together, the case-by-case decisions begin to establish a precedent. An example of the athlete permission form is presented in Exhibit 3.4.

### exhibit 3.3

Sample policy for athletes traveling to competitions.

*It is expected that athletes will travel to and from athletic contests with their teammates on carriers provided by the College. In the event an athlete wishes to make alternate travel plans, he or she must obtain the form "Permission for Alternate Travel Plans—Varsity Athletes" from the Athletic Office. This form requests information regarding the intended mode of transportation and a rationale for the request. Permission may be granted on a case-by-case basis only when the form is signed off by both the head coach and the Athletic Director. Permission requests must be made 48 hours prior to travel.*

Sample athlete permission form.

**exhibit 3.4**

*Department of Athletics*  
**Statement of Personal Responsibility for Alternative  
Travel Arrangements Chosen by Student-Athletes**

REQUEST Date: \_\_\_\_\_

I ( \_\_\_\_\_ ) request permission to \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

and will not **travel with / return with** the \_\_\_\_\_ **prior to / following**  
(circle one) (team) (circle one)  
the contest played at \_\_\_\_\_  
(location/opponent)  
on \_\_\_\_\_  
(date)

If my request is approved, I will assume all the responsibilities for my travel, conduct, and well-being while traveling to and/or from the contest. I will not hold the college liable in any way for any harm or injury I may suffer, or for any loss or damage to my property that may occur during this journey.

\_\_\_\_\_  
(Signature of student making request) Date: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_ Birth Date: \_\_\_\_\_  
\_\_\_\_\_

**Permission Granted by Department of Athletics**

\_\_\_\_\_  
(Athletic Director) (Coach)  
Date: \_\_\_\_\_ Date: \_\_\_\_\_

## The Importance of Policy in Sport Organizations

Developing policies permitting effective decision making has never been more important for sport organizations, especially given their current size and complexity. Rapid growth over the past decade coupled with an increase in the complexity and business orientation of sport organizations have made it necessary to expand managers' decision-making responsibilities. This trend toward decentralized decision making means effective policy development is crucial. A policy manual can be an invaluable tool that helps personnel to deal quickly and effectively with issues. Policies also promote fair, equitable decisions supported by rationales that are both reasonable and easy to understand. Policies encourage consistency, ensuring the same answer to a problem is applied between organizational units and over time. Perhaps even more important, policy development enables the organization to link its mission statement and management strategy to its operations, ensuring the business strategy is implemented through overall policies and tactics. Let's consider this point in more detail.

Suppose you become the Athletic Director for a college competing in Division I of the NCAA. You are in the leadership role for directing the department. The mission statement of the department might be "to provide student-athletes opportunities for the pursuit of excellence in a broad range of competitive athletics." You need to ensure that department policies are developed that link to the pursuit of the mission relative to how you operate (management strategy) on a day-to-day basis. The mission clearly reflects the need to offer as many sports as possible and to operate them at the highest possible competitive level in order to win. Policies about funding, recruiting, program breadth, competitive schedules, excellent facilities, and so on will help to link the management and business strategies. This organization wants to offer lots of sport opportunities and to operate them at the highest competitive level. The steps necessary to achieve these goals require following specific tactics. For instance, your tactic might include having a balance of sports that use both indoor and outdoor facilities, with no more than four sports sharing any one facility. This tactic ensures that each team's competitive schedules and necessary practice times can be accommodated.

Remember, too, that sport organizations are held to standards of fairness and principle as defined by law. Policies provide for a systematic framework that aids in decision making. For example, a gender-equity policy may call for an equal number of competitive sport opportunities for females as there are for males within the athletic program. When decisions are being made relative to adding or dropping sports, this policy helps to guide the discussion. Of course, this does not ensure the policy is legally defensible, but it does promote actions based upon reasoned statements of organizational intent, developed for a purpose.

## Developing Policy

Armed with an understanding of what a policy is and why it is important, let's now turn our attention to developing policy. *Policy development* is an ongoing process through which a framework for decision making is developed relative to issues broadly encountered throughout the organization. Policy is developed on recurring issues or problems and is usually directed to guiding decision making around critical organizational resources such as finances and personnel (Hoye, Nicholson, & Houlihan, 2009). Policy areas are those parts of an organization's operation where important decisions have surfaced and several alternative actions are possible. The stakes connected to the issues are high; thus the organization forms policy to solve a problem or take a stand on an issue that is likely to recur. Issues or problems that arise, especially those issues that are recurring or that impact a large proportion of organization members or activities, frequently result in the development of policy. Thus policies are active, living documents that can change in response to changes in the environment of the organization. Since policies are meant to clarify actions, embed fairness within operations of what and how things are done, and to help manage risk, it is understandable that policies result from issues that arise. Ultimately, a policy guides the actions of all members of the organization facing a particular issue or dilemma, speeding decision making and unifying the thinking of managers and subordinates.

An effective way to develop policy and to be strategic about it is through the case method analysis for understanding the problem and properly framing the issue (VanderZwaag, 1998). Essentially, the case method analysis is a procedure for looking at a problem, collecting information to assess the available options for solving the problem, and then choosing the alternative most closely aligned with the strategy and philosophy of the organization. This method involves four main steps, as outlined in Exhibit 3.5.

Case method analysis steps for developing policy.

exhibit 3.5

1. Define in detail the issue and the facts describing the scope of the problem and its impact on the organization.
2. Collect and assess information on both sides of the issue. What are the options for action?
3. Evaluate how and to what extent each of these options will ultimately affect the organization.
4. Choose the favored option for solution and specifically define the action. This, then, becomes the written policy statement.

As an example for using the case method analysis outlined, let's consider Major League Soccer (MLS) in the United States and Canada:

**1. Define the problem.** MLS executives have been aware that soccer, or football as the sport is known around the world, is highly popular worldwide, but does not draw the same fan or media following as other professional leagues in North America, such as the NFL, NHL (National Hockey League), NBA, PGA (Professional Golfers' Association), and LPGA (Ladies Professional Golf Association). In a strategic move, MLS executives decided that increasing the league market share was an issue for the league to strategically manage and that its impact on MLS was a major problem for realizing potential levels of profit.

**2. Collect information and formulate options.** Those same executives spent considerable time studying the other leagues including England's Premier League (EPL), identifying ways and means for increasing MLS North American profits through team expansion, player acquisitions, promotion and publicity, television, merchandizing, and stadium capacity.

**3. Evaluate the options.** Evaluate the pros and cons, as well as the potential impact of each of the options identified above.

**4. Choose the favored option and define the action.** MLS executives identified and pursued player acquisition as a means for increasing the exposure for soccer within the North American professional sport market (Step 4) and thus as a strategic move to increase profit. As an example, in 2007 David Beckham was enticed to join the MLS's Los Angeles Galaxy. The impact of his playing for an MLS team was immediate for virtually all MLS teams in terms of ticket sales, merchandizing, and television revenues.

At the end of each industry segment chapter in this book, a case study gives you an opportunity to deal with real-life policy issues confronting sport managers working in that industry segment. After reading the cases, you may wish to refer to Exhibit 3.5 and follow the steps presented to frame your response to the case.

Once policy is defined, it must be communicated within the organization and properly enforced. This is possible only by developing clearly delineated, written policy (refer to Exhibit 3.5) and a procedure for communicating the policy throughout all levels of the organization. Such a procedure includes the specific communication method (face-to-face meetings, e-mail, or written memo) and the timing for announcing and clarifying the policy, and it identifies exactly who announces what. Commitment and understanding from every level of the organization are necessary for organizational policy to serve its intended purpose. In addition, the developed policy needs to be affiliated with the mission, business pursuits, strategy, and environment of the sport

organization. Policies need to remain current and closely aligned with the strategic management activities of the overall management process. In fact, policies play an important role in strategy implementation.

## STRATEGIC MANAGEMENT ACTIVITIES AND POLICY DEVELOPMENT

In Chapters 1 and 2 you were introduced to managerial activities related to governance. Planning, organizing, and decision making are actions carried out by sport managers at the *micro*, or departmental, level of analysis. These actions are considered everyday activities performed as the functions of management. The alternative to the micro level of analysis is the *macro* approach to managing the organization. A macro orientation looks at those issues impacting the organization as a whole, assessing things from the perspective of the larger, more complex structure. The content presented earlier in this chapter takes on a macro perspective by investigating the concepts of strategic management and policy development, two concepts that embrace the organization as a whole.

It is important to understand the link between the macro and micro levels of managerial activities guiding an organization. In essence, the managerial activities carried out at the micro level of analysis (planning, organizing, decision making) provide information for the construction of the business strategy and policy development occurring at the macro level of organizational activity. Departmental activities such as planning, organizing, and decision making provide fundamental information for defining organizational strategies. The business strategies then contribute a foundation from which organizational policy is derived. This process should be viewed as a dynamic operation in which information flows both ways in response to the changes that occur in the organizational environment (Exhibit 3.6). Policies empower the action of strategic management.

The interaction of three factors—managerial activities; strategy; and the size, technology, and environment of the organization's structure—is the primary determinant of organizational design (Moorhead, Griffin, Irving, & Coleman, 2000). The structure of an organization reflects the division of labor and the hierarchy of authority and power that exists to maximize the use of available resources (Chelladurai, 2009). The actual structural configuration of the organization can be analyzed from several different perspectives, including (1) its size and shape as depicted on the organizational chart, (2) how it operates via decision making, specialized tasks, and procedures, and (3) the responsibility and authority accorded its members (Moorhead et al., 2000). The chapters that follow describe the governance structures present in several different sport industry segments from these perspectives.



**exhibit 3.6**

The macro and micro levels of management interaction.

**SUMMARY**

**S**port pervades society, and sports is big business. Organizations delivering the business of sport have grown in response to the interest and economic impact of the sport industry. Accordingly, the importance of effective management has emerged, and the concept of strategic management for sport organizations has evolved. Business strategy involves the development of purposeful plans, actions, and decisions that enable an organization to reach its goals. The strategic level of management involves global, organization-wide strategy dealing with issues that have important financial or human resource consequences for the organization as a whole. Such factors are related to the mission of the organization and are affected by the organizational environment. Strategy involves the creation of mission, goals, and objective statements, along with tactics. Strategy should enable action and decision making as well. Strategic decision making means making the right decision at the right time. Strategic management and decision making are critically important for sport organizations in the pursuit of their organizational goals. Strategy encourages planning, capitalizing on opportunities, and overall competitiveness.

Strategic management is enabled through policy development. A policy is a written statement providing guidelines to solve recurring problems fairly and consistently. Policy is written for issues broadly impacting the organization and its constituent groups. They provide for equitable decision making that can be enacted throughout the organization on a consistent basis. Policy is developed using case method analysis: collecting the facts of the issue, defining and evaluating the options for action, selecting the favored option, and developing the written policy statement.

Including issues of strategy links the micro level of analysis of the organization (the managerial functions of planning, organizing, and decision

making) to the macro perspective (strategic management and strategic decision making). The effective sport organization will be structured to embrace both concepts in the pursuit of its organizational goals.

## case STUDY

### POLICY DEVELOPMENT

As a high school Athletic Director you supervise a large sport program (19 sports) and are determined to be fair to each of the teams. Your problem: 6 sports (girls field hockey, boys football, and boys and girls soccer, lacrosse, and archery) require practice and game time on the only outdoor field you have.

- Follow the steps in Exhibit 3.5, culminating in writing a policy that (a) covers the use of the field by your teams (you are not in a position to drop any sports) and (b) describes the boundaries for using fields off school property.

## CHAPTER questions

1. Suppose you are sitting in an interview for a management position with your favorite professional sport organization. One member of the interview panel says: “The business of sports is fiercely competitive. We have to be very strategic in our management decisions. Tell us what strategic management means to you.” List five answers you would provide, given your understanding of this chapter.
2. Consider the following statement: *Timing is everything in strategic decision making.* Is this statement true? Why, or why not? How do you know the best time to make a decision?

## REFERENCES

- Amis, J., & O'Brien, D. (2005). Organizational theory and the study of sport. In B. L. Parkhouse (Ed.), *The management of sport* (4th ed., pp. 76–95). New York: McGraw-Hill.
- Belcourt, M., & McBey, K. J. (2010). *Strategic human resources planning* (4th ed.). Scarborough, Canada: Nelson Thomson Learning.
- Chelladurai, P. (2009). *Managing organizations for sport and physical activity: A systems perspective* (3d ed.). Scottsdale, AZ: Holcomb Hathaway.
- DeSchrive, T. D., & Mahony, D. F. (2011). Finance and economics in the sport industry. In P. Petersen, J. B. Parks, J. Quarterman, & L. Thibault (Eds.),