

Tennis Australia: A case study of financial management for sport development at the club level

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Abstract 286**

There has been substantial work that examines financial management in professional sport which has assisted scholars and practitioners to better understand processes and policies to ensure teams and leagues are sustainable (Andreff & Staudohar, 2000; Howard & Crompton, 2004; Kraekel, 2007; Lewis, Sexton, & Lock, 2007; Li, Hofacre, & Mahony, 2001). However, there has been a paucity of scholarly research that examines financial management at the grass roots levels of sport, and how this integrates with national sport organisation strategic planning, with the exception of the recent work by Havaris and Danylchuk (2007). This study aims to add to this gap in knowledge by examining financial management at the club level of tennis in Australia.

In Australia, community level clubs are where participants gain their first experience of sports (Shilbury, Deane, & Kellett, 2006). Participants make their decisions about continuing in sports due (in part) to their experiences at clubs. Therefore clubs form the basis of sport development, and as such, are at the core of the sustainability of sports (Green, 2005). Although research literature that understands sport development policy implementation implies strategic financial management of the process from the perspective of the governing body (Green, 2005), actual financial management with respect to implementing sport development programming and planning at the club level has not been examined. In other words, there is no scholarly research that understands how clubs spend their money, or why. More importantly there is no research that examines if clubs actually spend money (strategically) on activities that contribute to sport development. This study investigated financial management in tennis clubs in Australia, specifically with respect to sport development practices which are at the core of Tennis Australia's (the sport's national governing body) strategic plan (Tennis Australia, 2004).

The data presented in this study is part of a national tennis facility survey that was completed for Tennis Australia. Tennis club officials (N=1548, representing a 54% return rate) completed a questionnaire that addressed 11 areas of facility management, one of which was financial management. This study reports only on the area of financial management. The instrument asked club officials to report on financial data (such as current cash reserves) for their club, as well as to complete open ended questions regarding planning for the use of accumulated cash reserves in order to determine if club level spending was aligned with governing body strategic planning.

Results showed that 12% of clubs reported that they had no money in cash reserves. The largest percentage of clubs (34%) reported that they held between \$1K and \$5K in cash reserves. However, 50% of tennis clubs in Australia reported that they held \$5K or greater in cash reserves. If each club held only \$5K, this would equate to \$3 million in clubs across Australia. In addition, 20% of clubs reported that they held at least \$20K in cash reserves. If each club held only \$20K, this would equate to \$6 million in clubs across Australia. A series of one-way ANOVAs were performed to understand the relationship between the amount of cash reserves currently established, and management of tennis facilities. Analysis revealed (to 0.01 level of significance) an interesting trend in the fiscal management of tennis facilities. Clubs that have commercial management committee structures and paid administrators (7% of clubs in Australia) are more likely to budget at least \$10,000 per year for cash reserves. However commercially managed clubs were more likely (at least at the time of the survey) to have less than \$1,000 currently in a cash reserves fund. On the other hand, clubs that have volunteer management committee structures and volunteer administrators (93% of clubs in Australia) are more likely to budget \$5,000 or less per year for cash reserves and were more likely to have (at the time of the survey) \$10-20,000 currently in a cash reserves fund. The majority of clubs (95%) reported that they were planning to invest their cash reserves in infrastructure development - either development of tennis court infrastructure, or clubhouse/non-court infrastructure, or both. Most clubs planned to spend cash reserves on "big ticket" items such as capital works. Less than one percent of clubs reported that they were planning to spend their cash reserves on developing participation programming.

By collecting both qualitative and quantitative data to understand financial management in clubs, much insight has been gained. Financially, the sport of tennis is in a reasonably healthy financial position, with substantial funds residing in the clubs. Although this is positive, it is also funding that, if pooled, might be of greater use. Although there are only a small number of commercially managed clubs throughout Australia, it is possible that these clubs are managing their funds more strategically for sport development than the clubs who are managed by volunteers. Commercially managed clubs report that they set aside substantial amounts of funding for cash reserves, but do not have any cash reserves currently. It is possible that these clubs have used their funds for specific purposes and have invested any reserve funds into further developing their businesses, of which programs that support sport development (such as increasing participation) are core. On the other hand, club volunteers choose

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to save money rather than invest in future club development. Although qualitative data illustrates that most clubs have plans to use their cash reserves for outcomes that are positive for the sport of tennis (such as facility development) it is possible that some volunteer-managed clubs are not actually spending their money at all being more prepared to bank it instead. More importantly, no clubs are spending money on participation programming which is the core of sport development aims. Implications for new models of financial management that facilitate sport development in tennis, and the generalizability of this model will be discussed.

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