Strike or not, baseball needs to improve how it runs its business

by James Flanigan Los Angeles Times

The simple truth is that baseball is not a very good business.

That's the basic problem as major league baseball nears a fateful strike deadline Friday. If there is a strike, the value of baseball teams will almost certainly go down.

Yet if negotiators for the players union and team owners reach an agreement on revenue sharing and other matters, values of leading teams still could go down because they will be penalized to take care of weaker clubs in the 30-team major leagues.

A decline in team values would be a terrible turn for the sport. The chief business attraction in owning a baseball franchise is that team values appreciate over time. The Anaheim Angels, for example, have appreciated at more than 10 percent a year since 1996, when Walt Disney Co. first bought an interest in the team.

The Los Angeles Dodgers rose in value 11.9 percent a year compounded from 1950, when Walter O'Malley bought the Brooklyn Dodgers, to 1998 when his son Peter O'Malley sold the team to Rupert Murdoch's News Corp., according to statistics compiled by Moag & Co., a Baltimore-based sports evaluation firm.

On the other hand, the Florida Marlins appreciated at only about 5 percent during the 1990s, which include the year the team won the World Series. Its owners could have done better in Individual Retirement Accounts with

compound interest. There are fears today that appreciation could be slowing because business people don't find baseball, with teams reporting big losses, an attractive place to invest.

Murdoch is reported to be trying to sell the Dodgers, while retaining the television and cable rights to games. (A spokesman for News Corp. said Murdoch has said nothing about selling, and his only recent statement is that he is "thrilled by the improvement in the team this year.")

Disney has tried to sell the Angels but no big-money buyers with serious offers have stepped up to the plate.

Baseball is not doomed. In many ways its losses are overstated and its future could be bright if it can reorganize operations. Unfortunately, current negotiations may not produce such a beneficial reorganization.

In current labor talks, as well as those in 1994 that led to the longest strike in sports history, baseball owners are trying to achieve a cap on salaries and revenue sharing to foster a competitive balance among teams.

Baseball is late. The NFL has had revenue sharing and salary caps for years. The NFL's overseers realized that if teams could be kept roughly on a par, competitive games could become a national television attraction.

Baseball, which plays 162 games a year, is more a sport of local enthusiasm. Its national TV contracts have never been as large as profootball's. But baseball never devised a successful policy to encourage regional television coverage for its teams.

"The Cincinnati Reds used to be televised in Kentucky, but today nobody sees them or speaks about them," says economist Bruce Johnson at Centre College in Danville, Ky. And baseball should have been doing more

to ensure competitive balance. Now it has become a sport of wealthier teams that are able to hire better players, and other teams that generally have little hope of making the lucrative postseason playoffs.

Baseball today is pleading poverty. Baseball Commissioner Bud Selig told Congress that teams collectively are losing more than \$500 million. But normal business accounting, which includes depreciation of assets, would reduce losses to \$150 million at most, says sports economist Andrew Zimbalist of Smith College in Northampton, Mass.

For example, expensive player contracts offer a tax shelter for new owners of baseball teams. A buyer may take half the purchase price of the team as representing player contracts and then amortize those contracts for tax purposes over five years, gaining a tax shelter for profits in any other business.

A team's connection with media companies owning cable channels, such as the Atlanta Braves, Chicago Cubs, Dodgers and New York Yankees, also changes the profit picture. The team's games add an attraction that increases the cable channel's earnings, but none of that profit shows on the baseball team's account.

"The big value in baseball franchises today lies in regional cable organizations you can create around them," says Michael Mendelsohn, head of Patriot Advisors Inc., an entertainment industry brokerage in Los An-

The Yankees and their principal owner, George Steinbrenner, have organized a lucrative regional sports cable network in the New York area in recent years. And Steinbrenner has used cable revenue to pay for star players, making the Yankees a frequent champion in the last six years.

But this has made him and the Yankees the target of reform. Yankee revenue should be transferred to San Diego and Kansas City so that those teams can pay star players too, goes the thinking behind the luxury tax other owners hope to place on Steinbrenner's payroll. The Dodgers, as a large-market team, also would have to transfer revenue.

But nothing guarantees that the wealthy owners of small-market teams such as San Diego and Kansas City will invest shared revenue to become competitive. They haven't shown much initiative so far.

And no mention is made of the fact that Steinbrenner's Yankees went 14 years from the early 1980s to the mid-'90s without getting into postseason play.

What that portends is that even if there is no strike, today's proposed reforms are not likely to cure baseball's ills.

What could do so? Fresh thinking. John Moag, head of the sports evaluation firm bearing his name, proposes that "100 pecent of all gate receipts go directly to the home team's player payroll." That would "establish a meaningful link between the fans and the players they support," Moag says.

The truth is, baseball could face broadening horizons, with cable and satellite broadcasting able to target subscribers and attract advertisers. Also international markets are opening to baseball as they may never open to pro football.

If baseball can survive this week, perhaps it can become a good business tomorrow.

Runners

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race in 28:51 to take 21st overall and 6th in the same age group as Schhultheis. Wheeler ran a 31:54 on the hot June evening, and Croft completed the race in 33:10 finishing 56th and 74th respectively.

Knapp ran a 37:01 to take 169th over the entire field and 3rd in the women age 20-24 group. Szafran surprised herself in her first 5-mile road race by running a 39:38 after a long car ride from Bradford. The most impressive thing about her time is she finished second in the women age 16-19 group.

All of these accomplishments were from one race and they were from June. Since then, all of the athletes on the team have completed an additional two grueling months of training and ran other races. Also, this is just the racing accomplishments of five of the team's runners in one isolated race. To list all of the teams off season racing would accomplishments

undoubtedly take up an entire page. The "off-season" full of training is over and the Lions cross country team kicks off its season this weekend at the Westminster Invitational. The team looks to build from a summer full of hard work and start racing the ones that matter.

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THE NATIONAL SPORTS ARENA

Statistical Leaders

Batting Average (AVG)

NASCAR 2002 Winston Cup Standings: Thru Race 24 of 36 Next Race: **Mountain Dew**

Southern 500 September 1 Driver

1	Sterling Marlin	3240
2	Matt Martin	3145
3	Jeff Gordon	3129
4	Tony Stewart	3101
5	Jimmie Johnson	3095
6	Rusty Wallace	3078
7	Ricky Rudd	2972
8	Bill Elliott	2970
9	Matt Kenseth	2959
10	Dale Jarrett	2864
11	Kurt Busch	2826
12	Ryan Newman	2813
13	Jeff Burton	2763
14	Michael Waltrip	2705
15	Dale Earnhardt Jr.	2640
16	Ricky Craven	2601
17	Bobby Labonte	2546
18	Terry Labonte	2493
	•	0400

NASCAR Winston Cup Series

2480 2476

25.

Kevin Harvick

Jeff Green

Professional Golf Association PGA Money Leaders (Money in Millions)

Pos.	<u>Player</u>	Winnings
1.	Tiger Woods	5.496
2.	Phil Mickelson	3.817
3.	Ernie Els	3.128
4.	Rich Beem	2.783
5.	Jerry Kelly	2.454
6.	David Toms	2.299
7.	Justin Leonard	2.175
8.	Sergio Garcia	2.164
9.	Vijay Singh	2.163
10.	Shigeki Maruya	ma 2.074
11.	Nick Price	2.014
12.	Len Mattiace	1.993
13.	Jim Furyk	1.935
14.	Retief Goosen	1.932
15.	Fred Funk	1.916
16.	Chris DiMarco	1.863
17.	JoseMariaOlaza	abal 1.862
18.	Rocco Mediate	1.832
19.	Chris Riley	1.771
20.	Brad Faxon	1.663
21.	Kenny Perry	1.650
22.	Davis Love III	1,638
23.	Craig Perks	1.605
24.	Scott McCarron	1.501

Bob Estes

Major League Baseball League Leaders

			•	,
	Player B Bonds	<u>Team</u>	POS	<u>AVG</u>
1	B Bonds	SF	LF	.372
2	L Walker		1B	.356
3	B Williams	NYY	CF	.344
4	M Sweeney		1B	.344
5	I Suzuki		RF	.338
	Home I	Runs (HR)	
	<u>Player</u>		-	HR
1	ARodriguez		SS	47
2	S Sosa		RF	43
3	J Thome	CLE	1B	41
4	B Bonds		LF	40
5	S Green	LA	RF	38
	Runs Bat	ted In	(RBI))
	Player			<u>RBI</u>
1	ARodriguez		SS	116
2	M Tejada		SS	110
3	M Ordonez			107
3	L Berkman	HOU	CF	107
5	A Pujols	StL	LF	103
Runs				
	<u>Player</u>	Team	POS	Runs
1		zTEX	SS	105
1	A Soriano			105

ChC

NYY

StL

RF

SS

LF

104

103

100

3 J Mesa

S Sosa

D Jeter

A Pujols

Wins				
<u>Player</u>	<u>Team</u>	<u>POS</u>	Win	
1 C Schilling	ARZ	Р	21	
2 R Johnson	ARZ	Р	19	
2 B Zito	OAK	Р	19	
4 P Martinez	BOS	P	17	
4 D Louis	BOS.	D	17	

4 P Martinez	BOS	P	17	
4 D Lowe	BOS	P	17	
Earned Run	Earned Run Average (ERA)			
<u>Player</u>	<u>Team</u>	POS	<u>ERA</u>	
1 P Martinez	BOS	Р	2.22	
2 D Lowe	BOS	Р	2.39	
3 R Johnson	ARI	Р	2.44	
4 G Maddux	ATL	Р	2.56	
5 B Colon	MON	Ρ	2.65	
Strike	outs (S	SO)		
<u>Player</u>	<u>Team</u>	<u>POS</u>	<u>so</u>	
1 R Johnson	ARZ	Р	279	
2 C Schilling	ARZ	Р	266	
3 P Martinez	BOS	Р	221	
4 M Clement	ChC	Р	187	
5 A Burnett	FLA	P	183	
Saves (SV)				
<u>Player</u>	<u>Team</u>	<u>POS</u>	<u>sv</u>	
1 J Smoltz		Р	46	
1 E Gagne	LA	Р	45	
3 M Williams		Р	38	
3 E Guardad	oMIN	Р	38	

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ESPN/USA Today Football **Coaches Poll**

Rank	Team F	Record	<u>PTS</u>
1.	Miami	0-0	1466
2.	Texas	0-0	1424
3.	Oklahoma	0-0	1400
4.	Tennessee	0-0	1266
5.	Florida Stat	e 0-0	1216
6.	Colorado	0-0	1085
7.	Florida	0-0	1072
8.	Nebraska	1-0	1037
9.	Washington	0-0	936
10.	Michigan	0-0	886
11.	Ohio State	1-0	878
12.	Georgia	0-0	858
13.	Washington	nSt.0-0	756
14.	LSU	0-0	751
15.	Oregon	0-0	663
16.	Virginia Ted	h 1-0	644
17.	Michigan S	t. 0-0	414
18.	Louisville	0-0	407
19.	USC	0-0	359
20.	Maryland	0-0	340
21.	South Card	lina 0-0	243
22.	Marshall	0-0	240
23.	Penn State	0-0	181
24.	N.C State	1-0	177
		4.0	4 77 0

1-0

25. Wisconsin

176