

# The Business Models of Sports Leagues

Most pro sports in the US are built around business models that make no market sense. They are quasi-monopolistic guilds classified as non-profits but run for profit.

The incumbent advantages and tribal fandom means they aren't going anywhere soon. Still, there's so much room for innovation, and I love thinking about changes to existing leagues, or brand new leagues, or even brand new sports.

The first thing I like to think about is more market mechanisms and fewer central plans. Price floors and ceilings and collective bargaining could get scrapped. The draft order being pre-ordained for losing teams could be scrapped. Imagine if draft picks had a true open market, and rookie contracts too. Teams would be forced to choose whether to keep a player or sign a new one. Picks would be weighed against free agents equally, with no bargain deals for new draft picks. This would be great for sports fans and media, because we'd get to have endless debate about whether a guy coming out of college was really worth picking up at the same price as an aging star. Comparison is the cash crop of sports talk.

I think about college sports a lot too. They're a total corrupt racket top to bottom, and the players get the rawest end of the deal. Not getting paid by the school is one thing, but being banned from accepting pay to do commercials or other off-field/court activity while the college forces you to shill for their fundraisers? Sheesh. More talent will and should opt out of this high risk low reward charade if they have an alternate way to develop skills and transition to the pros.

Obviously, competing with college by creating a minor league is an uphill slog. Few things run deeper than college fan loyalty. I'd love to see some enterprising university sell their sports team. Split it off. Privatize it. Let it run as an independent business, paying the players, negotiating TV deals, etc. Let them keep the records, tradition, history, and mascot. Let them play in the on-campus stadium. Let students get discounted admission, and pay the university some fee every year.

You could turn pre-pro sports into something far more rational. Pro teams and scouts could get involved without scandal. Shoe deals could be made. Players could be traded. Players would do so much better for themselves, and fans would get to keep the same loyalties and colors and rivalries. Colleges would lose their stranglehold of control over the team, it is true. But they'd get great PR, avoid dirtiness of dealing with scandal, exploitation, fake-passing athletes in classes, coaches high salaries making professors envious, etc.

That's just scratching the surface. I have a whole mental folder of ideas for leagues and

sports, including some far-future ideas about gravity-free environments and what kind of sport works best with an extra degree of movement freedom.