

A SAMPLE CLASS ASSIGNMENT  
USING THE XFL SIMWORLD  
(FOR QUESTIONS, E-MAIL SBS AT CLASSUSE@SPORTSBUSINESSSIMS.COM)

***Purpose:***

The purpose of the XFL Simworld is to understand the business decisions that sports organizations make and their implications by playing Commissioner of the XFL.

The business decisions involve choices about how much money to spend on marketing, player payroll, days that the games will be played, ticket prices, the geographic concentration of the teams, and the number of teams that comprise the league. The Simulator's "engine" is based on XFL data.

***Procedure:***

In general, you will work with the simulator to understand the business decisions involved at the Executive level in running a startup sports league. The objective is to cause the XFL to "live" over a five-year period in the simulator, maintain respectable television ratings, and make sure that NBC recovers its return on a \$50 million investment.

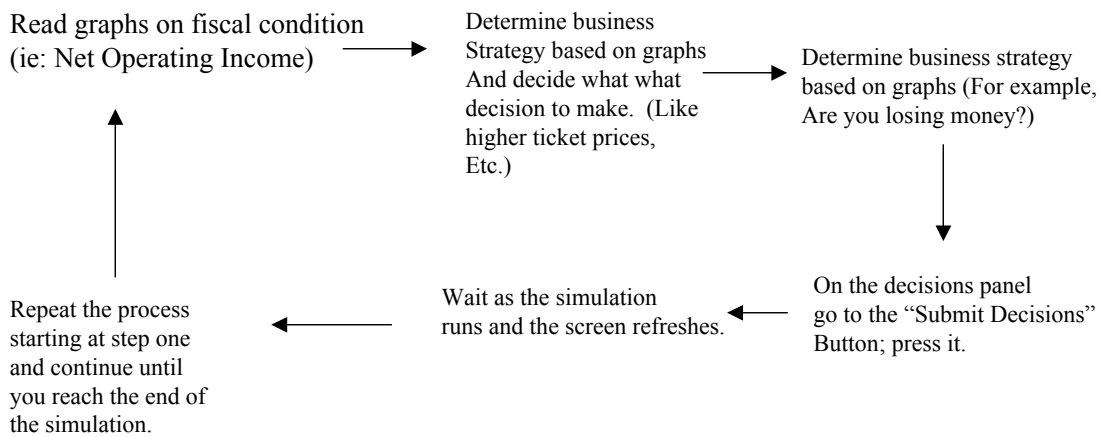
At the end of working with the simulator, you will write a paper (1) describing your success, but more importantly (2) what you learned about running a new sports league, and (3) what strategies would have caused the XFL to remain in business. The paper needs to be at least 7 pages long (including relevant tables and graphs, 1.5 spacing).

- a. Your outcomes of concern are net operating income, revenue, return on investment, attendance, and points. Your inputs are marketing, player payroll, days that the games will be played, ticket prices, the geographic concentration of the teams, and the number of teams that comprise the league.

***Simulation Operation:***

One process of operation governs both the SBS Oakland Athletics Simworld and the SWBS XFL Simworld. That process is shown below.

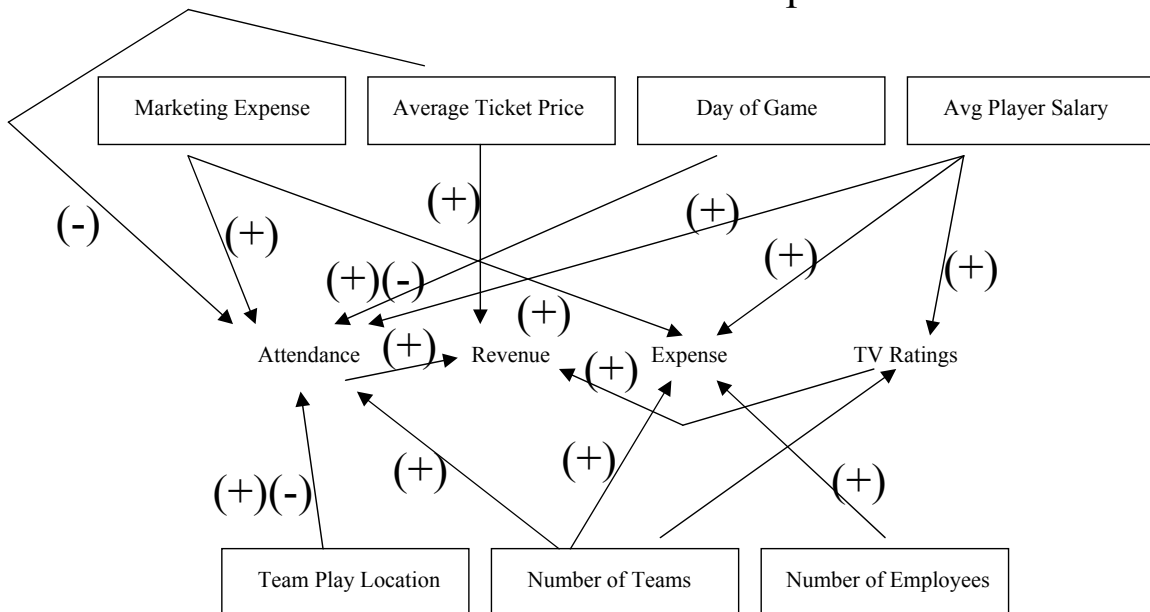
## Basic SBS Simulator Use Process



The XFL Simworld has over 100 equations that as a whole are designed to represent the fiscal and socioeconomic behavior of the actual organization. Your objective is simple, but deserves restating: to successfully operate the business firm over a five year period, and via timely changes in key decision variables cause the organization to consistently post positive cash flow, realize annual increases television ratings, and cause NBC to realize a return on its \$50 million investment.

The score you post is the best reflection of your success at achieving those goals, and of the successful outcome of the simulation run. The number of decision variables you have at your disposal is extensive, and because of that, allow you to use different kinds of business strategies, from private stadium financing to variable pricing.

## SBS XFL Simworld Variable Relationships



This causal diagram shows the primary variable relationships in the XFL Simworld. The “pluses” are “positive” relationships, and the “minuses” are “negative” relationships. The boxes represent the key decision variables.

By “decision” that refers to variables that you can control the change in, like raising ticket prices. The variable names that are not boxed are those that are affected by the decisions you make.

The XFL Simworld is designed to demonstrate how important “timing” decisions are in the development and growth of a sports league. By “timing decisions” we refer to what days games are played, what year and under what circumstances in the simulation run you decide to increase or decrease player payroll or marketing expenditures, and what geographic concentration is for the teams in the league you decide on.

### Simworld Scoring

You start at simulated year one with a score of zero. Regardless of your initial “day of game” strategy, television ratings will start out at the 14 share rating, and you have a \$50 million investment from NBC. To what degree ratings remain positive and NBC’s investment is returned depend on your decisions.

Once you press “Submit Decisions,” the score that will appear in simulated year two, reflects what happened in simulated year one. When you make decisions in year two, and press “Submit Decisions” again, the resulting score is a reflection of what happened in year two, and so on.

The single point you see on the decisions page is a combination of the following:

3 points if net operating income is less than - \$1 million

4 points if net operating income is over zero, television ratings are over 7, and return on investment balance is over zero

5 points if net operating income is over zero, television ratings are over 12, and return on investment balance is over \$1 million.

The scores do add, so you can have a year where you perform very well, with 3 points, plus 4 points, plus 5 points.

A good score generally ranges between 60 and 90 points. A bad score is less than 40. A terrible score is below 20. A terrific score is above 100 points. What's important to remember is you will not post the same score each time if you try to use the same strategy.

The equation system is designed to reflect "appropriate randomness" in the dynamics of the XFL, but not to the high degree of the Oakland Athletics Simworld. The XFL is designed such that in order to achieve increases in television ratings and net operating income, decisions must be made at an appropriate point in time. If you raise ticket prices in a panic, you may lose patrons due to high prices. Wait until late in the simulator run to increase player payroll to draw star athletes, and thus increase ratings, and you risk losing money, and failing to realize NBC's investment return.

The outcome of the results each year will cause you to make adjustments in your strategy, or abandon it altogether before the run is complete.

### Registration

The cost to use the simulator for the year is \$27. The department (or the professor) has already purchased the subscription slots. You can pay for your Username and Password access, by making out a check to the department for \$27. No "sharing" of access is permitted, because each subscription has a run limit of 100 for the semester. Double up and your account will expire before the end of the class.

(Or)

The cost to use the simulator for the year is \$27. Go to [www.sportsbusinesssims.com](http://www.sportsbusinesssims.com), click on "Sign Up For Sims" order one account, type in your credit card number (they use a secure processing system) order 1 membership. There's a "comments" area on the Billing page. There, explain that you are part of Professor Jordan's Sports Business 101 Class at Simworld University.

Sports Business Simulations, will add you to our class account, and send you a username and Password within two working days. Please do this today so that you are ready to go by Thursday; today is Monday. No "sharing" of access is permitted, because each

subscription has a limit of 100 runs for the semester. Double or triple up and your account will expire before the end of the class.

### Gaining Access To The Simulator

This simulator is available at the following URL: [www.sportsbusinesssims.com](http://www.sportsbusinesssims.com). At the SBS home page, simply go to the "XFL Athletics (or) XFL login" menu, select "XFL Athletics" and press the "login" button. When you get to the login page, type in the Username and Password, you will be provided with. Be sure to keep it all lowercase. Here's an example:

Username is sbsusf.

Password is sbsusfxfl2002

If you have any questions, please e-mail Sports Business Simulations at [simhelp@sportsbusinesssims.com](mailto:simhelp@sportsbusinesssims.com)

### Requirements

1. Run the 5-year simulation numerous times...recording your best score...be sure to cut and paste some of your results.
2. Write a paper describing (1) your success, but more importantly (2) what you learned about why the XFL failed, and (3) what strategies do you think work best and why, and which ones do not work and why. The "why" is the most important part of the assignment? That paper should include the summary sheet from the simulator called "SBS Classroom."

### Grade

Your grade is based on the quality and depth of the analysis you present in a concise form. Make use of all of the simulator's graphs and tables. There is a table that opens automatically in Excel, so you can produce a more in-depth analysis of the data.