



The Winthrop Clinic

Financial Trends Specific to 'Non Power-5' Men's Basketball Programs

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The Winthrop Clinic is a special AD-only series of publications to help administrators utilize *Win AD's* continually expanding data and updated features. Each edition provides ADs with turn-key, actionable content on employing innovative ideas and strategies in order to improve performance, increase revenue, and save time by harnessing the power of *Win AD*.

In this edition of *The Winthrop Clinic*, we analyzed the revenues and expenses of men's basketball programs outside of the 'Power 5' conferences. To perform our analysis, we looked at the budgets of more than 200 programs across six seasons (2009-10 through 2014-15), highlighting key trends and making detailed comparisons. All financial data used in this analysis is derived from NCAA financial reports, not EADA data. We then separated the 'Non-Power 5' schools (e.g. everyone outside the P5 conferences) into more specific peer groups and not only compared these groups to one another but also to two additional peer groups: 'Power-5' schools and 'Top Performing' non-P5 schools (note: we detail the criteria used to identify 'top performing' schools below).

All data used in this report is contained within the *Win AD* database and is presented with the intent of providing valuable information to ADs for purposes of benchmarking and strategic resource allocation. While no single expense category can ensure on-court success and many different factors (financial and otherwise) go into building a successful basketball program, a detailed examination of spending can augment an Athletic Department's competitive analysis and strategic initiatives.

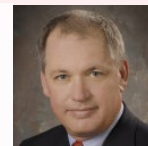
3 Key Takeaways

(Note: the quartiles referenced below include only Non-P5 programs. Any Power-5 programs are contained exclusively within the 'Power-5' peer group in the tables below.)

1 Top performing programs invest heavily in top flight coaching talent.

Breakdown: Average compensation for Head Coaches among 'Top Performing' Non-P5 programs has increased by 51% since 2009-10, closely mirroring the rate of increase of Power-5 programs (53%) while more than doubling the rate of increase for 3rd Quartile (22%) and Bottom Quartile (25%) programs, respectively. In fact, at \$719,000, average Head Coach compensation represents the budget category with the greatest disparity in spending between Top Quartile and Bottom Quartile programs.

"*Win AD* provides us a great advantage when we need up-to-date, accurate information regarding coaches' salaries, contracts and making new hires. I always consult *Win AD* before I do any hiring or enter into negotiating new contracts."

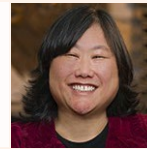


Paul Krebs
Vice President for Athletics
at the University of New Mexico
pkrebs@unm.edu
505-925-5510

2 Top performing programs invest heavily in scheduling guarantee games at home.

Breakdown: A significant amount of incremental spending among Top Quartile programs goes toward securing home games. Specifically, the average total operating budget of a Top Quartile program is about 4x larger than the average Bottom Quartile program, yet Top Quartile programs spend 31x more on home guarantee games (\$251k) than Bottom Quartile programs (just \$8k). Further, 'Top Performing' Non-P5 programs spend on average \$349k, closer in magnitude to Power-5 programs (\$573k) than 2nd, 3rd, or Bottom Quartile schools. The ability to purchase additional home games in favor of away games leads directly to increased on-court success and is an important characteristic for programs identified in the 'Top Performing' group.

"Win AD has been one of the best resources we have used in regard to negotiating guarantee games and has helped us establish our marketplace value. Win AD paid for itself and then some the first week we used it."



Vicky Chun
 Vice President & Director of Athletics at Colgate University
 athleticdirector@colgate.edu
 315-228-761

3 There is not a large disparity in recruiting spend across the D-I spectrum.

Breakdown: The difference in average annual Recruiting spend is only \$78k between Top Quartile programs and the Bottom Quartile programs, the smallest gap of the six key budget categories examined in detail.

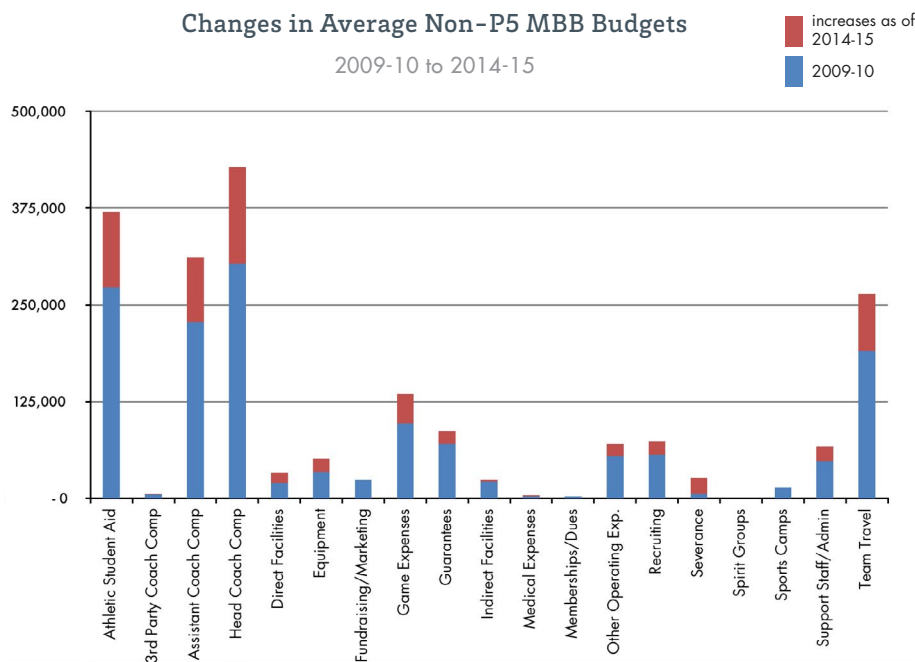
"Before Win AD, we chased our tail to get data that was anecdotal and typically limited to our conference. The breadth, timeliness and accuracy of Win AD is critical for financial benchmarking."



Mike Broeker
 Deputy Athletic Director at Marquette University
 michael.broeker@marquette.edu
 414-288-6303

'Non Power-5' Budget Landscape

Non-P5 schools spent an average of \$1.45 million on men's basketball during the 2009-10 season. The median men's basketball budget was \$1.21 million. Jump ahead to the 2014-15 season and those figures were \$1.99 million and \$1.65 million, respectively. That's roughly a 37% percent increase in average budget and a 36% increase in the median budget. Shown below is the average MBB budget, by individual category, in 2009-10 and 2014-15:



At first glance, the most significant growth has occurred in Athletic Student Aid, Head and Assistant Coach Compensation, Game Expenses and Team Travel. For the purposes of this analysis, we will not address Athletic Student Aid and Team Travel as each of these categories are, to a large degree, fixed in nature and therefore beyond discretionary influence from an Athletic Department. We will add categories for Guarantees, Recruiting and Support Staff/Admin. to round out our analysis of a men's basketball budget.

For a more precise view of the landscape, we sorted the entire 160+ non-P5 sample into quartiles based on 2014-15 Total Operating Budget. The established quartiles are as follows:

Bottom Quartile	2014-15 Total Operating Budgets below \$1,230,000
3rd Quartile	2014-15 Total Operating Budgets between \$1,230,000 and \$1,664,000
2nd Quartile	2014-15 Total Operating Budgets between \$1,664,000 and \$2,276,000
Top Quartile	2014-15 Total Operating Budgets above \$2,276,000

In addition to the four equally-represented quartiles above, we created two more peer groups to augment the analysis:

Power-5 Schools: over 50 programs from 'Power-5' conferences.

'Top-Performing' Non-P5 Schools: non-P5 schools which have enjoyed a great deal of success on the court over the last six seasons. Included are Akron, Cincinnati, Connecticut, Memphis, New Mexico, New Mexico State, Northern Iowa, San Diego State, Stephen F. Austin, UNLV, Utah State, VCU, and Wichita State. (NOTE: Our criterion for this group was two-fold: at least three NCAA tournament appearances since 2009-10 and an average RPI of 117 or better since 2009-10—this number represents approximately the top one-third of all Division I programs in RPI). This group has averaged about 23 wins per year, made nearly 4 NCAA tournaments each, and boasts an average RPI of 83.

For each of the aforementioned six budget categories, we calculated average spending levels, percent of budget for the 2014-15 season, and the rate of change for spending over the last six seasons across our six peer groups. That data is as follows:

Head Coach Compensation

	Top Quartile	2nd Quartile	3rd Quartile	Bottom Quartile	'Top Performers'	Power-5
2009/10 Average	\$635,000	\$269,000	\$203,000	\$143,000	\$913,000	\$1,491,000
2014/15 Average	\$898,000 (25% of budget)	\$372,000 (20% of budget)	\$247,000 (17% of budget)	\$179,000 (19% of budget)	\$1,378,000 (29% of budget)	\$2,286,000 (30% of budget)
% Change	41%	38%	22%	25%	51%	53%

Assistant Coach Compensation

	Top Quartile	2nd Quartile	3rd Quartile	Bottom Quartile	'Top Performers'	Power-5
2009/10 Average	\$380,000	\$235,000	\$180,000	\$147,000	\$439,000	\$563,000
2014/15 Average	\$508,000 (14% of budget)	\$315,000 (17% of budget)	\$244,000 (17% of budget)	\$169,000 (18% of budget)	\$624,000 (13% of budget)	\$810,000 (11% of budget)
% Change	34%	34%	36%	15%	42%	44%

Game Expenses

	Top Quartile	2nd Quartile	3rd Quartile	Bottom Quartile	'Top Performers'	Power-5
2009/10 Average	\$204,000	\$103,000	\$51,000	\$37,000	\$262,000	\$474,000
2014/15 Average	\$270,000 (7% of budget)	\$136,000 (7% of budget)	\$75,000 (5% of budget)	\$53,000 (4% of budget)	\$358,000 (7% of budget)	\$578,000 (8% of budget)
% Change	32%	32%	47%	43%	37%	22%

Guarantees Paid

	Top Quartile	2nd Quartile	3rd Quartile	Bottom Quartile	'Top Performers'	Power-5
2009/10 Average	\$191,000	\$50,000	\$36,000	\$11,000	\$266,000	\$560,000
20014/15 Average	\$251,000 (7% of budget)	\$60,000 (3% of budget)	\$24,000 (2% of budget)	\$8,000 (1% of budget)	\$349,000 (7% of budget)	\$573,000 (7% of budget)
% Change	31%	20%	-33%	-27%	31%	2%

Recruiting

	Top Quartile	2nd Quartile	3rd Quartile	Bottom Quartile	'Top Performers'	Power-5
2009/10 Average	\$97,000	\$62,000	\$37,000	\$33,000	\$105,000	\$167,000
20014/15 Average	\$115,000 (3% of budget)	\$79,000 (4% of budget)	\$61,000 (4% of budget)	\$37,000 (4% of budget)	\$127,000 (3% of budget)	\$243,000 (3% of budget)
% Change	19%	27%	65%	12%	21%	46%

Support Staff/Admin

	Top Quartile	2nd Quartile	3rd Quartile	Bottom Quartile	'Top Performers'	Power-5
2009/10 Average	\$116,000	\$55,000	\$18,000	\$10,000	\$139,000	\$308,000
20014/15 Average	\$154,000 (4% of budget)	\$70,000 (4% of budget)	\$34,000 (2% of budget)	\$9,000 (1% of budget)	\$193,000 (4% of budget)	\$418,000 (5% of budget)
% Change	33%	27%	89%	-10%	39%	36%

Our final analysis involves total Men's Basketball revenue. Specifically, we wanted to get a sense of how the increased spending across men's basketball translated, if at all, to the revenue-side of the equation. Our aggregate 'return on investment' for each Non-P5 peer group was calculated using the average incremental revenue 'produced' compared to the average incremental expenses incurred. The results seem to demonstrate that there is not a calculable straight-line return on investment for aggregate basketball spending, which could be helpful for expectation management rather than investment justification.

'ROI' on Expenses

	Top Quartile	2nd Quartile	3rd Quartile	Bottom Quartile	'Top Performers'
Average Expense Increase 2009/10 to 2014/15	\$1,024,000	\$451,000	\$388,000	\$197,000	\$1,495,000
Average Revenue Increase 2009/10 to 2014/15	\$1,437,000	\$723,000	\$425,000	\$334,000	\$2,606,000
Back-of-envelope ROI	40%	60%	10%	70%	74%



To learn more about Win AD, Contact Joe Miller at
800-218-2280 ext. 2 or Joe@WinthropIntelligence.com
Visit us online at www.winthropintelligence.com