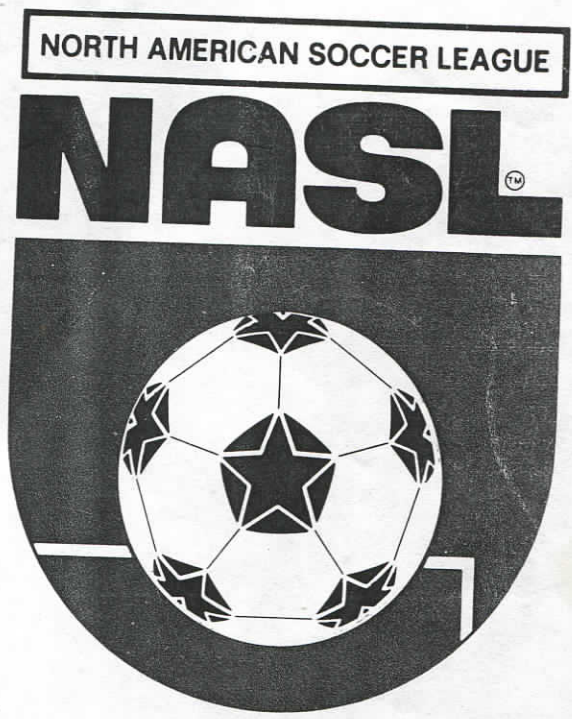


**North American
Soccer League**

**A STRATEGIC PLAN
1978 -1987**



THE NORTH AMERICAN SOCCER LEAGUE

STRATEGIC PLAN: 1978-1987

Adopted: October 14, 1977

CONTENTS

Page

Preface:

(A) Introductory Letter	
(B) Analysis: Present Environment for Professional Sports in the United States	i
I. Recommendations	2
II. Objective of the NASL	
A. Nature of the Enterprise	27
B. NASL Soccer is a Joint Venture	28
C. Franchise Value	28
III. Strategies to Attain Objective	
BACKGROUND	32
A. Primary Strategy--Short and Long Term	33
B. Secondary Strategy--Long Term	37
IV. Policies Which Implement Primary Strategy	
A. Policies Relating to Creating a Marketing Environment	42
1. Policy: Relationship Between Player and Spectator, Franchise and Customer, League and Public	47
a. Appealing Qualities of Soccer and Soccer Players	47
b. Loan Players	51
c. Franchise and Customer, League and Public	55

2.	Policy: Presenting NASL Soccer As a Big Event, Limited Season Spectator Sport	58
3.	Policy: Providing Entertainment Value per Dollar Spent by the Consumer ..	61
B.	Policies Relating to Presentation of the Product	63
1.	Policy: Upgrading the Quality of Play	64
2.	Policy: Establishing Competitive Balance	71
a.	Equal Availability of Financial Resources	74
b.	Number of Franchises and Number of Players on Rosters	76
c.	The Draft for Domestic Talent and/or Foreign Player Distribution System	77
d.	Compensation Rules	81
e.	Standardization of Player Development Systems	86
C.	Policies Relating to Increasing Consumer Interest in and Knowledge of the Product	88
1.	Policy: Educating the Public	89
2.	Policy: Encourage Participation--Organized Soccer	93
a.	Organized Amateur Soccer	96
b.	World Cup Competition	104
V.	Policies Which Implement Secondary Strategy	
	BACKGROUND	112
A.	Policies Relating to Television	116
1.	Policy: Where?--Local versus National	116
2.	Policy: When?	119
3.	Policy: How?	121

B.	Policies Relating to Licensing, Advertising and Promotional Material	124
C.	Policies Relating to Sales of New Franchises (expansion)	131
1.	Policy: Price Structure	135
2.	Policy: Rate of Expansion and Number of Franchises	139
3.	Policy: Territorial Considerations	143
a.	Selection of Markets	143
b.	Balance and "Rivalries"	145
c.	Canada	145
4.	Policy: Qualifications of Franchise Owners ...	148
VI.	Policies to Strengthen and Stabilize Operations	
	BACKGROUND	156
A.	Policies Relating to Upgrading Franchise Operations	157
1.	Policy: Standards	158
a.	Physical or External Factors	158
b.	Factors Relating to Performance	160
c.	Factors Relating to Ownership and Management	161
2.	Policy: Enforcement of Established Minimum Standards	164
B.	Policies Relating to Transfer of Franchises	168
C.	Policies Relating to Sharing	172
D.	Policies Relating to Player Relations	177
1.	Policy: The Professional Athlete	178
2.	Policy: The Franchise Owner	179
3.	Policy: Player's Association or Union	185
4.	Policy: NASL Players' Association	189

VII. Implementation of Plan

BACKGROUND	193
A. Policies Relating to the Logistics of Implementation	194
1. Policy: Focal Points	194
2. Policy: Primary Responsibility	196
3. Policy: Timing	198
4. Policy: Process	199
B. Proposal for League Structure and Projected Costs	200
1. In General	201
2. Committees	201
a. Proposed Committees	201
b. Executive Committee	202
c. Marketing Committee	203
d. Competition Committee	205
e. Television Committee	206
f. Player Relations Committee	207
g. General Manager and Coaches Committee	208
3. Special Task Force	209
4. Staff	210
a. 1978 Additions	210
b. 1979 Additions	211
c. 1980 Additions	212
5. NASL Marketing, Inc.	214
a. 1978 Additions	214
b. 1979 Additions	214
c. 1980 Additions	214
6. Cost	215
VIII. Footnotes	216

IX. Exhibits

1. Pro Forma Budget: NASL League Office, 1977-1980	224
2. Pro Forma Budget: NASL Marketing, Inc., 1977-1980	228
3. Pro Forma Budget: U.S. National Team, 1978	230
4. Planning Committee Questionnaire Responses	232
5. Planning Committee Meetings	254
6. Bibliography	256
7. Consultants	260

LIST OF CHARTS

<u>Chart</u>	<u>Title</u>	<u>Page</u>
I	U.S. Personal Consumption Expenditure, 1973-1976.	27-a
II	Attendance: NASL Clubs, 1976 and 1977	35-a
III	Regular Season Attendance and Revenue Data, Major Leagues, 1976-77	35-b
IV	Projected Revenues from Network Television, 1978-84.	120-a
V	NASL Franchise Cities, 1967-78.	133-a
VI	Franchise Fees, 1967-78	133-b
VII	Projected Revenues from the Sale of New Franchises, 1978-84.	136-a
VIII	Standard or Below Standard; Comparison 1977 Actual versus 1978 Standards.	142-a
IX	Evolution of the NASL, 1967-1987.	195-a
X	Implementation of Strategic Plan.	200-a
XI	NASL Organization Chart 1978.	201-a
XII	NASL Organization Chart 1979.	201-b
XIII	NASL Organization Chart 1980.	201-c

October 14, 1977

Our Partners
The NASL Joint Venture
The United States and Canada

Dear Partner:

Almost a year ago to date, during the 1976 NASL Annual Meeting, we, the owners of NASL Franchises gathered for dinner to discuss the future of our joint enterprise. After breaking bread, we pondered the emergence of certain unhealthy symptoms which were creating uncertainty about the security of our investment. Some of the symptoms identified at that meeting were:

- a strained relationship with the soccer "community": United States Soccer Federation, Canadian Soccer Association and FIFA;
- a growing and sometimes publicly expressed disrespect for the condition of the League and its front office;
- a League staff, grossly overworked and under-financed;
- a growing disparity between the so-called "rich" and "poor" franchises;
- a lack of consensus on League priorities and the absence of a common roadmap or plan against which member clubs can measure operating decisions.

Out of this introspection and uncertainty arose the concept of a Planning Committee whose mandate it was to thoroughly investigate the existing policies and operations of the League, research the experience of other sports leagues and similar ventures in analogous industries and recommend to the Board of Directors a strategic plan for the growth and development of the NASL over the next decade.

At a meeting of the NASL Board of Directors on October 15, 1976, the Planning Committee was unanimously sanctioned as an official committee of the League, and its two original members were authorized to proceed with the business of the Committee in accordance with the mandate given by the owners the previous evening.

Membership

The first task facing the fledgling planning unit was the selection of additional members to carry out the assigned tasks. Seven members were selected, two of whom agreed to serve in an ex officio capacity. The two main considerations governing selection of the full Committee were:

- professional background, qualifications, availability and willingness to serve; it was thought that a multi-disciplinary group would be better suited to tackle the mammoth job to be done.
- representativeness of the members in terms of the broad spectrum of franchise ownership (and operation) characterizing the League; the Committee, should represent the present state of League franchises.

The demographics of the Committee are remarkable for their variety. The disciplines represented are: two attorneys; a former soccer writer, General Manager and President of an NASL Franchise; three successful businessmen, one of whom has broad retail and marketing experience; the Chief Executive Officer and Group Vice President of two major U.S. corporations. Furthermore, at least three of the members of the Committee own and operate franchises in other major U.S. sports. One is credited with founding or assisting in the founding of two significant sports Leagues or enterprises.

The Committee is also composed of members who represent:

- franchises which rely heavily upon loan players, and franchises which have purchased most of their player contracts;
- franchises which in 1977 operated at a profit, and franchises which in 1977 lost over a million dollars;

- franchises which boasted the highest attendance in the League, franchises which have near the lowest, and two franchises which in 1977 were close to the League average;
- franchises which operated in large major league stadia with capacities of over 70,000 and franchises which operated in stadiums of 15,000 or less;
- franchises in cities located in the Northeast, South, Southwest, Central and far Northwest United States;
- franchises which operated with budgets over \$2 million, and those which operated at about \$1 million and those which operated at \$800,000 or less;
- franchises owned by major (NYSE) U.S. corporations, those owned by local partnerships and those owned by individuals.

Purpose and Goals

The Planning Committee held its first official meeting in Minneapolis on October 26, 1976. At that meeting, the Committee after establishing a ten-month schedule for research, study and deliberation, identified its purpose and goals as follows:

"The Planning Committee will act as the Long-Range Strategic Planning organ of the NASL which by reviewing existing policies and identifying present and future opportunities, will have as its goals:

- (a) positioning the NASL as a prominent factor in professional sports in North America and as an influential member of the world soccer community;
- (b) assisting in the development of the sport of soccer as an entertainment vehicle and increasing its popularity at all levels in North America;

- (c) the development of strategies to effect soccer's unique opportunity among professional sports, namely: the marriage of spectator and participant; of amateur and professional in each community and throughout North America;
- (d) the selection of strategies to advance the amalgamation of individual franchisees into a harmonious, economically viable business entity or League, thereby ensuring collective growth and development, both long and short term."

The Committee, shortly thereafter hired as its full-time consultant, Malcolm Bund, a former senior consultant at the firm of Peat, Marwick and Mitchell & Co., and author of the "Soccer" portion of the Report to the President of the United States by the Commission on Olympic Sports. With Bund's assistance, the Committee prioritized the subjects which it wished to analyze with emphasis upon those affecting the collective operation of the NASL. It scheduled monthly meetings at mutually convenient locations to consider the selected subjects. By the end of the study year, the Planning Committee had met for a total of 17-1/2 full days and had devoted, including time for writing, review and editing, close to 1,304 man-hours to the project, excluding the time spent by the consultant. (See Exhibit 5)

Research and Deliberation

By limiting discussion to a single subject per month, the Planning Committee was able to attain a measure of understanding, if not expertise, in any given study area. The consultant prepared research papers for each topic, including an analysis of existing NASL policy and practice. A typical research paper included: a history of the problem; its impact upon present and future League operations; its appearance in or application to other professional sports or analagous industries; the solutions proposed by others; policy alternatives for the NASL. Each background study was sent to the Committee at least 10 days prior to its monthly meetings so that members were prepared to discuss the subject in depth. In this manner, close to 1,300 pages of background research papers were

prepared supplemented by references to periodicals, studies and books, most of which were distributed to and digested by Committee members (Exhibit 6).

To provide additional expertise for its deliberations, the Planning Committee sought counsel and advice from a variety of experts. The Commissioner of the NASL met with the Committee on three separate occasions, and the President of NASL Marketing, Inc. consulted at a Chicago meeting in early December of 1976. In addition, the Committee spent several hours meeting with Richard Lurie, Special Consultant on Labor Relations. Lurie is retained by the Minnesota Vikings and Chicago Bears NFL franchises to provide players with financial guidance and tax counseling. A full list of persons consulted by the Committee or its staff is set forth in Exhibit 7.

After deliberating on each subject, the Committee's conclusions were framed as Recommendations and incorporated into the Minutes of each meeting. Within 10 days, the Minutes were distributed, corrections or additions made and the Recommendations included therein reviewed and approved as written at the opening of the next session.

Although the Committee's discussions were vigorous and stimulating, conclusory Recommendations were generally arrived at by consensus. On only one occasion was a formal vote required to decide an issue. The facts presented, the application of sound business and marketing principles, the logic of events and the inconsistency or inadequacy of viable alternatives usually dictated the final result.

Definition of a Strategic Plan

A strategic plan, designed to cover a period of 5-10 years, is not and should not be a manual of operations. Rather, it is a blueprint or superstructure which must be implemented or constructed before the building can take form. A strategic plan cannot tell a franchise owner, for example, how to solicit advertising or negotiate with a stadium authority or arrange for the sale of TV broadcast rights. It can, however, establish a philosophical and marketing context in which such decisions can be intelligently made and suggest mechanisms for providing critical expertise, skill and information to the decision maker. For this reason, the members have avoided and discouraged requests to consider or take action on

matters which would involve the Planning Committee in day-to-day executive or operating decisions. All such requests have been forwarded to the Executive Committee or Commissioner.

The Report

The Planning Committee has applied the principles of deductive reasoning to the organization of its work and final product. It started from the very basic question: "What do we, the owners of NASL franchises, really want from our investment?" On this premise, the Committee developed a single overall objective and from there a primary and secondary strategy for implementing that objective. All policy decision-making thereafter was tested by the litmus of the objective, and thereafter the primary and secondary strategies. Each policy area was discussed and Recommendations formulated on that basis. The final Report, therefore, should be held together by a web of deductive consistency.

Development of the policy recommendations contained in the materials which follow could only have taken place in the context of certain vital assumptions which the Committee was required to make. These assumptions or presumptions are critical to an understanding of the Report and must be stated here in the preface. If these assumptions are not true, all or a portion of the conclusions must be reexamined, reordered or removed:

- that spectator sports are a sufficiently high priority item in the public's discretionary entertainment dollar to allow for the emergence of yet another sports enterprise;
- that major metropolitan communities will continue to provide and upgrade spectator sports facilities at an affordable occupancy rate;
- that governmental action will not become so restrictive as to seriously damage franchise rights, value, competitive balance or impede the flow of broadcast revenue;
- that soccer will continue to develop its popularity at the grassroots level so that a supply of athletes and interested customers becomes available to the professional game;

- that energy problems and inflation will not increase to the point of significantly impairing franchise operations;
- that the members of the NASL Board of Directors wish to participate in the management of the League joint venture through a strong committee system, and will actively volunteer their time and expertise in that service.

The Report contains 53 Recommendations, each of which should further the League's strategies and objective. The reader will most likely agree with some and disagree with others; oftentimes the members of the Planning Committee had reservations about arriving at certain conclusions. When taken as a whole, however, and weighed against the alternative of chaos and inconsistency, the Recommendations tend to provide a reasoned and orderly structure around and through which to build a strong business enterprise.

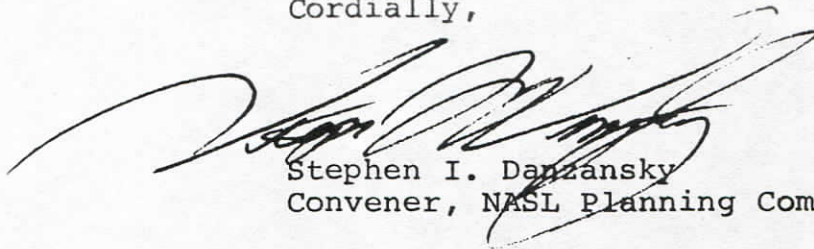
During the first two days of the 1977 Annual Meeting, the Club Owners met to receive and deliberate upon the Report submitted by the Planning Committee. After many hours of discussion, debate and amendment, the Plan contained in the pages which follow was adopted. On October 14, 1977, the NASL Board of Directors unanimously voted to officially sanction and establish the amended Recommendations and Report as the North American Soccer League Strategic Plan: 1978-1987.

The Partnership

Throughout the Planning Committee's deliberations, and the debate which preceded adoption by the Club Owners, one central thought iterated and reiterated itself to the point of doctrinal significance: that the NASL is primarily and immutably a partnership or joint venture wherein the success of each member is inexorably linked to the collective success of every other member. It is for this reason, perhaps, that the Planning Committee grew out of the aspirations and needs of our partners; it is for this reason that only our partners were selected as members; it is for that reason that the Report which follows was by decision of the Committee written and

edited primarily by its members. It is fitting, therefore, that it is the NASL partnership to whom this report is respectfully and joyously dedicated.

Cordially,



Stephen I. Danzansky
Convener, NASL Planning Committee

Members: Walter R. Daggatt, James H. Ruben, Lee B. Stern, Clive Toye;
ex officio: Lamar Hunt, Joseph Robbie

ANALYSIS:
PRESENT ENVIRONMENT FOR
PROFESSIONAL SPORTS IN THE UNITED STATES

Professional athletics has prospered from an image created partly by illusion (Walter Mitty fantasy), partly by community identification and partly by "sportsman" ownership. Owners were seen as benevolent, dedicated sportsmen, whose teams reflected the personality and lifestyles of the communities that they represented.

Today, much of that image has been tarnished. The public perceives an element of greed motivating the actions of both owners and players. The public has often been treated callously (as with franchise transfers). New franchises have developed at a prolific rate while numerous financial failures have occurred. Today's mobility means that most adult Americans (who can afford to attend spectator sports) make major geographic personal household moves three to five times during their working years; thus home town loyalty or "fanaticism" has diminished. Suburban migration has diluted identification with specific cities, while also creating a great sameness about the American suburbs. Whereas a city's personality was once shaped by large ethnic concentrations, it has now been melded into a suburban homogeneity.

Americans today tend to participate more and spend a higher percentage of their discretionary disposable income (entertainment dollars) and time on physical recreation rather than "spectatoring". They demand and receive more and better usage facilities. They relate physical recreation with physical and mental well-being.

The concept, therefore, of a professional sports team that exemplifies and is the pride of the community whose stadium and stability continue unabated for decades may be, to a great extent, a thing of the past.

The public is offered a rainbow of choices for spending its entertainment dollar, and more importantly, time away from work. Americans are becoming increasingly jealous of their time, and young adults without families or with very small families have many more options for the expenditure of time and money than did their parents.

Spectator sports enjoys both in-depth newspaper coverage and more abbreviated reporting on television and radio. Today, however, fewer young Americans are reading newspapers, and consequently are not drawn into the day-to-day activities, statistics and background of teams and players. Television, therefore, becomes an essential communication vehicle for reaching young people.

Expansion has reduced the radius of regional interest in every team. Once, for example, the St. Louis Baseball Cardinals and Washington Redskins football teams represented the entire southern part of the United States, while, today, franchises exist in Dallas, Houston and Atlanta, Miami and Tampa.

The value system of Americans is also changing dramatically and rapidly. Americans are less willing to be dictated to, less willing to accept what they are told; they have become more cynical and analytical, shedding their naivete at a rapid rate. Individualism and independence are re-emerging as "American" values.

A reduction in the reservoir of goodwill and esteem that the public has traditionally granted to professional sports precipitated largely by the actions of club owners and players has created a climate in which the future of professional sports is often shaped legislatively and judicially as a frustrated public turns to political and judicial forums for satisfaction.

This regulated environment in which professional sports now operates makes for a more uncertain and perilous future. Gone is chattel ownership (represented by reserve clauses),

protection from the Federal Trade Commission, immunity from consumer action groups, and much of the favorable tax treatment.

Taxpayers are increasingly reluctant to support new stadiums or countenance previously "favorable" short-term leases with professional sports tenants. Inasmuch as it is rarely economically feasible for a professional sports team to own its own playing field, so professional sports must today rely even more (than formerly) upon public goodwill and taxpayer support.

Additionally, the international aspects of soccer, while providing great opportunities, add complex dimensions to the environment in which the NASL operates. FIFA inhibits the ability to make unilateral rule changes no matter how desirable from a marketing perspective. The NASL does not have unimpeded access to players from other countries. The Canadian affiliations create additional legal, governmental and marketing complexities.

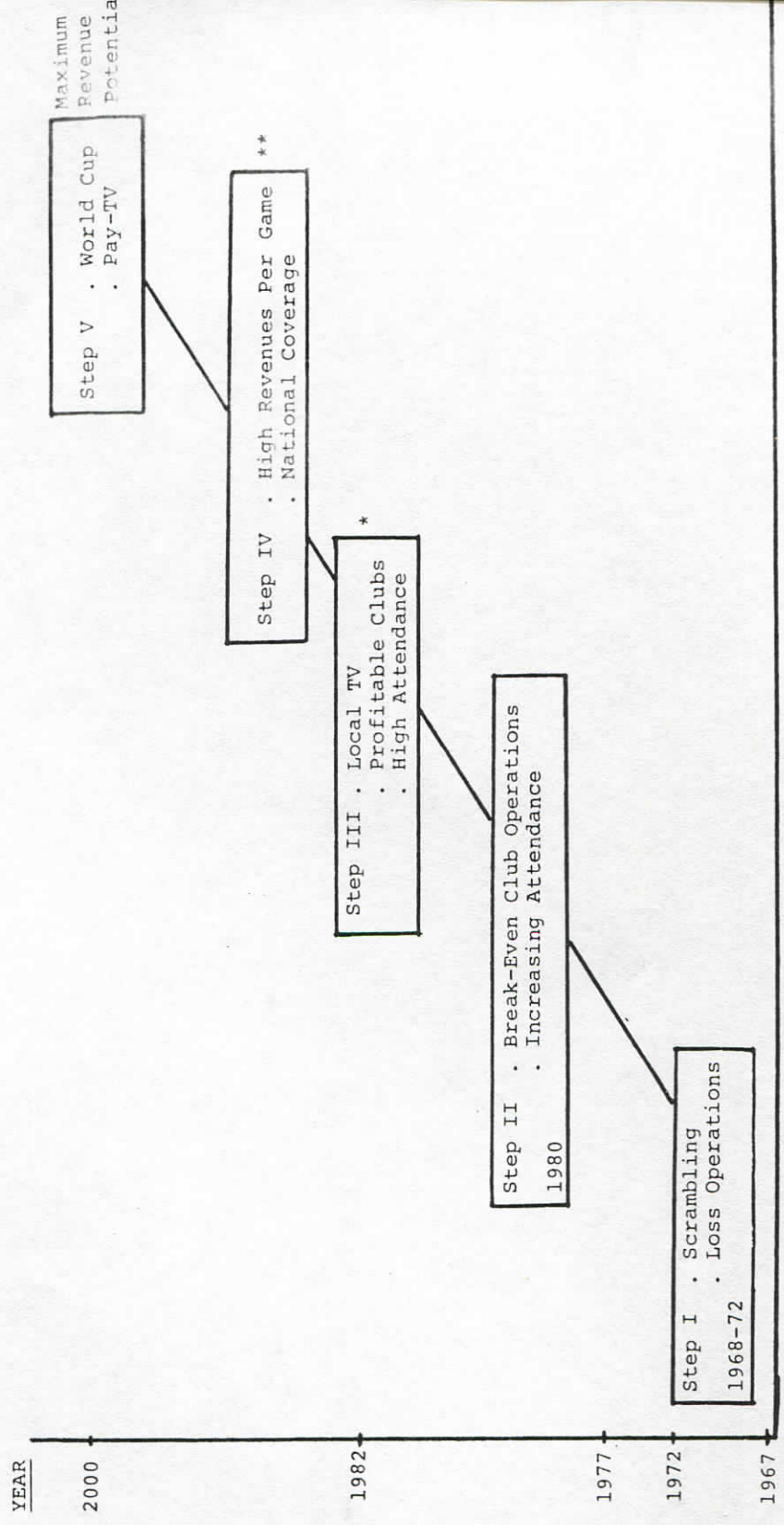
Another important change in the environment for professional sports is its escalating capital intensity. Just as television has brought accelerating and incremental increases in revenue, so, likewise, have club expenses, payroll,

insurance, field occupancy and front office costs increased. While for successful clubs the profit spread may be better than ever with franchise values for such operations setting new records, the fact remains that it requires more capital to get in and stay in professional sports than it did even a decade ago; the number of individual club failures per season over the last five years is staggering when compared to a similar five-year period 20 years ago. This means that the NASL must be composed of club owners who have greater staying power in contrast to the entrepreneurial, rugged, albeit undercapitalized, individualist of a decade ago. In short, the operating loss exposure has reduced the number of dedicated sportsman hobbyists to a handful, while raising the price of the sports ego trip to new highs.

In light of these and other rapidly changing environmental conditions, while many signs are favorable, there is no guarantee that soccer will be popular and successful as a paid spectator sport in the United States and Canada, despite its popularity at the grassroots, participation level. What must be done, therefore, is to operate the NASL in such a way as to maximize public -- and thus governmental -- goodwill, present an extremely high quality product at competitive prices, and behave in a statesmanlike and customer-oriented manner, always

recognizing that the NASL can only profit from what it creates and portrays, and that it is no better than the weakest of any of its franchises.

NASL PLANNING COMMITTEE
 A Scenario for the NASL



*This is approximately the stage of development for the NFL, 1957-1962.

**This is the current position that the NFL enjoys.

I. RECOMMENDATIONS

RECOMMENDATION #1 (Page 30)

- That the overriding objective of the holders of NASL franchises is to realize long-term asset appreciation or franchise value.

RECOMMENDATION #2 (Page 36)

- That the NASL adopt as its prime short and long term strategy to increase the attendance of each member club so as to reduce the disparity among franchises.

RECOMMENDATION #3 (Page 36)

- That League policies to increase attendance (set forth in detail in Chapter IV of this Report) be classified as follows:
 - A. Policies Relating to Creating a Marketing Environment;
 - 1. creating a relationship, attraction or "feeling" between player and spectator, between franchise and customer, between League and public.
 - 2. presenting NASL soccer as a big event, limited season spectator sport.
 - 3. providing entertainment value per dollar spent by the consumer.
 - B. Policies Relating to Presentation of the Product;
 - 1. upgrading the quality of play.
 - 2. establishing competitive balance.
 - C. Policies Relating to Increasing Consumer Interest in and Knowledge of the Product;
 - 1. educating the public.
 - 2. encouraging participation.

RECOMMENDATION #4 (Page 38)

- That the NASL adopt as its secondary strategy (long-term): capitalizing upon the enlarged market for soccer by the generation of additional sources of income.

RECOMMENDATION #5 (Page 38)

- That League policies to capitalize upon the enlarged market for soccer (set forth in detail in Chapter V of this Report) be classified as follows:

A. Policies relating to television.

1. Where? -- Local vs. National
2. When?
3. How?

B. Policies relating to licensing, advertising and promotional materials.

C. Policies relating to sales of new franchises (expansion).

1. Price structure
2. Rate of expansion and number of franchises
3. Territorial consideration
4. Qualifications of franchisee

RECOMMENDATION #6 (Page 39)

- That as a general rule League resources be devoted to policies which attain the primary strategy before making any substantial investment in policies which derive from the secondary strategy, i.e.,

1. Increased attendance on a per-club basis must be the focal point of League activities until a larger measure of success is attained.

2. In the interim, the League must be prepared with the policies and criteria for future capitalization on the enlarged market for soccer.

3. Resources should be immediately diverted away from active pursuit of secondary policies until such time as the criteria established in Chapter V hereafter for the effectuation of each policy are met.

RECOMMENDATION #7 (Page 50)

- Having identified those qualities which make soccer and soccer players attractive to a broad segment of the American public, no policy should be adopted by the NASL which will obscure or obviate those qualities or characteristics until and unless marketing data indicate that a shift in attitudes warrants a change in the presentation of the product. NASL clubs should seek to highlight and promote those qualities, thus identified, through exhibition of the product in its most favorable light and through promotion of its attractive elements. By example, violence must not be encouraged, and policies should be established to outlaw its emergence and punish its appearance.

RECOMMENDATION #8 (Page 55)

- That the NASL implement a program whereunder member clubs are required to purchase all player contracts and that the loan player program as presently constituted be phased out.

RECOMMENDATIONS #9 (Page 58)

- That NASL soccer adopt as its key marketing concept the satisfaction of the needs and desires of its various publics. The attitude that "soccer cares" places the consumer ahead of expediency or even short-term financial gain and should be the screen through which all club and League policies are filtered before action is initiated.

RECOMMENDATION #10 (Page 58)

- That NASL conduct its League and club operations with openness and an awareness of responsibility to the public in return for the privileges accorded to professional sports.

RECOMMENDATION #11 (Page 60)

- That NASL Soccer should be marketed as a big event, limited season spectator sport.

RECOMMENDATION #12 (Page 61)

- That the NASL season should be 26 weeks long and should include 20 home games by the 1984 season, and 26 home games by the 1988 season. The season should ultimately commence in April and end in late October, with play-off and championship games during November.

RECOMMENDATION #13 (Page 63)

- That NASL affiliated franchises should establish admissions prices in their respective markets at levels competitive with those of other professional sports as well as other forms of entertainment and recreation.

RECOMMENDATION #14 (Page 67)

- That no policy (with the exception of the "Americanization rule" set forth in Recommendation #15 and with the exception of the loan player rule as adopted in Recommendation #8) should be adopted by the NASL which will deprive the consuming public of the best available athletes, or which will (through some form of "protectionism") eliminate from the League, players of other nationalities who lend an international flavor to the game in North America.

RECOMMENDATION #15 (Page 68)

- That the North American Soccer League has an obligation to develop United States and Canadian players to the level where they are competitive with the highest quality players throughout the world.
- That the following policies be adopted to assist that development:
 - That by the commencement of the 1980 season each NASL franchise shall establish a "B" team, farm club or reserve team under expert supervision and coaching, to engage in active competition with other teams of like caliber, including regional competition with other semi-professional teams and NASL "B" teams. As this program develops, the NASL by 1990 should consider the creation of a Second Division or minor league, each NASL franchise thereby operating two teams.

recommending and implementing policies to promote competitive balance among the teams owned by member franchises (described more fully in sub-section 2 infra).

RECOMMENDATION #18 (Page 76)

- That the League must assure a measure of competitive balance by requiring financial strength and commitment from future ownership and by upgrading the strength of existing ownership.

RECOMMENDATION #19 (Page 77)

- That the Competition Committee consider roster size and number of NASL franchises as a means for achieving competitive balance; further, that the Competition Committee be required to submit a report in writing to the League on the effect of any proposed expansion upon competitive balance, prior to any final decision being made by the League on expansion. Such a report shall include a recommendation for equitable distribution of players currently within the existing player pool (expansion draft) to assure the new franchise equal opportunity to compete with existing franchises for a position in the playoffs.

RECOMMENDATION #20 (Page 79)

- That the annual draft of college graduates be continued in the same form or a form substantially similar to that adopted by the League in the spring of 1977, to be administered hereinafter by the Competition Committee. The Competition Committee should establish, along the same lines, a draft of high school and junior college graduates to promote equal distribution of such players within the League. To prevent "buying" future talent, draft choices may be traded but not sold.

RECOMMENDATION #21 (Page 81)

- That the Competition Committee consider, evaluate and recommend some form of distribution system whereunder the world supply of rights to quality players would be more evenly distributed among NASL clubs for the purposes of establishing competitive balance.

RECOMMENDATION #22 (Page 85)

- That the Competition Committee indicate the League's disapprobation with "tampering" by upgrading the offense to constitutional misconduct and recommending auxiliary regulations to detect and enforce the new constitutional change, including but not limited to fines against NASL personnel who fail to report tampering engaged in by a representative of any club. Such constitutional change shall include authority for the Commissioner to fine in an amount up to \$20,000 for any violation.

RECOMMENDATION #23 (Page 87)

- That the Competition Committee develop and implement through the League office, a system for identification of potential player and coaching talent which would utilize the most modern techniques of information analysis, storage and retrieval. Access to this system shall be made available to all member franchises and paid for by the member clubs.

RECOMMENDATION #24 (Page 91)

- That the NASL immediately turn its attention to the development of public educational programs to highlight the outstanding qualities of soccer as a participant and spectator sport utilizing the most modern and innovative techniques available. That such a responsibility be permanently assigned to a newly constituted Marketing Committee.

RECOMMENDATION #25 (Page 91)

- That the NASL establish a three or five person Marketing Committee.

Composition:

The Committee shall consist of persons with some expertise in marketing or education and, if composed of three members, shall have at least one NASL Director, or, if five members, at least two NASL Directors. The Committee would be elected triannually by the Board of Directors upon nomination by the Executive Committee.

The Committee may be composed of or staffed with outside experts from marketing, television, advertising, education or other related fields. The President of NASL Marketing, Inc. and the newly created Director of Sales and Management (see Recommendation #45 infra), shall serve as members ex officio of this Committee.

Duties:

The Marketing Committee would have a three-fold function:

i) as the consumer watchdog for the NASL, the Committee would have the responsibility for ensuring that the policies heretofore adopted for presentation of the product and consumer awareness (see Recommendations 7-10), are adhered to by the League and its Committees.

It shall have the responsibility for filing a "consumer impact report" whenever a proposed or pending policy change would qualitatively or quantitatively alter public awareness of or demand for the product. As such, the Committee would work very closely with the Executive, Competition and Television Committees in the implementation of policy or the formulation of new programs.

ii) as the educational resource center, the Committee would have responsibility for development of programs, materials, ideas, etc. to present NASL soccer to the American public in its best light. The Committee would know or assemble the most creative, advanced techniques, including film and broadcast, for presentation of the product and education of the public.

iii) as the Executive Committee for NASL Marketing, Inc. the Committee would monitor the operations of this newly constituted corporation whose jurisdiction would be limited (see Recommendation #33 infra), to licensing, advertising and the production of promotional materials such as KICK MAGAZINE, yearbook, books, etc.

The formulation of broadcast policy and the negotiation of national television contracts would not be under the jurisdiction of this Committee, except as these activities relate to consumer impact, or public education.

RECOMMENDATION #26 (Page 103)

- That the NASL seek to strengthen its ties to and participation with FIFA affiliated soccer organizations: USSF and CSA.

And specifically to:

- exercise NASL rights of full representation to the governing boards of USSF, CSA and through them to FIFA;
- encourage individual franchise owners and managers to work closely and become active in local and national USSF and CSA associations.

RECOMMENDATION #27 (Page 103)

- That the Executive Committee or its appointees endeavor to negotiate with representatives of USSF and CSA for the establishment of an Annual Meeting of soccer in the United States and Canada in a manner similar to the annual meeting of Baseball, which takes place each year in the first week of December. All soccer organizations -- whether affiliated or non-affiliated with FIFA -- would meet at one place during the same week. Such a meeting would evolve into a forum for exchange and promote the concept of a "soccer family". The meeting would last approximately one week. Thereafter, the individual components of USSF and the NASL would conduct their regular Annual Meetings with appropriate mechanisms for inter-change of thoughts and ideas.

RECOMMENDATION #28 (Page 109)

- That the NASL undertake as a separate but major full-time venture the financing and construction of Canadian and United States National Teams. As such, the National Team will have many of the characteristics of a NASL franchise with its own full-time general manager, coach and staff. The team will be financed initially through assessments from NASL clubs with "proportionate financial assistance" to the Canadian Team, and will be managed so as to be financially self-sustaining through income received from exhibition games played on a regular basis.

The General Manager and the staff of the Canadian and U.S. National Teams shall be responsible to the NASL and will undertake a playing schedule to include some of the following:

- a. annual spring and fall tours (between 14-16 games per year);
- b. institutionalized annual games or "mini-cup" competitions with national teams of particular nations (e.g. England and Brazil) on a home-and-home basis attended by appropriate ceremony, etc.;
- c. the sale of television rights and corporate sponsorship of the National Team program.

RECOMMENDATION #29 (Page 110)

- That, following the development of viable National Team programs, the NASL shall use every effort to apply for U.S. and/or Canadian sponsorship of the World Cup in 1990 or 1994.

RECOMMENDATION #30 (Page 119)

- That, in the short term, the NASL must encourage locally produced broadcasts and telecasts of all NASL games and devote League resources and personnel to the attainment of that objective, including specific programs for assisting franchises in the technology of production and sale of advertising.

RECOMMENDATION #31 (Page 122)

- That the NASL establish a two or three person Television Committee.

Composition:

The Committee shall consist of club owners with some expertise in television. The Committee shall be elected quadrennially by the Board of Directors upon nomination by the Executive Committee. The Committee could be expanded by one (if two Directors, or by two if three Directors) to include outside experts in the field of broadcast or television production.

Duties:

The Television Committee shall assist the League and Commissioner to formulate and develop the NASL's long-range plan for League-wide television utilization and coverage. The Committee must be adequately funded and empowered to commission research where needed on the subject of network, VHF, pay television, UHF, etc. The Committee shall implement all Recommendations and apply League criteria in overseeing the negotiation of a national TV contract. It shall propose changes or new policies where appropriate.

The Committee shall work closely with the Marketing and Executive Committees in developing educational programming ideas to assist the Marketing Committee in creating an awareness and understanding of the product, as, for example, a weekly, hour-long televised highlight film, soccer instruction or TV special relating to NASL soccer or its personalities.

The Television Committee shall also serve as the center of NASL information on broadcasts and shall assist member clubs in developing local broadcast packages by providing expert advice and information on potential advertisers.

The Television Committee would, in conjunction with the Marketing Committee, exercise qualitative control over the execution of any contractual television arrangement wherein the NASL product is displayed or in any way involved.

RECOMMENDATION #32 (Page 124)

- That the NASL consider hiring a Director of Broadcasting at the earliest practical time as a full-time staff person. The functions of the Director of Broadcasting would be to assist the Television Committee and the NASL in executing the functions set forth in this subchapter. The Director must possess broad experience and sound technical expertise in the fields of television direction and production.

RECOMMENDATION #33 (Page 130)

-- That the control over and functions of NASL Marketing, Inc. be changed or amended as follows:

i) that the functions of the corporation shall be to syngerize the following activities:

- registration and licensing of the NASL name, logo and those of its member clubs; design, production, distribution and solicitation of advertising for the NASL official game program;

- joint promotional efforts between the NASL and national advertisers;

- similar functions as dictated by the Marketing Committee;

ii) It is preferable that NASL Marketing, Inc. shall only negotiate or solicit sponsorship for League-wide television arrangements as they tie in with its other primary activities. The Television Committee will be consulted by NASL Marketing, Inc. on television opportunities that evolve from its activities.

iii) Control, supervision and policy direction shall be provided by the Marketing Committee established and constituted in accordance with Recommendation #25 supra.

iv) The opinion of counsel should be sought as to the legal consequences of the aforementioned joint activities.

RECOMMENDATION #34 (Page 139)

-- That all matters relating to expansion shall be under the jurisdiction of the NASL Executive Committee which shall have responsibility for implementing NASL policy regarding same, recommending new criteria where appropriate and consistent with policy and acting as a screening agency for potential new applicants.

RECOMMENDATION #35 (Page 139)

- That the Executive Committee establish guidelines and recommend prices for expansion franchises considering a player draft, a suitable formula for deferral and projections of future market value. The Committee shall seek expert advice and counsel on tax considerations, valuations, etc.

RECOMMENDATION #36 (Page 141)

- That in considering the rate of expansion the Executive Committee shall be generally governed by principles of caution, moderation and deliberation and shall consider: present versus future franchise value, saturation of markets, dilution of existing NASL member franchises and the capacity of the League front office to deliver services, new and existing.

RECOMMENDATION #37 (Page 143)

- That the total number of franchises for the NASL through 1987 be established at 28 and that the rate of expansion be determined according to the criteria established in Recommendation #36.

RECOMMENDATION #38 (Page 145)

- That the NASL as a priority matter, seek to locate franchises (both expansion and existing) in the top 24 North American markets, the order of expansion to follow population rank order where practicable. Thereafter, location shall be in the next most populous markets, rank ordered where practicable.

RECOMMENDATION #39 (Page 148)

- That the Executive Committee be directed to conduct a detailed study of the issues involved with operating in two countries.

RECOMMENDATION #40 (Page 149)

- That any new applicant for an NASL franchise or purchaser of an existing franchise must be able to meet the following standards, such standards to be administered by the Executive Committee:

i) Financial strength and commitment. The applicant must demonstrate substantial net worth and cash flow from other business or non-NASL activities. The applicant must be willing to adequately finance start-up costs and sustain losses for at least three years of operation. He must be prepared to submit to a thorough, independent review of his net worth, liquidity and financial strength which the League shall conduct through the office of the Commissioner.

The applicant must also thoroughly understand and submit to the Commissioner's enforcement procedures when necessary to ensure conformity with minimum standards.

ii) Management experience and capacity to attract and control trained personnel. The applicant should have managerial experience, preferably with marketing expertise. It is preferable that he be a resident of the area in which he operates a franchise. It is preferable that a single owner maintain effective control of the operation.

iii) Stadium size, Location and Quality. The applicant must guarantee the availability of a minimum sized stadium and should submit to the League an executed lease agreement with the local stadium authority conditioned only upon award of a franchise. In 1978 the minimum stadium size shall be 20,000 seat capacity and shall increase so that by 1982 the stadium size requirement should approach 50,000. The stadium should be the best available for soccer in the franchise city and should be of major league caliber. The Commissioner shall review the stadium lease, location and condition and submit his recommendations on same to the Executive Committee.

iv) Business Plan. Applicants shall submit to the Executive Committee the following:

- a business plan to contain the following elements:

- i. Origin of Business
- ii. Corporate Securities (including Break-down of Ownership by Percentage) and Resumes of Owners
- iii. Business Description
- iv. Marketing Methods and Plans
- v. Team Acquisition Plans
- vi. Organizational Structure with Resumes and Job Descriptions
- vii. Industry Analysis - National and Regional
- viii. Financial Statements including detailed operating budget and five year pro forma statement of cash flow, profit and loss and balance sheets.
- ix. Other Details (e.g., involvement of Club Owners in League and club activity, previous marketing and sports enterprise experience of Owners, market research, soccer knowledge of applicant or staff, etc.)

- an application form (to be designed by the Commissioner).

- the personal financial statement(s) of the prospective owner or owners.

- a statement indicating the new owners' readiness and ability to commit adequate financial resources to operation of the franchise.

- a full description of the terms of purchase and finance and all supporting documentation, contracts, notes, security agreements, loan agreements.

RECOMMENDATION #41 (Page 153)

-- That by 1980 the following personnel should be hired by the Commissioner to assist in the implementation of Recommendation #40 and to assume the duties and responsibilities set forth hereinbelow:

i) Legal Counsel -- to pass upon the multitude of legal issues confronting the League and report directly to the Commissioner and Executive Committee; to assist in the preparation and review of documents, bonds and agreements; to supervise and pass upon all contracts or agreements executed by or with the League and all commitments undertaken by League officials committees or franchisees.

ii) Director of Security -- to prepare, gather and investigate all information on behalf of the League with regard to stadium security, drug trafficking and undesirable criminal or illicit gambling associations; he shall be responsible for investigating the character and reputation of new owners of NASL franchises. The Director of Security shall report to the Commissioner and should possess professional investigative skills (former FBI agent, for example.)

RECOMMENDATION #42 (Page 159)

-- That the territorial and stadium capacity minimum standards for existing NASL franchises shall be as follows:

i) the NASL shall, where practicable, operate its franchises in the 24 major Canadian and U.S. markets and thereafter the next 10 markets, rank ordered according to population or other related indices.

ii) that the stadia utilized by NASL franchises shall be the best available for soccer in the community and for 1978 shall have a minimum capacity of 20,000 and by 1982 should approximate 50,000.

RECOMMENDATION #43 (Page 161)

-- That the local broadcast, attendance and gate receipts minimum standard for all NASL franchises be as follows:

i) each club shall arrange for radio broadcast of all home and away games, unless covered by television, and a minimum number of three televised games in 1978. The number of televised games should increase on an annual basis until all away games are covered by 1985.

ii) average club paid attendance:

<u>Year</u>	<u>Average/Club</u>	<u>Number of Home Games</u>	<u>Average/Game</u>
1978	200,000	15	13,333
1979	300,000	16	18,750
1980	400,000	17	23,529
1981	500,000	18	27,778
1982	625,000	19	32,895
1983	800,000	20	40,000
1984	900,000	20	45,000
1988	1,170,000	26	45,000

RECOMMENDATION #44 (Page 163)

-- That the financial, managerial and domicilliary standards for all NASL franchise owners shall be:

i) to possess the financial resources to sustain large losses and to operate for 3 years at an expense level of:

<u>Year</u>	<u>Expense Level</u>
1978 ...	\$ 950,000
1979 ...	\$1,150,000
1980 ...	\$1,350,000

-- which includes salaries for the full-time positions of:

General Manager, Public Relations Director, Coach, and Director of Marketing and Sales. By 1980 an additional two full-time staff persons shall be added in sales and marketing, and as an assistant coach.

ii) to possess the management experience and capacity to attract and control trained personnel. Marketing expertise or access to such expertise is important.

iii) to preferably reside in the area in which the franchise operates and be a respected citizen in that community. A single club owner should maintain effective control over the operation.

RECOMMENDATION #45 (Page 166)

-- That the NASL under the direction of the Executive Committee and Commissioner establish forthwith a three-person strike force to be known as the Club Services Unit.

Composition:

The Unit shall consist of:

- the Commissioner of the NASL;
- a Director of Sales and Management;
- a Director of Club Standards.

The unit members would be paid employees of the NASL and would be selected by the Executive Committee upon the recommendation of the Commissioner.

Duties:

The Club Services Unit will establish contact with and travel to various franchise cities, providing services and expertise to franchise owners and managers in the fields of marketing, sales, promotions, internal operations such as accounting and office procedures, ticket structure, player and coaching acquisitions, etc. The ultimate goal of the Club Services Unit is to bring all

franchises up to the minimum standards established for the League, act as an early warning system for emerging problems, and become the center of information and vehicle for distribution and sharing information among franchises. Specifically, each of the members of the unit shall have the following qualifications and responsibilities.

i) the Commissioner will provide each franchise with information and guidance on matters relating to League policy. He will be given sanctions by the Executive Committee to enforce certain minimum standards.

ii) the Director of Club Standards shall be a person with experience in club management. He will be responsible for assisting the member franchises to attain League operating standards. Stadium leasing problems, financial and budgeting problems, and general organizational problems will come under his jurisdiction. He will keep a record of the terms and conditions of all stadium leases, and act as a clearing house for information on budgetary and other financial matters.

iii) the Director of Sales and Management shall be an individual with extensive experience in sales, promotion and marketing. He will keep a full library of information on each club's sales, tickets, advertising and promotional policies and publish a weekly newsletter to all owners and general managers highlighting successful marketing programs in other cities and/or from other sports operation. The Director of Sales and Management would serve as a member ex officio of the NASL Marketing Committee and as such will have access to first-hand information on NASL marketing data, educational initiatives, and consumer policy.

RECOMMENDATION #46 (Page 171)

-- That the standards and procedures adopted by the NASL for the award of new franchises be, where applicable, made a condition precedent to League approval of applications to transfer existing franchises to other territories or to sell (or transfer) any portion of the equity of or interest in a franchise to another person, corporation, partnership or association.

RECOMMENDATION #47 (Page 172)

- That the Executive Committee with the advice of the Commissioner shall request legal counsel to examine the rules, by-laws and Constitution of the NASL and recommend such changes including application forms, rules of procedure, requirements for investigative reports, etc. as will bring present practice, procedure, rules, Regulations and Constitution into conformity with the preceding Recommendation #46.

RECOMMENDATION #48 (Page 176)

- That the revenue sharing formula set forth in the NASL Regulations (Section 6.4(a) et. sec.) be suspended for the short term but that the Executive Committee review annually and recommend whether or not the League is in a position to implement a form of gate sharing:

In determining an equitable gate-sharing formula, the Executive Committee will be guided by the following:

- i) gate sharing is necessary and important to protect against the vicissitudes of poor attendance caused by factors beyond the franchise's control, such as weather, competing attractions, performance record and size of market;
- ii) that clubs should share gate receipts out of profits and not losses;
- iii) that clubs conforming to League minimum standards should not be forced to share gate receipts with those who do not conform.

RECOMMENDATION #49 (Page 182)

- That the NASL establish a four- or five-person Player Relations Committee.

Composition: The Committee should consist of club owners, at least one of whom shall have had some experience in the labor relations field and at least one player representative (active or recently retired).

Duties: The Committee shall act as a communication link between players and club owners. The Committee's existence and operations shall be governed by the principle that NASL players are valued employees with a vested and mutual economic interest in the success or failure of the League.

The Committee shall monitor and inventory player attitudes and problems and recommend policies and procedures for their solution. It shall seek means and procedures whereunder player concerns can be made known and become a part of NASL policy and decisionmaking. The Committee shall prepare a report for presentation at each Annual Meeting on the state of player relations in the NASL.

The functions of the Committee shall include the development of: League-wide or individual club programs or rules to accommodate for players' economic and security needs; programs for player economic and financial guidance; employment transition programs for retiring or injured players; job training and continuing education programs; player insurance programs. It shall oversee the development and proposal of amendments to the official NASL Player Agreement.

RECOMMENDATION #50 (Page 184)

-- That the Player Relations Committee as a priority matter undertake the following:

-- hire an independent contractor or ombudsman to take inventory of player attitudes and report to the committee within two months on this subject. This report shall also contain recommendations for remedial action where required. The Committee shall, within two months thereafter, report to the NASL Board of Directors and include therein a recommended plan for improved player relations.

-- investigate and develop a Job Reentry Program for NASL players whereunder the League would undertake (or contract for) inter alia employment counseling, training, education and the establishment and maintenance of a "Job Data Bank" of employment opportunities. The Committee will also thoroughly investigate the cost of a

"transition" fund to assist players to maintain a decent income during the period between retirement from the League and securing productive and meaningful commercial employment.

-- develop recommendations or models for a League-wide or club-by-club financial counseling and assistance service to be provided for players and paid for by the NASL or its members.

-- undertake with the assistance of legal and labor counsel a full review, revision and simplification of the NASL regulations (and where applicable the Constitution) and recommend such changes as will: eliminate defects and anachronisms; simplify the text; logically organize the format; remove those portions affecting the contract between player and club and incorporate same into the written text of the Uniform Players' Agreement; eliminate those rules, textual references or words and phrases which contradict or are antithetical to the policies or Recommendations contained in this Report.

RECOMMENDATION #51 (Page 190)

-- That the Player Relations Committee be instructed to seek legal counsel expert in labor law to advise the League and its member clubs of their rights and responsibilities under the law. If an election is ordered by the National Labor Relations Board, the appropriate bargaining unit should be each of the NASL franchises and not the League as a whole. As a matter of policy, however: the League and its member franchises should oppose efforts to organize the players of the NASL into a union or association dominated by or representing players of a competitive sport. In the event a non-competitive affiliated union seeks an NLRB election for purposes of certification as the exclusive collective bargaining agent of the NASL Players, the League and its member franchises should reserve judgment on any position until the Player Relations Committee with the advice of labor relations counsel, investigates the union, circumstances of organization, etc. and delivers a full report to the League or its members.

RECOMMENDATION #52 (Page 196)

- That the NASL Board of Directors delegate to the Executive Committee responsibility for implementing the Recommendations of the Planning Committee, as adopted or amended by the Board of Directors. The Commissioner and NASL staff shall be responsible to the Executive Committee and shall operate under its direction and control in carrying out the Recommendations of the Plan.

The Executive Committee shall prepare quarterly reports on the progress of implementation to be presented at regularly scheduled League meetings and shall also prepare a written report to be distributed to the Board of Directors at least 10 days prior to the Annual Meeting. Such report shall set forth:

- (i) progress of implementation during the preceding 12 months;
- (ii) a summary of standards and goals as established by the Recommendations contained in the Plan to be compared with actual compliance and performance;
- (iii) recommendations for amendments to the Plan, where necessary to conform actual operations to the Plan's objective and strategies.

RECOMMENDATION #53 (Page 198)

- That the Executive Committee as a priority matter undertake the following:

- (i) thoroughly review the Recommendations of the Strategic Plan which have been adopted by the Board of Directors;
- (ii) with the assistance of the Commissioner and the NASL staff, develop an implementation schedule to be presented to the Board of Directors within 90 days from the date of adoption, such schedule to be accompanied by budgetary requests, plans for reorganization (including appointments to committees) and acquisition of staff personnel and such plans, materials or research as may be necessary to commence implementation of the Plan Recommendations by February 1, 1978;

(iii) with the assistance of legal counsel, commission a full review of the NASL Constitution, to eliminate any defects and anachronisms and to bring same into conformity with the Plan Recommendations adopted by the Board of Directors.

NASL PLANNING COMMITTEE

Personal Consumption Expenditures - Recreation and Entertainment Industry
(\$ Billion)

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
Motion Picture Theaters	\$ 1,965	\$ 2,495	\$ 2,538	\$ 2,987
Legitimate theaters and opera	670	733	789	907
Spectator sports	1,235	1,393	1,572	1,704
Commercial participant amusements	2,931	3,227	3,557	3,901
Parimutuel net receipts	<u>1,502</u>	<u>1,614</u>	<u>1,740</u>	<u>1,876</u>
Total	\$ 8,303	\$ 9,462	\$ 10,196	\$ 11,375
Other	<u>4,989</u>	<u>5,512</u>	<u>5,988</u>	<u>6,109</u>
Total Above Categories	\$ 13,292	\$ 14,974	\$ 16,184	\$ 17,484
Total, All Forms of Recreation & Entertainment	<u>\$ 55,199</u>	<u>\$ 60,892</u>	<u>\$ 66,171</u>	<u>\$ 72,587</u>

July 1976 Survey of Current Business

B. NASL Soccer Is a Joint Venture

The sports business is unusual in that the owners of the equity, while partners on the business side, are competitors on the entertainment side. 2/ Furthermore, the long-term success of all of the business partners can be assured only if all the participating members attain a measure of success on the playing side and consequently on the business side. A league in which only one or two members operate at a profit while the remainder sustain heavy losses will not provide the successful franchises with security for their investment. While competitors on the playing field, member franchises are partners in a business where the success or failure of a single member affects the asset value of every other members' investment.

C. Franchise Value

The primary objective of the franchise owners is to build value. The most accurate measure of success for the joint enterprise or League as a whole is the value of each member franchise. While value may vary slightly from market to market, and while individual operations may produce disparate

II. OBJECTIVE OF THE NASL

II. Objective of the NASL.

A. Nature of the Enterprise

NASL soccer is first and foremost a business, a part of the entertainment industry. That industry is characterized by those businesses which compete for discretionary disposable income and time. See Chart I. Total receipts for the industry during the 12 months ending June 30, 1976, were \$11.4 billion. Total receipts from spectator sports during that period were \$1.7 billion or 15%. The 1977 gate receipts for the NASL were approximately \$11.6 million or .68% of the spectator sports industry and .01% of the total entertainment industry. 1/ Soccer is therefore in competition, not only with other spectator sports, but also with other enterprises in the entertainment industry, including the arts and television. The NASL must, therefore, operate as a competitive business with a specific objective and strategies for implementing that objective. It cannot be treated merely as a sport, a hobby of the club owners, or a cultural contribution. As a business, it has many, if not all, of the characteristics of other businesses which serve a broad spectrum of the public.

profit and loss results, the main component of asset value is directly related to the joint activities of the members. The value of a profitable franchise will not improve to any significant degree if the majority of the other franchisees are suffering heavy losses. Similarly, the attainment of revenues or endorsements through League-wide contracts and arrangements (such as TV and licensing) inures to the benefit of each franchise, creating a firm foundation of income upon which to base asset value.

The short-term generation of operating income, while important, is secondary to franchise value. For this reason investors in sports franchises must expect to sustain operating losses for an initial period of 1-5 years in a manner similar to real estate developers who "carry" (pay taxes, interest expense and operating losses, fees and assessments) property with the long-term objective of increasing asset value through the passage of time or future development. An NASL franchise, like real property, is a finite commodity or resource whose value is directly related to and determined by the operation of the League partnership as a whole.

RECOMMENDATION #1

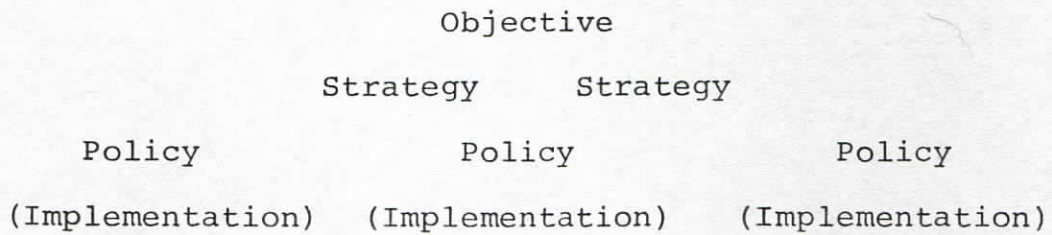
-- That the overriding objective of the holders of NASL franchises is to realize long-term asset appreciation or franchise value.

III. STRATEGIES TO ATTAIN OBJECTIVE

III. Strategies to Attain Objective.

BACKGROUND

If the objective of the NASL franchise owners is to maximize franchise value, strategies must be developed to fulfill and realize that objective. It is in keeping with the purpose of a long-range strategic plan to identify a primary and secondary strategy, short-term and long-term, to serve as templates for League policies and procedures. If a pyramid were constructed, League policies would form the foundation or base for action and implementation. These policies (excepting those related to strengthening and stabilizing internal operations discussed in Chapter VI infra), are ancillary to and derived from strategies which in turn support the capstone objective (increasing franchise value), i.e.:



A. Primary Strategy--Short and Long Term

A primary strategy is that which above all others will most significantly effectuate the objective (maximization of franchise value). To derive that strategy, it is essential to have a clear understanding of the nature of the business. The exhibition of professional soccer games is, as has been previously stated, a form of entertainment open and available to a broad spectrum of the consuming public. Success in the entertainment business is measured by the numbers of people willing to select that particular form of activity for recreation. This is true whether the decision involves turning a television knob or driving to a movie or rock concert. In the case of television, the sponsors pay the price of the ticket and in return receive an exclusive opportunity to market their products to those persons attending (watching) the entertainment event. In the case of motion pictures or rock concerts, the persons attracted to the event pay for the right to enter and be entertained.

The primary strategy, of the North American Soccer League must be to increase paid attendance per game for all franchises and thereby create an awareness and enthusiasm for NASL soccer.

Failure on the part of a League member to attract adequate attendance relates directly to and reflects upon the franchise value of every other partner. Although overall attendance throughout the League has increased during each year of operation, the actual growth in attendance has come from a small number of franchises.

For example, 1977 attendance increased 33.8% over 1976 for all games, including playoffs. The total number of games played in each year was 251 3/ and attendance for 1977 increased by 927,142 from 2,747,496 to 3,674,638.

However, in 1976, three franchises contributed 42% and 7 contributed 75% to the total attendance; the three largest drawing franchises were responsible for 45% of the total NASL gate receipts. During the same period five clubs had attendance of over 200,000 per club and 11 clubs had less than 100,000 each.

In the 1977 season six clubs had more than 200,000 spectators per club and six had less than 100,000, with the remaining six between 100,000 and 200,000. Six clubs were responsible for 59% attendance and 73% of total gate receipts.

Giving inordinate attention to the few franchises with high attendance, albeit for public relations purposes, merely perpetuates the myth that all NASL games are well attended. Based upon these few successes, hyperbolic analogies are made between the NASL and other "major" sports leagues. From the attached charts (II and III) it is clear that only a very few NASL clubs approach even the average of major league attendance. Of particular interest is a comparison of the average attendance per club: NASL - 176,278; NFL - 425,000; NBA - 450,000; NHL - 500,000; Baseball - 1,241,667.

On a revenue basis, the N.F.L., N.H.L., N.B.A. and Baseball generated gate receipts of between \$69 million to \$84 million for the regular season. The NASL generated \$6 million in 1976 and approximately \$11.6 million in 1977. Therefore, on a revenue basis the NASL operates at about 15% of the other major leagues.

On an attendance-per-club basis, information is available for all leagues except for the NBA. Chart III includes the range of attendance between the highest and lowest drawing clubs. The difference between the highest and lowest drawing NASL clubs is 440,000 versus 50,000, or 780%. The

Chart II
NORTH AMERICAN SOCCER LEAGUE
PLANNING COMMITTEE

ATTENDANCE OF NASL CLUBS - 1976 AND 1977

Code ^{1/} Clubs	1977			1976		
	Total ^{2/}	Average Per Game ^{3/}	Gate Receipts	Total ^{2/}	Average per Game ^{4/}	Gate Receipts
1	59,146	4,550	\$ 107,619	57,524	4,794	\$ 104,000
2	171,708	13,208	735,894	242,006	20,167	756,000
3	253,390	19,492	946,522	197,453	16,454	472,000
4	50,027	3,848	92,946	41,037	3,420	74,000
5	92,496	7,115	220,088	73,722	6,144	47,000
6	78,843	6,065	131,197	62,107	5,176	92,000
7	95,369	7,336	168,106 ^{5/}	66,659	5,555	182,000
8	214,646	16,511	293,554	168,704	14,059	191,000
9	125,354	9,643	221,083	96,605	8,050	158,000
10	118,455	9,112	172,633	76,997	6,416	107,000
11	154,660	11,897	444,201	103,877	8,656	264,000
12	105,923	8,148	357,849	37,248	3,104	76,000
13	426,020	32,771	1,580,531	277,945	23,162	921,000
14	230,610	17,739	648,590	231,437	19,286	453,000
15	169,757	13,058	253,995	72,130	6,011	120,000
16	67,593	5,199	151,985 ^{5/}	69,450	5,788	139,000
17	443,847	34,142	2,036,000 ^{5/}	218,719	18,227	731,000
18	314,936	24,226	1,080,377	285,941	23,828	1,114,000
Other ^{6/}	-	-	-	93,630	3,901	129,000
SUB-TOTAL	3,172,780	13,559	\$ 9,643,170 ^{5/}	2,473,191	10,305	\$6,130,000
Play-offs ^{7/}	501,858	29,521	1,974,200 ^{5/}	274,305	24,937	882,686
TOTAL	3,674,638	14,640	\$11,617,370 ^{5/}	2,747,496	10,946	\$7,012,686

Source: Office of the Commissioner, NASL

1/ Code: NASL clubs have not been identified.
2/ Source: Club press releases.
3/ 13 home games played in 1977.

4/ 12 home games played in 1976.
5/ Estimated by
6/ Other: Includes two clubs which operated in 1976.
Play-off games: 17 in 1977 and 11 in 1976

CHART III

NASL PLANNING COMMITTEE

Regular Season Attendance and Revenue Data - Major Leagues

	<u>1/</u> NASL	<u>2/</u> NFL	<u>3/</u> NBA	<u>4/</u> NHL	<u>5/</u> Baseball
Total attendance	3.2 mm	11.1 mm	9.9 mm	9 mm	29.8 mm
Average attendance, per club	176,278	395,377	450,000	500,000	1,241,667
Average receipts, per game, per club	\$34,188	\$487,641	\$85,920	\$95,424	\$20,139
Gate receipts	\$9.4 mm*	\$95.6 mm	\$77.5 mm	\$68.7 mm	\$78.3 mm
Number of games	234	196	902	720	1,944
Percent of U.S. TV household coverage	35.7	50.2	43.1	39.4	46.0
Percent of stadium capacity	34%	97%*	73%	80%	35%*
Attendance discrepancy High vs. low	444m v. 50m	528m v. 260m	N/A	689m v. 251m	2.6mm v. 627m
Percent difference	780%	103%		175%	315%

- 1/ 18 teams, 13 home games, 1977 data.
- 2/ 28 teams, 7 home games, 1976 data.
- 3/ 22 teams, 41 home games, 1976/77 data.
- 4/ 18 teams, 40 home games, 1976/77 data.
- 5/ 26 teams, 81 home games, 1976 data.
- 6/ 1975/76.
- 7/ Estimate based on Select Committee on Professional Sports, Appendix III, C-9, p. 612.
- 8/ Estimate based on President's Commission on Olympic Sports, 1977, p. 455-456.

Legend:
 N/A = Not available
 * = Estimate
 mm = Million
 m = Thousand

differential for NFL, NHL and Baseball is 136%, 175% and 315%, respectively.

Without attendance relatively evenly distributed throughout the member franchises, the NASL objective will not be achieved; similarly attempts to capitalize upon the enlarged market for soccer become futile.

RECOMMENDATION #2

- That the NASL adopt as its prime short and long term strategy to increase the attendance of each member club so as to reduce the disparity among franchises.

RECOMMENDATION #3

- That League policies to increase attendance (set forth in detail in Chapter IV of this Report) be classified as follows:

- A. Policies Relating to Creating a Marketing Environment;

- 1. creating a relationship, attraction or "feeling" between player and spectator, between franchise and customer, between League and public.

2. presenting NASL soccer as a big event,
limited season spectator sport.

3. providing entertainment value per dollar
spent by the consumer.

B. Policies Relating to Presentation of the Pro-
duct;

1. upgrading the quality of play.

2. establishing competitive balance.

C. Policies Relating to Increasing Consumer
Interest in and Knowledge of the Product;

1. educating the public.

2. encouraging participation.

B. Secondary Strategy--Long Term

As NASL resources are devoted to the primary strategy of increasing attendance, the history of professional sports in the United States suggests a potential for the generation of substantial revenue beyond gate receipts. The League must be

prepared to capitalize upon the NASL's increased popularity as attendance becomes healthy and well balanced.

The tendency over the past few years has been to devote an inordinate amount of League time and resources to activities which relate to the secondary strategy of capitalizing upon the enlarged market, without having created the enlarged market in the first instance. It is clear, however, that effect (enlarged market potential) always follows cause (attendance) not vice versa. Precious man-hours have been spent in pursuit of elusive national television contracts, licensing and advertising ventures and new franchise sales, for example, as though these activities take precedence over the construction of a viable market through attendance.

RECOMMENDATION #4

- That the NASL adopt as its secondary strategy (long-term): capitalizing upon the enlarged market for soccer by the generation of additional sources of income.

RECOMMENDATION #5

- That, League policies to capitalize upon the enlarged market for soccer (set forth in detail in Chapter V of this Report) be classified as follows:

A. Policies relating to television.

1. Where? -- Local vs. National
2. When?
3. How?

B. Policies relating to licensing, advertising and promotional materials.

C. Policies relating to sales of new franchises (expansion).

1. Price structure
2. Rate of expansion and number of franchises
3. Territorial consideration
4. Qualifications of franchisee

RECOMMENDATION #6

-- That as a general rule League resources be devoted to policies which attain the primary strategy before making any substantial investment in policies which derive from the secondary strategy, i.e.,

1. Increased attendance on a per-club basis must be the focal point of League activities until a larger measure of success is attained.

2. In the interim, the League must be prepared with the policies and criteria for future capitalization on the enlarged market for soccer.

3. Resources should be immediately diverted away from active pursuit of secondary policies until such time as the criteria established in Chapter V hereafter for the effectuation of each policy are met.

IV. POLICIES WHICH IMPLEMENT PRIMARY STRATEGY

IV. Policies Which Implement Primary Strategy.

A. Policies Relating to Creating a Marketing Environment

Definition of Market --

Professional soccer finds itself competing for customers in a market which, at its broadest, includes the entire entertainment industry and more narrowly that segment occupied by professional sports. In the latter area alone, during 1976 the 11 major sports drew over 300 million customers for events. 4/ When considered to be a part of the entertainment industry, it is clear that NASL soccer is in direct competition, not only with other forms of paid admission-type entertainment (the arts, motion pictures, amusement parks, etc.) but with other forms of "free" entertainment, including television, public concerts, dramatic presentations, etc.

Traditional Appraisal --

Many professional sports leagues in America have operated with benign disregard for sound marketing principles. Whereas most producers of consumer goods carefully determine, analyze, test and attempt to produce a product that satisfies a need, professional sports has traditionally ignored such

approaches, choosing instead to rely upon "fan" (short for "fanatic") support rather than relating its product to customer "needs" or demands. The difference is more than one of semantics. "Fans" implies an already existing demand requiring only exposure to the source of supply. Both attraction and adhesion are achieved through high-caliber production of the product as well as through the stimulation of such emotional magnets as chauvanism, loyalty, adulation, etc. 5/

Furthermore, the sports environment has been traditionally supported by the free exposure given to the professional product by the media. No other area of private enterprise, including the arts, can command the distinctive and intensely visible treatment given to sports by the "news" media. Indeed, professional sports has over the years leaned self-assuredly upon its "newsworthiness" as a marketing vehicle and the press has willingly cooperated by devoting entire sections of its papers, television or radio programs to publication and promotion.

Miscalculation and its Results --

Over the last decade, however, the market for professional sports has become somewhat inbred. The Minnesota

Kicks, conducting market research in September, 1976, found that sports customers more likely than not attend games of other professional teams in the area. The same customers are being sought by all franchises, leaving relatively untapped the non-spectator market. The overrated sense of public importance which professional sports attributes to itself -- inflated by the attention given to it by the media -- has created a dangerously optimistic bubble of investor confidence in the industry, which in the last few years has begun to burst.

A recent cover story in FORBES magazine referred to ownership of a major league baseball franchise as the "world's worst investment." 6/ In 1973, organized Baseball, seeing its formerly patriotic "fanatics" emigrating from stadiums in alarming numbers commissioned Lieberman Research, Inc. to conduct market research of the public's attitude toward Baseball. The sports spectator perhaps for the first time was being taken seriously as a "customer" instead of a "fanatic". This survey, which was updated in 1976, has apparently served as an invaluable source of information; the strategies and policies developed by the Baseball Clubs in response to this study may have contributed to the recent upsurge in Baseball attendance.7/

NASL Soccer's Share of the Market --

Given the spate of recent failures among professional sports ventures, given the intensive competition for time and attendance in the entertainment industry, and given the recent tendency among "established" sports such as Baseball to take a hard look at public attitudes and marketing environment, it is clear that NASL soccer cannot command or hold a strong position in the entertainment market without constant and close attention to the marketing environment in which it operates.

For these reasons, the Planning Committee has sought to answer the following questions:

-- What is now known about the consumer environment for paid entertainment in general, sports in particular, and specifically NASL soccer?

-- Based upon this knowledge, what policies can be recommended over the short term to win a larger share of that market and thereby fulfill the primary strategy: increased attendance?

-- Inasmuch as the marketing environment in the entertainment business is subject to sudden change, what mechanism can be set up to constantly monitor this environment and recommend policy changes to accommodate for sudden shifts or significant trends in public attitude?

The prefatory analysis in this Report represents an educated opinion of the present marketing environment for NASL soccer. From that analysis, three basic policy considerations emerge from which the Planning Committee has made specific recommendations. There are certainly other focal points; the following, however, represent indisposable elements in the Committee's proposed strategic marketing plan:

- Creating and maintaining a relationship, attraction or "feeling" between player and spectator, franchise and customer, league and public.
- Marketing the sport as a big event, limited season spectator sport.
- Positioning the cost of the product competitively within the broader entertainment market.

1. Policy: Relationship Between Player and Spectator, Franchise and Customer, League and Public.

a. Appealing Qualities of Soccer and Soccer Players. Several characteristics of soccer and therefore soccer players bring the game and those who perform it professionally into harmonious marriage with contemporary American values and attitudes. These characteristics are:

Excitement -- soccer players engage in active, non-stop competition, demanding physical fitness and testing performers to the limits of physical endurance.

Average Sized Human Beings Play Soccer -- this is particularly important as it relates to the spectator's emotional identity with the player. It is normal for those who play amateur sports to fantasize that, but for a little extra effort or a bad break, they too could be playing the professional game. When the spectator sees gargantuan athletes performing feats that they themselves could never dream of performing, the game becomes more of a spectacle to be observed dispassionately.

Close Observation of the Players -- Soccer players' personal expressions and physical characteristics are not obscured or distorted by equipment, face guards, etc. In Major League Baseball two stadiums with a consistently high day-to-day occupancy are Wrigley Field in Chicago and Fenway Park in Boston, where those attending a game are close to the action and become personally involved with the players on the field.

Soccer Players are Non-Violent -- It has become increasingly apparent as a result of dwindling audiences for hockey and the recent failure of a "box" lacrosse league that collision type sports, violence and on-field hooliganism do not today have broad public approbation. Such was not the case 5 years ago when the public taste for blood seemed almost insatiable. While young Americans admire exertion, dedication, speed and freedom, violence is often associated with a "win at all costs" philosophy which has been rapidly declining as a national credo since Vietnam and Watergate. Television

networks have recently changed their programming to include more family-type shows. Police stories and westerns have decreased in number while the traditional values of the 1950s and 1960s have been revived. ABC now shows more programs like the "Waltons" and "Happy Days". These programs capture the family unit and provide a more balanced programming. Many viewers have become alarmed by the networks' past preoccupation with violent entertainment and have rebelled.

Individuality -- professional football is martial-like in its discipline. Its precision-like formations and preoccupation with strategies and tactics strike a militaristic note. Soccer allows individual expression controlled by teamwork and discipline. Discipline for the sake of discipline and strong class distinctions at the expense of individuality are no longer characteristic of young Americans.

Universal Appeal -- Today, more North Americans, and especially young North Americans,

are expressing a "one-world" attitude. They are not bound by barriers of race, sex, economic systems, geographic distances and cultural variances, barriers which often limited their parents and forebearers. The recent interest in more "exotic" sports and international competition generated by television exposure of the Olympic Games has been phenomenal. The extravagant sums paid by NBC (\$100 million plus vs. \$25 million, by ABC for 1976 Olympics) for the rights to the 1980 Summer Olympic Games indicates that one of the major mirrors of public opinion (television) is investing heavily in this awakening American thirst for international athletic competition.

RECOMMENDATION #7

- Having identified those qualities which make soccer and soccer players attractive to a broad segment of the North American public, no policy should be adopted by the NASL which will obscure or obviate those qualities or characteristics until and unless marketing data indicate that a shift in attitudes warrants a change in

the presentation of the product. NASL clubs should seek to highlight and promote those qualities, thus identified, through exhibition of the product in its most favorable light and through promotion of its attractive elements. By example, violence must not be encouraged, and policies should be established to outlaw its emergence and punish its appearance.

b. Loan Players. It is difficult, if not impossible, to maintain a long-term player-spectator relationship unless the players develop external ties with the communities in which they play. The loan player program, so essential to the early development of the North American Soccer League, has of late strained that relationship. The 1977 season has been particularly difficult since the English Football League season did not end until May 14, 1977, at which point 20% of the NASL season, which began on April 8, 1977, had been completed.

Furthermore, inasmuch as the loan player arrangement is by English Football League regulations, totally discretionary on the part

of the lending club, a good number of those who have played in America are not permitted by their coaches to return, particularly if they have emerged as "stars" during the English Football League season.

In 1977 there were 59 loan players out of 306 total players in the NASL. Of those loan players, only 19 played in the NASL in either 1975 or 1976.

At a meeting held on January 16, 1977 between a special task force of Directors from the NASL and the Management Committee of the English Football League, it became clear to the NASL officials invited that the loan player system had been cause for a great deal of dissatisfaction and concern in England and that the system probably would not be continued for longer than the immediate future. The reasons for British concern were as follows:

-- Many American and second division English clubs were violating the rules of the loan player arrangement by lending first team players

to America before the English season was completed, often at a time when the lending club was still engaged in crucial games affecting the League standings. Some English clubs were allegedly induced to place their teams in such non-competitive positions by offers of financial assistance from NASL clubs. This was seen as destructive to the English competitive system.

-- Because of the uncertainties of the loan-player system, several American franchises attempted to purchase players from British clubs and "loan" them back to accommodate for the uncertainties of the British season. Such an arrangement, of course, assured American teams of their players at the start of the NASL season. The Football League Secretary, Alan Hardaker, reportedly made a public statement damning such transactions: "England will not become the dumping ground for American loan players."

-- The loan system was also seen by the British League to create player problems. Many team managers reported that players who played 12

months per year "burned out" and were more susceptible to injury than players who performed only during the English season. Furthermore, the high salaries paid by American clubs for work during the summer months put financial pressure on English clubs and accordingly threatened to raise payroll costs.

It was made very clear to the American visitors that the English Football League would permit the loan player system to continue only as an accommodation and then only on a short-term basis. Further abuses would precipitate an immediate halt to the program.

The handwriting is clearly on the wall. Not only might the loan system be terminated by English Football League exasperation, but more importantly, the system risks interrupting spectator identification with players through their uncertain availability and a public perception that foreign players are really not "ours." The relationship is somewhat akin to American baseball players employed by the Puerto Rican leagues during the winter months. The loan

player system may have outgrown its usefulness; or perhaps the NASL has outgrown the loan player system. It should be terminated, in either event as soon as practicable. Ownership of player contracts must be encouraged.

RECOMMENDATION #8

-- That the NASL implement a program whereunder member clubs are required to purchase all player contracts and that the loan player program as presently constituted be phased out.

c. Franchise and Customer, League and Public.

Several recent public opinion surveys 8/ indicate a growing discomfiture with and mistrust of American business. Over the last two decades the image of large companies like General Motors and the big oil companies has fallen from being regarded as the crown jewels of the American free enterprise system to institutions that are mistrusted, feared and at times despised by a large number of Americans -- particularly young Americans. Often American industry has earned its tarnished reputation by displays of

insensitivity to customers, to the consumer base and to labor. Professional sports cannot expect to be insulated from an erosion in public confidence with its corresponding effects: suspicion, mistrust and the emergence of organized concerted action groups, boycotts and consumer advocates.

The commitment to earning and maintaining customer goodwill is not merely a strategy but a discipline that must be accepted by the NASL and its members. Such a discipline -- keeping the consumer always in focus -- should act as a lens through which other policy decisions as ticket pricing, roster stability, franchise operations, competitive balance, standards of play, player relations, media relations, etc. are viewed, not in the last instance, but in the first, and as the policy is formulated.

The credo "soccer cares" might be considered by the NASL as its single most important marketing concept. If the customer truly is first, the League must adopt only those policies which reinforce and conform to that ideal even at the expense of short-term financial gain.

The NASL and its member franchises must fully understand that the entertainment business is a "public" business. It is the private sector equivalent of seeking and holding elected public office. Like politics, it is not seen by the public as essential to life or health; it seeks approbation and support from a broad spectrum of the public at large; it demands and receives a large amount of free public attention from the news media; it is often supported at public expense (tax considerations, publicly financed stadiums, etc.); and most important, it is subject to the vicissitudes and discretion of the vox populi.

In this sense, it is ludicrous to pretend that the public has no right to examine, to criticize and to impeach the professional sports business. As John Kennedy reportedly remarked about the business of politics in Washington: "make no decision, do no deed, make no statements, take no actions in private, that you would not be proud to see on the front page of the WASHINGTON POST the next day." Indeed, subsequent Presidents have learned this lesson the hard way.

RECOMMENDATIONS #9

-- That NASL soccer adopt as its key marketing concept the satisfaction of the needs and desires of its various publics. The attitude that "soccer cares" places the consumer ahead of expediency or even short-term financial gain and should be the screen through which all club and League policies are filtered before action is initiated.

RECOMMENDATION #10

-- That NASL conduct its League and club operations with openness and an awareness of responsibility to the public in return for the privileges accorded to professional sports.

2. Policy: Presenting NASL Soccer as a Big Event, Limited Season Spectator Sport.

In most parts of the world, soccer is produced as a periodic "happening" or event. On Saturday afternoon in England, the subways and streets are filled with hundred of thousands of spectators on their way to watch favorite teams compete.

In Italy, Spain, France, etc. Sunday afternoon is the designated day for the weekly ritual. The attractions and atmosphere are somewhat similar to the presentation of professional football in the United States which, until recent years, sanctified Sunday afternoons. 9/

Spacing games a week or so apart gives the spectator an opportunity to consider and ponder the team's past performance and to anticipate the repetition of a win or redemption of a loss. This is especially true as inter-city rivalries build over the years. Further, the media has time to discuss, ponder and speculate upon the fortunes of local favorites, thereby building greater public anticipation for the next event. Likewise, such spacing permits promoters to explore and create entertainment supplements (such as bands, half-time shows, etc.) which would be too expensive or too repetitive if done on a more frequent basis and which in toto add to the "big event" feeling that something important is occurring.

In addition, if soccer is played on a daily basis the wear and tear on the players would shorten playing careers.

In previous years, the term of the NASL soccer season was dictated by two factors: (1) the beginning and end of the soccer season of the English Football League, from which most NASL clubs drew their players on a loan basis; and, (2) the notion that the NASL would have the best chance for survival if pitted against Baseball rather than directly confronting America's number one sport success, the NFL. As soccer increases in popularity, however, and NASL franchises purchase the contracts of their players and require, therefore, more playing time over which to amortize the cost of those contracts, the number of games must increase. When this occurs, late spring, summer and early fall become the most attractive seasons for the game. When the NASL increases the number of games it must correspondingly increase the length of its season in order to maintain the image of soccer as a big-event entertainment experience.

RECOMMENDATION #11

- That NASL Soccer should be marketed as a big event, limited season spectator sport.

RECOMMENDATION #12

-- That the NASL season should be 26 weeks long and should include 20 home games by the 1984 season, and 26 home games by the 1988 season. The season should ultimately commence in April and end in late October, with play-off and championship games during November.

3. Policy: Providing Entertainment Value Per Dollar Spent by the Consumer.

In 1976, spectator sports represented a mere 15% share of the "entertainment" industry and only a 2.3% share of the total recreation and entertainment industry. Given the increased competition for discretionary income, professional sports cannot ignore the possibility of pricing itself out of business.

Soccer's portion of both the sports market and the entertainment industry in 1976 was less than 1%. 10/ Soccer, therefore, in order to establish and maintain a position in both the sports and entertainment markets, must price its product at a level below that of its competitors. It should be known to the public as moderately priced entertainment and should

be perceived as a "value" as compared with other professional sports and other forms of entertainment. This is especially true given the NASL's marketing strategy of building a spectator base among young people (18-35 years old) and families.

Professional sports have already begun to price themselves out of the family market. NASL soccer cannot afford to lose that very important consumer base, for it not only establishes a firm foundation for increasing the NASL's market share in the short term but also lays the groundwork for spectator interest and participation in soccer for the future. Children grow up and ultimately purchase tickets with their own earned income; NASL soccer must be available both to them and to their children. A pricing structure competitive not only with other professional sports but also with other forms of entertainment and recreation is one means by which NASL soccer's position in the marketplace can be assured over the long term.

RECOMMENDATION #13

-- That NASL affiliated franchises should establish admissions prices in their respective markets at levels competitive with those of other professional sports as well as other forms of entertainment and recreation.

B. Policies Relating to Presentation of the Product.

Having previously identified the nature of the product; having suggested a potential market for the sport; having outlined several approaches to creating a marketing environment, it becomes imperative to clearly define those NASL policies which establish and protect the quality of the product. Once the promotions are done and the advertising placed, when the bands stop playing and the spotlight focuses upon the playing field, it is the caliber of performance which will determine the staying power of soccer in North America. Audiences must feel that the quality of the product being presented to them is competitive with or better than that available elsewhere in the world.

Until recently, the NASL has acquired the majority of its players from the lower divisions of the English Football League. Frequent tours of top-class foreign soccer teams in

North America and the availability of first division English soccer through delayed telecasts from Great Britain 11/ has placed significant pressure upon the NASL to upgrade the quality of its play and players.

The product of the NASL being competitive athletics, it is axiomatic that both the quality of the athlete and the degree of "competitiveness" must conform to and be maintained at the highest possible standard. Without active, long-term quality control of the product, the NASL will fall short of its primary strategy: obtaining and retaining increased and balanced attendance for all its member franchises.

1. Policy: Upgrading the Quality of Play

North American consumers, and especially those in major markets throughout the United States and Canada, have been exposed either in person or through the medium of television to the highest caliber of athletic competition. The games selected for national viewing by the television networks consistently feature the best talent available whether on Monday night football, Weekend Baseball or Wide World of Sports. The 1976 Olympic Games coverage did not focus upon the mediocre or even the merely

"good" athlete, rather did the eye of television select the "winners", the very best athletes in competition for the highest honors.

Thus, Americans and Canadians have been conditioned to demand the acme of athletic performance. At the present time, however, the quality of soccer played in the NASL and particularly by North American athletes is inferior to that played overseas.

Young North Americans first started turning to the sport in large numbers during the early 1970s. The growth of amateur soccer leagues and increased participation by colleges and universities over the last few years, however, has been nothing short of phenomenal. The chart below shows comparative figures for recent years.

Growth In Participation
Selected Statistics

<u>Organization</u> <u>12/</u>	<u>Year</u>	<u>Players</u>	<u># of</u> <u>Institutions</u>
USSF	1976-7	313,500	
	1974-75	140,081	
	1971-72	17,804	
NCAA	1975	-	421 (60%)
	1972	12,024	351
	1956		138 (31%)
NJCAA	1975	3,396	129
	1974	6,080	160
	1961	-	35
High Schools	1974-75	110,000	
	1971	78,510	
	1967	42,443	
AYSO	1976	102,000	
	1964	135	

A spate of quality Canadian and United States players should reach the professional ranks within five years. Clive Toye, President of the Chicago Sting, thinks that the base of youth soccer will be the key to the sport's success in coming years. Toye calls the youth boom ". . . just like a sausage machine. We're squeezing so many kids in at the bottom, it'll take a few years for the numbers to show up at the college and pro levels." 13/

However, because soccer, like Baseball, requires a considerable amount of "playing time" to develop skills needed for the professional game, and because the recent "boom" in soccer interest has often been accompanied by an inferior brand of coaching and instruction, young North American players at the completion of their university years cannot (with a few minor exceptions) play competitively with their European counterparts.

It is also clear that the quality of the game cannot be maintained at a high level if the referees, coaches and training conditions are inferior. All of these elements, as well as the rules of the game, must be constantly monitored and policies adopted to ensure that the athletic skill which the NASL displays becomes competitive with or is itself the best available and, thereafter, is maintained at that level.

RECOMMENDATION #14

- That no policy (with the exception of the "Americanization rule" set forth in Recommendation #15 and with the exception of the loan player rule as

adopted in Recommendation #8) should be adopted by the NASL which will deprive the consuming public of the best available athletes, or which will (through some form of "protectionism") eliminate from the League, players of other nationalities who lend an international flavor to the game in North America.

RECOMMENDATION #15

-- That the North American Soccer League has an obligation to develop United States and Canadian players to the level where they are competitive with the highest quality players throughout the world.

-- That the following policies be adopted to assist that development:

-- That by the commencement of the 1980 season each NASL franchise shall establish a "B" team, farm club or reserve team under expert supervision and coaching, to engage in active competition with other teams of like caliber, including regional competition with other semi-professional teams and NASL "B" teams. As this program develops, the NASL by 1990 should consider the creation of a Second Division or

minor league, each NASL franchise thereby operating two teams.

-- That the goal for the maximum number of Non-United States and Canadian players on the rosters and field of play of NASL teams be decreased at the rate set forth as follows:

Maximum Number of Non-Canadian and United States Players

<u>Year</u>	<u>Roster</u>	<u>Field of Play</u>
1977	15	10
1978	14	9
1980	13	8
1982	12	7
1984	11	6

RECOMMENDATION #16

-- That the NASL actively strive to attract and retain the highest caliber coaching, training and refereeing.

RECOMMENDATION #17

-- That the NASL establish a five-person Competition Committee.

Composition:

The Committee shall consist of knowledgeable soccer people and should include: a coach, a general manager, a consumer oriented member (owner, general manager or League official), and one or two club owners. The Committee should be elected triannually by the Board of Directors upon nomination by the Commissioner. Members shall be elected to staggered terms to allow for continuity.

Duties:

The Competition Committee will be responsible for monitoring the NASL game, including rules, schedule, point system, officiating, playoffs, etc. It will be responsible for implementation of the "B" League, National Team programs, international games, all-star competition, relations with foreign counterparts of the NASL and all aspects of the draft, youth development programs, etc. The Competition Committee shall also have responsibility for recommending and implementing policies to promote competitive balance among the teams owned by member franchises (described more fully in sub-section 2 infra).

2. Policy: Establishing Competitive Balance

The product of the NASL is competitive athletics. While the previous section contained recommendations relating to the quality of "athletics", the nature and extent of "competition", is equally important. Just as the success and value of each member franchise is dependent upon the collective success of all other League franchises, the failure of the League to promote balanced competition among its teams will ultimately work to the detriment of each participating club. A case in point is the success of the Cleveland Browns in the old "All America Conference" during the period 1946-49.

In 1946 the All America Conference was formed and operated with eight franchises, located in Brooklyn, Buffalo, Chicago, Cleveland, Los Angeles, Miami, New York and San Francisco. It survived for four seasons during which time it competed with the NFL for players, coaches and fan support. (During those years, the NFL operated with ten member clubs, located in Boston, Los Angeles, Detroit, Green Bay, New York City, Philadelphia, Pittsburgh, Washington and two in Chicago.)

On the playing field, the All America Conference was completely dominated by the Cleveland Browns, who won the championship each year. With no player draft to equalize League play and with a comparatively large player budget dedicated to buying up the best talent, the four-season record for the Browns was startlingly lopsided: 51 wins, 3 losses and 1 tie.

Following the 1949 season, the All American Conference disbanded - a financial failure. Every club except Cleveland had suffered heavy loss and even Cleveland suffered as attendance dropped with the lack of competition. The Cleveland Browns then joined the NFL.

The competitive dominance of the Browns' continued to show when the club entered the NFL. In the first eight seasons (1950-57), the Browns won the Conference Championship seven times and were NFL champions three times.

With the NFL draft and other equalization rules, the Browns' dominance faded over time and the NFL became decisively more competitive.

Competitive balance does not develop naturally within a league if players and clubs have absolute freedom to choose the teams or players with whom they contract. The ultimate of competitive balance is achieved when each team produces an equal number of wins and losses during any given season. Competitive balance is approximated when, toward the end of the season, each team can justifiably boast an opportunity to qualify for the playoffs.

Obviously, matters such as recruiting skill, coaching and front-office management affect a team's win-loss record. The key element, however, in achieving competitive balance is equalizing access to player talent throughout the member franchises. The major factors bearing upon equalization are:

- a. equal availability of financial resources;
- b. number of franchises and number of players on rosters;
- c. the draft for domestic talent and/or some form of player distribution system for foreign talent;

d. compensation rules to prohibit the concentration of talent and enforcement of tampering rules;

e. standardization of player development systems.

For purposes of discussion, this report will treat the above factors seriatim with recommendations incorporated into the discussion of each.

a. Equal availability of financial resources:

For the most part, any concerted effort to limit player budgets outside of collective bargaining would likely constitute a violation of the anti-trust laws of the United States. Only through the collective bargaining process can standardization of salaries or working conditions be accomplished with any degree of immunity from liability. 14/ To qualify for such an exemption, however, the players must be represented by a bona fide collective bargaining agent -- a condition which does not presently exist in the NASL. 15/ Even so, based upon the

negotiating strategies of other unions associated with professional sports in the United States, maximum salaries have not been the subject of collective bargaining, and therefore to impose maximum salaries outside of collective bargaining for purposes of equalization would not come within the labor exemption.

Access to adequate financial resources, however, can be controlled through the League by upgrading the ownership of existing franchises and carefully screening the ownership of expansion franchises. Financial strength and the willingness of ownership to expend sufficient funds for player development and acquisition go a long way toward assuring the availability of quality players to each and every franchise. Recommendations for upgrading existing franchises and financial requirements for holders of new franchises are discussed later in this Report.

RECOMMENDATION #18

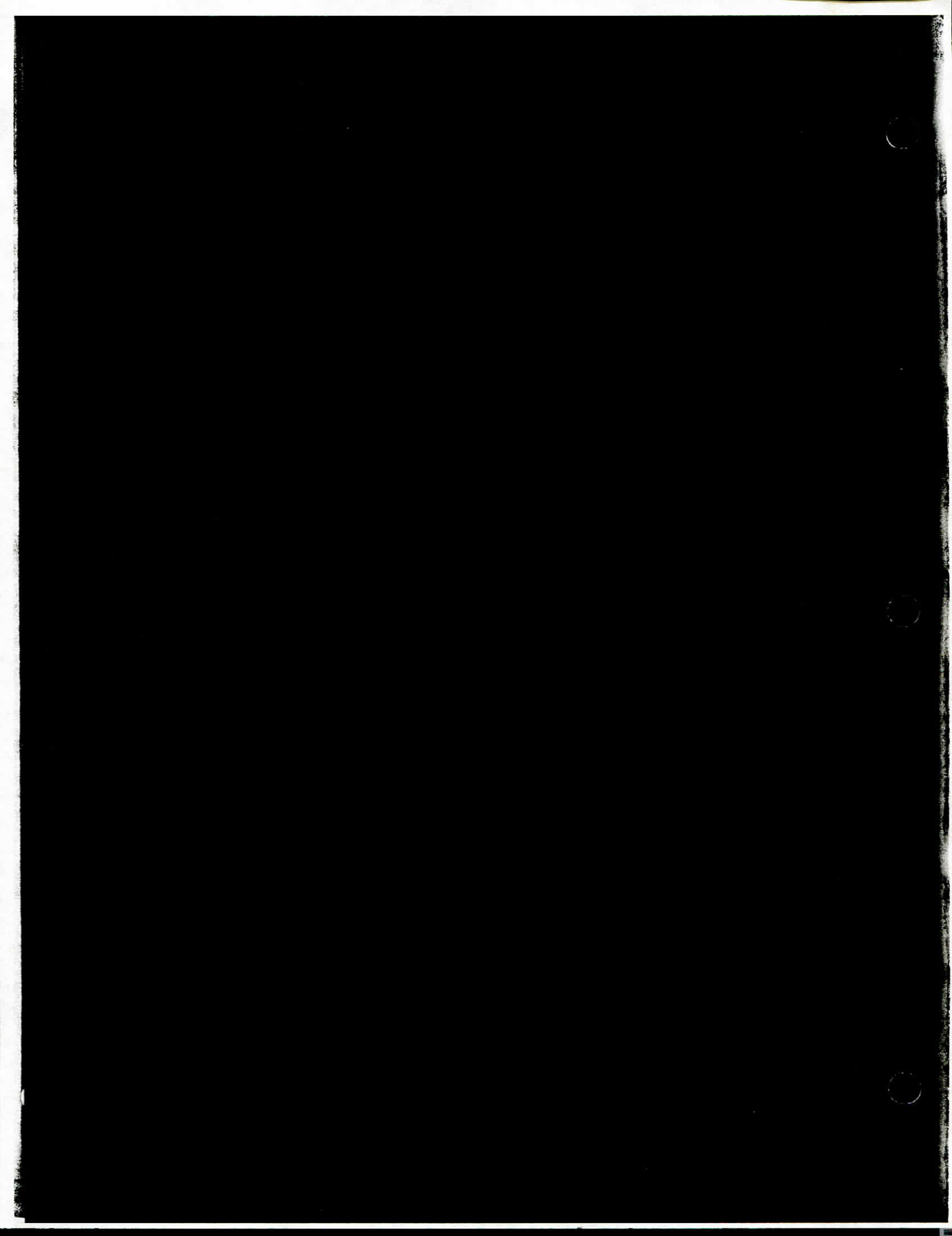
-- That the League must assure a measure of competitive balance by requiring financial strength and commitment from future ownership and by upgrading the strength of existing ownership.

b. Number of franchises and number of players on rosters. Competitive balance can be controlled to a degree by limiting the player rosters of each team, thereby forcing the dispersal of talent throughout the League. Furthermore, by expanding slowly, the League will avoid dilution of the player pool and thus ensure the availability of quality talent to each of the remaining members. Also avoided would be the rather obvious disparities created when expansion franchises are made to stock their player rosters with lesser quality players from other teams. Obviously, the greater the number of franchises, the more limited the selection of better talent for new franchises.

RECOMMENDATION #19

-- That the Competition Committee consider roster size and number of NASL franchises as a means for achieving competitive balance; further, that the Competition Committee be required to submit a report in writing to the League on the effect of any proposed expansion upon competitive balance, prior to any final decision being made by the League on expansion. Such a report shall include a recommendation for equitable distribution of players currently within the existing player pool (expansion draft) to assure the new franchise equal opportunity to compete with existing franchises for a position in the playoffs.

c. The draft for domestic talent and/or some form of player distribution system for talent: Adoption of Recommendation #15 (supra) on the "Americanization" or "Canadianization" of NASL soccer, would require that the number of North Americans on the playing field be increased to a minimum of five. The accepted means among American professional sports teams for distributing talent equally is the draft or player selection system. In the draft players



RECOMMENDATION #20

-- That the annual draft of college graduates be continued in the same form or a form substantially similar to that adopted by the League in the spring of 1977, to be administered hereinafter by the Competition Committee. The Competition Committee should establish, along the same lines, a draft of high school and junior college graduates to promote equal distribution of such players within the League. To prevent "buying" future talent, draft choices may be traded but not sold.

By mandatorily increasing the number of Canadian and United States players on the active and playing rosters (and consequently limiting the pool of available talent) and by providing a player distribution system (the draft) to regulate every level of talent within that pool (high school, junior college and college) the NASL will gradually increase distributive control of the starting teams and player rosters. This, however, leaves a substantial number of foreign players, the acquisition of whom by particularly aggressive or wealthy franchises could destroy competitive balance. For example, if a single franchise should decide to vote

unlimited funds to the acquisition of the 5 or 6 best foreign players in the world, it could do so under present rules without restraint and substantially improve its competitive status.

A draft of foreign players in a manner similar to that for North American players ought therefore to be considered. Each team, by inverse order of standing, would submit to the League a list of between 10 to 20 foreign players who have not been signed by other NASL clubs and with whom they wish to negotiate contracts for the following season. This would establish the player pool. Teams would draft from that pool based upon reverse order of finish or in the alternative the four highest finishing teams would be precluded from participating at all. Clubs could not sign additional players unless they obtained negotiating rights from the pool.

The team drafting for the right to negotiate with a particular player would be awarded the negotiating rights for a period of time. If, at the end of that term (similar to the draft), the team was not able to sign a player, the name would then be placed in

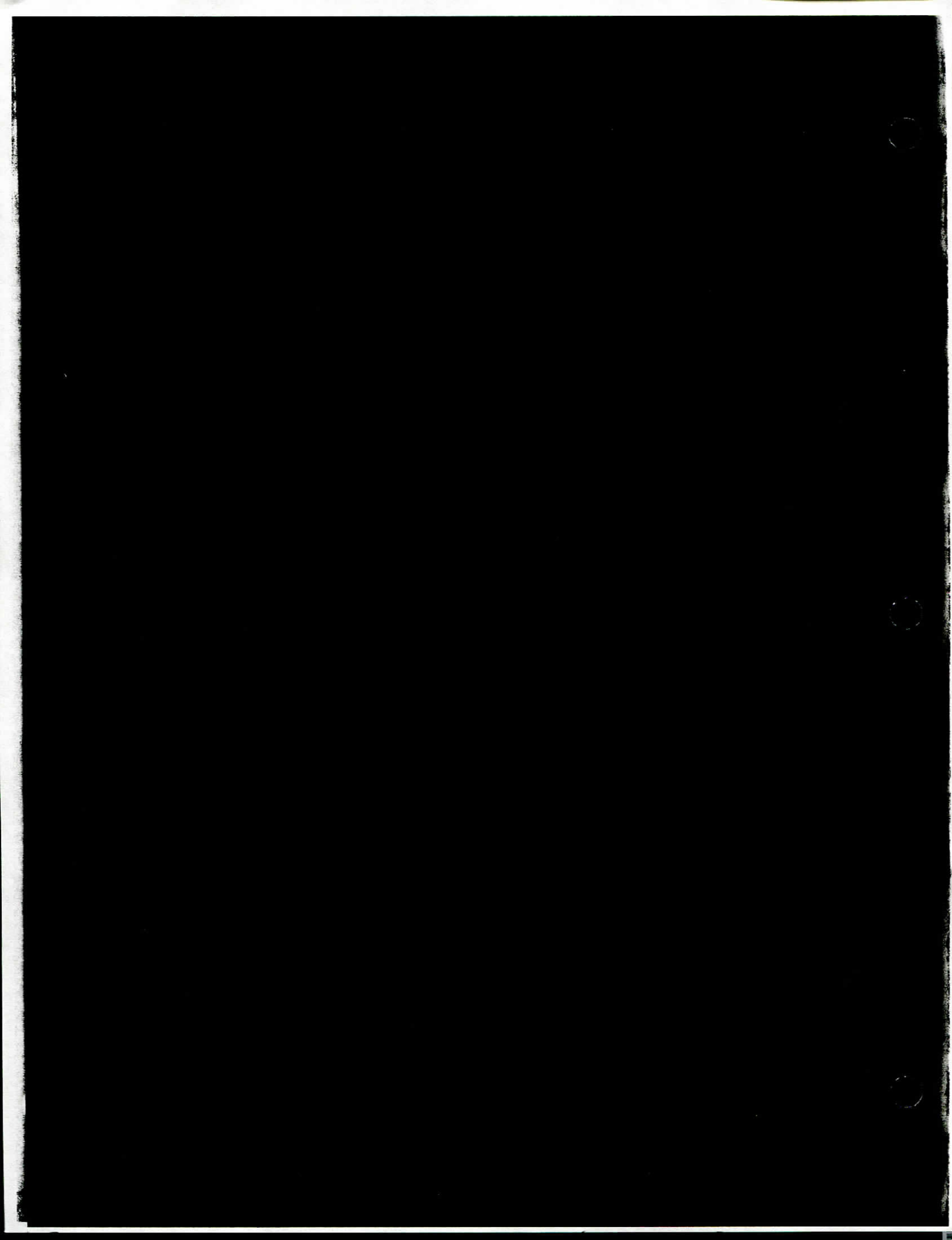
the pool for potential reservation by another team, again in inverse order of finishing. In this manner, the least competitive clubs would have the first opportunity to sign better class players. Presumably, negotiating rights could not be traded or sold. Other alternatives should also be explored. Any final League decision would have to take existing League requirements into account.

All of this, of course, must be subjected to the review and approval of legal counsel, for an opinion regarding potential anti-competitive implications.

RECOMMENDATION #21

-- That the Competition Committee consider, evaluate and recommend some form of distribution system whereunder the world supply of rights to quality players would be more evenly distributed among NASL clubs for the purposes of establishing competitive balance.

d. Compensation Rules to Prohibit the Monopolization of Talent and the Enforcement of Tampering Rules: In the case of Mackey v. The National Football League [543 F.2d 606 (1976)],



have the defects that the court faced in the NFL's Rozelle Rule.

If the players form a union, however, the NASL should be prepared to negotiate a compensation rule, perhaps somewhat similar to that recently negotiated by the NFL Players Association, so as to provide any club losing a high-caliber player to any other club with an equally high-value player from the acquiring team.

The NFL rule as presently enforced provides that a veteran player's club is entitled to a form of compensation if it does not retain the services of the veteran. The club can retain the veteran by matching the offer of a new club, or if unable or unwilling to do so, the club is entitled to compensation in the form of draft choices. The number and quality of draft choices are based upon the level of compensation that the former employee receives from his new club.

Important to the competitive balance system (whether or not a compensation rule is adopted) is a stringent system for punishment of franchises and/or their agents for "tampering" with players under contract to other clubs. Tampering is, of course, very difficult to trace: presumably, the player under contract is interested in bettering himself, and the acquiring club is interested in the player -- thus, both would be prone to utter secrecy.

The Constitution and Rules of the NASL prohibit a representative of any club from discussing future employment with a player under contract to any other franchise without written permission of the present employer club.

Section 4.16 of the Regulations spell out this proscription, the sanctions for which are set forth in Article 9.1, permitting the Commissioner to levy "such penalties as he may deem appropriate" upon finding that a club or representative has violated the League Regulations. The concept of "tampering" is well established in civil law under a doctrine known as tortious interference with contract. The

doctrine essentially penalizes any person who wrongfully attempts to interrupt the contractual relations of another.

As previously mentioned, tortious interference and its correlative in sports, "tampering", is very difficult to detect. It therefore becomes important for the NASL to clearly indicate its disapprobation of such practices by elevating the proscription to the level of constitutional misconduct contained in Article X, thereby becoming the equivalent of bribery, "betting", or "scandalous conduct".

Further, a system ought to be developed for early detection of tampering by creation of a rule which would penalize players, agents or other NASL personnel who do not report same.

RECOMMENDATION #22

- That the Competition Committee indicate the League's disapprobation with "tampering" by upgrading the offense to constitutional misconduct and recommending auxiliary regulations to detect and enforce the new constitutional change, including but not limited to fines against NASL

personnel who fail to report tampering engaged in by a representative of any club. Such constitutional change shall include authority for the Commissioner to fine in an amount up to \$20,000 for any violation.

e. Standardization of Player Development Systems. A franchise which is unable or unwilling to properly identify and thereafter develop potential talent places itself at a decided competitive disadvantage. The more successful clubs in other sports are those which have developed high quality scouting and farm systems (e.g. Baltimore Orioles, Cincinnati Reds, L.A. Dodgers in Baseball; Oakland Raiders, Dallas Cowboys in NFL; Montreal Canadians in NHL). Adoption of Recommendation #15, supra, which requires that each team carry a "B" or reserve team by commencement of the 1980 season, will do much toward assisting franchises develop and train their own talent.

However, certain things can be done on a League-wide basis which would help to identify potential talent and somewhat equalize access to scouting information without impairing individual team initiative.

RECOMMENDATION #23

-- That the Competition Committee develop and implement through the League office, a system for identification of potential player and coaching talent which would utilize the most modern techniques of information analysis, storage and retrieval. Access to this system shall be made available to all member franchises and paid for by the member clubs.

* * * * *

In toto, the aforementioned recommendations should assist the NASL to establish policies which will further develop and maintain the quality and nature of the product -- namely, competitive athletics. Again, it is competitive athletics and not "winning" which will enable the NASL to hold the interest of its customers in every city in which the League decides to operate. While dominion and victory are important ingredients in marketing competitive athletics as entertainment, an overemphasis on "winning" at the expense of balanced competition could ultimately result in self-destruction of the League as a viable business entity.

C. Policies Relating to Increasing Consumer Interest In and Knowledge Of the Product.

Soccer, the world's most popular sport, is played in 142 countries by close to 100 million athletes. FIFA 18/ is the international governing body for world soccer, establishing its rules, conducting international soccer matches and sponsoring the World Cup and Olympic Games.

Although the United States Soccer Federation (USSF) became FIFA's U.S. representative in 1913 and the Canadian Soccer Association (CSA) became the franchise holder for Canada in 1912, the sport has only recently emerged as a major participant sport and its rules, excitement and beauty are still unknown or unappreciated by the majority of Americans. In order to build a broad base of attendance at NASL professional games, and to ensure the future continued growth of the sport, the NASL must develop strategies which will increase consumer interest in and knowledge of the product and thereby stimulate and encourage the demand for the professional game. This can be accomplished through two basic policies: education and participation.

1. Policy: Educating the Public. The Canadian and United States publics have in recent years been presented with a plethora of new sports and forms of competitive physical expression; each, of course, with its own rules, strategies and techniques. The prime time television coverage of the Olympic Games, for example, has thrust upon the American sports consumer close to 20 previously unknown, remote or unexplained sports competitions with accompanying descriptions, corresponding rules, performance standards and techniques. The analysis which the traditionally American or Canadian sports have undergone through the eye of trained observers or "color" men, and with the aid of the omniscient and ubiquitous instant replay camera, has all but drowned even the most avid consumer in sports "technology".

In view of the above, to introduce or reintroduce the sport of soccer to the American public requires patience, competent, creative and imaginative production, and the devotion of sufficient resources to the development of well-conceived educational programs. One thing is certain, that the beauty,

strategy and skill of soccer cannot be sold to the American consumer without a full awareness and utilization of the emerging technology of sports production and presentation.

Given thoughtful consideration and with proper expert advice, a variety of ideas suggest themselves, for example:

-- a nationally syndicated educational comic strip with NASL identification;

-- development of NASL mascot or symbol to illustrate its educational publications (similar to "Peter Puck" as developed by the National Hockey League);

-- development of educational films and perhaps an annual NASL highlight film;

-- a one-half hour weekly television program or several TV "specials" focusing upon soccer, including perhaps a one-half hour/one hour weekly highlight program on the NASL games-of-the-week.

Such programs need not be terribly costly to the NASL. Commercial sponsorship could be found and assume a large portion of the cost.

RECOMMENDATION #24

-- That the NASL immediately turn its attention to the development of public educational programs to highlight the outstanding qualities of soccer as a participant and spectator sport utilizing the most modern and innovative techniques available. That such a responsibility be permanently assigned to the Marketing Committee.

RECOMMENDATION #25

-- That the NASL establish a three or five person Marketing Committee.

Composition:

The Committee shall consist of persons with some expertise in marketing or education and, if composed of three members, shall have at least one NASL Director, or, if five members, at least two NASL Directors. The Committee would be elected triannually by the Board of Directors upon nomination by the Executive Committee.

The Committee may be composed of or staffed with outside experts from marketing, television, advertising, education or other related fields. The President of NASL Marketing, Inc. and the newly created Director of Sales and Management (see Recommendation #45 infra), shall serve as members ex officio of this Committee.

Duties:

The Marketing Committee would have a three-fold function:

i) as the consumer watchdog for the NASL, the Committee would have the responsibility for ensuring that the policies heretofore adopted for presentation of the product and consumer awareness (see Recommendations 7-10), are adhered to by the League and its Committees.

It shall have the responsibility for filing a "consumer impact report" whenever a proposed or pending policy change would qualitatively or quantitatively alter public awareness of or demand for the product. As such, the Committee would work very closely with the Executive, Competition and Television Committees in the implementation of policy or the formulation of new programs.

ii) as the educational resource center, the Committee would have responsibility for development of programs, materials, ideas, etc. to present NASL soccer to the American public in its best light. The Committee would know or assemble the most creative, advance techniques, including film and broadcast, for presentation of the product and education of the public.

iii) as the Executive Committee for NASL Marketing, Inc. the Committee would monitor the operations of this newly constituted corporation whose jurisdiction would be limited (see Recommendation #33 infra), to licensing, advertising and the production of promotional materials such as KICK MAGAZINE, yearbook, books, etc.

The formulation of broadcast policy and the negotiation of national television contracts would not be under the jurisdiction of this Committee, except as these activities relate to consumer impact, or public education.

2. Policy: Encourage Participation -- Organized Soccer. In most, if not in all cases, as the public participates in a sport, consumer interest and knowledge of the game increases and thereupon inure to the benefit of the professional game, the latter

being the qualitative acme of skill and performance. Where the general public's ability to participate is limited by either the difficult demands of a sport (long distance running, etc.) or the inaccessability or expense of facilities (hockey rinks, swimming pools, tennis courts, riding stables, etc.) attendance at the professional level is likely to be limited.

Baseball, for example, which can be played with a minimum of equipment and with minimum standard facilities (sand lot, backyard, etc.) boasts the highest attendance of any professional sport at 31.4 million customers during the 1976 season and an expected 38 million admissions for 1977. 19/ The next largest attendance is the NFL, where participation both at the college and high school levels is high and where less violent forms of the game (touch football) have developed which include a larger number of participants with little or no equipment, save a ball, and minimal facilities.

Professional basketball attendance follows closely behind the NFL, and again requires minimum equipment, but something more by way of playing facility (a backboard and net).

Hockey is, of course, last among the majors in attendance and is the least participated in (except in the North) as a result of the need for expensive artificial facilities and equipment.

The ratio between number of participants and number of potential spectators is especially significant for soccer. It is a sport which can be played with a minimum of equipment and on sub-standard facilities. As previously mentioned, the sport has only recently emerged as a major participant sport in North America. Prior to 1967, soccer was largely played by first and second generation immigrants. Today, however, the game is experiencing rapid growth in participation among all segments of the population with the exception of the predominantly black, so-called "inner-cities" of major metropolitan areas.

a. Organized Amateur Soccer.

In 1976/77, USSF and CSA reported 313,500 and 151,000 registered players respectively. The actual number of participants is far greater, as not all players register with the Federations. The growth of participant soccer in North America can be measured by the following:

- In 1976/77 USSF reported 313,500 registered v. 140,081 in 1974/75, a 124% increase in two years;
- In 1976, 60% (421) of NCAA colleges played soccer compared to 33% (138) in 1956.
- CSA registered 151,000 players in 1976/77 v. 60,000 in 1969/70, a 152% increase in eight years;
- AYSO 20/ registered 102,000 players and 6,800 teams in 1976-77 v. 135 players and 9 teams in 1964-65.

Unlike other sports, in soccer, amateurs and professionals are organized and controlled by a

single body: FIFA and its representatives or franchises in various countries throughout the world. In the United States, USSF is the official affiliate of FIFA whose rules outlaw athletic contests or organizational relationships with other clubs who are not members of USSF and correspondingly FIFA. (Article 41, FIFA Statute, Page 30, 1975-1976 FIFA Handbook).

In the United States, several important soccer organizations are not members of USSF, including AYSO and many senior and junior and local inner-city leagues. The NCAA, NJCAA, NAIA and NFSHA are members of the Inter-Collegiate Soccer Association of American (ISAA) which in turn is a member of USSF.

The stated goals of the United States Soccer Federation are:

"-- to promote soccer in the U.S., including national and international games and tournaments;

"-- to resolve questions and controversies not adjustable under the rules of the state associations concerned;

"-- to manage the National Challenge Cup (an "Open" competition for professionals and amateurs), the National Amateur Challenge Cup and the National Youth Cup competitions;

"-- to promote good-will through physical fitness; and;

"-- to foster youth fitness through competently planned and conducted youth clinics and competitions." 21/

The NASL has a contract with USSF, is a member of USSF, and is entitled to two votes at USSF Council meetings, provided the League consists of 16 American-based teams; this number increases to 3 if the League exceeds 32 American based teams. There were approximately 65 votes to be counted at the July 1977 annual meeting, thus providing the NASL with a 5% voice (the Commissioner and two other votes.)

USSF receives \$25,000 for each professional franchise sold by the two existing professional Leagues: the NASL and ASL. 22/ In addition to the initial franchise fee, USSF receives a \$2,500 annual fee from the NASL plus an annual players' registration fee of \$10 per player.

Since USSF and FIFA appear to be the controlling forces behind the most direct link to organized amateur participation, the relationship between the League and FIFA's affiliates (USSF and CSA) must be carefully assessed. Having an organization already in place with the color of control over and access to amateur participants in soccer could be an asset or a liability, depending upon the relationship between the two organizations.

Because it is based largely upon the part-time efforts of thousands of amateurs or volunteers, USSF and CSA suffer many of the symptoms which afflict similar groups throughout the country: disorganization, indecision and politicization. Because NASL soccer is predominantly a business, it cannot afford to be dragged into the quagmire

of politics and inertia common to voluntary organizations.

FIFA and its chartered members do, however, exercise a measure of control over the professional sport through:

- enforcement of player contracts throughout the world;
- restriction of player movements from one club or country to another;
- ratification of all contracts between player and team, including the sale of players internationally;
- sponsorship of the World Cup, National Teams and World Club Championship;
- jurisdiction over and approval of international matches.

In most soccer nations, amateur and professional soccer are closely allied. In Mexico, Brazil, and Argentina, for example, professional soccer clubs are community clubs. They supply

promising local talent with academic education, room and board and soccer instruction, and are generally owned by large companies. Young players who show potential move up through the amateur ranks into the professional within the same community. In such countries, the national representatives to FIFA generally emerge from the professional club system.

As a result of previously frustrating relationships with USSF and its lack of meaningful influence in FIFA assemblies, some have suggested that the NASL operate autonomously, independent of USSF, CSA and FIFA. The advantages of such a separation would be:

- absence of franchise fee and annual dues presently being paid to USSF and CSA;
- the NASL would be free to use/create its own rules of play, pursue its goals more directly; and,
- no time and resources would be required to deal with organized amateur soccer.

The disadvantages, however, would seem to outweigh the advantages:

- there would be a lack of career opportunities for players aspiring to international and World Cup Team competition;
- the USSF and CSA might discourage support of the professional game;
- players might be reluctant to join a non-FIFA affiliated league;
- the current loan player arrangement with FIFA affiliated foreign clubs would be eliminated; and,
- fans may lose interest in the NASL if it does not support organized soccer.

Because of USSF/CSA's utility in the development of native-born players and its immediate access to the participant in organized soccer; because of its association with FIFA and all the previously mentioned implications for access to world competition and playing talent, the NASL should turn more of its attention and devote

additional resources to active participation in and support of the USSF and CSA.

RECOMMENDATION #26

-- That the NASL seek to strengthen its ties to and participation with FIFA affiliated soccer organizations: USSF and CSA.

And specifically to:

- exercise NASL rights of full representation to the governing boards of USSF, CSA and through them to FIFA;
- encourage individual franchise owners and managers to work closely and become active in local and national USSF and CSA associations.

RECOMMENDATION #27

-- That the Executive Committee or its appointees endeavor to negotiate with representatives of USSF and CSA for the establishment of an Annual Meeting of soccer in the United States and Canada in a manner similar to the annual meeting of Baseball, which takes place each year

in the first week of December. All soccer organizations -- whether affiliated or non-affiliated with FIFA -- would meet at one place during the same week. Such a meeting would evolve into a forum for exchange and promote the concept of a "soccer family". The meeting would last approximately one week. Thereafter, the individual components of USSF, CSA and the NASL would conduct their regular Annual Meetings with appropriate mechanisms for inter-change of thoughts and ideas.

b. World Cup Competition. For most of the world, staging the quadrennial World Cup competition represents the summit of international athletic events, rivaling the Olympic Games in emotional involvement and spectator interest. Compared to the Olympics, World Cup Soccer matches have been relatively free of international politics and debates. At the World Cup, each member nation of FIFA is entitled to field the best team, whether amateur or professional, provided that the players are citizens of that country. The World Cup thus represents the "best" in international soccer and is truly

the "World Series" of soccer in its literal sense: the competition is in fact open to nations from all over the world.

The international audience for the World Cup likewise speaks to its universal flavor. In 1977, for example, the NFL boasted that a record 85 million persons watched Superbowl XI on television. 31.6 million homes are estimated to have watched the game, while 104,000 people came to the Rose Bowl as spectators. In the 1974 World Cup held in Munich, over 800 million persons throughout the world watched the matches on television; 1.8 million paid spectators saw the 36 games live in Germany. As is the case with the rules of soccer, known to most 4-year olds throughout the world, the World Cup is hailed as a major international happening -- in every country except the United States.

Competition for, or the right to play in the World Cup finals, commences approximately two years before the actual tournament and is comprised of regional matches between national teams of various countries, the purpose of which

are to eliminate the weaker teams from the finals. Since the World Cup's inauguration in 1930, the United States team has with one exception been eliminated early in the regional competition. Only in 1950 did the United States reach the finals in Brazil -- to the bemusement of the soccer world. The high point of that World Cup for America was in early-round competition between the U.S. and England, where 20,000 people watched in uncharacteristic silence as the Americans scrapped their way to a 1-0 upset of England, only to be quickly eliminated the next game with Chile by a score of 5-2. 23/

One of the reasons for the poor U.S. showing in World Cup competition has been the absence of a strong professional League to both supply players and provide the financing, organization and training for the U.S. Team.

In 1976-77, for example, the U.S. team played against Canada and Mexico in order to earn the right to play in the CONCACAF regional World Cup qualifying tournament. The U.S. failed to

qualify. The team had little preparation prior to the start of the round robin series. Its members threatened to strike because USSF had not paid the players. What the players were finally given was less than members of the National Team had received in the previous international tournament. The threat of strike, the poor management of the team, little time allowed for preparation, plus the fundamental mediocrity of the U.S. team ruined its chances to qualify for even the regional tournament.

Strong Canadian and U.S. participation in the World Cup finals does, however, offer tremendous opportunity to the NASL for increased public awareness of the sport, through the excitement generated by international competition and the potential for the U.S. or Canada to host the World Cup, a privilege usually reserved for countries whose on-field performances have earned them a place among the world's soccer powers. 24/

The World Cup held in the United States and/or Canada in 1990 or 1994 would be a major step

forward for NASL soccer. In addition to the host team being assured of a place in the final rounds of play, a North American-sponsored World Cup would signal that the United States and Canada had indeed "arrived" in the world of soccer and that the sport had achieved major league status in North America. Further, revenues generated by the World Cup games, since they belong in large measure to the host country, would inure to the benefit of both the NASL and the amateur soccer movement in North America. These funds would provide much needed coaching, facilities and scholarships for promising athletes. Since the announcement of host country is made at least eight years before the actual event, public relations generated by the mere announcement could focus increased attention upon the sport in general and upon the preceding two World Cups in particular.

To qualify as a host country, however, not only must the country have sufficient facilities available (which they are in the United States and Canada), but there must be some showing that

U.S. and Canadian soccer, as evidenced by the National Teams, is serious about becoming a world power and a popular major league sport in the United States and Canada.

One of the first steps in this direction would be to construct national team programs that will bring the U.S. and Canada beyond early disqualification to later-round competition in Spain for the 1982 World Cup. To accomplish this, the NASL must assert a bold hand in financing and managing the National Team effort.

RECOMMENDATION #28

-- That the NASL undertake as a separate but major full-time venture the financing and construction of Canadian and United States National Teams. As such, the National Teams will have many of the characteristics of a NASL franchise with its own full-time general manager, coach and staff. The teams will be financed initially through assessments from NASL clubs with proportionate financial assistance to the Canadian Team, and will be managed so as to be financially self-sustaining through income

received from exhibition games played on a regular basis.

The General Manager and the staff of the Canadian and U.S. National Teams shall be responsible to the NASL and will undertake a playing schedule to include some of the following:

- a. annual spring and fall tours (between 14-16 games per year);
- b. institutionalized annual games or "mini-cup" competitions with national teams of particular nations (e.g. England and Brazil) on a home-and-home basis attended by appropriate ceremony, etc.;
- c. the sale of television rights and corporate sponsorship of the National Team program.

RECOMMENDATION #29

- That, following the development of viable National Team programs, the NASL shall use every effort to apply for U.S. and/or Canadian sponsorship of the World Cup in 1990 or 1994.