Aalto University
School of Business | Mikkeli Campus

# THE MANAGEMENT OF ICE HOCKEY CLUBS WITH LIMITED BUDGETS
## The Importance of Strategies in Ice Hockey Club Management

Henri Ollikainen

International Business
Bachelor's Thesis
Supervisor: Patrick Simek
Date of approval: 3 April 2023

Aalto University
School of Business
Bachelor´s Program in International Business
Mikkeli Campus

AALTO UNIVERSITY
SCHOOL OF BUSINESS
Mikkeli Campus

ABSTRACT OF
BACHELOR'S THESIS

**Author:** Henri Ollikainen
**Title of thesis:** The management of ice hockey clubs with limited budgets: The importance of strategies in ice hockey club management

**DATE:** 3 APRIL 2023

**Degree:** Bachelor of Science in Economics and Business Administration

**SUPERVISOR: PATRICK SIMEK**

## Objectives

The main objective of this study was to examine ice hockey clubs with a limited budget from different European top ice hockey leagues and compare the management styles of those clubs. The ability to operate under the constraints of a limited budget served a vital role in the comparison process.

## Summary

An interview was conducted with one professional ice hockey club from the Finnish Liiga. The interview questions were asked from the club manager of this club. The data analysis focused on comparing the answers of the club manager to previously identified hypotheses and finding differences and similarities from the answers. The findings were concluded after the data analysis. Implications for international business as well as limitations to the study were discussed. Finally, recommendations for future research were identified.

## Conclusions

The study intended to be done with multiple clubs, thus no definitive conclusion of how ice hockey clubs with limited budgets are managed could be made. However, the study was able to get a clear understanding of a certain club's management and the different strategies that they use. This study sets an example for future research through the findings based on one club that was interviewed.

**KEY WORDS:** *SPORTS MANAGEMENT, ICE HOCKEY, STRATEGIES, LIMITED BUDGET, COMPETITIVENESS*

**Language:** English

**Grade:**

# Table of Contents

# 1. INTRODUCTION

## 1.1. Background

Professional ice hockey clubs, in recent years, have transferred from nonprofit organizations to profit seeking businesses (Ahonen, 2022). Due to this, the management of professional ice hockey clubs has become more professional (Hanström & Lundström, 2015). Though sport as a field of business and the restrictions that sports impose on the club managers has been studied before (Cucui & Cucui, 2013), the management of ice hockey clubs with limited budgets and the different strategies those clubs utilize to stay competitive has only little research. Professional ice hockey clubs with limited budgets are affected more by the restrictions that sports as a field of business impose than bigger clubs (Nielsen & Storm, 2017). As ice hockey club management is becoming increasingly more professional, it is important to understand the factors that help a professional ice hockey club to be successful.

Professional ice hockey clubs, nowadays, are regarded to be businesses like any other. However, the managers of professional ice hockey clubs are faced with a difficult task of ensuring both financial and sport success for their respected clubs. For professional ice hockey clubs with limited budgets, pursuing financial or sport success is faced with various restrictions. Therefore, this research will focus on investigating what management decisions professional ice hockey clubs with limited budgets utilize to offset the restrictions that a limited budget imposes on them to stay competitive. The findings of this research aim to develop an understanding of the different strategies that professional ice hockey clubs with limited budgets use to stay competitive.

## 1.2. Research Problem

Sports organizations main decisions making body is the management team of the sports organization. However, there has been lack of research conducted regarding the management of ice hockey clubs. Furthermore, little to no research has been conducted regarding the management of clubs with limited budgets. Previous research has shown that professional ice hockey clubs management is faced with various constraints due to sports as a field of business (Ghio, Ruperti & Verona, 2018; Hanström & Lundström, 2015; Bayle et al. 2019). The information from the previous research helps guide the research of this study in understanding of the management of professional ice hockey clubs. As a result, the aim of this research is to examine the management strategies of ice hockey clubs with limited budgets to be competitive. In addition, this thesis aims to examine the effects a small budget has on the management and operations of an ice hockey club.

## 1.3. Research Questions

The objective of this thesis is to thoroughly answer these following questions:

RQ1: What Strategies do ice hockey clubs employ to be competitive?

RQ2: What management decisions of an ice hockey club affect its revenue and budget?

RQ3: How do ice hockey clubs balance the pursuit of sport and business success?

## 1.4. Research Objectives

The main objective of this study is to look at ice hockey clubs with limited budgets from different European top professional ice hockey leagues and compare the management styles of those clubs. The ability to operate with the constraints of a limited budget will serve a vital role in the comparison process.

1. To the different aspects of ice hockey club management.
2. To identify the constraints a limited budget set for and ice hockey club.
3. To define the different strategies that ice hockey clubs can utilize to be competitive.

# 2. LITERATURE REVIEW

This literature review will examine the management of ice hockey clubs. First, the management of an ice hockey club is established. Then different restrictions to an ice hockey club are introduced through both financial and sport related restrictions, following with the different strategies ice hockey clubs can utilize to be competitive. For the purpose of the research, the focus of this literature review will center around European professional leagues and clubs. The examination will be based on the relevant literature related to sports organization management, budget management, and strategic sport organization management. The purpose of this literature review is to examine the different management practices and methods ice hockey club managers must impose on their clubs when faced with constraints and restrictions to stay competitive both financially and sports wise.

## 2.1. Ice hockey club management

Professional ice hockey clubs, and sport clubs in general, have become profit seeking businesses (Ahonen, 2022). Therefore, professional ice hockey clubs should be addressed as any organization regardless of their field of business (Cucui & Cucui, 2013). Ice hockey clubs are faced with the task of managing their organizations towards both financial and sport success (Hanström & Lundström, 2017). On the one hand, a professional ice hockey club is a business like any other, that strives for maximizing its profits to be able to pay dividends to investors (Cucui & Cucui, 2013). But on the other, they seek to ensure success sports wise and sometimes it is difficult to achieve both (Hanström & Lundström, 2015). However, Nielsen and Storm (2017) argue that ‘many professional team sport clubs seem to pursue sporting success without bothering about any budget constraints. Their accounts show persistent deficits and growing debts.’

### 2.1.1. Sport as business

Sports as a field of business offer the club managers an opportunity to be more patient with the management of the club. This is due to multiple factors, such as professional

sport club's history of being non-profit organizations and the uncertainty of outcome in sports (Ahonen, 2022). However, sport as a field of business also imposes certain restrictions on the managers (Hanström & Lundström, 2015). As ice hockey clubs are very often built with a long-term plan in mind, the managers are given the chance to trust the process and they are allowed to have years without any financial or sports success, because of the unpredictable nature of the field of business that these managers operate in (Hanström & Lundström, 2015). Sports also impose restrictions on the managers which prevent them from gaining financial success (Bayle et al., 2019).

Ice hockey club managers cannot only be concerned about the on-ice product of the club, but also about the financial success of the club (Ghio, Ruberti & Verona, 2018). Sports has become a quickly growing business in the past years and ice hockey is no exception (Cucui & Cucui, 2013). Television broadcasting deals have grown immensly causing the professional clubs under those television contracts to have a steady guaranteed influx of cash every season. Alongside this, sponsorship costs have increased, and players have become more expensive. This all has caused more money to flow into professional ice hockey (Hanström & Lundström, 2015). The top European ice hockey clubs operate with budgets consisting of millions of dollars and have a lot of investors. These investors consist of local enterprises that seek notoriety from the club's events, and large multinational corporations that seek benefits from associating with a sport organization (Bayle et al., 2020). Nielsen & Storm (2017) confirm this by stating that 'European professional team sport clubs have become business enterprises with capital injections by owners and sometimes flotations on stock markets.' The managers of these clubs have the obligation of ensuring the financial success of their club towards their investors and more importantly to keep the clubs' operations running. In this regard, managing an ice hockey club does not differ from any other business, such as one producing a good or service. However, there are differences in the field of business that these managers need to operate in (Nielsen & Storm, 2017).

### 2.1.2. Strategic management and planning

Strategic planning in an organization is the complex process of giving life to the vision and mission of the desired goals by facilitation the effective process of decision making (Abdalkrim, 2013). Planning is a key part of sport organizations, such as ice hockey clubs, management process (Ilic, 2013). Planning in terms of a sport organizations, such as an ice hockey clubs, operations, is necessary for the manager to be able to adapt to changes and act quickly upon them (Ilic, 2013). For a manager of an ice hockey club, uncertainties, due to the nature of sport as a business, are common rather than exceptions (Hanström & Lundström, 2015). The purpose of planning is to be able to prepare and foresee changes and conduct a plan of action regarding those changes (Ilic, 2013). Strategic planning is said to be one of the most important aspects of business success (Demmings, 2008). For professional ice hockey clubs, strategic planning is just as important, as they operate based on the same values as other businesses (Cucui & Cucui, 2013).

Managing sport organizations such as ice hockey clubs requires managers to have a vision for the future operation of the organization (Ilic, 2013). The vision of the club helps ice hockey club managers to identify those actions, which the club must make for the future to achieve financial profit or sport success from those actions (Ilic, 2013).

### 2.1.3. Financial or sport success

As professional team sport clubs have become increasingly more commercialized, their management has also become more professional (Hanström & Lundström, 2015). Professional management and player labor markets have been solidified and consistently tightened corporate governance has been implemented in the clubs (Nielsen & Storm, 2017). However, profit maximizing is not in every club's interest. Furthermore, increasing revenues tend to lead to larger expenses. In professional sports, maximizing the sport success of the club is more of a desirable outcome rather than maximizing profits year in year out (Nielsen & Storm, 2017). Thus, managing a professional team sport club such as an ice hockey club requires the managers to balance the pursuit of both financial and sport success.

Although ice hockey clubs' managers must always be alert of the clubs' situation and monitor both the financial and sport success throughout the season, managers usually

have a longer multi-year plan for the club. It is crucial for the managers to be able to manage the club with that long-term goal in mind (Hanström & Lundström, 2015).

## 2.2. Restrictions from a limited budget to an ice hockey club

### 2.2.1. Financial restrictions

Within professional team sport leagues, clubs' budgets may differ a lot resulting in possible advantages for other teams (Nielsen & Storm, 2017). Clubs with larger budgets can invest more in players every year and are able to attract better players and investors to the club through financial stability (Bayle et al., 2019). Thus, clubs with a limited budget must invest their money very wisely every year and are forced to rely on cheaper opportunities in the player markets and find ways to gain an edge to the bigger clubs. This statement is backed by Hanström & Lundström (2015) who claim that ice hockey clubs often prioritize investing their financial resources in the player markets and player salaries, making it even more difficult for clubs with limited budgets to produce a competitive team every season and ensure a stable financial situation.

Another financial restriction clubs with limited budgets are faced with, is the economic and financial situation of the community that they are part of. Clubs that operate in a small financial market must deal with the limited spending power of the members in their community (Wicker & Breuer, 2015). Wicker & Breuer (2015) further argue that 'the size of the community is associated with the recourses of sport clubs, specifically human and financial recourses. The community size is relevant when looking at organizational outputs such as programs and services that are provided to a variety of external stakeholders (eg. donors, corporate sponsors, customers participating in sports courses).' Thus, a club in a small market that is restricted with the number of possible investors and sponsors, has lower economic potential than clubs with high local economic potential (Bayle et al. 2020). The economic potential of a community means the commercial growth possibilities that are present in the community and area of the professional team sport club. For example, clubs in metropolitan areas and growing communities that have a lot of business are likely to have fewer financial

restrictions in comparison to clubs in small communities that do not attract a lot of business (Bayle et al. 2020).

Though financial restrictions apply to professional team sports, a phenomenon of 'soft budget constraints' is popular in European professional team sports (Nielsen & Storm, 2017). Soft budget constraint means that in leagues that do not have clear salary caps and other restrictions around spending, as is the case in many European professional sports leagues, clubs often operate and spend over their budget limit in the pursuit of sport success. Professional team sport clubs are comfortable with not making a profit and expect that expenditures can be covered in various other ways (Nielsen & Storm, 2017). The phenomenon of soft budget constraints happens more when clubs are rich and the higher revenue the clubs earn, the higher are their deficits (Nielsen & Storm, 2017).

Professional teams sport clubs over spending may also result to illegal practices. Soft budget constraints allow professional team sport clubs to fluctuate money through their organization, which in turn exposes them to the possibility of money laundering (Cindori & Manola, 2020). Money laundering in professional team sports means placing illegal funds into the club's finances (Lilley, 2006). Sport organizations have been used as money laundering tools through the insufficient monitoring of the club's financials (Nielsen & Storm, 2017). Especially big European football clubs have been used as money laundering tools with clubs been sold to illegitimate entities (Cindori & Manola, 2020).

Although clubs with limited budgets can and do operate under the soft budget constraints, it is not as possible for them to the same degree in the long run as it is for bigger clubs. Bigger clubs have the support from major sponsors that are willing to subsidize the losses for future profits (Nielsen & Storm, 2017). Clubs with limited budgets, however, cannot sustain a long run budget deficit since they cannot generate enough revenue due to the previously mentioned financial restrictions.

### 2.2.2. Sport related restrictions

One of the reasons why ice hockey clubs invest their resources mainly into new and better players is that the sporting success the club has, can be directly leveraged into financial returns (Andon & Free, 2019). Furthermore, this restricts the clubs with limited budgets from gaining financial returns since they are generally not fighting for championships year in year out due to them not being able to invest as much in good players (Ghio et al., 2018).

Generating revenue within ice hockey clubs is restricted by the fixed number of games that they play at home during the season. The fixed supply schedule means that the clubs are limited with the number of games they play, the number of seats in the arena to fit fans etc. (Hanström & Lundström, 2015). This restricts clubs in the possibility of earning revenue and clubs need to investigate other possibilities of income (Hanström & Lundström, 2015).

A big restriction in professional team sports is the restriction on spending. In all North American major leagues clear salary caps are used (Gantz, 2020). These can either limit the amount a team can spend on one certain player or limit the amount the club can spend in all its players combined (Bayle et al. 2020). That said, here the focus is on European leagues and clubs, where clear salary caps have not been implemented. For this reason, clubs can utilize all the available recourses they have in the team building process. This furthermore creates a gap between the clubs with limited budgets and bigger clubs as both the competitive and financial caps start to grow very quickly (Bayle et al. 2020).

Hammarström & Malmqvist (2019) studied the correlation between ice hockey club's financial health and sport success. They discovered that the financial health of a club impacted the possibility to be successful sports wise. For clubs with limited budgets, this sport related restriction limits the club's ability to gain success and grow. Thus, it can be argued that the smaller clubs are in a never-ending struggle when it comes to the ability to succeed sports wise.

### 2.3. Strategies for ice hockey clubs with limited budgets to be competitive

Professional sports as a field of business differs from traditional business in terms of competition (Kiuru, 2016). Where traditional business sees competition as bad for business, in professional team sports, such as ice hockey, competition is in the best interest of every club and the league (Kiuru, 2016). The business of sport thrives from the uncertainty that sports provide and as entertainment it is exactly what the fans seek when they attend sport events (Nielsen & storm, 2017). For clubs with limited budgets, living in the environment of the competitive sports, striving for both financial and sport success, is faced with the limitations discussed previously. To offset these limitations these club's need to employ different strategies to remain competitive while balancing the pursuit for both financial and sport success.

For ice hockey clubs, strategies are different ways to achieve high levels of performance (Barney, 2007). Strategies help organizations to reach various performance goals, and thus serve a critical role for monitoring success (Renshler, 2007). Therefore, when looking at sport organizations pursuit for competitiveness, identifying different strategies and monitoring the decisions made based on those strategies is very important.

### 2.3.1. Sport success strategy

In European team sports, maximizing wins appears to be more important for clubs rather than trying to maximize financial profits (Nielsen & Storm, 2017). Although, budgeting is a vital part of managing an ice hockey club (Hanström & Lundström, 2015), the pursuit of best possible outcome on the ice is the goal for every professional ice hockey club (Nielsen & Storm, 2017). As stated previously, professional ice hockey clubs are treated as regular businesses in terms of their operations (Cucui & Cucui, 2013). This means that the clubs not only try to survive but also try to earn a profit from their operations (Nielsen & Storm, 2017). Professional ice hockey clubs need to show their investors that their operations are lucrative for the investors not to pull out in search of a better business opportunity (Nielsen & Storm, 2017). However, similarly to other businesses, professional ice hockey clubs can prioritize or sacrifice maximizing profits for other means to be competitive (Nielsen & Storm, 2017).

Maximizing profits for professional ice hockey clubs means an increase in expenditures (Nielsen & Storm, 2017). For ice hockey clubs with limited budgets, expenses tend to be lower than for bigger clubs. Ice hockey club's budgets are formed to maximize the potential of the team in the form of player salaries which leaves little to no room for additional expenses (Hanström & Lundström, 2015). Garcia-del Barrio & Szymanski (2009) argue that professional sport clubs, such as ice hockey clubs, behave according to a win optimizing motive. This means that rather than focus on maximizing the profits generated from the club's operations, they focus on maximizing the performance sport wise. However, revenue returns to winning are positive and success has a positive impact on revenue returns of a sports team (Mattinen, 2019). For clubs with limited budgets, the route of maximizing wins over profit is favorable in terms of competition since the clubs are already faced with restrictions regarding their ability to generate revenue and profits as stated previously. The clubs with limited budgets can challenge the bigger clubs sport wise by opting for the sport success strategy.

Although the sport success strategy helps professional ice hockey clubs with limited budgets to compete with the bigger clubs, it must be noted that the sport success strategy might not be possible in a long-term basis. Nielsen & Storm (2017) state that 'in their pursuit of sporting success, owners often accept deficits leading to debt and loss of capital.' This is something smaller clubs and clubs with limited budgets cannot maintain, if the sport success strategy does not result in realized profits, such as bonuses for winning their respected league. This often leads to more sponsors wanting to associate with the club (Nielsen Storm, 2017).

### 2.3.2. Alternative revenue strategy

Professional ice hockey clubs are restricted in the ways that they can generate revenue through ticket sales, merchandise sales, and other sales related to the games due to the limited amount of home games each team has within a season (Hanström & Lundstöm, 2015). These gameday events alone are not enough for the professional ice hockey clubs to earn positive revenue all throughout the year (ibid). Bowman et al. (2018) states that 'fans prefer to attend games the home team could win with all other things being equal.' This further limit the number of games clubs can expect to earn

maximized revenue from. For ice hockey clubs with limited budgets, finding alternative revenue streams helps them compete with other clubs and helps them grow their operations despite the restrictions mentioned previously.

Ice hockey and sports in general, compete with other entertainment media that fans are drawn to such as movies, concerts, and theatre for revenue (Gantz, 2020). Professional ice hockey clubs often are not the only form of entertainment customers within their respected area are able to choose from. To diminish unnecessary competition in their local markets sports clubs and organizations can work together with the other forms of entertainment providers by sharing their facilities, forming joint ventures, and similar media outlets (Wade, Harrison, and Zhao, 2018). Partnering with local enterprises helps ice hockey clubs with limited budgets to generate revenue outside of the ice rink which in turn helps the clubs to promote themselves and lure fans to attend the games where match day revenue will increase.

The alternative means to generate revenue help clubs with limited budgets to compete with bigger clubs. The revenue sources outside of the rink ease the restrictions that these clubs have and makes growing the club's operations possible without expanding the budget in unsustainable ways (Nielsen & Storm, 2017). Revenue sources outside of the rink also secure the clubs income and allows the club to budget towards sport success (Hanström & Lundström, 2015).

### 2.3.3. Differentiation strategy

As stated before, professional ice hockey clubs are businesses like any other, but they also provide entertainment to their respected communities (Wicker & Breuer, 2015). In the growing world of entertainment, ice hockey clubs must differentiate the product that they offer from other various forms of entertainment, customers are able to gravitate towards (Gantz, 2020). For ice hockey clubs, identifying that they are part of the entertainment business is crucial for their business (Bayle et al., 2020). Business leaders use differentiation to indicate that their business is unique. Ice hockey clubs with limited budgets can use differentiation strategy in various creative and cost-efficient ways to promote the entertainment that the club can provide to the fans in

their local area (Wicker & Breuer, 2015). By profiling itself as the most cost effective, customer oriented or otherwise better option professional ice hockey clubs with limited budgets can differentiate themselves in their local market (Gantz, 2020).

One major way an ice hockey club can differentiate is creating and being aware of their brand (Chanavat & Bodet, 2009). Aaker, 2009 and later Keller, 2012 emphasized this by stating that brands are the most valuable asset for a corporate entity, a product or an individual. Building brand equity and a clear brand image helps any sports organization to distinguish themselves amongst their competition (Rodrique et al. 2021). Brands have value and meaning to individuals and fans. Thus, being able to generate a certain feeling in a fan is crucial for ice hockey clubs as the aim to provide entertainment through emotions (Williams & Son, 2022).

For sport organization managers, it is important to identify that they operate in the entertainment industry. Part of the differentiation strategy is the realization that ice hockey clubs provide the fans and customers an entertaining experience, and that only a few are satisfied enough with only the sport side of the event (Gantz, 2020). Ice hockey clubs with limited budgets can increase the interest of fans by providing them alternative programs outside of the sport side to get entertained (Gantz, 2020).

Differentiation strategy allows professional ice hockey clubs with limited budgets to compete in the same market as the bigger clubs. By differentiating their operations, the clubs can stand out and attract fans while maintaining their operational structure (Gantz, 2020). Labeling themselves as an entertainment option and opportunity to experience more than just an ice hockey game is crucial for smaller clubs.

## 2.4. Conceptual framework

All professional sports organizations, such as ice hockey clubs, need to address themselves as any organization regardless of their field of business (Cucui & Cucui, 2013). Thus, the management of professional sport organizations should be addressed as any other organization (Moisecu & Moisescu, 2013). However, professional team sports as a field of business has characteristics that differentiate it

from other fields of business (Bayle et al., 2019). As professional team sport clubs, such as ice hockey clubs, strive towards financial success, managers need to balance this pursuit in their actions while maintaining competitive on ice performance (Hanström & Lundström, 2015). The commercialization of sports as a field of business requires ice hockey club managers to be responsible for investors financially. The nature of sports as a field of business, allows the managers to make more long-term plans for their respected clubs and the managers are allowed to operate with a financial deficit (Hanstöm & Lundstöm, 2015).

Professional ice hockey club managers are faced with restrictions caused by sports as their field of business (Nielsen & Storm, 2017). These financial and sport related restrictions result in difficulties for the clubs to make financial profits and stay competitive sport wise (Ghio et al., 2018). Financial restrictions that professional ice hockey club managers face can relate to budget, location and community size and structures of their professional sport leagues. Clubs with limited budgets face the restriction on ability to invest in the player market which result in possibly poor sport results (Hanström & Lundström, 2015). The size of the community and locations of the ice hockey club restricts the club's financial side in the lack of potential sponsors and business opportunities outside of the rink (Wicker & Breuer, 2015).

Major sport related restriction professional ice hockey clubs face is the restriction that the limited number of home games played per season causes for the clubs (Hanström & Lundström, 2015). Home games are the best opportunity for professional ice hockey clubs to generate revenue. As each club plays no more than half of their games per season at home, the opportunities for each club to generate revenue inside of the rink are limited.

The conceptual framework of this study is influenced by the findings from the reviewed literature. The framework aims to identify the process that managers of a professional ice hockey club with limited budgets need to go through in their decision making to stay competitive. Both financial and sport related restrictions are used as the main factors affecting the decision-making process that managers are faced with. To offset these restrictions, managers can utilize different strategies to achieve decisions and results that help their respected club to be competitive. The conceptual framework

aims to guide the managers of ice hockey clubs with limited budgets in their decision-making process when faced with financial and sport related restrictions.

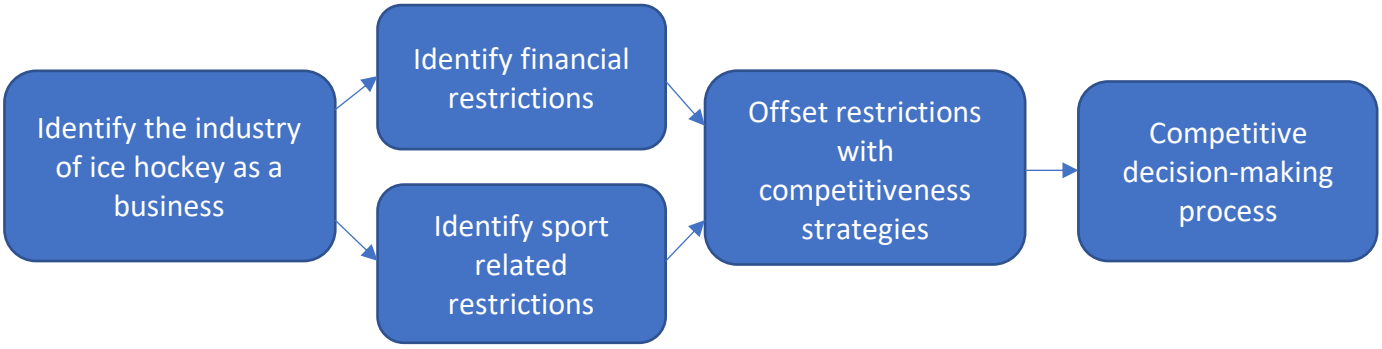


*Figure 1.*

# 3. METHODOLOGY

The aim of this study was to understand the management practices of professional ice hockey clubs with limited budgets and identify different strategies that these clubs use to stay competitive. To answer the research questions and objectives of the thesis better, a qualitative study was conducted with the support of currently available secondary information.

In this section of the study, the research methodology is presented and discussed. The section explains how the interview questionnaire was designed and the data collected. The expectations for the interviews are also explained before going over the data analysis process and the limitations of the methodology. The specific interview questions can be found in the appendix.

## 3.1. Interview Questionnaire Design & Data Collection

The questions for the interview were designed based on the conceptual framework in figure one with the objective of finding out what strategies ice hockey clubs with limited or small budgets use in their operations and how they perceive their position compared to bigger clubs. Two clubs per country, that were identified having smaller budgets compared to other teams in their respected leagues, were contacted from Finland, Switzerland, Sweden, and Germany to be part of the interviews. Unfortunately, only one interview with one club from Finland was able to be conducted. Further details of the interviews can be found in the appendix.

The interviews were designed to be semi-constructed, and they served as the primary data collection method. The interviews were meant to be conducted with the club managers of the professional ice hockey clubs that were contacted, as they serve a vital role in both the clubs financial and sport success. The questions were designed to focus on finding usable data on different strategies that professional ice hockey clubs with limited budgets use in their operations to stay competitive.

The interview questions were grouped in three different categories. The questions focused on identifying club's success strategies, fan engagement strategies, and how

the clubs view themselves. In total, the interview had 12 (twelve) questions and all questions were asked from all interviewed club managers. The first three questions focused on the way the interviewed clubs measure success, what is their main strategy for competing, and how they balance the pursuit of financial and sport success. Next two questions focused on identifying if the club's success or lack of it impacts the plans or strategies identified at the start of the season and if the clubs feel they have had to implement unique strategies to find sport or financial success. The sixth, seventh, and eight question focus on the correlation between club's success and attendance in the stadium, external aspects that affect the club's ability compete, and specific strategies for differentiation locally from other entertainment providers. The final four questions focus on the club's brand strategy and fan engagement. All twelve questions can be found in the appendix.

### 3.2. Interview Expectations

The expectations regarding the interviews will be based on the assumption that the club's interviewed identify themselves as having smaller or limited budgets compared to the bigger clubs in their respected leagues. This assumption helps with conducting the interviews as well as possible and will produce suitable data for the research. All interviewees are expected to be able to answer all the questions asked and give answers that can be analyzed afterwards. The interviewees are expected to give differing answers from one another based on factors such as the country that the club is from, community size, and the level of competition of the club's respected league.

Before the interviews were conducted three hypotheses were conducted based on the interview questions found in the appendix section. First hypothesis was that ice hockey clubs with limited budgets build their strategy to be able to compete with bigger club in their league. Second hypothesis was that the clubs sport success or the lack of it during the season will affect ticket sales and the strategy that the club identified at the start of the season. Third and final hypothesis was that ice hockey clubs with limited budgets have a clear understanding of their brand and want to appeal to their fans in a certain way.

### 3.3. Data Analysis

Each interview was meant to be conducted separately to ensure that all answers were non-biased and not affected by another interviewees answer. The processing of the interviews was also meant to be done separately, with the aim of finding reoccurring themes and differing views and points to the questions. The answers and key points were then transcribed, and color coded to enhance readability and ease the analysis process.

The interviews that were conducted were transcribed after the interview had been held. The transcribed answers were then analyzed, and key themes were identified. From the key themes relevant answers were compared to the hypothesis and conclusions were drawn.

### 3.4. Limitations of Methodology

One limitation that semi-structured qualitative interviews as a data collection method impose is the risk of club managers being biased. There is a risk of club managers interviewed giving incomplete or glorified answers to defend their respected club and make their club seem doing better than they are.

Another limitation is difference in the structure of the leagues interviewed clubs play in. Some clubs that were interviewed play in a league were relegation is not currently possible. This might alter the way that the club managers view certain strategic aspects of their operations which might affect the way certain questions were answered.

Finally, the number of clubs interviewed could be higher. Total of nine clubs were contacted to be part of the research but only one club responded on time to take part. The number of clubs that were interviewed was way too low and for better results more clubs would have needed to be interviewed. Interviewing and analyzing data from only one club limits the depth of the research conducted and does not give clear enough view of the state of management of ice hockey clubs with limited budgets.

# 4. FINDINGS

The purpose of the interviews was to find answers to the research questions identified for this study and provoke further research on the topic. This section will analyze the findings of the research in detail dividing the findings under relevant subsections. Any key points or arguments found from the interviews are presented as specific quotes.

Because one of the clubs that were contacted, took part on the research, the findings of the study will be based on only one club's view of the management of ice hockey clubs with limited budgets. The club that was able to take part on the research was Mikkelin Jukurit and the interview was conducted with their club manager.

## 4.1. Measuring Success

The interview was conducted with a club from the Finnish Liiga. The club has found relative success in recent years, but no championships yet. The club that was interviewed operates with one of the smallest budgets in the Finnish Liiga and thus, are an excellent study subject when finding out how ice hockey clubs with limited budgets are managed.

The club interviewed was aware of different ways of measuring both financial and sport success. The club interviewed operates as a joint-stock company and thus for them the most important measurement of financial success, according to the club manager, was the result of the financial statement. The result of the financial statement pushes forward as they are bound by law to perform.

The way that the club measured sport success had many aspects and layers to it. The first way that the club measured success sport wise was the amount of age group teams withing the whole organization that competed in the top division. This is an indicator for the club that its junior development is on a strong basis and that the work put toward juniors is paying off. The success of the junior teams is something that the professional ice hockey clubs value highly as the development of club's own junior to the main team level is the most cost-effective way of acquiring players.

The second way that the club measured sport success was the number of players from their organization that can take the next step in their careers. This is measured in many ways. One way is if players can move to different European leagues, are being able to produce more points for their club and get called up to their country team. One major way that the club measured success both sport wise and financially was if the club has any NHL draftees. Every club that produces a player who is drafted to an NHL organization, get a monetary compensation which in turn is financial profit for the club.

Third way that the club measures sport success is how well they perform withing their league and do they make playoffs. This is usually how most professional ice hockey clubs measure their sport success as it is the most concrete way to see if the sport operations were successful.

### 4.2. The effects of a limited budget to management

As the research conducted was about ice hockey clubs with limited budgets, the effect of a limited budget was a subtopic of some of the interview questions. A few key take aways emerged from the interview. First one regarded he clubs ability to react to changes to their initial plan for the season caused by the amount of success during the season or the lack of it. From the answers it was clear that only major events during the season, such as injuries, force the club to make financial investments such as acquire new players.

> *“Injuries are something that requires us to think of a certain plan and usually they require a financial plan as the player budget is usually full.”*

The second finding regarding the effect of a limited budget to management was the club’s ability to compete with bigger clubs. A hypothesis was made before the interview that clubs that operate with a limited or small budget build their strategy to compete with bigger clubs. This hypothesis was somewhat overthrown as the club manager revealed that due to the budget differentiation they do not and even cannot compare

themselves to bigger clubs. The club therefore has their own sport strategy that they follow, and it is not influenced by what bigger clubs within their league are doing. It was still noted that the club does keep up with what other clubs are doing and if some clubs are doing something very well, they take that into account in their own operations.

> *"Of course, if a colleague club has some very good ideas, then of course in this business all plagiarism is allowed."*

Despite this, the club manager emphasized that having a small budget forces the club to only focus on themselves in their management practices.

### 4.3. The effect of external factors and importance of fan engagement

All ice hockey clubs, regardless of their size, are affected by various external factors. These factors can be anything from their location, and economic buying power of their community. A significant finding from the interview was the effect of these external factors to the management of an ice hockey club with a limited budget. The club interviewed identified their location to be one of the biggest external factors that affect their operations. As the club interviewed is in a small town relatively far away from the capital region, the number of big businesses that operate in their area is small. The lack of big businesses limits the possibility of large sums of capital to be invested to the club through local sponsors. The club manager saw this as going hand in hand with the club's ability to compete with bigger clubs both on and of the ice.

> *"In a bigger city you have bigger businesses and more businesses. I would say that of course it goes hand in hand."*

Another factor that emerged from the interview having significant importance and affect to the club's operations was the engagement from the fans towards the club and vice versa. Although the club identified themselves as being the biggest single entertainment provider in their region, they still put a lot of effort into making sure their fan engagement was constantly growing and they focused a lot on how to keep their

fans coming back to their events. Increasing fan engagement was also prominent through the club's brand strategy. The club had set a specific strategy on how to grow their brand and a lot of it had to do with their fans wearing their merchandise.

> *"Our main goal now is to have as many people as possible to wear our fan gear."*

Although the club did identify having a specific brand strategy, when asked if they consciously appeared in a certain way to their fans for example in the media the club manager answered no. The club, against previously mentioned hypothesis, did not want to appear as an underdog or in any specific way to their fans but rather just appear as being proud of who and what they currently and letting the on-ice performance speak for itself.

Although the club claimed that they had a specific brand strategy and a way to grow their fanbase, when asked the club manager could not clearly identify why the fans of their club were fans of that specific club. The club manager argued that the level that their club play and the fact they are the best ice hockey club in their town would be a factor for the reason why their fans are fans. Regardless of this, the club said to be in very close contact with their core fan club and they have frequent communication with them. This communication also would result to special offerings on season tickets and other opportunities.

# 5. DISCUSSION & ANALYSIS

This section of the thesis will focus on analyzing the empirical findings of the study. The research questions of this study, found in section 1.3. serve as the foundation for the discussion and analysis. The analysis will be based on the information from the literature review as well as from the interviews conducted. The discussions were drawn from reoccurring themes and answers from the interviews and opposing views of the interviewee's answers and previous hypotheses.

## 5.1. Impact of management

One reoccurring theme that tied all the answers from the interview together was how the management side of an ice hockey club affects all its operations. Management of an ice hockey club does not only impact the financial and sport side of the operations. Thus, it is important for the manager of an ice hockey club to be able to have a clear view on how the organization as whole works. Through the answers that the club manager interviewed gave, it was apparent that when managing an ice hockey club with small or a limited budget knowing how to manage your club specifically and not focusing too much on what other bigger clubs are doing is important. This aspect of managing an ice hockey club with a limited budget seemed to be something that the manager must focus on the most. The manager interviewed summed up this by stating:

> *"We don't compare ourselves to the bigger clubs in any way. At the end of the day this is resource business, so the more the merrier that is how it goes in this business."*

Secondly, from the interview answers it was noticeable that different strategies play an important role in the management of ice hockey clubs with limited budgets. All aspects of the management of the club seemed to have a specific strategy behind it. Whether it was competition both on and off the ice or branding, the club manager interviewed stated that they have developed specific strategies to help them reach the goals they have set and improve their operations. All strategies, however, were

designed to ultimately serve the main goal of the ice hockey club which is to find success sport wise and financially. This ultimately leads to the management of the club having a clear direction and allows the club to take steps forward.

Strong management has a large impact on how well an ice hockey club can operate. It affects every part of the club's operations, and it can be argued that it has the most impact on the club's overall success. From the answers of the interview, it could be seen that not always is the management of the club easy and various things affect the possibility of management to be successful.

### 5.2. Limitations

The limitations and restrictions that a limited budgets imposes on an ice hockey club have been established previously on this study. The answers from the interview enhanced the belief that these restrictions and limitations do in fact affect the day-to-day operations of ice hockey clubs with limited budgets. Operating with a small or a limited budget compared to competition seemed to be the most important factor that affected the interviewed club's ability to compete. One interesting factor, however, was that the club manager was aware of that. Instead of focusing on trying to catch up to the bigger clubs and reaching for something that might be unrealistic in terms of, for example, spending power the club focused on maximizing the performance they can get out of their resources and were very happy with what they have. The club manager interviewed summed this up when talking about their engagement with local businesses:

> *"We are very happy that from a city this small we are still able to get a lot of business on board to support us and we must be pleased with that."*

Although a limited budget was clearly an important thing that affected the club daily, the extent to which it affected the club's ability to operate was smaller than expected. From the answers of the interview, it seemed that the club was still able to produce a team on the ice, they were able to get fans into their arena every game and over all they were able to offset the limitations caused by a limited budget rather well. An

example of this was the club's way of enhancing financial stability through multiple other businesses that helped the main sport business. Being able to operate and compete despite the limitations caused by a limited budget was an indicator of the club being managed well under the circumstances.

### 5.3. Competition possibilities

The overall assessment of managing an ice hockey club with limited budget from the answers of the interview was that competing is both restricted but also filled with possibilities. Although the club manager did not see the club being forced to use any innovative or unique strategies for the club to be able to compete, yet various possibilities for competition came up from the answers. The club can for, example, set themselves certain goals for the season and monitor their success against those goals. However, these goals should always be linked to competition on the ice and with the intent of maximizing the position in the standings. These goals can be, as the club manager interviewed identified, the amount of junior level clubs playing in the top division, the amount of player that are able to take the next step in their careers and the amount of NHL draftees that are being produced by the club.

These possibilities are ways for professional ice hockey clubs with limited budgets to enhance their level of competition. The restriction that a limited of small budget imposes should always be able to be offset by the club if it wishes to compete and grow their business.

# 6. CONCLUSION

This section of the thesis will gather the main findings and answers to the research questions, the implication to international business, the limitations of the study as well as the suggestions for further research on the topic.

## 6.1. Main Findings

To clarify the main findings of the research, they will be presented as answers to the research questions of the study.

**RQ1:** *What strategies do ice hockey clubs employ to be competitive?*
Every organization regardless of industry uses strategies in their operations. Strategies are used to help approach a certain desired goal. From the answers of the interview, several different strategies were identified. First strategy that came up was the club's approach to competition. The club has their own strategy for competing with clubs in their league and they do not compare themselves with bigger clubs. This answer proved the hypothesis about clubs with limited budget comparing themselves to bigger clubs to be wrong. Second strategy found from the answers was about how the club differentiates themselves from other entertainment providers locally. Part of the club's strategy was identifying themselves as the biggest entertainment provider and using that to their advantage. The third strategy found from the answers was about the club's brand and approach to fans. The club identified that they do have a brand and they for example sell certain products in their fan shop for cheaper to get more volume out to spread their brand even more. The club also had a clear strategy for engaging fans more in their events by for example organizing meet ups with the players and fans.

**RQ2:** *What management decisions of an ice hockey club affect its revenue and budget?*
The answers from the interview did not give a clear answer to what management decisions affect the revenue and budget but rather how the revenue and budget affect the management. One key thing that affected the management and spending was injuries. The club manager identified that injuries are the one thing that make them

spend more money than intended at the beginning of the season. The other thing that affects the club's management from a monetary standpoint was ticket sales. The club manager identified that attendance in the stadium and ticket sales are positively correlated. The club's success during the season was a key factor in getting more fans to the stadium and that then generates more revenue.

**RQ3:** *How do ice hockey clubs balance the pursuit of sport and business success?* Balancing sport and business success was identified by the club managers to be one of the most difficult tasks they must perform. To keep the sport business as sustainable as possible, the club has formed three non-sport related businesses to support the main sport operations financially.

### 6.2. Implication to International Business

The focus of this research was to gather data from different top level professional ice hockey leagues around Europe. Understanding the differences and similarities in how clubs around Europe are managed, offer club managers valuable insight to different management styles and practices. Although professional ice hockey clubs play most of their games during the season in their domestic leagues, international tournaments and cups are played in Europe. The understanding of how clubs in different leagues operate and play can be crucial for a club's success in an international tournament or cup.

Being able to manage an ice hockey club is faced with similar opportunities and threats no matter the country of origin of the club. Understanding different management styles and practices helps managers regardless of the country of the league where their respected club plays in.

### 6.3. Limitations of the Study

It is relevant to note that limitations to the research conducted exist and therefore they are presented in this section. First, the number of interviews conducted for the research would have ideally been higher. A larger number of clubs interviewed would

have resulted in more data to have been collected, which would have increased the reliability of the research. The number of clubs that were interview was the biggest limitation for the study.

Second, the topic area of research was rather broad. Being able to focus on a certain area of strategic management of ice hockey clubs would have offered more specific answers, which in turn would have enhanced the reliability of the research conducted.

Overall, a limitation for the study was the lack of resources and the lack of previous research conducted on the topic. With broader resources, a more controlled research environment would have been possible. This would have ensured that the responses were applicable, and that quality data was been collected with every response.

### 6.4. Suggestions for Further Research

The research conducted in this thesis about the management of ice hockey clubs with limited budgets merely only touched some of the key elements of ice hockey club management. Future research should aim to broaden the understanding of the topic as a whole and focus on finding more data on the different aspects of managing an ice hockey club with limited or small budget. Future research should also broaden the clubs studied as only a set number of clubs from only some of the top professional leagues around Europe were part of this study.

REFERENCES

Aaker, D.A. (2009). *Managing brand equity : capitalizing on the value of a brand name*. New York: Free Press ; Toronto.

Abdalkrim, G.M. (2013). The Impact of Strategic Planning Activities on Private Sector Organizations Performance in Sudan: An Empirical Research. *International Journal of Business and Management*, 8(10).

Ahonen, A. (2022). *Challenges in Sport Entrepreneurship: Cases in Team Sport Business* Doctoral Study. Lappeenranta, Finland: LUT University [Published].

Andon, P. and Free, C. (2019). *Accounting and the business of sport: past, present and future*. [online] www.proquest.com. Available at: https://www.proquest.com/docview/2315038482/fulltextPDF/7B6CAA9D56D348B4PQ/1?accountid=27468 [Accessed 25 Jan. 2023].

Barney, J.B. (2007). *Gaining and sustaining competitive advantage*. Pearson Prentice Hall, Upper Saddle River, NJ.

Bayle, E., Lang, M. and Moret, O. (2019). How professional sports clubs exploit a heterogeneous local potential: the case of Swiss professional ice hockey. *Sport in Society*, 23(3), pp.433–451.

Bowman, R.A., Lambrinos, J. and Ashman, T. (2018). Prospective measures of competitive balance application to money lines in the national hockey league. *Applied Economics*, [online] 50(46), pp.4925–4936. Available at: https://www.tandfonline.com/doi/abs/10.1080/00036846.2018.1444262 [Accessed 6 Feb. 2023].

Chanavat, N. and Bodet, G. (2009). *Internationalisation and sport branding strategy: a French Perception of the Big Four Brands*. [online] Qualitative Market Research. Available at: https://www.proquest.com/docview/213406838?parentSessionId=KLCE1msAhrzJB4DL8t91QIDtrtiRCRcznb8QukDbzfE%3D&pq-origsite=primo&accountid=27468 [Accessed 16 Mar. 2023].

Cindori, S. and Manola, A. (2020). *Particularities of anti-money laundering methods*. [online] Journal of Money Laundering Control. Available at: https://www.proquest.com/docview/2468823437?parentSessionId=ZZTAcJ8ooDiZsAmc8Q9gVx5nu42o0ocFKxs1q032GOU%3D&pq-origsite=primo&accountid=27468 [Accessed 7 Feb. 2023].

Cucui, G.G. and Cucui, I.A. (2014). Research on the Management of Sports Organizations. *Procedia - Social and Behavioral Sciences*, 140, pp.667–670. doi:10.1016/j.sbspro.2014.04.490.

Demmings, B.U.L. (2008). *Strategic planning in small businesses in the modeling, simulation, and training industry - ProQuest*. [online] www.proquest.com. Available at: https://www.proquest.com/docview/609997357?pq-origsite=gscholar&fromopenview=true [Accessed 6 Feb. 2023].

Gantz D. (2020). *STRATEGIES FOR INCREASING REVENUES FOR SUN BELT NATIONAL HOCKEY LEAGUE TEAMS* Doctoral Study. Minneapolis, United States: Walden University [Published].

Garcia-del Barrio, P. and Szymanski, S. (2006). Goal! Profit maximization and win maximization in football leagues. [online] Available at: https://www.researchgate.net/publication/24131507_Goal_Profit_maximization_and_win_maximization_in_football_leagues [Accessed 6 Feb. 2023].

Ghio, A., Ruberti, M. and Verona, R. (2018). *Financial constraints on sport organizations' cost efficiency: the impact of financial fair play on Italian soccer clubs*. [online] web-s-ebscohost-com.libproxy.aalto.fi. Available at: https://web-s-ebscohost-com.libproxy.aalto.fi/ehost/pdfviewer/pdfviewer?vid=0&sid=de22a187-553a-4992-9676-5979004a4502%40redis [Accessed 25 Jan. 2023].

Hammartsöm M. & Malmqvist A. (2019). *IS FINANCIAL HEALTH A DETERMINANT OF SPORT SUCCESS?* Master Thesis. Jönköping, Sweden: Jönköping University [Published].

Hanström J. & Lundström C. (2015). *BUDGETING FOR GOLD OR PROFIT? A CASE STUDY ON BUDGET USES WITHING SWEDISH ELITE ICE HOCKEY*

*ORGANIZATION* Master Thesis. Stockholm, Sweden: Stockholm School of Economics [Published].

Ilić, R. (2013). *STRATEGIC PLANNING AT SPORTS ORGANIZATIONS*. [online] Available at: https://scindeks-clanci.ceon.rs/data/pdf/2334-735X/2013/2334-735X1304113I.pdf.

Keller, K.L. (2012). *Brand strategy*. Edward Elgar Publishing.

Kiuru J. (2016) *The Formation of Competitive Balance in the National Hockey League* Masters Thesis. Tampere, Finland: University of Tampere [Published]

Lilley, P. (2006). *Dirty dealing : the untold truth about global money laundering, international crime and terrorism*. London ; Philadelphia: Kogan Page.

Moisescu, P. and Moisescu, F. (2013). Sports Organization Management: Between Constraints and Objectives. *Procedia - Social and Behavioral Sciences*, 81, pp.95–99. doi:https://doi.org/10.1016/j.sbspro.2013.06.394.

Nielsen, K. and Storm, R. (2017). *Profit Maximization, Win Optimization and Soft Budget Constraints in Professional Team Sports*. [online] Available at: https://eprints.bbk.ac.uk/id/eprint/18426/3/18426.pdf [Accessed 25 Jan. 2023].

Mattinen O. (2019). *REVENUE GENERATING IN THE NHL* Bachelor's Thesis Otaniemi, Espoo: Aalto University [Published]

Petkovic, J., Jasinskas, E. and Jeseviciuté-Ufartiené, L. (2016). *SIGNIFICANCE OF STRATEGIC PLANNING FOR RESULTS OF SPORT ORGANIZATION*. [online] www-proquest-com.libproxy.aalto.fi. Available at: https://www-proquest-com.libproxy.aalto.fi/docview/1848798852/fulltextPDF/4CB58355063C4D50PQ/1?accountid=27468 [Accessed 25 Jan. 2023].

Renshler E. K. (2007). *AN EXAMINATION OF NCAA DIVISION 1 OPERATING BUDGETS: THE INFLUENCE OF ATHLETIC TEAM SALIENCE AND ORGANIZATIONAL ISOMORPHISM* Doctoral Study. Ohio, United States: The Ohio State University [Published]

Rodrique, F., Abeza, G., Séguin, B. and MacIntosh, E. (2021). *Branding a Professional Sport Team that Reenters the Same Marketplace: Stakeholders' Perspective*. [online] Sport Marketing Quarterly. Available at: https://www.proquest.com/docview/2569704988/fulltextPDF/2CF5A6D4DCCF4442PQ/1?accountid=27468 [Accessed 16 Mar. 2023].

Wade, J.B., Harrison, J.R. and Zhao, X. (2018). Who Will Stay and Who Will Go? Related agglomeration and the mortality of professional sports leagues in the United States and Canada, 1871–1997. [online] Available at: https://journals-sagepub-com.libproxy.aalto.fi/doi/full/10.1177/0170840618789204 [Accessed 8 Feb. 2023].

Wicker, P. and Breuer, C. (2013). *Examining the Financial Condition of Sport Governing Bodies: The Effects of Revenue Diversification and Organizational Success Factors*. [online] www.proquest.com. Available at: https://www.proquest.com/docview/1545167653/fulltextPDF/B7727AFAEC5A4F36PQ/1?accountid=27468 [Accessed 25 Jan. 2023].

Williams, A. and Son, S. (2022). *Sport rebranding: the effect of different degrees of sport logo redesign on brand attitude and purchase intention*. [online] International Journal of Sports Marketing & Sponsorship. Available at: https://www.proquest.com/docview/2617580172/fulltextPDF/70C32BFBE0D64BACPQ/1?accountid=27468 [Accessed 16 Mar. 2023].

APPENDIX

Interview questions for club managers

1. How do you measure success within your club both on and off the ice?

2. How do you balance financial sustainability with the pursuit of success on the ice?

3. What is your main strategy for competing in your league?
   Do you compare yourself with bigger clubs?

4. Does the team's success or the lack of success during a season affect the plans or strategies you identified at the start of the season?

5. Has your club needed to employ any innovative or unique strategies to be able to sustain financial sustainability or on ice success?

6. Do you see a correlation between the team's success sport wise and attendance in the stadium?

7. How much do external factors affect your club's ability to compete with bigger clubs?

8. Does your club have a specific strategy to differentiate locally as an entertainment provider?

9. Do you have a specific brand strategy (if we consider your club and its logo to be the brand)?

10. How does being a smaller club affect the way you want to appear in the eyes of the fans?

11. Do you know why your fans are fans of your club? What does this depend on?

12. What is your club's approach to community engagement and building a fan base?