



CORNHUSKER BUSINESS CASE COMPETITION

Professional Sports League Expansion Franchise

Introduction

The Cornhusker Business Case Competition, hosted by Nebraska Business Honors Academy students, will challenge competitors to apply a broad set of skills and tailor messages to different audiences. Teams have been “hired” by an investment group looking to launch a Major League Soccer expansion franchise. They must create a proposal and gain approval from officials from their chosen city and state, the investment group, and MLS leadership. Successful teams will analyze the economic opportunity for the city, ascertain key financial and operational details, and design a unique value proposition for fans and the league.

Note From The Team

Hello! We hope your team finds this case competition challenging and beneficial to your learning and development. We encourage you to be purposeful in your approach to working with your team, pushing your boundaries, and stepping outside of your comfort zone.

As your team tackles this case, we’d like to share valuable insights from the student team behind this competition. These pointers are intended to guide your experience:

1. Identify and leverage your strengths: Each team member possesses unique strengths and expertise. Take time to identify and leverage them effectively. Organize in a way that allows each team member to shine, and you’ll find yourselves working together seamlessly.
2. Thoroughly understand the problem: Before diving into solutions, invest time in thoroughly understanding the problem at hand. The deeper your comprehension, the more innovative and effective your solutions will be. Approach the case with curiosity and a commitment to unwrap its complexities.
3. Balance the interests of all stakeholders: Effective problem-solving goes beyond finding a solution; it involves considering the impact on all stakeholders. Strive for balance in your solutions, ensuring that you consider the interests of all relevant parties. This will enhance the sustainability and ethics behind your proposals.

Good luck!

Case Introduction

Professional sports leagues generate billions of revenue annually, and those wealthy enough to own the best franchises and teams have made lucrative returns on their investment in recent decades. At the top of the food chain is the National Football League, whose TV rights alone will generate over \$100 billion over 11 years starting this season ([NY Times](#)). According to Forbes, the NFL boasts 13 of the world’s 25 most profitable sports teams, primarily due to the league’s rich broadcasting deal ([Forbes](#)).

From 2012 to 2021, on average, NBA values increased 387 percent, according to Sportico. Since 1996, the average NHL team has seen its value go up 1,112 percent. In the last 25 years, the average NFL team value grew twenty-fold ([Yahoo! Finance](#)). Meanwhile, the number of franchises in these leagues has remained relatively stable. The exclusivity of owning a major sports franchise, especially a winning one, has become another major appeal for investors.

This appeal has extended to institutional investors as well. According to a KPMG report, private equity firms invested over \$6 billion in 2021 and 2022 into professional sports deals. Media rights growth, expanded institutional investment, and a rise in sports gambling have all contributed to recording-breaking franchise valuations ([KPMG](#)).

2022 Premier franchises sold		2023 Marquee franchises rumored to be for sale	
Denver Broncos (June)	\$4.7B	Washington Commanders Expected minimum price:	\$5B-\$6B
Phoenix Suns (November)	\$4.5B	Manchester United Expected minimum price:	\$5B-\$6B
Chelsea F.C. (May)	\$3.1B	Tottenham Hotspur F.C. Expected minimum price:	\$3B-\$4.5B
AC Milan (June)	\$1.2B	Washington Nationals Expected minimum price:	\$2B-\$3B
Olympic Lyonnais (December)	\$846M	Charlotte Hornets Expected minimum price:	\$1.7B-2.5B
Nashville Predators (October)	\$775M	Ottawa Senators Expected minimum price:	\$800M-\$1B
Real Salt Lake (January)	\$400M	Everton F.C. Expected minimum price:	\$700M-\$800M

Source: KPMG

Franchise Expansion as a Key Growth Strategy for Leagues

Franchise expansion is a key growth strategy for leagues because it widens audiences and provides growth opportunities. Sports leagues want increased viewership levels to support competitive broadcasting deals, and franchises want higher attendance and stadium-related revenue. Expansion can happen because of population growth or geographic shifts, creating consumer demand for a local team. Leagues that admit expansion teams allow existing franchises to earn more revenue from expansion fees. Leagues often approach cities without local teams as key markets for growth opportunities.

Local regions can benefit financially from the addition of a major league team. The Atlanta Braves, an MLB team, built a megaplex for their stadium that generated profit for the region in 2022 for the first time since its construction. Truist Park and The Battery Atlanta generated over \$38 million in tax revenue for FY22. The State of Georgia received \$15.8 million of the \$38 million to improve infrastructure and fund law enforcement. The Cobb County Board of Education was allocated \$9.4 million dollars. Property values in the area have also risen at The Battery Atlanta. The project is now a net positive for Cobb County taxpayers ([Cobb County](#)).

MLS History and MLS Expansion

The establishment of Major League Soccer (MLS) was an exchange for FIFA awarding U.S. Soccer the right to host the 1994 World Cup. Before the MLS, two professional soccer leagues had begun in 1967 and merged to form the North American Soccer League. Eventually, the merger dissolved in 1984, which left the United States without a national league. MLS was formed in 1995, and teams began playing in 1996. The league started with 10 teams in the United States and has since expanded to 30 teams in the United States and Canada.

The San Jose Clash hosted D.C. United for the inaugural MLS match on April 6, 1996, in front of a sellout crowd of 31,683. Despite the success of the first match, the short-term outlook for MLS was grim. During the first five years, the league lost \$250 million, and attendance fell about 20% ([LATimes](#)). The sport's popularity resurged after the United States made the quarterfinals in the 2002 World Cup. Just months after the World Cup Finals, attendance at the MLS Cup 2002 was 61,316.

Expansion of the league started in 1998, when MLS added two additional teams. However, growth remained stagnant because MLS faced low attendance, so the league returned to its composition of 10. The first growth phase lasted from 2005 to 2014, bringing MLS to 19 teams. The expansion included three Canadian teams, which Canada hoped would help increase its competitiveness at the World Cup ([NY Times](#)). The second growth phase started in 2015, and MLS now has 30 teams,

with its 30th team set to begin play in 2025. This fan base expansion allowed MLS to negotiate better broadcasting and sponsorship deals for the league and its franchises. MLS recently grew from a \$90 million per season TV deal to a \$250 million per season ten-year deal with Apple TV ([AP](#)). For this case, future expansion franchises will fully vest into the existing Apple TV broadcasting deal in their first season of play.

The existing strategy for MLS expansion has a few avenues. Cities that have had success with MLS teams are in less saturated pro sports markets and only have three or fewer other major North American pro sports league teams. Another strategy behind the league's rapid expansion was to fill more geographic areas and create organic rivalries to fuel fanbases ([ESPN](#)). Additionally, factors for expansion include consideration of the ownership group, stadium plans, and financial viability.

Case Studies in MLS Expansion

Bringing on a high-quality ownership group is one of the MLS Expansion Committee's highest criteria when considering expansion bids. Beyond the actual capital required to support a franchise, groups must bring a strong local and global network of possible club stakeholders and sponsors, a clear vision for the organization, and relevant experience. The ownership group drives key decisions around the physical location of the franchise and works closely with city and/or state officials to create a proposal the investors and the region both support. The city sponsoring the stadium and the state can lend money if they see a potential return on investment from tax revenue. If stadium locations are not downtown in major metropolitan areas, more regional stakeholders may have a share in the investment and profits from the stadium, depending on zoning. Owners are crucial in negotiating large up-front transactions, such as securing real estate or buying out existing soccer clubs. As you will see, investors take a scrupulous eye to the financial side of the deal and are prepared to walk away if the investment no longer fits their needs. The following short case studies are a primer to familiarize you with the key aspects of recent expansion proposals.

San Diego

San Diego began vying for an MLS team in 1996 and finally received their MLS franchise (the 30th) in March of this year, with the team expecting to begin playing in 2025. The ownership group is led by Egyptian businessman Mohamed Mansour and the Sycuan Band of the Native American tribe Kumeyaay Nation. The tribe has a history in San Diego that dates back roughly 12,000 years. The ownership group reportedly agreed to an expansion fee of \$500 million, the highest in league history ([Pompliano](#)). At San Diego's unveiling, MLS Commissioner Don Garber said, "Here we are with a great ownership group, great facility, and a business staff that's really going to work hard to build a terrific team in this market" ([MLS](#)). He continued, "Mohamed Mansour and the Sycuan Tribe have an incredible vision for building a club that will inspire and unite soccer fans throughout the city and region" ([ESPN](#)). The organization will focus heavily on youth development, aiming to develop strong ties to the community and lift young talent in the region. The franchise will rely on the expertise of the Mansour-owned "Right to Dream" global soccer academy group and its founder, a franchise minority investor, to quickly plant the franchise's roots in the region. The owners also brought in the former president of another expansion franchise (LAFC) as CEO and will rely heavily on his operational expertise to get the club off to the right start. The team will pay a lease and facility use fee and share revenue with San Diego State University for its 35,000-seat outdoor stadium. The stadium opened in 2022, and its immediate surrounding areas are still developing ([McCormick](#)).

Sacramento

Just years earlier, the MLS learned how quickly a change in investor sentiment can kill a deal. In 2019, Sacramento was awarded an MLS expansion franchise set to begin play in 2022. The expansion fee was \$150 million at the time. The city rallied a large fanbase for Sacramento's very successful USL Championship team, Sacramento Republic FC. The USL Championship is a professional soccer league considered the second tier of professional soccer in the United States.

The ownership group was headed by Ron Burkle, the NHL's Pittsburgh Penguins co-owner. However, in February of 2021, Mr. Burkle backed out of the acquisition due to the effects of COVID-19 on higher stadium and infrastructure costs, fundraising troubles, and issues buying out Sacramento Republic FC ([ESPN](#)). This unexpected turn of events put the expansion on indefinite hold and left the Sacramento Republic and the city of Sacramento in a scramble to keep their hopes for an MLS team alive.

The pursuit for an MLS franchise began in 2016 when Commissioner Garber visited the city while searching for four teams to join the league. In late 2016, the Sacramento City Council approved building a \$226 million stadium for Republic FC ([Fox](#)). With the lead investors out, Todd Dunivant, Sacramento Republic President, said, "We need to find a new investor, a new lead investor. That's our priority, and that kicks everything into gear from there. The stadium, the timeline, everything happens when we have our investors secure" ([Forbes](#)). Since the interview and announcement of San Diego's franchise, a potential investor has emerged and indicated interest in taking a stake in Sacramento Republic FC as a step toward an MLS franchise expansion. Talks for a downtown stadium resumed yet again. Will a city hungry for MLS win their franchise anytime soon? Competitors in this case competition are welcome to pitch Sacramento as their expansion locale.

Las Vegas

During Commissioner Garber's State of the League address in November 2022, he indicated Las Vegas and San Diego were leading candidates for expansion franchises. He said, "There's not a [large] city in the United States or Canada where you can't have a successful MLS team or a successful professional team if it's not in Major League Soccer." Yet for Las Vegas, it was clear the intense heat and uncertainty about other major-league expansions were key points that needed to be addressed ([MLS](#)). The NHL's Golden Knights arrived in 2017, and the NFL's Raiders arrived in 2020. The MLB's Athletics are reportedly close to a move to Las Vegas, and the NBA commissioner called expansion there "inevitable" ([Weekly](#)). According to Forbes, "Eight of the MLS' top 10 attendance leaders in 2022 [were] in markets that are without a team in at least one of the other four major North American pro sports leagues (MLB, NBA, NFL, NBA)" ([Forbes](#)). It's no wonder cities like Austin, Nashville, Charlotte, and Cincinnati have won expansion recently rather than cities like Detroit or Phoenix. Las Vegas was reportedly considering a new stadium build rather than lease, which can become an expensive commitment for a hot climate summer-focused stadium. Lastly, the existing professional soccer team in Las Vegas plays thirty minutes from the strip, which raised concerns over possible friction for the exciting fan base in the community.

Investor Group

Majority Investor:

Crystal Cascades Capital Holdings

Size: \$8.4 billion

About Us: Crystal Cascades Capital Holdings is a distinguished and forward-thinking global investment company specializing in strategic investments and capital partnerships.

Investment Philosophy: Our investment philosophy is grounded in a blend of expertise, discipline, and vision. We carefully select opportunities that align with our long-term objectives, focusing on global ventures that demonstrate innovative approaches and strong growth prospects. In the professional sports industry, we are prepared to sustain short-term losses but ultimately hope to drive excellence on the field and bring joy to fans across the globe.

Industry Focus: While we maintain a diverse portfolio, Crystal Cascades Capital Holdings has a keen interest in the sports and entertainment industry. We own and operate some of the world's most notable arenas and also operate very high-profile hotels. We recognize the potential for long-term capital appreciation within the league and are dedicated to investing in a community that can support a franchise. Ultimately, we hope to bring one of the last MLS franchises in the foreseeable future to a deserving locale.

Team Expertise: Our experienced professionals bring a wealth of real estate and entertainment knowledge and expertise to every investment. CCCH typically relies on proven industry leaders and innovators to deliver industry-leading results. With a track record of successful partnerships and a commitment to excellence, we bring guidance to our business leaders when driving strategic initiatives but trust them to actively manage facilities and businesses. CCCH aims to bring a global perspective to an MLS franchise, but is especially seeking expertise on marketing, fan experience, and other key focus areas for the club.

Minority Investor:

Johnathan “Jay” Mitchell, President of Peak Agility Sports Technologies, Inc.

Net Worth: \$350 million

Jay Mitchell is a trailblazing entrepreneur and visionary leader in the world of sports technology. His journey began with a passion for sports and technology, a combination that ultimately led to the creation of one of the most influential companies in the industry. Jay’s brother-in-law is a general partner with Crystal Cascades.

Founding a Sports Tech Empire

In the early 2000s, Jay embarked on a mission to revolutionize the sports world through technology. He saw the potential for technology to improve how athletes train, compete, and recover. He also saw the potential for technology to engage fans in new and exciting ways. Armed with a brilliant vision and a relentless drive, Jay founded his own sports technology company. The company quickly became one of the world’s largest and most successful sports technology companies, combining sports science and analytics to revolutionize how athletes train, recover, and perform.

Today, Jay’s company generates around \$500 million in annual revenue through his wearables, software platforms, and sports science services. The company has been recognized by numerous organizations for its innovation and its impact on the sports industry. Jay is a frequent speaker at industry conferences and events. He is also a mentor to young entrepreneurs who are looking to start their own businesses.

Jay is a true visionary and a pioneer in the sports technology industry. He is an inspiration to anyone who dreams of using technology to make a difference in the world of sports. Jay is from a hometown without any major sports teams, so he hopes to help bring an MLS franchise to a competitive, well-deserving location.

The Ask

You have been enlisted by a wealthy investment group to put together a proposal for the 31st expansion franchise in Major League Soccer based in the United States or Canada. Your task is to propose an expansion franchise that will provide sustainable long-term financial returns to investors while enhancing the surrounding community and furthering the influence and success of Major League Soccer. The league has set the expansion fee at \$500 million. The league has promised any new expansion franchise will fully vest into the existing Apple TV media rights and have access to talent through the traditional expansion draft format.

This investment group consists of two primary investors. The first investor is Crystal Cascades Capital Holdings. Crystal Cascades wants to expand its portfolio into professional sports and access the potentially lucrative capital appreciation through the new franchise. Crystal Cascades is prepared to make a sizable investment and brings a wealth of financial expertise to the ownership group. However, Crystal Cascades aims to fund less than 70% of the up-front costs for a controlling stake in the franchise. The second investor, Jay Mitchell, is the President of Peak Agility. Jay wants to expand his company’s influence and accumulate wealth through an opportunity not afforded to

many individuals. He brings expert entrepreneurial chops, a passion for helping athletes reach their full potential, and a strong network in the sports tech world to the ownership group.

Your team must identify two minority investors to round out your ownership group and strengthen your proposal. Detail the value these minority investors bring to your franchise and how you would recruit them into your investor group.

Your team will submit a *Deal Sheet* prior to arrival (see requirements below) that summarizes the high-level details of your proposal.

In your first presentation, you should specifically address the needs of your investment group and city officials. These stakeholders are particularly interested in the locations/logistics, community impact, expected financial returns, and key risks or obstacles. Detailed criteria can be found below under *Round 1 Criteria*.

In your second presentation, you will propose your plan to the Major League Soccer Expansion Committee. These stakeholders are particularly interested in the deal terms, fan experience, market opportunity, franchise vision, and key risks or obstacles. Detailed criteria can be found below under *Round 2 and 3 Criteria*.

Finalist teams will present to the MLS Board of Directors and league commissioner. This group of stakeholders has the same criteria as the Expansion Committee. Detailed criteria can be found below under *Round 2 and 3 Criteria*.

Competition Format

The competition is split into two preliminary rounds and one final round. The teams should expect feedback after the first preliminary round but not after the second preliminary round.

After the first preliminary round ends, *new case information will be released* that teams will need to account for heading into the second preliminary round. Teams will receive *one hour* to consider feedback and implement changes based on the new information. Teams must bring technological devices to edit their Round 2 presentations and deal sheets accordingly. WiFi, workspace, and charging plugins will be available to teams.

Adjusted deal sheets and modified presentations must be submitted as attachments prior to the deadline given below. After the work time, teams will present to a different set of stakeholders (and judges) in the second preliminary round. The top team from each room will advance to the final round and present to a final panel of judges. The second preliminary round and final round will have the same set of stakeholders and criteria.

Expected Deliverables

The following materials must be submitted as attachments prior to the deadline of Tuesday, October 17 at 11:59 p.m. CT:

- **Round 1 Presentation Slide Deck**
- **Round 2 Presentation Slide Deck**
- **Deal Sheet**

Note: The Round 2 presentation is meant to be an alternative version of the Round 1 presentation that addresses the specific appropriate stakeholders and must be submitted as a separate presentation. Both presentations will be considered when determining room placement.

The classrooms have presentation screens behind where the teams will be presenting and television screens in the back of the classrooms that project the same screen.

Deal Sheet

The Deal Sheet summarizes key terms and details for easy comparison across proposals by stakeholders. The Deal Sheet can be found at the end of this document.

Round 1 Criteria

Teams will have 15 minutes to pitch a plan that the investment group and high-ranking city officials endorse. The information in the deal sheet should be reflected in your presentation slide deck, and the judges will have a copy of your deal sheet. The Q&A section will last for 5 minutes. Judges will provide feedback to each team for 5 minutes. The following criteria are expected but not exhaustive:

The city officials will be looking for answers to the following questions:

1. Why does our city need a team?
2. How will existing infrastructure, i.e., transportation and accommodation, be used?
3. What are the environmental and social impacts of the city getting a team?

Teams will be asking the city officials for the following terms:

1. Approval of the location for the stadium/venue
2. Uplifting specific infrastructure that will provide benefits to fans and the city
3. Additional funding and incentives identified by the team

The Investor Group will be looking for answers to the following questions:

1. Why were these minority stakeholders chosen?
2. What strengths and opportunities do they add to the group?
3. Why is this location ideal for an expansion franchise?
4. What are the key risks, and what is your plan for risk management?

Teams will be detailing the following financial plans for the Investor Group:

1. Plans and costs for the stadium/venue and additional gameday facilities
2. Required capital for upfront costs
3. Continuous costs to maintain operations
4. Expected revenue and sources of income
5. Potential sponsors

Phase Between Rounds 1 and 2

New financially-related constraints will be released after Round 1. Teams will have an hour to adjust their proposals to this new information and act on any feedback received from their Round 1 judges. Updated deliverables must be submitted via email by 1 p.m. to nlauver2@huskers.unl.edu.

Round 2 Criteria

After this, you will have 15 minutes to pitch to league leadership.

Teams will have 15 minutes to pitch a plan that satisfies the league's and its leadership's needs. The information from your updated deal sheet should be reflected in your presentation slide deck, and the judges will have a copy of your modified deal sheet. The Q&A section will last for 5 minutes. Judges will provide feedback to each team for 5 minutes. The following criteria are expected but not exhaustive:

League leadership will expect to have the following questions addressed:

1. What Key Terms have support from the city officials and the Investment Group?
2. How does this expansion align with MLS's mission, vision, and values?
3. How does this expansion align with the MLS strategy and expansion/growth model?

Teams should defend franchise opportunities and risks in the following areas:

1. Fan Experience:
 - a. Address the existing fan base and planned community involvement
2. City:
 - a. Analyze the competitive landscape of professional sports teams/entertainment
 - b. Analyze the existing infrastructure and detail the proposed stadium/venue
 - c. Ascertain key advantages this city has over other cities previously considered and/or selected by MLS
3. Expansion Choice:
 - a. Address additional core competencies determined by your team

Advancing Criteria

The top team from each room will advance to the final round based on their performance in both rounds.

Final Round

Finalists will present their proposals to the MLS Board of Governors and League Commissioner. The criteria for this round are the same as Round 2. However, a slightly larger panel of judges will judge the 15-minute presentation and hold a Q&A session lasting 10 minutes.

Questions

Questions about the case should be directed to Nick Lauver. He will do his best to get back to you quickly. Email: nlauver2@huskers.unl.edu

Submission

The deadline to submit your slide decks and deal sheet is Monday, October 17th, at 11:59 p.m. CT. Both attachments should be added to a single email and sent to nlauver2@huskers.unl.edu.

Rubric

Your team will be judged on the following criteria:

Analysis

- Team applies appropriate methods and frameworks to the case
- Team effectively identifies key trends and insights

Recommendation

- Recommendations address the criteria and core issues presented in the case
- Recommendations follow analysis derived by the team
- Recommendations are original and demonstrate a critical approach to the case

Presentation

- Team delivers the presentation in a compelling and engaging manner, supplementing the content of the deliverables
- Team utilizes a clear structure, transitioning smoothly between speakers and effectively highlighting key points.

Deliverables

- Deliverables are well-structured and easy to follow
- Deliverables help support key analysis and recommendations

Team Cohesion and Engagement

- All team members demonstrate evident mastery of the case, their analysis, and their recommendation through the presentation and question and answer portions.

Implementation of New Information (Rounds 2 and 3 only)

- Team incorporates and addresses new information in their presentation

Timeliness

- Team will receive a hard cutoff at 15 minutes, regardless of the completion of the presentation

Teams are expected to cite all sources in a clear, organized and transparent manner.



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Major League Soccer Franchise Expansion Deal Sheet

Please fill in the following information:

Stadium Location Address:

Minority Investor 1:

Minority Investor 2:

Economic Terms

Cost of the Stadium/Venue:

Cost of Investment in the Surrounding Area:

Cost of Infrastructure Uplift for Public Transportation:

Cost of Stadium Utilities Uplift (if applicable):

Financial Contribution from Majority Investors:

Financial Contribution from Minority Investor 1:

Financial Contribution from Minority Investor 2:

Financial Contribution from the City/State:

Buyout Cost of Existing Local Franchises:

Expected Sponsorship Revenue:

Appendix

Please attach additional information that may help the case of your bid, i.e., photos of the stadium/plot of land, maps of the existing public transportation system, etc.