

## Sports Geek Nation AMA with David Mackay

David Mackay is a Partner at Strategic Project Partners, a general management consulting firm that helps clients solve difficult strategic and operational problems through innovative approaches and robust analysis. David leads the company in the practice of sports, media and entertainment, consumer goods and retail and gives extensive advice for government, higher education and private sectors on research and commercialisation.

David was a former Sports Geek guest back in episode 83 where he talked about sports business strategy and sustainability in sports. He continues to fulfill his advocacy to develop world-leading sports capabilities in Australia.

Connect with David Mackay on Twitter [@dgmackay](#), [LinkedIn](#) and Slack [@dgmackay](#)  
Find out more about Strategic Project Partners at <https://www.spp.com.au>

Here's the full transcript:

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**Q. [seancallanan](#):** I'll open the batting [@dgmackay](#) what is it about sport that attracted you to the industry and how did you get your break into sports business

**A. [dgmackay](#):** Thanks [@seancallanan](#) for the opportunity and the question. What attracts me to sports is the complexity of the business model, which is in many cases in complete contrast with the resources and finances associated with it. In sports, there are three primary business models - entertainment, elite talent development, grassroots participation. The entertainment model is the predominant model that most are familiar with, and in this we have more complexity - media, retail merchandising, event management, venue management, logistics, and so on. This is often being managed by what would be classified a small to medium business (0-200 people), with limited budgets, but under intense scrutiny.

In terms of how I got involved, I was a Cybersecurity Manager at Origin, a division of Philips, which merged with Atos, the IT provider for the Olympic Games. I was involved in providing some staff as part of the Athens Olympics, promoting Atos' capabilities locally, and then involved in some bidding to be the service provider for some major events. I made a career transition out of IT to more business focus (an MBA, a few years in logistics working on post merger integrations and demergers), and then transitioned into management consulting. The firm I joined, SPP, had done work for some sporting codes and some entertainment providers. I leveraged that knowledge, won and delivered some projects looking at strategic planning, ticketing and commercial revenues for organisations such as theme parks, Arts centres, universities, as well as sporting bodies, and have continued to grow the practice. My main areas of interest are on financial sustainability/success and integrity, and I have since completed a Master of Sport Business & Integrity as part of that interest. #alwayslearning

**seancallanan**: I love a good geek origin story

**dgmackay**: Well, along that vein, my first grad role was as IT support in a law firm. There was a lawyer there named Brendan Schwab who had founded the Australian Soccer Players Association (now known as Professional Footballers Australia). I built a website for them, back when HTML was a lot simpler and dial-up was the predominant connection method. Brendan is now Executive Director of the World Players Association.

**Q. Edward Ernst**: @dgmackay of the areas you mentioned ("media, retail merchandising, event management, venue management, logistics, and so on") which do you see as being the most ripe for innovation - alternatively, which aspect of the entertainment model has changed the most in the past couple years?

**A. dgmackay**: @Edward Ernst The main area for innovation (or evolution) in sport is around the business model, and we have already seen where this is happening. Models obviously differ depending on where you fit in the ecosystem, but broadly at the top end we have seen media-driven business models based on monetisation of eyeballs in volume. This has mostly been accomplished through broadcast deals. However, we have already seen major disruptions of the media landscape, and the players who have been paying for these big media deals will struggle to sustain these models into the future. We have seen Amazon, etc. dabbling, and some sports will be holding out for the next rescuing saviour, but where we see the most change is around adopting a direct to consumer model. We have already seen some OTT offerings, but I expect a lot more innovation in this area in the future - service models, pricing, packaging, technology, etc. We will see a lot more fragmentation before we revert back to aggregation. The aggregation will arise because while some sports will successfully commercialise a niche, the bigger sports seeking mass markets (or grow new markets) will find that consumers can't afford to be taking out individual subscriptions for all their interests.

We see the subscription trend across many industries now and the premise is often "get X for the cost of just a coffee a day". At some point, people will start reviewing their household budgets, particularly when economic growth stagnates, and will realise they are having 30-40 'cups of coffee' a day, which adds up to significant \$ over the year, and they need to cut back on things. While entertainment is often quite resilient in discretionary spend, most households will struggle to maintain a dozen entertainment subscriptions on an ongoing basis. This will lead to more season passes, switching on and switching off. The tech and sales models will need to help support this.

At a more grassroot/community level, particularly in Australia, infrastructure funding models are in need of innovation. These are currently heavily reliant on government funding and unsustainable. I expect to see a lot more innovation around community sport business

models as governments simply can't keep up with the demand being placed on them for sporting infrastructure, particularly sporting fields.

This may also lead to greater innovation in the onfield product. I expect that we will see more of shorter and smaller form factors of games. In Australia, Cricket and AFL are dominant sports, but they are played on very large ovals, and the games take a long time. We've seen shorter (T20 Cricket) and smaller (AFLX) forms of games evolving. I expect there will be more of this and it is largely driven by the need to be able to help growth in participation levels and in new markets, where there is strong competition for infrastructure (or the traditional infrastructure simply doesn't exist).

**Q. [Matt](#):** @dgmackay Hi David, do you see the clubs/associations (who I believe are largely volunteers) picking up the slack in this regard and doing the groundwork to build/implement the necessary infrastructure or would the NSO's/SSO's be providing resources for this.

**A. [dgmackay](#):** Hi @Matt, there's a role for clubs to become more commercially minded, roles for private industry providers, and opportunities for much more collaboration across sports. I expect we will see a move away from infrastructure catering for one sport to more integrated community/sporting centres. Aquatic centres are further ahead in this, in terms of integrating pools, gyms, cafes, etc. We need to see more integration of sporting facilities with other community facilities so that there is constant foot traffic and vibrancy. This can attract more commercial funders. Like the Big Bash League has made T20 about more than just the cricket on the field, community sport needs to make coming to the game more than just the 22 odd players on the field. The beloved club sausage sizzle will only achieve so much.

**Q. [sophiemoore](#):** Hi @dgmackay , what do you think is the biggest threat to grassroots participation here in Australia? Not just for mainstream sports but for all 32+ NSO's?

**A. [dgmackay](#):** Hi @sophiemoore, there are a number of challenges facing grassroots participation. As mentioned in my other answer, infrastructure is a key challenge. Funding models are a challenge, governance models are a challenge. The biggest threat I see is an inability to adapt to changing customer/participant demands and an overemphasis on talent development rather than having fun.

Many sports are still too reliant on their traditional organised structures based on age segmentations and fixed operating windows. As an example, friends of my kids have been interested in trying football (soccer). The local club said they had no programs to cater for 10 year olds who had no experience, they needed to have come through from U6s. You can't grow participation if you aren't willing to cater for new audiences.

We have seen some work in cycling to move away from age level segmentation to capability levels with some success. A clear winner in participation growth because they have a model that is focused on enjoyment and doesn't discriminate against capability is parkrun.

Obviously there are challenges across team vs individual sports, but the need to adapt to

less structured play and fit in with fragmented/busier lifestyles will be key to growing participation.

**jase:** I think mobile content and integrated advertising/sponsorship has a big role to play in generating more game day revenue, even at the amateur sport level. We're seeing semi-pro teams doing digital sponsorships for the first time and lifting revenue by 20-40%. You're right, though, getting traditional sport CEOs to get their heads around it is challenging.

**Q. simon:** @dgmackay Hi David. When dealing with a specific function of a large sports organisation that really wants your product or service but operates with set budgets, do you have any insights in how to communicate the ROI or cost savings to exec level or budget committee without going over the head of your contact in an organisation?

**A. dgmackay:** Hi Simon, why not ask me a difficult question?

Obviously the approach will differ depending on the organisational dynamics, relationship, etc., but I see the key choices are:

1. Work with your contact to see how you can make them the hero. Understand the organisational drivers of importance to the exec (revenue uplift, cost reduction, efficiency drive, etc.); Demonstrate how your product delivers on these drivers; Write the pitch for them to take to their exec; Offer to help them sell it upwards.
2. Realise that the function you're talking to is never going to make a purchasing decision and find who in the organisation will. Either way if your contact is truly interested in the product or service, they will be happy to see it funded.
3. Leave them alone for now, move on to other clients who can afford to pay, come back next budget cycle or when you've got some additional function/service that will help overcome their objections.

**simon:** Fantastic answer @dgmackay, thanks!

## What is Sports Geek Nation?

Been forwarded this from a colleague? That's great we love seeing our members get credit for sharing their knowledge. Sports Geek Nation is a curated sports business community in Slack and Facebook which will help you learn from the very best in the world. Sports Geek Nation was founded by Sean Callanan in 2015 (as #SportsBiz Slack), it connects sports executives who work in digital, data and technology.

Sports Geek Nation has members from (in alphabetical order) Australia, Canada, Denmark, India, Lithuania, New Zealand, Sweden, United Kingdom and United States working in sports such as basketball, football, ice hockey, baseball, AFL, horse racing, golf, rugby league, netball and more.

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