

Losing Money to Gain Money

Written by {ga=ninocolla}

Tuesday, February 08 2011 7:00 AM - Last Updated Monday, February 07 2011 3:28 PM



After scraping an inch of ice off my car last week, you would probably think one would not be in the mood for baseball.

After signing Austin Kearns and three people who are just as similar to Adam Everett, including Everett himself, you would probably think one would not be in the mood for Indians baseball.

As close as we are to baseball season, and by numbers we are still ways away, this is the most agonizing time to be a die-hard baseball fan.

We are ways away from actual baseball season, but not far off from the glorious point in winter (as long as it's cold out, it's still winter) that baseball players head for the fine weather in Arizona and Florida to prepare for the season.

Last Friday the equipment trucks up and moved down to Goodyear, which pretty much signals to all of us that pitchers and catchers are close to reporting. Before that happens though, we need to wrap-up the offseason right.

Errrm...Yeah about that.

I could go on about meteorites longer than I can about the Indians hot-stove adventures. I'm

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going off the assumption that meteorites involve science, I hate science.

Probably the most, I guess newsworthy part of the Indians offseason was the fact that they turned their stadium into a winter theme park. So let's talk about that!

No really, let's talk about that. Earlier this offseason, everyone wondered if such a venture was worth it. What's the purpose of doing something like this? Will it make money?

Mark Shapiro proclaimed at one of the stops on the Tribe on Tour event, that Snow Days would return next offseason. Hopefully, with some needed tweaks.

What tweaks? I really don't know specifics about the event, because I didn't attend. Maybe that was part of the problem. The dates could use an adjustment to include some time outside the holiday season. Maybe keep it open a little longer, even if that means shutting the thing down during days of the week that proved to be unsuccessful for them this year.

Really, it would be wise for the Indians to bring Snow Days back, at least for one more time. You gain little by trying something once and getting rid of it because it wasn't as wildly successful as everyone hoped.

Reality actually says, even the Indians expected a loss. From Street and Smith's Sports Business Journal:

"The Cleveland Indians concluded the debut run of their Snow Days winter carnival at Progressive Field with a final attendance of more than 50,000. The figure was less than the 60,000 previously projected by club officials for the five-week run and a fiscal loss, which was expected, is likely due to the initial capital expense of equipment such as snowmaking gear. The event, however, generated revenue in at least the high six figures, an amount not subject to MLB revenue-sharing rules, and team officials said the event proved effective at attracting families as well as young adults."

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Common sense says, every time you start up a business, there will be start-up costs that could set you back initially. That's part of what happened. So they came in 10,000 less than expected, maybe part of that had something to do with the dates.

The most key part of that snippet is the last part. Generated revenue (even though it was a fiscal loss) is not subject to the MLB revenue-sharing rules.

If the money that the Indians make from Snow Days is money they can use to spend on themselves, then certainly all the money that the Yankees made from the Pinstripe Bowl is money they can use to spend on themselves.

And trust me, they made money. There isn't a bowl game that doesn't make money. The ones who lose in bowl games are the small teams. Some take losses to play in these games while the bowl games are the big winners. They force teams to purchase an allotment of tickets, and more times than not, those teams are unable to sell all their tickets, resulting in a loss.

Yet the bowl game, they made their money because they already sold the tickets. Add in the [sponsorship money](#), revenue they make from the game itself and the media contract with ESPN, it becomes increasingly difficult for these bowls to not make money.

Alright so what does all of this have to do with the Indians and Snow Days?

Everything, so hear me out. There is no way that the Indians will ever get to host a college bowl game. It would be a big money maker, but they don't have the cachet to pull in an event like this.

What the Indians have come up with in Snow Days is unique and for people in Cleveland, it works because for the winter months, it is something to do. It also looks incredibly fun for families and young adults, the two groups it attracted according to SBJ.

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That's all great in reasoning, but how can you explain continuing through with the fact that they ended up in the red with this venture.

Again, all start-ups go through an initial period of loss in their first go-around. Mark Shapiro and his team can learn from this and make adjustments, and they will, and come back next year with a reformatted plan that could stand to gain money.

Let's also assume they purchased all the major equipment needed to run the event. They've already constructed the batterhorn once and while I'm sure they'd have to incur yearly costs to run the event, they know exactly how much everything costs.

Their cost has to go down the second time around. Also consider the promotion that they won't have to do this time around. Yes they have to promote it, but there is a core group of people that already know about it that they won't have to tell like they did last year.

The point is, you've built something and endured the cost to build it. Why chalk up the investment as a failure?

Especially when this can be your Pinstripe Bowl. Will it pull in millions and millions of dollars a college bowl game would? No, certainly not, but it can earn some revenue for a team that certainly needs it.

And revenue that they don't have to share with the other 29 teams in Major League Baseball, which is the biggest key. The Indians are probably one of the teams that benefits from revenue sharing given the fact that they haven't been earning much.

So the opportunity to earn some extra revenue outside of season, when few other franchises are, is something you need to take advantage of.

Of course, all of this discussion becomes pointless with what could be a harsh reality.

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What if Snow Days 2011/2012 ends the same way the first one did? Why are we spinning our wheels with these ventures that lose the franchise even more money?

Let's wait until that actually happens, but I think the Indians have learned enough from their first run to make the second one successful.

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You can follow Nino on Twitter @ [TheTribeDaily](#) where he's doing nothing but waiting for spring. You should also follow his [blog on Facebook](#) because it's the right thing to do.