

Teaching Note

GAELIC ATHLETIC ASSOCIATION AND THE IRISH RUGBY FOOTBALL UNION: COMPETING BUSINESS MODELS

Peter McNamara, Olga Ryazanova, and David Aherne wrote this teaching note as an aid to instructors in the classroom use of the case Gaelic Athletic Association and the Irish Rugby Football Union: Competing Business Models, No. 9B13M062. This teaching note should not be used in any way that would prejudice the future use of the case.

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SYNOPSIS

This case study tells the story of the two largest and most influential sports organizations in Ireland — the Gaelic Athletic Association (GAA) and the Irish Rugby Football Union (IRFU). With a long history that started in the late 19th century, each organization represents a mix between a professional sports business and a community-centred volunteer movement that is closely knit with the local and national identities of Irish people. Although both organizations represent unique indigenous cultural assets, their business models are different. In order to respond to a number of internal and external challenges facing the GAA and the IRFU in the environment of economic austerity, the organizations have to reinvent their business models.

Historically, the GAA has played a more significant role in Ireland, yet Irish rugby has achieved major success since its professionalization in the mid-1990s. As the GAA is based entirely around volunteerism, it cannot operate without the dedication and time that many individuals, including players and officials, devote to their club and county. Amateur status has always been the core value of the organization since the beginning and as such no player, team, official, or member shall accept payment in cash or in kind in conjunction with the playing of Gaelic games,¹ no matter what level of play. While an almost one-million-strong membership base supports the GAA's business model, the amateur status of the organization imposes significant limitations on its revenue-generating abilities.

In stark contrast, the IRFU's business model is dependent on professionalism. At the centre of the IRFU are its four professional provincial club teams and the Irish national team. These teams are used as exemplars to inspire improved playing standards across the nation, to generate interest in playing with and supporting local rugby clubs, and to provide a showcase for the sport to help attract future players and supporters. The success of the provincial and Irish national teams achieved from 2002 to 2012 has allowed the IRFU to generate substantial commercial revenues, which have been invested in sustaining

¹ Rule 1.10 of the GAA's Official Guide.

and growing the sport at all levels: professionally, at amateur clubs, and within schools. This grassroots investment results in a broader playing base and supports the development of the next generation of players for the national team, which is crucial for the long-term future of the sport.

Amid the deep economic recession of post-2008 Ireland, both organizations face reduced support from the government. The income of their customers is diminishing, while the nation's 14 per cent unemployment rate has led to increased emigration, which has drained resources from local sports clubs. The GAA and the IRFU must maintain the distinctiveness of their business models while competing for the diminishing pool of resources in the domestic market.

LEARNING OBJECTIVES AND TARGET AUDIENCE

This case is suitable for students in introduction to strategy or introductory-level general management courses. The case introduces the business model concept and should be taught at the onset of the course. It will assist students in:

1. Understanding the concept of a business model
2. Deconstructing an organization's business model into separate but interlinked components
3. Comparing and contrasting competing business models
4. Understanding how differences in environment, resources, and capabilities contribute to the variability of business models in an industry
5. Reflecting on the task of business model adaptation in the face of environmental shocks

Additionally, as the setting of this case is different from the traditional for-profit corporate environment, it focuses students' attention on such issues as the role of local and international politics in the sustainability of a business model, the roles of multiple stakeholders in an organization, and the role of identity in the accumulation and development of human resources.

The case was taught in multiple cultural contexts, and assumes no prior knowledge of either organization or sport. Any local organization representing a unique cultural asset can be used as an example to which the principles of business model innovation discussed in the case can be applied.

RECOMMENDED READINGS

We recommend two sets of core reading material. Set A focuses on the differences between business model and strategy, outlines the main components of a business model, and gives recommendations on designing a successful business model. The readings in this set are more approachable and thus are recommended for undergraduate students.

The readings in set B provide the same definitions as set A and focus on the interdependence between the components of a business model. They also provide different types of business models so that students can reflect on the fit between a company's goals and its business model. The readings in this set are recommended for graduate students.

Set A

M. Johnson, C. Christensen, and H. Kagermann, "Reinventing your Business Model," *Harvard Business Review*, December 2008, pp. 51-59.

R. Casadesus-Masanell and J.E. Ricart, "How to Design a Winning Business Model," *Harvard Business Review*, 89:1/2, 2011, pp. 100-107.

R. Casadesus-Masanell and J.E. Ricart, "From Strategy to Business Models and Onto Tactics," *Long Range Planning*, 43, 2010, pp. 195-215.

Set B

B. Demil and X. Lecocq, "Business Model Evolution: In Search of Dynamic Consistency," *Long Range Planning*, 43, 2010, pp. 227-246.

J. Birkinshaw and J. Goddard, "What is your Management Model?" *MIT Sloan Management Review*, 50:2, 2009, pp. 81-90.

R. Casadesus-Masanell and J. Tarzijan, "When one Business Model Isn't Enough," *Harvard Business Review*, 90:1/2, 2012, pp. 132-137

The following papers can be supplied as secondary sources of reading material:

D.J. Collis and M.G. Rukstad, "Can you Say What your Strategy is?" *Harvard Business Review*, 86:4, 2008, pp. 82-90.

M. Sosna, R.N. Trevinyo-Rodriguez, and S.R. Velamuri, "Business Model Innovation Through Trial-and-Error Learning," *Long Range Planning*, 43, 2010, pp. 383-407.

J.D. Thompson and I.C. MacMillan, "Making Social Ventures Work," *Harvard Business Review*, 88:9, 2010, pp. 66-73.

ADVANCE PREPARATION BY STUDENTS

The following preparation may be useful to ensure a successful and stimulating discussion.

1. The class should be broken into small groups prior to the lecture and given one of the three assignment questions below. Ask the groups to write a three- or five-page report on their assigned question. This will ensure that at least one third of a class are able to actively participate in discussion of each question. If your class has sufficient time then ask the groups to address all three questions.
2. Students should have read the case in advance and reviewed it in the context of the assignment questions. Advance reading of the required papers is also necessary to understand the theoretical component of the questions.

ASSIGNMENT QUESTIONS

1. From the case data, what are the customer value adding propositions (CVP), resources and capabilities and economic logic/profit formula for both the GAA and the IRFU? Discuss alternative CVPs, profit formulas, and sources of resources and capabilities for each organization.
2. Given the strategic challenges and opportunities that the GAA and the IRFU face, what components of the business models not aligned achieve success in the current environment? How should the business models be changed to address these misalignments?

3. What is the source of differentiation and competitive advantage for each organization in your proposed business model design? Remember that your main objective is to craft business models that can maximize the likelihood of *both* of these organizations surviving and prospering into the next generation.

An outline of how these questions can be analysed is provided in “Assignment Question Analysis — Overview.”

TEACHING PLAN

To teach this case effectively, the class should initially be broken into small groups of three or four students (depending on the size of the class) to discuss the points in the case. Their findings should be fed back to the class as a whole and then the lecturer can discuss the connections between the group findings and the implications of these to the theory of business models. Below is the recommended teaching plan:

Introduction

In classes outside Ireland (or in classes of predominantly international students), there might be a need to give a quick overview of the organizational structure and main philosophies behind the GAA and the IRFU, or to briefly discuss the difference between amateur and professional sports. In classes of predominantly Irish students, this introduction should be very straightforward, as the majority of Irish students will be very familiar with both organizations. The required readings will have given both groups a strong base in business model theory.

GAA

As Gaelic football and hurling have low visibility outside of Ireland, a lot of international students may not be aware of either, as there is limited international exposure of the games. Therefore, we recommend that the following video be played to students to give them a picture of what these sports involve and also give them a sense of the huge strides that this amateur organization has made since its founding in 1884.

Video 1 (2:00 minutes) - “Feel the buzz of Croke Park,” www.youtube.com/watch?v=bCYSflQwc7o

To emphasize the importance of the GAA to Irish community, you can show another video, the recording of the speech by the former Irish president Mary McAleese where she speaks on the role of the GAA in Ireland.

Video 2 (10:49 minutes) - <http://www.youtube.com/watch?v=zBLENonxiEo>

First 2-3 minutes should be enough to grasp the message of the video.

IRFU

Irish Rugby positions itself as an international game, where the rivalry between provinces that exists in Heineken Cup championship is forgotten when the Irish national team plays in Six Nations against other rugby nations — England, Wales, France, Scotland and Italy. Notably, the IRFU includes teams and

players from both Republic of Ireland and Northern Ireland, which is a major symbol of reconciliation and unity between all counties on the island built around sportsmanship and the achievements of all Irish players. Given the difficult situation that existed in Irish-British politics throughout the centuries, the IRFU had to master the art of international diplomatic relations to bring all Irish rugby players together under the banner of Irish rugby. They even had to write a separate anthem, “Ireland’s Call,” that does not have explicit associations either with the Irish State or British Empire and thus does not hurt the feelings of players and fans from either side of the border.

Video 1 (4:46 minutes) - “AVIVA STADIUM - TOTAL RUGBY,”
www.youtube.com/watch?v=ChBFdtjVpi8

This is the reportage of the International Rugby Board on the opening of Aviva Stadium — the new home of Irish rugby. It shows the state-of-the-art facilities that the IRFU now has for its sporting and entertainment events and makes some comments on the history of rugby in Ireland. In an inaugural match, four Irish provinces are joined to make two teams, one including players from Ulster and Leinster, and another made of Munster and Connacht players.

Both Gaelic games and Irish rugby represent a cultural asset, so in classes outside Ireland or classes of predominantly international students the discussion can be started by asking the class the following questions:

1. Are there similar assets/organizations in your home country?
2. Are they based on amateur or professional structure?
3. What is their business model?
4. What are the main challenges and opportunities these cultural assets face?

After this introduction, the class should be ready to move on to the discussion of the three main questions of the case.

ASSIGNMENT QUESTION ANALYSIS — OVERVIEW

- 1. From the case data, what are the customer value adding propositions (CVP), resources and capabilities and economic logic/profit formula for both the GAA and the IRFU? Discuss alternative CVPs, profit formulas, and sources of resources and capabilities for each organization.**

A first step in the discussion is understanding the notion of a business model and developing the ability to deconstruct the existing business models of both organizations into components following Johnson et al.’s (2008) framework or Demil & Lecocq’s (2010) framework.

For 10 minutes, the class should be broken into small groups and half should be asked to look at the resources and capabilities and the other half to look at the CVP and economic logic for both the GAA and the IRFU. After summarising the main points, the class may be asked to offer their alternatives for the existing components of the GAA’s and the IRFU’s business models.

- 2. Given the strategic challenges and opportunities that the GAA and the IRFU face, what components of the business models not aligned achieve success in the current environment? How should the business models be changed to address these misalignments?**

The next step in the case analysis aims to draw attention to the alignment of components in a business model. A change in one component can have benefits and/or drawbacks for another component. It is how these components work together that will ultimately determine the success of the organization as a whole. Discuss what kinds of virtuous and vicious circles are created by the GAA's and the IRFU's business models (see Casadesus-Masanell and Ricart, 2011).

Such challenges as the proposal to make games free-to-air (IRFU) and the creation of the GPA (GAA) might be useful to trigger a class discussion.

The intermediate result of this discussion should be the understanding of the main weak points of the existing business models and the "ideal solutions" to mitigate these weaknesses.

- 3. What is the source of differentiation and competitive advantage for each of the organizations in your proposed business model design? Remember that your main objective is to craft business models that can maximize the likelihood of both of these organizations surviving and prospering into the next generation.**

Building on the insights from the discussion of the two previous questions, it makes sense to discuss first the future business model for the GAA and then the business model for the IRFU. After students have outlined the ideal business models for both organizations, they should connect their vision to the actual available stock of resources that these organizations have. The important point in this discussion is the co-existence of these two business models in the same market, which means that the CVP should be both sustainable and unique for each organization. Where students are tempted to adopt the best practices from each of the models and apply them to both organizations, the lecturer has to draw their attention to the possible dilution of the brand image as a result of similarity in the business models.

ASSIGNMENT QUESTION ANALYSIS — DETAIL

- 1. From the case data, what are the customer value adding propositions (CVP), resources and capabilities and economic logic/profit formula for both the GAA and the IRFU? Discuss alternative CVPs, profit formulas, and sources of resources and capabilities for each organization.**

The Johnson et al. paper clearly states the four main elements of a business model and how they must work together for it to be successful. Students must understand that the four elements are all linked together, and this should be explained at the outset of their report (see Exhibit TN-1).

These four elements form the building blocks of any business, sporting or otherwise (Johnson et al., 2008).

1. The customer value proposition (CVP) and the profit formula define value for the customer and the company, respectively.
2. Key resources and key processes describe how that value will be delivered to both the customer and the company.

According to Demil and Lecocq (2010), a business model includes three main components:

1. Resources and competences
2. Organizational structure
3. Value propositions

As simple as each of these components may seem, their “power lies in the complex interdependencies of parts” (Johnson et al., 2008, p. 53). Change to any of the components will result in a chain reaction across other elements of the firm’s business model. Thus, it is important to think about the business model in a holistic way and develop “consistent and complementary ways” (Johnson et al., 2008, p. 53) for the interaction between all the components. Business models fail when they do not meet:

1. The narrative test: the story of value creation does not add up
 - a. Missing compelling customer problem/job to resolve
 - b. Missing resources or capabilities to do the job
2. The profit test: how does the business model capture value for the firm?

The GAA and the IRFU have formed unique CVPs over the last decade.

- For the IRFU, successes of the national team and provincial teams have enabled it to offer customers opportunities to see winning teams both in the Heineken Cup (four wins since 1995, with three of them in the last five years) and the Magners League (five wins since 2001), and on the international level (72 per cent win rate since 2000 versus 23 per cent rate before that). The Grand Slam-winning team has increased the hype around the national team and significantly increased the popularity of rugby in Ireland. These successes have also widened the profit streams of the IRFU, enabling it to profit from the improved CVP. Also, the players and coaches in the IRFU are paid, which creates more incentives for young sportsmen to choose rugby over Gaelic games, as it provides better chances to make a career in sports. Currently, the investments in the professional game represent more than 60 per cent of IRFU costs, and another 19 per cent are spent on game development.
- The GAA’s business model is rooted in local rivalries (parish-, county-, and country-level) and builds on 2,600 clubs that constitute its key unit. Gaelic games are an important part of Irish culture and Irish identity, which also allows the GAA to benefit from government funding aimed at Gaelic-culture support. Volunteerism enables the GAA to invest more money in local communities (25 per cent of costs represent the investment in the development of the game on the provincial level, and 30 per cent is invested directly into local games development). The GAA also provides open access to games: they are free-to-air and almost every child can take part in the game, as GAA coaches work in more than 80 per cent of all schools in the country.

Both organizations also have key resources and capabilities that help form their existing business models.

- The IRFU have global superstars such as Brian O’Driscoll and Jamie Heaslip playing rugby at home, and the GAA has national superstars such as Bernard Brogan and Henry Shefflin to help promote their respective games (Gaelic football and hurling). Even if these names are not familiar to students outside of Ireland, common sense should tell them that the professional teams should have a number of experienced, high-quality players who represent a rare and valuable asset to their organization.
- Both organizations have state-of-the-art stadiums and facilities to offer their teams, key senior management figures, partnerships with some of the largest organizations in the country (e.g., O₂, Etihad Airlines, and Toyota), and brand loyalty to deliver the value proposition to the targeted customer.

- The GAA has succeeded in embedding the development of the game within schools, universities, and parishes. The organization is rooted in local politics and is able to lobby for its interests through local authorities. Its best stadium, Croke Park, is managed by a separate development company and provides an additional stream of income.
- The IRFU also has some key processes that enable its business model to be protected. It has rigid systems in place to prevent players from being overplayed and to keep key players playing rugby in Ireland. The organization has also developed its capabilities in relation to international politics on the European Union level. This is particularly important in the area of E.U. TV rights and games structure. The headquarters of European Rugby are in Dublin. The IRFU has experienced coaching development officers, who are responsible for the management and development of professional players, and also has experienced community rugby development officers, who are responsible for the recruitment and retention of players.

The organizational structure of each organization represents a mix of professionalism and volunteerism.

- The GAA is a 100 per cent amateur organization with a longstanding tradition of volunteering. However, its commercial assets (such as Croke Park and Croke Park Hotel) are managed by a professional team.
- The IRFU is managed by professional administrators, but has a board of directors elected from the amateur rugby community who work on a voluntary basis and represent the interests of grassroots rugby.

2. Given the strategic challenges and opportunities that the GAA and the IRFU face, what components of the business models not aligned achieve success in the current environment? How should the business models be changed to address these misalignments?

Demil and Lecocq (2010) suggest that an *“organization’s trajectory is the result of the intertwining of emerging trends and events with the results of its deliberate decisions.”* Developments in one area may lead to benefits/drawbacks in another area due to the linkage between components. The following are some of the main decisions that were highlighted in the case, along with their impact on the business models.

IRFU Decisions and Impacts

- Built Aviva Stadium (affects all components of the business model).
 - Can appropriate all profits.
 - Develop new sponsorship deals (naming rights, pitch-side advertising, etc.).
 - Leverage additional revenue, such as conferencing, concerts, etc.
 - Improves CVP for fans, as the game now has a permanent “home.”

But, it created €38 million of debt for the IRFU.

The ticket bundles idea was not approved by fans, and the attendance at Aviva fell.

- Centralised contracting management of players (affects all components of the business model).
 - Top players remain in Ireland.
 - Fans always get to see the “star” players.

- Strengthens national and provincial sides, leading to increased success.
- The IRFU becomes more attractive for sponsors through increased revenue to invest in the game.
- Attracts new fans and players as a result of success and investment.
- Avoids club versus country disputes.
- Dictates when players line out on the rugby pitch to ensure maximum performance for both the provinces and the country.

But, the retention of players becomes a challenge when they prove their abilities and attract the attention of clubs in more wealthy rugby nations — how many of the key players will stay?

- Member of Six Nations (affects all components of business model).
 - Involvement in high-quality competitions (top six nations in Europe).
 - Interest from fans leads to investments from sponsors and media.
 - Collective unit allows for greater appropriation of value for the IRFU.
 - Enables the IRFU to invest in the game more heavily than it would otherwise be able to, as it receives a larger portion of funds than it generates.

But, the pressure from the government to make rugby free-to-air might lead to a renegotiation of the TV rights deal among the members of the Six Nations and the Heineken Cup, which potentially could leave the IRFU without €12 million of income.

- Invested in grassroots programmes, rather than buy players abroad (affects resources and processes).
 - Coach development officers.
 - Improves the quality of the game at all levels, through the implementation of coaching/technical development programmes.
 - Provides platform to develop new “star players.”
 - Community rugby officers.
 - Recruitment and retention of players in all sectors of the game.
 - Brings the game to new demographics, thus increasing the popularity of the sport.
 - Increases pool of potential players.

But, the development of players has long-term potential. Meanwhile, in the short term the IRFU has much fewer human resources than its competitors (just 153,000 registered players across the country).

GAA Decisions and Impacts

- Rented Croke Park to the IRFU and the Football Association of Ireland (affects processes and revenue).
 - Takes opportunity to generate income from the organization.
 - Initially, might have had potential to damage the CVP of the GAA, as some were opposed to the situation, given the history of banning games other than Gaelic games from being played there.
 - Possible missed opportunity to lease stadium over the long term.
 - Now faces competition from Aviva as a new venue for concerts and conferences.
- Purchased stadia across the nation (affects resources and CVP).
 - Brings games to every part of the country.

- Large games can be played almost anywhere at any time.
- Strong CVP, as fans do not have to travel large distances to view the local team.

But, constant investment in the maintenance of sports grounds was required, which is challenging when government funding is depleted.

- Entered into an agreement with developers to build a hotel on GAA property and buy it back in seven years (affects resources, revenue, and CVP for conference customers).
 - May have appeared attractive at the height of the Celtic Tiger economic boom.
 - Now, may be worrying for the GAA with the current state of the hotel market in Ireland.
 - Could affect revenues negatively if trend continues.
 - Debt to developers of approximately €20 million over seven years.
 - Enables the GAA to leverage the conferencing market.
 - Attractive option, as the hotel is directly beside the stadium.
 - May be a unique selling point for conferences over the Aviva Stadium or Convention Centre Dublin.
- Introduced coaching in 90 per cent of schools in Ireland (affects all components of the business model).
 - Gets children interested in the games early.
 - Brings the games to children sooner than other sports.
 - Gives scope to develop children's *lifelong* passion for the games to generate a higher player retention rate than other sports.
 - Huge pool of potential future inter-county players to keep the standard of the elite games high.

But, the perspective of a paid career in rugby or Australian football undermines the supply of new players to the GAA.

Other Challenges:

- State support and ticket sales have decreased due to the harsh economic situation.
- Urbanisation leads to the decline of rural communities and GAA clubs.
- The high rate of unemployment leads to emigration among the target population and potential players.
- Recent scandals over payments to local managers (up to €100,000) and the establishing of the GPA might undermine the volunteer ethos of the GAA and threaten the business model (both CVP and profit formula).

These opportunities and challenges should be discussed in the context of Demil and Lecocq's model, which emphasises the permanent interaction of core components within a business model "allowing the firm to realise its full potential and improve its profits." Ultimately, it is this interaction that creates the overall organizational performance and can sustain virtuous circles, as is evident in the GAA and especially in the IRFU.

3. What is the source of differentiation and competitive advantage for each of the organizations in your proposed business model design? Remember that your main objective is to craft business models that can maximize the likelihood of both of these organizations surviving and prospering into the next generation.

After the discussion of opportunities and challenges, this question offers a chance to organize the results and ideas into a coherent business model for each organization.

One interesting question that can be discussed along the way is whether there is a need for a radical change of business model for either of the two discussed organizations, and to what extent the organizations should learn from each other's experience.

Before recommending a radical change in the business model design, students should consider that:

1. Both organizations have produced a profit for the last couple of years.
2. Both organizations currently have sufficient resources and capabilities to continue to grow over the coming months and years.
3. Neither organization has a direct competitor or external threat that makes it need to change its business model.

Still, given the opportunities and threats discussed in the case, there are some improvements that might help to eliminate misalignments in both organizations' business models. Given the small size of the Irish domestic market and the competition between organizations for the next generation of young sportspeople, it is important to craft two distinct business models in order to avoid diluting each organization's value proposition.

We recommend addressing this question following either Johnson et al.'s or Demil and Lecocq's framework.

Customer Value Proposition

The IRFU and the GAA offer their members and supporters the opportunity to feel proud of their teams. The GAA is focused on serving the Irish community around the world and offering entertainment, recreation, and a social support network. The IRFU, despite being part of an international rugby organization (Six Nations), is more localised due to its smaller player base concentrated predominantly in Ireland. While the GAA gives its members the sense of national uniqueness and community spirit, the IRFU supports national pride by developing international-level professionalism among Irish rugby players.

Resources and competences/processes:

- While more and more Irish people have to emigrate, the development of the GAA clubs abroad might be a way to avoid losing human resources for the GAA field. The GAA may also consider the possibility of summoning some high-level GAA players based abroad to play for their home teams and covering their travel expenses.
- Given the challenges of finding local sponsors in small rural towns, new sponsorship packages should be developed by the GAA, with the possibility of distributing the funding down to the level of parish teams.

- While the GAA’s human resource development strategy can benefit from internationalisation, the IRFU should focus on creating a steady stream of young players within the country to replace the “golden generation” that might leave after being lured by higher salaries abroad. In order to ensure the effective development of these players, careful hiring decisions should be made by the top management of the IRFU. The existing practice of hiring the best foreign coaches (mostly from New Zealand and Australia) to train Irish provincial and national teams has a downside, as these coaches have a tradition of giving preference to foreign players over young Irish sportsmen.
- The IRFU’s capabilities in European-level politics are proven, but it should also develop capabilities in internal politics to prevent future crises like the recent one provoked by the “free-to-air” proposal by the Communications Minister.

Organizational structure:

The GAA might benefit from developing the professional side of its business model in order to develop better funding opportunities in the absence of government support. It could also benefit from leveraging its conference and event management auxiliary business in order to compensate for the decrease in ticket prices.

Furthermore, the IRFU needs to develop its business model outside of traditional urban areas (i.e., in Connacht) and thus should leverage the power of its voluntary board of directors, who are connected to the grassroots levels of the Irish rugby community.

BOARD PLAN

Board 1: Definition of a business model

The main components of a business model should be discussed. One way to do this is to write down four elements as outlined in Exhibit TN-1. Alternately, the model from Demil and Lecocq (2010, p. 234) may be used to introduce the main elements and to discuss the interconnections between them.

Board 2: Comparison of business models of the GAA and the IRFU

The following table may be used as a template for the discussion:

	GAA	IRFU
Customer value proposition (CVP)		
Profit formula		
Resources		
Capabilities		

The same table may be used for further discussion of the main threats to the business models of both organizations and the elements of the business models potentially affected by these threats.

Board 3: Changes to the current business models

Following the discussion on threats to the business models, the list of changes to the business model proposed by the class may be summarized separately for each organization.

Board 4: New business model design

To summarize the discussion, the components of a new business model proposed for each organization may be outlined in the following template:

	GAA	IRFU
Customer value proposition (CVP)		
Profit formula		
Resources		
Capabilities		
Competitive advantage/source of differentiation		

This table helps to organize students' ideas on business model innovation and focus the attention of the class on the need to develop two distinct business models that can successfully co-exist in the same market.

WHAT HAPPENED AFTER THE CASE

The economic difficulties continued into 2013, with the Irish Government continuing a policy of economic austerity under the supervision of the IMF, the European Commission, and the European Central Bank. In this economic environment, disposable income for much of the population continued to be lower than during the Celtic Tiger boom years of part of the case.

The government did not decide to compel the IRFU to show its games on free-to-air television. The Irish national team performed poorly in the 2012-2013 Six Nations Championship, winning only one game (against the eventual winners of the competition, Wales) and finishing in joint last position with France. As a result of this disappointing performance, the head coach of the national team resigned from his job. The "golden generation" of players were reaching the end of their playing careers. For example, Ronan O'Gara, who had scored the most points in history of any Irish player, was 36 in 2013, did not feature on the squad for all Six Nations games in 2012-2013, and might have been nearing the end of his international career.² As O'Gara was the main kicker for the team, replacing him would be of extreme importance. Jonathan Sexton could fill that role well, but had suffered a series of injuries.³ Brian O'Driscoll, who won Player of the Tournament for the Six Nations in 2006, 2007, and 2009, lost the captain role of the national team during the 2012-2013 season.⁴ It was believed by some that, as

² "Ronan O'Gara May Finally Have to Give in to a New Breed of Fly-halves," *The Guardian*, March 5, 2013, www.guardian.co.uk/sport/blog/2013/mar/05/ronan-ogara-ireland-new-breed, accessed July 3, 2013.

³ "Six Nations 2013: Jonathan Sexton Ruled Out of Italy Clash Hours After Being Named in Ireland Starting Line-up," *The Telegraph*, March 14, 2013, www.telegraph.co.uk/sport/rugbyunion/international/ireland/9930661/Six-Nations-2013-Jonathan-Sexton-ruled-out-of-Italy-clash-hours-after-being-named-in-Ireland-starting-line-up.html, accessed July 4, 2013.

⁴ "Brian O'Driscoll Named Six Nations Player of the Tournament," *The Guardian*, March 27, 2009, www.guardian.co.uk/sport/2009/mar/27/brian-odriscoll-ireland-six-nations-award, accessed July 4, 2013.

O'Driscoll was 34 years of age, his last game of the 2012-2013 Six Nations was also his last game for the Irish national team.⁵

Given the poor performance of the team in the Six Nations, the high level of injuries, and an aging team, there was a need to find and develop new players. Having a small pool of players made Ireland particularly vulnerable to injuries of key players and their decisions to play for other, wealthier rugby nations. Irish club rugby continued to perform well. For the first time, Connacht played in the Heineken Cup, though it was knocked out in the early stages. Two Irish clubs were in the quarterfinals of the 2012-2013 Heineken Cup (Munster and Ulster), and thus the club game was performing well. However, for Leinster, the 2011-2012 winners, it was a blow to not reach the quarterfinals. Though Munster was performing poorly in the RaboDirect Pro12 tournament, at the end of the season it had revived the hopes of its supporters with a spectacular victory over one of the strongest British clubs, Harlequins, in the Heineken Cup quarterfinals and was due to play the tournament favourites in a semi-final in late April 2013.⁶

The GAA was forced to cut ticket prices in order to maintain the existing level of match attendance, but its supporter base was still strong, with 1.3 million people attending inter-county hurling and Gaelic football matches in 2012.⁷ The main concern for the GAA was the emigration of young players, which drained resources from clubs in Ireland. However, the upside was that emigration had resulted in the growth in numbers and competitive strength of GAA clubs outside Ireland. Another major concern was the funding of small local clubs in rural areas, some of which had had to amalgamate with other clubs in the neighbourhood in order to keep their doors open. This undermined the competition on a local level and inhibited the development of the games at the grassroots level, but was a challenge that the GAA had faced in previous decades when emigration had spiked.

⁵ "Brian O'Driscoll Gets Three-Week Ban for Stamp in Ireland's Loss to Italy," *The Guardian*, March 20, 2013, www.guardian.co.uk/sport/2013/mar/20/ireland-brian-odriscoll-ban-six-nations, accessed July 4, 2013.

⁶ "Nine Days to Save a Year," *Irish Independent*, April 9, 2013, www.independent.ie/sport/rugby/heineken-cup/nine-days-to-save-a-year-29182764.html, accessed July 4, 2013.

⁷ GAA Annual Congress Report 2013.

EXHIBIT TN-1: DEFINITION OF A BUSINESS MODEL

What is a business model

4 key interlocking elements

1. Customer value proposition (CVP)
 - Understanding customers' problems and the way to resolve them
 - Delivering the solution to these problems better than competitors
2. Economy logic/Profit formula
 - Mechanism to capture value from the firm's activities
 - Sustainability of the value-capturing recipe in a dynamic environment
3. Key resources to create value
 - What resources are necessary for delivering CVP effectively and efficiently?
4. Key capabilities to create value
 - What capabilities are necessary to deploy key resources in an efficient, sustainable and scalable way?

Source: Created by authors, based on Johnson et al., 2008.