

NORTHERN PROFESSIONAL HOCKEY LEAGUE



Business and Marketing Model 2012-2013

This Plan is the condensed Version



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INTRODUCTION

In the 1990's the new Central Hockey League was created. The concept of the CHL was one that had never been seen prior. The 1990's version of the Central Hockey League broke standard practices, as the league owned and operated all the teams. The concept was new, but it was right for the times. The Northern Professional Hockey League is creating a model, which we believe is right for this time, economy and environment. The Northern Professional Hockey League Business and Marketing Model were created after much study and investigation of leagues and teams that had both succeeded and failed. We looked at the causes of the failures and the reasons for success. This study included hockey teams and leagues as well as other sports such as baseball. We looked at leagues and teams that have had years of success and how they adapted to the changing economic conditions.



The purpose of the NPHL is to develop a league that will give opportunities for individuals to develop their skills and move to higher level of sports organizations. Not only players, but also coaches, trainers, equipment people and marketing people. It is the goal of the NPHL to become a stable league, with stable teams that become an accepted and welcomed part of their communities. As we looked at teams that have had long-term success, it became clear that the major reason for their success was that they were a big part of their local communities. Teams got involved in their community, supported their communities.

The NPHL Business and Marketing Model also took a look at the economic environment as it has evolved over the past several years and due to economics have concluded that the culture of the game and its participants has to change to be successful. In all the sports leagues we studied, we learned that certain leagues positioned their leagues to be viable within their budgets and the economy.

The past failures in our sport were due to several reasons. Teams operated individually, without any safe guards or control of the league. Teams falsely reporting attendance numbers and income to the league and other teams. Teams over spending on players, equipment etc. Teams having their own agendas, which were not in the best interest of the league and other teams. Teams did not implement business goals and targets when it came to their operation. Teams had poor marketing plans that displayed little imagination. Teams overlooked the resources they had around them. The teams that accomplished these things were successes.

The Northern Professional Hockey League will be a self-contained, Double "A" free agent hockey league. The NPHL hopes to enter into a working agreement with a independent professional Single "A" league and will be a feeder system to the NPHL. To advance players and coaches forward to the next level of their careers.

The Northern Professional Hockey League has developed this Business and Marketing Model, which will take each team step by step to success. In this model each team will be established and in place by July 1st of each year.

NORTHERN PROFESSIONAL HOCKEY LEAGUE'S VISION

The Northern Professional Hockey League's vision is unique. After much investigation we feel it's the right concept for the social and economic times. The NPHL is a development league for players, coaches, trainers, marketing people and management. It is designed to be a part of a self-contained hockey network, where on and off ice personal can be developed and promoted within the league and beyond.



The NPHL will play in buildings that will seat three thousand plus, yet the budgets will be a very manageable amount. In the NPHL the league will retain ownership of twenty-five percent of all the teams' ownership, to ensure each team follows the league's conditions of success. Franchise fees for the NPHL will be a smaller investment to owners than other professional or junior hockey leagues around the country. In comparison to the Federal Hockey League (Single A), which has a franchise fee of \$50,000.00 and the North American Hockey League (Junior hockey) which is \$300,000.00. The membership fees are \$30,000.00 for the NPHL. The NPHL is more interested in owners starting with larger operating capital, to ensure success of every team. The NPHL wants to protect investors, players, employees, buildings and most importantly, the fans. So each team will have to have a performance bond in place to accomplish the protection of the fore mentioned. NPHL teams will be required to have in place a bond of \$XXX and have Operating Cash of \$XXX at start-up. The NPHL's Commissioners Office will control the league, with a reasonable cost effective operation budget. All teams through weekly team dues will fund the Commissioner's Office. The NPHL Commissioner's Office budget and expenses will be transparent to all teams. The NPHL will negotiate contracts with suppliers for sticks, equipment, jerseys, and souvenir merchandise. The NPHL will develop a league wide store, open to our teams exclusively. In a sense create a NPHL buying group.

In the history of Double "A" leagues and teams we have witnessed failures due to over spending, under funding. There needed to be a change in the culture of hockey at this level. There have been very successful leagues and teams at the single "A" and Double "A" level in baseball for years. So we looked at their operations, and re-developed them for hockey. One area baseball does a much better job at, is community involvement. The NPHL will have a salary cap of \$8000.00 per team, per week. This works out to approximately \$450.00 per player, per week. NPHL teams will be limited to 18 roster players.

Each team will travel by league-approved buses. The league will assist in developing these travel contracts with the teams, in regional areas. While traveling each player, coach, trainer and equipment manager will receive per diem. In the NPHL the per diem will be \$24.00.

The NPHL will set the prices for all advertising and marketing programs. In doing this, the league is striving to be competitive in the market place. As a league we recognize the tough economic times and are striving not price ourselves out of the market. We will have various advertising and sponsorship programs and products for large and small businesses in our communities.

Our communities are very important to the NPHL. It is our desire that every team in the NPHL becomes a part of our communities. The NPHL will give back to our communities much more than we get. Our young players will become role models in our communities and will be expected as a group to take their roles into the community. Through the teams marketing departments the players will go to schools to demonstrate their leadership in your community. It will be a man date of the marketing teams that contact is made in your local school districts and players be made available to physical education teachers to participate in the classes as well as reading to the younger students. It is expected that this will happen at different schools on a daily basis. This is not to be considered a “photo opp”, but delivered from the heart.

Over the last few decades’ leagues seemed to be in the business of selling franchises more than they were in the business to develop a strong league with strong vibrant teams. The NPHL will not locate a franchise the league does not feel has a real chance of success and longevity. Failure is not on our radar.

The NPHL will develop its own rulebook. The rulebook used by most of the other professional leagues, is an almost exactly duplicate of the NHL rulebook. The NPHL rulebook will be geared towards our level of professional hockey. Portions of it will be written to express the needs and desires of the NPHL.

Ticket prices in the NPHL will be determined for all teams by the League, in conjunction with the local ownership group. Ticket prices will reflect the economy and be made affordable for families. Ticket prices however must be of value so the team can meet its financial targets to be a success. It is in violation of League policy to give tickets away for free, or offer discount tickets without the approval of the League. Undervalued tickets or discount tickets lower the value of our product.

CONDITIONS OF TEAM ENTRY

For the inaugural season the Northern Professional Hockey League will accept franchise into the league for a franchise fee of thirty thousand United States dollars (\$30,000.00 US) for 75 per cent ownership of that membership. This will give the ownership group of each membership team 75% ownership under an L.L.C. and the NPHL, under a separate L.L.C., will own 25% of each membership. The payment of the membership fee will be paid upon acceptance of the membership and held in trust, by the NPHL, until a minimum of six franchises are secured. Each membership will also have in place a performance bond payable to the NPHL. The ownership group must have start up cash of a league set amount

For the subsequent seasons the Northern Professional Hockey League will accept membership into the league for a membership fee of Forty thousand United States dollars (\$40,000.00 US). This will give the ownership group of each membership 75% ownership under an L.L.C. and the NPHL, under a separate L.L.C., will own 25% of each franchise. After the inaugural season, all membership fees will be divided between the existing franchises from the previous season, plus the league. For example if there are six Membership teams in the inaugural season, the membership fees for new teams coming into the league for season two, these membership fees would be divided seven ways. The Northern Professional Hockey League will only grant memberships to markets and ownership groups that the NPHL believes will be successful. We will not be in the membership selling business. We are in the success business.

The teams will be required to follow the business plan exactly as written. Each team will be operating in the same manner, in their respective markets. Each team will have to supply the league with periodic reports as set out in this model. This will give confidence to all the owners, as each franchise will be privy to the financial health of all the member teams throughout the season. This will also allow the league to identify problems early and assist teams that are experiencing problems along the way.

Existing teams that transfer membership into the NPHL will not be subject to the twenty-five percent ownership by the NPHL. But all other conditions will apply, including the membership fee and performance bonds. Current lease agreements by existing teams will be honored by the NPHL. All re-negotiations of leases will be subject to the rules of the NPHL. Existing teams that transfer their membership to the NPHL and have contracts with coaches or General Managers that go into the 2012-13 season or beyond will be honored, until these contracts expire. Players contracts must meet the guidelines of this plan.

LEAGUE OBLIGATIONS TO THE FRANCHISES

The Northern Professional Hockey League will only grant Memberships in markets the league believes will be successful. The NPHL will develop a budget and target model for each individual market. The NPHL will be involved in the terms and signing of all building leases to ensure the franchise can operate successfully within that lease agreement. This lease agreement will be reflected in the membership team's model. The NPHL's L.L.C. will be included in the lease agreement, along with the L.L.C. of the ownership group.

The Northern Professional Hockey League will create a NPHL Buying Group and secure league wide suppliers of equipment, jerseys, and souvenir merchandise, and league and team pucks. All Member teams will be required to purchase all items from the league suppliers and The NPHL Store so we all benefit from this larger buying group.

The Northern Professional Hockey League will secure the services of an experienced Sports Web Master, who will create the league and team web sites. To create a NPHL Internet Network. This will allow the teams to broadcast their games over the web, with either audio or video broadcasts.

The NPHL will release a league schedule for that season, by July 15th to give all teams the needed time to market and promote their games.

The NPHL will supply the league and its teams with the services of Pointstreak for all league schedules and statistics. The league will fund this service through the Commissioner's Office

The League will contract the services of "Arbiter Sports to schedule all On-ice officials for the season. The League will fund this service

OWNERSHIP FORMATS

After investigating all the options that exist in professional sports today, the NPHL will accept two different formats in team ownership. The first being the traditional format of ownership. Where one owner or company would be granted a membership.

The second format that the NPHL would accept is “Community Ownership”. Where a group of local businesses come together to form a community group and develop an L.L.C, with the local businesses and the community as partners. All the conditions within this Business and Marketing Plan would have to be satisfied. This Community owned team, would form a Board of Directors for the individual team, and select an individual to act as the Governor of that team.

ARENA AND BUILDING LEASES AND CONTRACTS

The NPHL will be involved and assist in all arena and building agreements and must authorize and be a co-signer on all leases and contracts. It is important that the teams enter into a lease or contract that will best enable the team to make a profit. In some cases, it may be to negotiate such opportunities such as a share in beer sales, parking, ticket sponsorships etc. It may require negotiations to create greater opportunities for advertising on dasher boards, the hanging of banners, ice logos, etc. In most buildings activities in the mornings are quiet or non-existent. The NPHL will negotiate the sale of our tickets, team merchandise and possibly a team office. In negotiations with our buildings, we want to create a partnership of success. It will be the goal of the NPHL to negotiate free practice ice during the quiet times in these buildings, which occur usually in the hours before noon, on weekdays.

YOUR OFF-ICE TEAM

OWNER

The owner will serve as the team’s Governor and be the voice of the membership team at all league meetings. He shall have the responsibility of the membership’s vote on all league matters. The owner shall be responsible for the entire operation of the team and act as the leader of the membership. The owner will conduct weekly meetings with the team’s General Manager to ensure the team’s success in areas such as marketing, community involvement, coach selection, player development and the overall status of the franchise.

The Owner (or General Manager) will be responsible for completing and transmitting all league requested reports on a timely basis.

The Owner will be responsible that all league-operating policies are followed and understood by the entire staff.

The Owner will establish all rules, policies and conditions to ticket sales and distribution in accordance to the NPHL guidelines.

GENERAL MANAGER

The General Manager will be responsible for the day-to-day operation of the Member team. It will be the responsibility of the General Manager that the member team is executing the leagues policies and achieving the business and marketing goals of the team. The General Manager will have weekly meetings with the Coach and Marketing Manager to ensure the team is on track with their objectives. The General Manager must have a close relationship with the Coach, to ensure the correct personnel are set to take the ice on opening day. The General Manager will strive to retain the services of players who will be successful on the ice and act as positive role models off the ice.

The General Manager will coordinate with Market Manager and the Office Manager that the correct practices are being followed in the planning and executing of the marketing plan. The General Manager must fully understand the job descriptions of each position and understand how they are intertwined to ensure they are working together within the system.

The General Manager is responsible for the entire ticket program, and may at times have to man the ticket counter to reduce the cost overhead, if your building does not supply this service. The General Manager will establish all rules, policies and conditions to ticket sales and distribution.

The General Manager is fully responsible for the professional execution of the game day presentation and ensure that the proper staffing in all areas of the game day events. This will include the scheduling of these positions.

The General Manager will make themselves available to the community. They will attend service clubs events as a speaker. The General Manager will act as the community voice of the team. The General Manager may be requested by the owner to act, as the team's representative when participating in the BNI and Chamber of Commerce meetings and functions. The General Manager will be responsible for the creation of the team's Booster Club. They will develop a plan to attract members to the Booster Club, and appoint a volunteer to act as the leader of the Booster Club. The General Manager will assist the leadership of the Booster Club in creating a club constitution and club executive elections. Will also assist in the club's goals, plans and objectives.

The General Manager will act as the Alternate Governor in the absence of the Owner and express the opinions of the owner at league meetings or conference calls. The General Manager will be the only team voice representing the team in discussions or concerns regarding on-ice officiating or matters of on-ice incidents. The General Manager will represent their Membership in regards to incidents involving players and coaches of their respective teams.

The General Manager will be responsible for the creation of the team's game program, including securing the services of a printer and the sales of these programs. It is suggested that you use the services of your Booster Club to sell these programs. The Booster club can use the sale of the programs as a fund raising project. This will be discussed further as we move on.

COACH

The Coach will also serve as the Director of Hockey Operations and be responsible for recruiting and selecting the team. The Coach will attend all games and practices. The Coach, with the General Manager will sign all players to NPHL contracts, while maintaining the team's salary cap restrictions.

The Coach will assist the Marketing Team, and travel with a member of the Marketing Team to present the team to local businesses.

The Coach will be required to attend meetings of Service Clubs, Booster Clubs, etc. To promote the team in the community.

MARKETING MANAGER

The Marketing Manager will be the leader of the Marketing Team. The Marketing Manager will be sure the Marketing Team has all the tools and supplies they need to be successful.

BOOSTER CLUB

The Booster Club will work closely with the General Manager. The team will ask the Booster Club to sell game programs as a Booster Club fundraiser. A portion of the sales will be given to the Booster Clubs fund.

**MARKETING PLAN****UPON BEING GRANTED A FRANCHISE**

Through your local media, radio, television and print media, make the announcement that your professional hockey team will be operating in your membership market. Invite all media, fans, and local youth hockey organizations to your press conference. This will be a great start in becoming part of the community. After your press conference, talk to the media, but just as important, talk to the local citizens. Get to know your community. Seek volunteers to assist the team. It is important to develop a Booster Club, as soon as possible. Booster Clubs can assist in many areas of your early operation. Identify a person, or small group that will create a Booster Club, to have a drive to attract members of your Booster Club. Always make yourself, as owners, available to your Booster Club, to make the Booster Clubs attractive to the members of your community. If your community has summer fairs, community celebrations or street parties, be sure that the team and the Booster Club is a part of these events. Again, to become a part of your community.

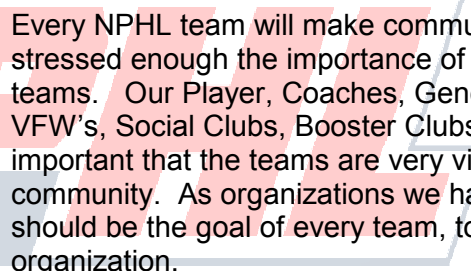
Another important first step is for your team to join your local "Chamber of Commerce". This will help your team to become an accepted part of your community's business family. The Chamber of Commerce can give the team leads in your upcoming marketing and advertising campaigns. It is important that as often as possible, the team's supports local business with all team purchases outside of the NPHL suppliers.

It is also important to discover if your community has a chapter of B.N.I. (Business Network International) or similar organization. BNI will greatly assist in becoming an accepted member of the business community. It will supply you with leads in your marketing and advertising campaigns. BNI's format will give you a stage to promote your team, both as a member of the community as well as allow you to promote your business to captive business owners and operators.

As soon as possible, make contact with your communities' service clubs, such as "The Lions Club", Optimist Club, "VFW" and any other service clubs. During the season, you can go to these clubs events as a guest speaker. These clubs hold breakfast meetings and lunch meetings, etc., and they are always looking for guest speakers. Talk to the clubs executives and discuss how your two organizations can help each other.

NPHL POLICIES

COMMUNITY



Every NPHL team will make community involvement a number one priority. It cannot be stressed enough the importance of community involvement in the success of our league and its teams. Our Player, Coaches, General Managers and Owners need to be in the area Schools, VFW's, Social Clubs, Booster Clubs, Boy Scouts Troops and all other community events. It is important that the teams are very visible giving back to the community to be a success in that community. As organizations we have be good role models to the youth in our communities. It should be the goal of every team, to never say "NO", to participation to any community organization.

MARKETING TARGETS

As important as it will be for our team to be successful on the ice, the Marketing Team has to be even more successful. Every team must achieve its Marketing Goals. With the tough economy the NPHL has set prices for our marketing products that are affordable. Too often we over value our products and price ourselves out of the market. The research that the NPHL has completed our prices are competitive and should be attractive to the business community at every level and business size. To be successful, our hockey team has to be successful with wins. Our marketing teams have to be successful, by meeting all of its targets.

MARKETING TEAM

As important as it is for our Coaches to select the right players to bring home the Championship, it's just as important for each team to select the correct marketing team. It is important to each team that we keep our salary expenses as low as possible. That we use all the resources around us. As described above, the NPHL is a league to develop and promote talent, in every aspect of the game.

TICKET PRICES

The NPHL will establish ticket prices in all our franchises. It is the goal of the NPHL to establish ticket prices that will ensure the success of our teams and fairness to our fans. Each franchise will be determined individually taking into account the building and lease conditions and restrictions concerning marketing targets.

TEAM NICK NAMES AND LOGO

It is important to every team that each team has a team name that represents the city there are in. The nickname and logo has to be such that it is easy and fun to market. It is your organization's brand. The more appealing it is to your community the more merchandise the team will sell. The more it will be visible in your community. The Northern Professional Hockey must approve all team nicknames and logos, before each can be displayed in any manner.

EQUIPMENT PURCHASING

It's the operating standard of the Northern Professional Hockey League, that as a league and teams we keep all of our costs to a minimum. The NPHL will create a buying group, where all teams will purchase their equipment. The NPHL will negotiate the prices for all teams. Only from the NPHL BUYING GROUP can NPHL Teams wear equipment. There is no exception to this policy.

SOUVENIER AND MERCHANDISE PURCHASING

It's the operating standard of the Northern Professional Hockey League, that as a league and teams we keep all of our costs to a minimum. The NPHL will create a buying group, where all teams will purchase their souvenirs and merchandise. The NPHL will negotiate the prices for all teams. Only from the NPHL BUYING GROUP can NPHL Teams sell merchandise. There is no exception to this policy.

PLAYERS ON ROSTERS

Each team will be allowed eighteen (18) Roster Players of which two must be Goaltenders. Each Team will be permitted to have no more than five Veteran Players. Of these five Veteran Players, only one will be permitted to be a Goaltender. All Roster Players must be under contract with that NPHL Team, and all contracts must be registered with the NPHL Commissioner's Office.

A veteran player in the NPHL is determined to be any player who has played in more three hundred and one (301) or more games in any professional leagues prior to the current season.

Each team will be required to have four rookies on their rosters at all times. A rookie is a player who has played less than seventy-five (75) games of professional hockey, prior to the current season.

Each NPHL team will select one player, who may or may not be the team's captain to sit on the Players Advisory Committee. Periodically the committee via conference call will meet with the Commissioner to discuss any player issues, concerns and hear any suggestions by the players. This will give the players a platform to voice their thoughts. This Player's Committee should eliminate the need or desire for a players union in the NPHL.

NPHL TEAM BUDGETS

Below is the NPHL Team Budget. Each franchise's budget may be slightly different, due to building lease restrictions and additional opportunities. The budget below is the best-case scenario.

The NPHL will play thirty-five (35) home games. Each team will be limited to an eighteen (18) player roster. The season will last twenty-four (24) weeks. The NPHL salary cap will be set at \$8,000.00 per week. The NPHL cap is higher than the SPHL, which is \$5,600.00 per week, yet lower than the CHL (\$11,000.00 per week) and the ECHL (\$12,400.00 per week) This cap will allow us the attract the talent the NPHL will need to present a entertaining brand of hockey Each team budget is less than \$600,000.00

THE NPHL BUDGETS ARE ONLY IN THE PROSPECTIVE OWNERS EDITION

NPHL INCOME TARGET BUDGETS

The NPHL League Office will negotiate league wide sponsorships, on its web site, which will include national corporate sponsors and equipment sponsors. The Commissioner's Office will use all resources in its budget to promote the game and our league

LAST WORD

In professional sports, whether its major league or minor league engagement and acceptance in your community is the difference between success and failure. Throughout this Business and Marketing Model, we have tried to emphasize the importance of inclusion of your community. Your community will dictate whether we are a success or not. This must never be under estimated by any of our teams. In recent events, the Dallas Stars of the National Hockey League are in the midst of hiring people to re-engage as they put it, with their community. In Major League Baseball, the Toronto Blue Jays changed their brand, by going back to their image of the past. They changed both their uniforms and logo, to reflect a time where the Blue Jays did a better job of connecting with the community. Although the cosmetic changes were just a start to re-connect, their logo and uniforms are the visible symbol of their team.