

Startups and communication strategies: Swinging for the fences

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ABSTRACT

This commentary discusses the importance of data to the sports performance measurement industry, demonstrating how media analysis can lead to exciting new business startups. Using the examples of two mature companies, Sabermetrics and Sports Universal Process, as well as new sports analytics start-up, Stathletes, the authors highlight how communication strategy is an important part of start-up success to help scale, increase profit and create value for their consumers. The competition to provide the highest quality of advanced analytics has become fierce. Identifying the right timing for the strategy given the stage of the business is critical to position the start-up for success.

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A million dollars isn't cool. You know what's cool? A billion dollars. The millennial's dream is to become the next Mark Zuckerberg. The competition to build billion dollar technology companies has been rising. With the initial public offering of companies like Facebook, Groupon, and Zynga, venture capitalists are also taking note. What are some communications strategies that have been used by analytics companies to scale their operations? Looking at some turning points in sports analytics, these companies have created value and inched closer to billion dollar dreams by taking some simple steps. Communication strategy is an important part of start-up success but when mishandled can lead to disappointing outcomes.

So, how do technology companies make money? On first glance, many of these companies make it difficult to decipher their business models. Collecting information on profile information, buying experiences and gaming habits,

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technology companies generally have a wide variety of data on consumers and various revenue streams based on advertising or marketing. In the general analytics market, companies mainly make money by targeting their consumers, collecting mass amounts of data relevant to their businesses and selling this valuable content to the client, which is critical to ongoing business model refinements. In sports analytics, the focus is mainly on athlete performance and the consumer pays a subscription fee for access to the valuable information.

As technology is increasingly used to make business decisions as objective as possible, statistics is emerging as an important field. Following analytics-driven blockbuster movies, such as *The Social Network* and *Moneyball*, the topic has been a mainstream focus of many business discussions. Conceptually, analytics provide a way to have an objective view of a situation. Usually replacing gut feeling, the quantitative measures provide numerical feedback. From media monitoring and the stock market to big data companies – analytics is an increasingly important field in today's competitive global marketplace.

Illustrating the challenges, the field of sports analytics provides many dynamic examples of companies in the seed to mature stages that demonstrate the communications strategies of startups. The implications discussed in this article are: the benefits of collaboration with a wider audience, acquisitions to become industry leader, rebranding, and selective audiences in the seed stage.

Crowdsourcing business processes has become a strategy that works in different ventures. The most mature advanced analytics in sport are baseball statistics, which are based on collaboration and widespread interest. A very detailed data set is collected allowing analytics firms in this market to perform advanced calculations and build on various models. The availability of open data¹ drives baseball analytics to be the most advanced having allowed for the development of Sabremetrics (Albert, 2010). Communication amongst various industry experts, such as scouts, coaches and avid fans, makes Sabremetrics calculations instantaneous and accurate. Using a crowdsourcing model like the one used by Wikipedia, advanced analytics in baseball are quite the collaborative effort. Other mature businesses and communities also collect statistics in this manner. By allowing their customers to collect, contribute and refine the data set, these companies have moved away from the business model driven by the collection of data and have moved toward adding value in other aspects of their businesses, such as advanced analytics or camera technology.

¹ Open data means that anyone can use in any form the data available without restrictions from intellectual property or ownership.

mature businesses realize the gains in accuracy and the streamlining of systems made possible by open collaboration.

Another mature company, Sports Universal Process (SUP), presents us with an example of a communications strategy based on a branding choice. Looking to combine similar business models and objectives, Sports Universal Process acquired two of the leading companies to become an industry leader in soccer analytics. Rather than amalgamating, SUP kept the names of their analytics companies Prozone and Amisco and utilized their existing platforms with their current clientele. The newly combined SUP is in its mature stage providing advanced analytics and user-friendly visual products to premier soccer leagues. Keeping the brand recognition and market penetration ensured that SUP took full advantage of the market positioning of these brands.

Another strategy is to rebrand when an analytics start-up is taking a new direction. A Phoenix Suns coaching staff member recognized the opportunities of analytics in basketball and started a company to collect data. Developing the company under the name Qualified Scouting Services, the former coach had a start-up that was unable to scale. Joining with a technical co-founder a few years later, the strategy changed from a consulting service to a full-service video-focused statistics company. Following this new vision, they rebranded themselves as Synergy Sports. The change in direction had a significant impact on the sport – the new name was quickly becoming known throughout the league. In fact, securing an investment from Mark Cuban – a *Shark Tank* judge and NBA team owner – confirmed that the brand's direction and technical expertise was on point. Moreover, providing both fans and scouts a template to use basketball statistics, Synergy Sports became a gold standard for analytics and is still widely used in the NBA.

Furthermore, the use of sports analytics is particularly important in management communications. Armed with objective data, management has a clear basis when valuing their athletes who represent the core assets of the business. Statistics are used in different ways to enhance and promote the sport. For example, a general manager may be interested in using analytics for trading, paying bonuses, or strategy. Sports broadcasters may use them to give the audience a better understanding of the game and enrich the experience for audiences. The value of analytics has saturated all sports and has become very important in secondary industries, such as gambling. Overall, statistics are fundamental to communications management within the sports and entertainment industries.

Young analytics company, Stathletes, demonstrates the benefits and challenges of communications for start-ups. At the seed stage, analytics companies

looking to become widely recognized must have patience. Faced with the necessity of raising equity, Stathletes, which focuses on analytics in hockey, learned to be careful when preparing communications documents. The tools created to pitch ideas, present businesses plans, and secure funding makes this stage the most active for internal stakeholders while keeping strategy and intellectual property from competitors. Communication with the general public is a strategic step at this stage, as this may subject their minimum viable product² to too much scrutiny. Using a strategy of securing funding and small test contracts, seed stage companies create momentum before market awareness, thereby inhibiting the risk to fight too many battles at once. Stathletes has developed an online platform and secured contracts. Therefore, while entering the early stage, they are able to be more open with the valuable data and communicate through more media channels to the wider consumer base in hockey.

From budding start-ups to mature businesses, analytics companies use various communication strategies to help scale, increase profit and create value for their consumers. The competition to provide the highest quality of advanced analytics has become fierce. Thus, communications plays an important role to signal to consumers that their product is the right purchase and reinforce that decision post-purchase. Identifying the right timing for the strategy given the stage of the business is critical to position the startup for success. One step closer to Zuck.

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²Minimum viable product or MVP is an early test of the product in the target market, popularized by Eric Ries author of *The Lean Startup*.