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THE LAUNCH OF INDIAN PREMIER LEAGUE (IPL) BY BOARD OF CRICKET CONTROL IN INDIA
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ABSTRACT

The Indian Premier League which was launched in 2008 by Board of Cricket Control in India (BCCI) has proved to be a runaway success. It has reinvented the game of cricket in this country and has helped the already popular game attain a level of mass frenzy not unlike the soccer leagues in Europe or the NBA in USA. However, the transition of cricket from the more traditional test and fifty over formats in India was not a very smooth one. The BCCI was initially opposed to the idea of a twenty-20 format and the concept did not catch up in India until its T20 World Cup triumph in 2007.

The case here attempts to make a complete analysis of this strategic decision of BCCI to lunch IPL. The intention is to analyse the environment, the organization (BCCI) and its core competencies, its competitive strategies and rivalries, implementation and evaluation of this strategy and its implication for the firm. Attempt has also been made to apply the frameworks of strategic management to analyze this particular decision.

Keywords: Indian Premier League, BCCI, Twenty20, Cricket, Indian Cricket League, Lalit Modi, Strategic Management, Resource Based Strategy

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Introduction

"We expected it to be big. But, with the amount of the interest that came from the media and the advertisers, we have surpassed our own business plan"- Lalit Modi, IPL commissioner, on IPL.

"I don't think you can cultivate club loyalties and city loyalties very easily when they don't exist. It's a manifestation of a very short-term perspective — you know, 'Let's just cash in on the hype and make some money quickly' — rather than think of the long-term future of the game."- Ramachandra Guha, renowned cricket historian, on IPL.

On a hot and humid September afternoon in 2009, the Board of Cricket Control in India (BCCI) announced the launch of the Indian Premier League, a Twenty20 league based on the lines of other professional leagues like the National Basketball League, USA and the English Premier League. It was a bold move for an organization that was known to be conservative in its approach, run in a bureaucratic fashion and not very adaptive to changes in the environment. Admittedly, a lot had changed since the appointment of Lalit Modi as the Vice-President of BCCI and it had become much more aggressive in expanding its reach and pursuing its sponsorship rights. Still few expected the BCCI to launch such a high profile tournament of scale like this in a format it was opposing tooth and nail just a couple of years ago. The organization definitely needed to shed all its bureaucratic inefficiencies and pull out all its organizational stops to successfully pull off a grand tournament like this. More importantly, the failure of the tournament would be put under the scanner and all the financial successes it had achieved in the last five years would probably come to nought. The risks of failure were thus enormous.

As the busy day came to a close, Lalit Modi thought about the last six months and how things have changed so quickly for both him and BCCI. The emergence of T20 in the cricket horizon had put the Board in a kind of fix as the eighty year old organization was not used to upheavals happening in the traditional game of cricket. The shift in the format of the game and the immense profit opportunities that came with it probably caught the Board napping in the beginning but it was now working overtime to make up for the lost time. Modi also thought about the far reaching changes that he had brought about in the running of the organization without which it would have probably still remained trapped in its state of inertia and the Indian Premier League would have been a concept a few in the Board
The Man with the Golden Touch

Lalit Modi was born with the proverbial silver spoon in his mouth. His father was the head of a rupees 40 billion business empire that encompassed agro-chemicals, tobacco, tea and beverages, education, entertainment and marketing. An alumnus of Pace University and Duke University, Modi had a keen interest in business and had learnt the tricks of the trade during the course of stints in Philip Morris and Estee Lauder in 1985-86. He was also the president of the International Tobacco Company from 1987 to 1991 and was appointed the director of Godfrey Philips India in 1992. With a huge family owned business under his control too, he was showing signs of becoming a great business manager. But destiny had something different in store for him.

Sometime during the early 90s, Lalit Modi began to develop a keen interest in the business of entertainment. He worked on a joint venture with Disney, acting as distributors of ESPN (then owned by Disney) in India. He came up with his revolutionary idea of a professionally run city-based limited overs cricket league in India and tried to convince ESPN to broadcast the same. However, the official proposal he had put forward to BCCI was thwarted by what he later described as “vested interests” within the Board and it never saw the light of the day.

Modi was, however, not the one to take things lying down. He realized that in a monopolistic environment the BCCI was operating in, the only way to influence the game of cricket in India was to become a part of the Board itself. "We were burnt very badly by the powers that were," he said. "It became an ambition of mine to go out and clean it up." However, the journey was not easy. After ten years and numerous attempts, he finally became the member of Rajasthan Cricket Association, an affiliate of BCCI, that too after concealing his last name. He defended his deception saying “It was a very close-knit club and they just wouldn't allow you to get in. I just used my first name and my middle name — not my last name — and that gave me the entry." He leveraged his connections with Ms Vasundhara Raje, the then Chief Minister of Rajasthan to become the Chief of Rajasthan Cricket Board and thus gained a seat at the BCCI.

As luck would have it, the year 2005 saw a great power struggle between Jagmohan Dalmiya, the incumbent BCCI President and Sharad Pawar, an influential politician and the Union agriculture minister. Lalit Modi threw his
weight behind Pawar and played his part in ensuring the victory of the latter. He was duly rewarded with the position of the Vice-president of BCCI.

Modi got involved heavily in the commercial aspects of BCCI and completely redefined the way BCCI used to do business. Under his auspices, BCCI became a much more aggressive organization and never backed down from a bargain while deciding broadcasting and sponsorship rights. Previous experience with broadcasting negotiations had taught him that BCCI was actually selling the deals cheap to the sponsors and the networks. "In the past, what the broadcasters made and what the middle men made was far more than what the board made. We've redressed that balance," he said. Some of the deals Modi successfully concluded were the Team Sponsorship Deal for Team India with Sahara group for 4 years worth 103 million US dollars (INR 415 Crores), Team Apparel Sponsor Deal for Team India with Nike for 4 years worth 53 million US dollars (INR 215 Crores), Media Rights Deal with Nimbus for 4 years worth 612 million dollars, Media Rights for overseas matches with Zee for 4 years worth 219 million dollars and BCCI Sponsorship Deal with WSG worth 46 million dollars (173 Crores). Within three years, the revenues of BCCI had increased seven times and Modi was being lauded by business magazines and the media alike for injecting a touch of professionalism inside the old, fading walls of Board. It seemed he could do no wrong.

**The Advent of Twenty20**

Around the time Lalit Modi was busy transforming the finances of BCCI, an amazing new concept was finding its roots in cricket. Originally a traditional, elitist game played in white flannels over a period of five days, cricket had become a bit more populist after the inception of limited overs' cricket with coloured pyjamas, red balls and day and night matches. The initial interest waned though and barring a few new nations, cricket essentially remained restricted to the handful of former British colonies. Someone then came up with the idea of having cricket matches of 20 overs each with time-outs, cheerleaders and music inside the stadium; in other words, transforming the long drawn, meandering game of the yore into a four hour long complete entertainment package. The concept became popular as Twenty20 or T20.

English and Wales Cricket Board was the first to try out the new concept in County Cricket in 2004 and it became instantly popular. The first T20 game held at Lord's on July 15, 2004, attracted a crowd of 26,500. Australia followed next and the first
T20 game held at the WACA ground between the Western Warriors and Victoria Bushrangers drew a sell-out crowd of 20,700. The first T20 international played in Rose Bowl, Hampshire was also a huge success. The game was tried out by other nations as well and its popularity drew the crowd back into the cricket stadiums.

The BCCI, however, was not very receptive to this new format. It refused to introduce T-20 in India for a long time and in fact opposed any international version of the game arguing that cricket in its traditional formats were enough to draw audiences in India and it did not need a spiced-up version of the game to do the same. However, under pressure from other cricket boards, BCCI had to finally give in and the first T20 World Cup was played in South Africa in 2007.

Nobody actually expected an Indian team, fresh from an ODI World Cup debacle, full of untested youngsters and with minimal exposure to this version of the game to do anything noticeable in the T20 World Cup. However, as the Indian team defied all expectations to proceed from one stage to the other, the popularity of the game in the country also increased exponentially and finally by the time India had own the World Cup, T20 had become a phenomenon in India.

Indian Cricket League

If the popularity of T20 had caught the BCCI unawares, nothing had prepared them for the rebel league launched by Essel Sports, named the Indian Cricket League in April, 2007. The Essel Group had keen interest in developing the sport in the country and providing lucrative sports programme for Zee Telefilms. Like Lalit Modi, Subhash Chandra, the owner of the Essel group was aware of the enormous profit potential of cricket in India. Essel Group launched Zee Sports with the anticipation of bagging some of BCCI's telecast rights in 2006. This was followed by Zee acquiring 50 percent stake in Ten Sports which gave them access to few international cricket rights like West Indies, Sri Lanka and Pakistan.

However, Zee continued to get frustrated in its efforts to bag telecast rights from the BCCI. At that time, cricket used to generate Rs. 10 billion in advertising and subscription in India in which Zee had very little market share. In August-September 2004, BCCI had given its five year telecast rights to ESPN Star Sports even though Zee was the highest bidder at $307 million since Zee was not a specialist sports broadcaster. Before that, the rights of ICC World Cup were sold to NewsCorp's Global Cricket Corporation for $550 million in spite of Zee bidding at $650 million. The official reason was similar- lack of experience of Zee in sports.
marketing segment. Chandra then tried the political route and supported Sharad Pawar's candidature during the BCCI elections of 2005. However, Pawar's victory did not change his luck. BCCI's telecast rights till 2011 went to Nimbus at $613 million while Zee's bid was at $513 million. Even though some thought Nimbus' bid was a Zee ploy because of the pre-bid Zee-Nimbus alliance, after the bid Nimbus decided to go alone and launch the Neo Sports, its own sports network.

Subhash Chandra then decided to take the route Kerry Packer had famously tried out almost three decades ago – namely launch a parallel league called the Indian Cricket League. The wide disparity between the pay packages of domestic and international cricketers gave him an immediate reason to justify the same. He stated that the intention of the pool was to form a “reserve pipeline of players”. Initially, he did not want to take a combative approach. He asked for the permission of BCCI to launch the league and said that the talent pool of players created by ICL would be open to the BCCI as well. "We feel that despite cricket being a passion, a religion in this country and despite it having great commercial players, BCCI has only six A-grade players signed up," he said. "Therefore, there is need for some united effort to create a talent pool. And this will be done by a three pronged strategy - discovery, diligence and display."

The Essel group decided to pump in Rs 100 crore in the project which was suggested to run parallel to the leagues and tournaments of BCCI. It planned to set up cricket academies with state-of-the-art facilities across the country. It was also planned that the players would be carefully trained and monitored during their stay in such centres. The group also decided to appoint talent scouts in all the states for spotting new talents in the country.

As far as the tournament was concerned, the group had very ambitious plans. The league was to start with six teams in the opening season. The plan was to start with a Twenty20 format and then move to ODI format. The number of teams was also supposed to increase from six to sixteen in three years with international participation. Every team would be run professionally with a mentor, media manager, psychologist and physiotherapist. The group also planned to create a pool of referees and umpires and hoped that BCCI would grant them access to a few stadiums. It was also able to rope in ILFS as its partner. The prize money offered was a huge sum of US $1 million, a magnitude never heard of in Indian domestic cricket before. The salaries and facilities offered to domestic players were also way above what was in vogue then. In a nutshell, Indian Cricket League promised to revamp cricket in India.
The War Ensues

The BCCI did not take very kindly to the offers made by the Essar Group. It saw ICL as an infringement on its monopoly over cricket in India and refused to provide any kind of help or recognition to the same. ICL had managed to rope in Kapil Dev and Kiran More, two former players with significant previous experiences in BCCI as part of its action committee. Kapil Dev was also the chairman of National Cricket Academy, an initiative by the BCCI. On August 21, 2007, Kapil Dev was sacked from his post by the BCCI. Subhash Chandra gave a statement that ICL would be held regardless of the support of BCCI. Promising huge pay packages, it managed to sign up more than 50 prominent Indian domestic players that left some of the domestic teams severely weakened. The League also pulled off a coup when it managed to attract retired legends like Brian Lara, Inzamam-ul-Haq and Lance Klusener apart from many other international stars.

Facing wide scale attrition of domestic players, BCCI toughened its stand against ICL. It put a ban on the ICL cricketers from playing in any BCCI sponsored event, decided to deprive them from pension and disallow the Essar Group from using any stadia in the country for the purpose of the tournament. The BCCI also increased the prize money of first class cricketers in India. The average pay per day of a domestic cricketer was increased to Rs. 35000 in 2007-08 from Rs. 16000 in 2006-07. The Board also decided to put in place paid selectors instead of honorary members.

In August, 2007, the ICL filed a petition against the BCCI in the Delhi High Court accusing it of violating the Monopolist and Restrictive Trade Practices Laws. It alleged that the BCCI was using its power to prevent the state boards from lending stadiums to ICL and was also interfering in the signing of players by ICL. The Delhi High Court ruled in favour of ICL saying that BCCI or other corporate sponsors and state associations should not terminate their existing contracts with the ICL players. However, other cricket boards outside India, allegedly under the instigation of BCCI, continued to impose bans on their cricketers for joining the rebel league. In spite of that, ICL continued to attract talents. Pakistan, Bangladesh and New Zealand, for example, lost big chunks of their side to ICL. It also received support from unexpected quarters when Laloo Prasad Yadav, the then Union Rail Minister extended his help to the ICL, permitting them to use the stadia owned by the Railways.
The Launch of IPL

Under such circumstances, the BCCI decided to launch their own Twenty20 League known as the Indian Premier League. The design of the tournament was radically different from anything that had ever been tried out in India. Moving away from a zonal or state based competition that was in place, the IPL had a city based one. There were eight different teams which would be owned by eight different franchisees. The price and owner for each team would be decided in an auction. The franchisees would be given compete freedom in running the affairs of the team. They could bring in their own sponsors, name the teams according to their wish and could even list the teams on stock exchanges.

BCCI went on a signing spree for international players and was able to enlist at least 80 of them. The assignment of players to teams was also to be done through a bidding process. A few of the Indian players like Sachin Tendulkar, Sourav Ganguly and Rahul Dravid were given iconic status and could play only for their respective cities. For the rest of the players, the teams were to be decided through an open auction where the highest bidder among the franchises would get that particular player. There was a minimum and maximum spending cap put on every franchisee to prevent wide disparity in the strengths of the different teams and to make the league more competitive. BCCI declared prize money of $5 million with the winners taking home $2 million. The amount of cash on offer was never heard of before. The team that had won the ODI World Cup in 2007 had got prize money of $1 million whereas the Indian team that had won the T20 World Cup got $500,000. BCCI was able to secure huge commitments from parties interested in buying the teams (close to $723 million) and the amount of money expected to be change hands during the auctioning of both teams and players were expected to be eye-popping. BCCI had also managed to sell the ten year TV rights of IPL to Sony Corp and WSG for a whopping $1 billion.

As the process details were being finalised, Lalit Modi was excited as well as worried. The Indian Premier League was a grandiose vision, but like other grandiose visions, the potential pitfalls were many. A lot of critics were still sceptical about the success of a city-based format in a game where affiliation, till now at least, was strictly nation based. Would any supporter of Shane Warne’s franchise, for example, cheer for him when he will relive his great rivalry with Sachin Tendulkar? The BCCI had also been subjected to a lot of criticism in the wake of the war with Indian Cricket League. Many pundits and cricket-lovers had expressed dismay at the attempts of BCCI to browbeat the ICL even at the cost of
harming its own cricketers. Lalit Modi, in particular, was the target of much vilification as his critics alleged that his attempts to professionalize the BCCI had resulted in the organization caring for nothing but money. There was also criticism that the huge amount of cash on offer in the IPL would result in players giving more priority to the same rather than Test matches. This would lead to a spate of retirements as players would be content to play IPL in a six-seven week window and earn huge cash rather than slogs for their national teams around the year for peanuts.

There were also doubts raised regarding the future of the T20 itself. A lot of experts opined that it was nothing but a passing fad and a sustained business model could not be built on it. The nation's love-hate relationship with the sport and its stars seemed to be dangerously fickle as shown by the widespread disenchantment after India's first round exit during World Cup 2007 and the match-fixing scandal in 2000. The potentially huge amounts the franchisees might have to shell out might also lead to debt-traps, the kind of situation many football clubs in Europe were facing at the moment. Finally, Modi was not sure if his organization could pull off such a massive spectacle. It had no prior experience in organizing such a huge event over such short time duration. Its flagship event, Ranji Trophy, stretched over more than half the year and was alleged to be run in a non-professional manner. As such, Modi was not sure if a motley group of amateurs and former cricketers could manage to organize the biggest sports extravaganza held in India so far at such a short notice.

As Lalit Modi pondered, doubts were creeping in his mind- had BCCI taken the right decision at the right time or had it jumped the gun? He wished he knew the answer.

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