MINDS-ON ACTIVITY

The 2004-2005 hockey season was cancelled after the NHL locked out its players. The main issue during that round of bargaining was the creation of a salary cap to keep players salaries from bankrupting teams. The 2012-2013 season was nearly cancelled with the main issue being the distribution of hockey-related revenue (HRR). The owners wanted to cut the players’ share from 57 per cent of HRR to 50 per cent.

1. What do the main issues of both lockouts say about the priorities of the owners and the players?

2. Both lockouts were about controlling revenue. Why does the NHL have to be mindful of controlling its revenue?

3. Which hockey markets do you think are most vulnerable to financial crisis as a result of a player lockout? Why do you think this is the case?

SETTING THE STAGE

When the Montreal Canadiens took to the ice against the Toronto Maple Leafs after a prolonged NHL labour disruption in early 2013, one would think that the level of fan enthusiasm would be subdued. After all, the league and its players had dragged fans through a 119-day lockout that saw almost half the season cancelled. However, the Bell Centre was hopping that night with 21 000 hockey fans cheering on the Habs and Leafs, while several thousand more enjoyed opening night festivities outside the rink. Meanwhile, huge numbers of Canadian positioned themselves in front of their televisions to watch all of Canada’s teams start a hockey season that should have begun months earlier.

For the love of hockey

Millionaire players arguing with multi-millionaire owners over a pot of over $3.3 billion — not a position that many working class Canadians had a lot of patience for. However, when the players and owners finally came to terms on a new collective bargaining agreement (CBA), Canadians could only feel momentary anger before surrendering to their love of the game of hockey. Labour strife gave way to labour peace and, once the first puck bulged the net’s twine, all was forgiven — whether that was the right decision or not.

They saw it coming

Maybe the league and its players had a sense of the loyalty of hockey fans as negotiations began. Going into the off-season, many hockey analysts feared a lockout was coming. Gary Bettman and
the NHL made it clear that the players needed to make significant concessions if they hoped to take to the ice in the fall. Meanwhile the NHLPA, led by prominent sports labour leader Donald Fehr, let the league know that they were in for a fight. After initial offers were exchanged in the summer of 2012, it became clear that the two sides were miles apart and, on September 15, the NHL formally locked out its players.

**Tug-of-war**
What followed was a frustrating months-long tug-of-war between the NHL and the NHLPA with little progress being made by either side. Some players, seeing that the start of their season was nowhere in sight, flew to Europe to play in countries like Russia, Sweden, Switzerland and Germany. As the weeks past, games were cancelled — including the Winter Classic between the Detroit Red Wings and the Toronto Maple Leafs at the 100 000-seat Michigan Stadium. Meanwhile, Gary Bettman claimed that, for every game cancelled, NHL hockey franchises were losing as much as $20 million. Eventually, as 2012 drew to a close — and as fans were getting used to life without hockey — a sense of urgency hit and negotiations began in earnest.

**Beating the deadlines**
Two significant threats emerged in the form of deadlines early in 2013. First, NHL president Gary Bettman threatened to cancel the season if a deal wasn’t reached and players weren’t back on the ice by January 19. Second, Donald Fehr and the NHLPA threatened to decertify the union and sue the league for collusion if negotiations weren’t progressing by January 2. Fortunately, both threats prompted the two sides to sit down and hammer out a deal over several days of marathon talks. Eventually, on January 6, Bettman and Fehr announced that a deal had been reached and an abbreviated hockey season would begin within two weeks.

**Terms of the new CBA**
The new CBA saw the players agree to a reduction in their share of HRR and limits on the lengths of their contracts. Meanwhile the league agreed to help improve player pensions. Overall, it looked like the owners got the league’s financial priorities addressed. While some analysts claimed that the owners won the negotiation, others pointed out that, historically, players always seem to get richer with each new CBA. Fortunately the new CBA will last for at least eight years so the patience of the fans will not be tested again for some time.

**To Consider**
1. Why did some people expect fans to be less than enthusiastic about the end of the hockey lockout?
2. What was at stake in the battle between the owners and the players?
3. a) What did some players do when they determined that it was going to be a long lockout?
   b) What did the NHL have to do as the lockout dragged on?
4. What brought the two sides together?
5. a) What did the players get out of the new CBA?
   b) What did the owners gain under the new CBA?
VIDEO REVIEW

Pre-viewing Questions

The Los Angeles Kings won the Stanley Cup for the first time in franchise history in the spring of 2012. A few months later, the league locked out its players starting a labour disruption that delayed the start of the NHL season by four months. Interest in the Kings was at an all time high after the cup win and fans couldn’t wait for their team to defend its championship.

1. Why was a lockout so potentially damaging for a team like the Kings?

2. Which other teams do you think would find a lockout particularly difficult?

3. Do you think the owners and players were safe to assume that the fans would come back after the lockout?

Viewing Questions

1. a) When did the NHL lockout its players?

b) Why did the league lockout its players?

2. a) How much of a pay cut did the owners want the players to take in their opening offer?

b) How much money did the NHL make the previous year?
3. What happened in October to bring a whiff of optimism to the negotiations?

4. a) What is meant by hockey-related revenue (HRR)?

b) What did the NHL want the players share of HRR to be?

5. What role did NHL focus groups play in the league’s decision to make an offer?

6. Why did the players reject the league’s October offer?

7. How badly hurt by the lockout were businesses that count on NHL hockey games for their livelihood?

8. What did the “Just Drop It” fan video campaign ask people to do in response to the lockout?

9. Why was Los Angeles a fan-base that was particularly hurt by the lockout?

10. When did the NHL and the players finally reach an agreement?
11. List three details of the new collective bargaining agreement.

12. How did some New Yorkers respond to the end of the lockout?

13. How willing were Canadians to welcome NHL hockey back?

14. How long did the lockout last?

**Post-viewing Activities**

Despite the fears of owners and players alike, fans returned willingly and happily to NHL arenas. They were also more than willing to watch their favourite teams — in record numbers — on television.

Take a look at these statistics:

- 1.9 million people watched the Jets and Senators on CBC — up 36% from the previous high for an afternoon game.
- 3.3 million people watched the marquee Hockey Night in Canada game between the Leafs and Habs — 16% higher than the previous record for a regular season game.
- 1.1 million people watched the Leafs second game of the season vs. the Sabres on Sportsnet.
- NBC reported its best ever numbers for opening games involving the Flyers, Penguins, Blackhawks and Kings.

1. Why do you think fans were so anxious to get back into hockey?

2. What does this willingness say about Canadian hockey fans?
3. What do these numbers suggest about the state of the game in the United States?

Followup

If you want to understand Canada’s connection to hockey, watch Tim Thomson’s video essay *Footsteps* on YouTube. Go to youtube.com and type in the search words “footsteps hockey night in canada.”

How is the video essay a reflection of the deep connection Canadians have with the game of hockey?
ACTIVITY: Winning the Fans Back

When the NHL lockout came to an end early in 2013, teams and players knew they had to do something to win their fans back. The lockout itself was a public relations disaster, so clubs reached out in the following ways:

Anaheim, Columbus and Nashville — buy an opening night ticket and get a game two ticket for half price or for free.

Boston and Vancouver — win a chance to take a charter flight on a team road game.

Boston, Buffalo, Columbus, Montreal, Nashville, Pittsburgh and St. Louis — free or discounted concessions along with 25-50 per cent off team merchandise.

Carolina — free team flag for all fans attending opening night.

Toronto — all season ticket holders attend home opener for free.

Chicago — 1000 signed jerseys and 250 autographed pucks, along with ticket giveaways for every home game, scheduled to be distributed over the course of the shortened season.

Los Angeles — special Stanley Cup party for its 5000 season ticket holders. The Kings also pledged $1 million to local charities.

New York Islanders — season opener tickets for $30. Fans spending $150 on team merchandize also get two tickets for two other home games.

Activity

Working with a partner, evaluate the efforts by teams to win fans back:

1. In your opinion, did the teams listed above do enough? Which team(s) did the best job of trying to win back fans?

2. The New York Rangers held a contest to give away a pair of tickets to their home opener while the Phoenix Coyotes did nothing for their fans. How does this minimal effort reflect on their franchises?

3. What else should NHL teams have done to win back their fans? Come up with at least three original ideas that you feel could win back frustrated fans.
**ACTIVITY: Was the NHL lockout worth it?**

Take a look at the terms of the new CBA and try to understand why the owners and the players had trouble agreeing on a contract.

- New CBA will run for ten (10) years with an opt-out available for both sides after year eight. That means no labour disruption for at least eight years.
- Players will receive an improved pension plan.
- Owners and players will split hockey-related revenue (HRR) 50-50. HRR is calculated based on all revenue generated by the product on the ice, including merchandise and television revenues. The players were getting 57 per cent of HRR under the terms of the previous agreement.
- The salary cap will be $70.2 million for the shortened season and then drop to $64.3 million in year two. The salary floor (or least amount a team can put into salaries) is $44 million.
- The NHL agrees to create a fund to make sure players get their salaries based on existing contracts (called the “make whole” provision). Players would get paid out over the course of the new CBA.
- Contract limits are seven years for free agents and eight years for teams re-signing their own players. The league wanted the limit to be five years with NHL deputy commissioner Bill Daly calling this issue the “hill we will die on.” This marks the end of lengthy contracts with huge salary variances from the beginning of the contract to the end of the contract.
- Minimum salary for players is $525 000 (and will grow to $750 000 by the tenth year of the CBA).
- New rules introduced for salary arbitration and contract buyouts.

1. Based on your review of the highlights of the new CBA, who came out ahead at the end of the negotiations?

2. Why do you think HRR was the most contentious issue in the negotiations?

3. Why will players still make a lot of money under the new CBA?
ACTIVITY: Negotiating a Contract

1. Form a group of four and assume one of the following roles:

   **Player** — you are an unrestricted free agent in your eighth year. You are coming off your best season. You are a right-winger who scored 25 goals and had 30 assists. Your team got knocked out in the first round of the playoffs.

   **Agent** — you represent the player. Comparable forwards in the league make around $4 million a season. Your player makes $1.5 million. You are looking to get him a contract that is as close to $4 million as possible.

   **General Manager** — you represent the team. The player had his best season ever but failed to produce in the playoffs. Your goal is to keep the player’s salary as low as you can since you have five other players to sign with a limited amount of salary cap room.

   **Mediator** — your job is to bring the negotiators to a deal. Encourage flexibility and creativity while bringing the two sides together.

   *Note: The two sides must come to an agreement*

2. Negotiate the contract. Use the parameters listed above and try to come to terms on a contract. Make sure the agreement is very specific e.g. dollar amounts, charities, etc.

3. Write out the contract, sign it and date it.

**Followup**

Share your contract with the class. Describe the process of coming to an agreement and what creative steps you took to reach a deal.

**Additional Details**

- The team in question has $9 million in salary cap room but has to re-sign five players. Two of the players also had great years and produced more than the player in question for this activity. They are expected to use up between five and seven million dollars of the available cap room. The other three players will get increases amounting to another one to two million dollars.

- The player in question may agree to a marginal increase in salary provided the team gives money to a number of charities in his name. Money donated would not count against the team’s salary cap.