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How does the ownership of the
stadium influence the business
model of a Football Club

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Résumé

L'objectif de cette mémoire de recherche est l'analyse de l'influence de la propriété du stade dans la gestion des clubs de football professionnels, plus spécifiquement sur leur business model. Je souhaite établir la connexion entre une de mes grandes passions, le football, et l'étude du management et des business models, ce que je considère être l'élément essentiel de l'entreprise.

Je présente donc le concept de business model, avec les références nécessaires à la littérature existante et j'explique en détail le modèle que je vais utiliser dans ma recherche.

Ensuite je décris le développement récent de l'industrie du football professionnel, avec une attention particulière portée sur la chronologie et les raisons clés de son évolution. Evolution qui fut rapide et imprévisible, ce que traduit notamment la croissance du chiffre d'affaires du secteur qui pendant les années 1990 a transformé structurellement l'industrie du football. Je vais donc aborder le sujet de la propriété des stades qui représente un élément stratégique très important pour le développement des clubs, qui ont besoin aujourd'hui de diversifier leurs sources de revenus.

La question de recherche d'origine est: comment la propriété du stade peut elle influencer le business model des clubs de football? Mon analyse qualitative, supportée par des éléments quantitatifs, des clubs de football d'un point de vue administratif, montre les différences entre clubs propriétaires de leurs stades et les autres dans l'approche de leur business model.

Enfin je présente les implications pour le management, les leçons plus importantes à tirer de l'analyse, et les recommandations à mettre en oeuvre.

Summary

The objective of this thesis is to analyse how the ownership of the stadium influences the management of a football club, more specifically its business model. With this research I want to focus on one of my greatest passion, football, with the study of the management and the business model, since I believe they represent the core rationale of companies.

I start introducing the concept of the business model referring to the current literature and explaining accurately the model I'm going to implement in my research.

Afterwards I give a description of the recent development of professional football, enlightening the key reasons and the turning-points of the significative and unpredictable evolution that mostly affected the turnover of football business during the 90s, redefining the whole industry. I then face the issue of the ownership of the stadia, as they are critical strategic assets for the development of clubs, since nowadays they cannot anymore deny the necessity of diversification and extension of the clubs' offer.

The underlying research question focus on the following issue: how does the ownership of the stadium influence the business model of football clubs? Through a qualitative analysis of football clubs from a managerial point of view, enriched by quantitative data supporting my theories, I pointed out the different approaches of football clubs toward their business model, accordingly to a private or public ownership of the stadium.

Managerial implications and considerations close my research, underlying the lessons clubs can learn and implement regarding this current topic.

Abstract

L'obiettivo di questa tesi è di analizzare l'influenza della proprietà dello stadio sulla gestione dei club di calcio professionistici, più nello specifico dei loro business model. La mia ricerca vuole unire quella che è una grande passione personale, cioè il calcio, con lo studio della gestione e dei business model, che ritengo essere l'essenza di qualsiasi azienda.

Introduco quindi inizialmente il concetto di business model, facendo riferimento alla letteratura esistente e spiegando dettagliatamente il modello che intendo utilizzare nello svolgimento della mia ricerca.

Continuo con la descrizione degli sviluppi recenti del business del calcio professionistico, evidenziando i momenti e le ragioni chiave di un'evoluzione tanto rilevante quanto imprevedibile, soprattutto a livello di giro d'affari che negli anni '90 hanno strutturalmente trasformato il settore del calcio. Affronto dunque la questione della proprietà degli stadi, come elemento strategicamente di grande rilevanza per lo sviluppo recente dei club, trovandosi nella situazione in cui una diversificazione dei flussi di ricavo diventa ormai necessaria.

La questione di fondo che accompagna la ricerca è: in che modo il tipo di proprietà dello stadio influenza il business model delle squadre di calcio? Attraverso uno studio qualitativo, seppur con elementi quantitativi a supporto delle tesi proposte, delle squadre di calcio professionistico da un punto di vista gestionale, ho evidenziato le differenze nell'approccio che questi hanno nei confronti del loro business model riscontrando differenze sostanziali tra i club proprietari del loro stadio e gli altri.

Seguono le implicazioni manageriali e le lezioni che si possono apprendere a riguardo di questo argomento attuale e non più procrastinabile.

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Introduction

Football, calcio, soccer, fùtbal, pelota, Fußball, futebol, futbol... Anyway we call it, football is always stimulating people's mind, evoking moment of extreme joy and sadness, strong belief and hope, values and health. It is believed to be the universal sport thanks to its diffusion, its simplicity and the few essential requirements to play: people and a ball.

In our society it became much more than a sport, as it is clear that it can create bridges between different cultures and enemy countries, going beyond wars and hate, spreading tolerance and acceptance, sharing experiences and human connections. Football represent life: a mix of enjoyment and passion, dedication and efforts, team building and sharing, happiness and sadness, victories and defeats, believes and challenges...

Inevitably such a powerful and relevant sport face continuous evolution over time, because of great people awareness, willingness to win, increasing competition, and the benefits from the following prestige. In the last decades, moreover, this development accelerated drastically and only part of the professional clubs have been able to follow it properly. Many clubs, indeed, still presents backwards organisations and infrastructures, not really able anymore to challenge the well developed club that implemented appropriate strategies.

Even though until a few decades ago the management of professional football clubs was mostly amateur from a business and entrepreneurial prospective, from the 80s and the 90s the interests, the turnover, and the issues regarding the club organisation change completely. Here the coming of TVs (mainly with the pay-per-view services) made supporters inclined to spend more for extra broadcasting and services concerning their beloved sport, boosting the actual turnover of clubs. At the same time regulations' changes (i.e. the so-called Bosman ruling, applying the European agreements values into football regulations) altered the traditional relationship between players and club, changing the bargaining power among the parts.

This evolution deeply disrupted the business model of the clubs, at least for the ones able to renovate themselves. The different components of the business models are therefore approached in a new way, integrating new or developed assets and enriching the value proposition. Every football club has its unique model and strategy, but there are some similarities and common paths in the way they approach the business of football and the management of the club and its assets.

The Canvas Business Model (Osterwalder 2010) is a practical and effective tool to study and develop business models of companies, and in this case can be adopted to study the overall rationale, value proposition and functioning of football clubs. Here I'm going to highlight the similarities among two main group of clubs, establishing my research on the ownership of the stadia that will turn out to be a significative and relevant differentiation.

The stadium is indeed a critical issue for clubs: it can represent an expense, affecting the balance sheets and limiting the entrepreneurial side of a club and its management, or it can be exploited to become a strategic asset around which a club can have full control, develop its business, and increase the number and contribution of revenue streams. The diversification of the clubs offer is nowadays fundamental since the revenues coming from the matches and the competitions are limited and the other coming from the sale of TV rights and sponsors turn out to be not enough. The stadium can therefore boost the clubs' opportunities to develop side business and activities and transform the infrastructure in the magical theatre where football can take place. Modern stadia are indeed open everyday, resulting in a multi-functional infrastructure able to host not only football matches and supporters but also business and other linked activities.

In my research I want to explore the difference among clubs owning their stadium and the others, comparing their business model and their managerial approach. My hypothesis is that the ownership of the stadium is the main affecting cause in the improvement of a football club business, leading to the development of alternative streams of revenues and allowing the club to be more autonomous from sports results. The benefits of this evolution will affect positively all the stakeholders involved somehow in the activities of the club.

Studying clubs through the business model approach will allow me to understand and describe deeply the inner rationale of clubs, finding common characteristics, if any, among the two clusters of football clubs. I want to highlights how the two model of ownership are different and the implications that derive from the two opposite ways of considering the infrastructure. Moreover I want to investigate how the expense of the stadium that represent a problem for several club (not only financially) can be transformed in a positive asset offering great opportunities.

This is a current hot topic, especially in countries where only few clubs implemented appropriate strategies to develop their current business models. Here clubs recognised to be

backwards and now, despite of the never-ending crisis, they have to do big efforts to recover their position at an International level.

But what is exactly a business model? In what consisted the evolution of football in the last decades? Is it then possible to make a distinction between clubs considering the different ownership of their stadium? If so, what are the differences between the two approaches of the business model? What are the managerial implications of the two different business models?

These are the issues I'm going to examine, pointing out what are the current trends and the necessity of a sustainable development to create a successful club, both in the pitch and in the society.

Methods of research

In the development of the research I followed a clear scheme to progress the analysis with a rationale evolution of my study and my theories.

Firstly I took the required time to think about the topic, elaborate a proper research question, and setting up the steps of my work. Then I researched the literature review relevant for the topic, resulting to be mostly a recent theme for what concerns business models. Here I implemented a specific model to my research explaining why I chose that one in particular. I also studied many papers, articles, annual reports, and interviews to have a better understanding about football and its business.

Therefore I was able to formulate my hypothesis starting from initial intuitions and insights that I challenged in the development of the thesis. This process led to an even sharper definition of the problem and a continuous contribution to an overall understanding of the big picture. I propose some personal visions of the model used in the research, but they have been tested through the analysis of several empirical cases. I decided to do a qualitative analysis, supporting my theories with some additional quantitative data when it was possible.

Hence I tested my hypothesis and findings thanks to some interviews and professionals opinions, helping me in the formulation of my theories. At the end of the thesis I propose considerations and managerial implications that I consider to be enlightening for actors of the relative industries.

1. Business model: definition, concept and frameworks

1.1. Concept and definition

The expression “business model” has been used more and more frequently in recent times, resulting in a double effect: on one side the concept has been studied and developed deeply, favouring the creation of a large literature on this subject, but on the other side has been sometimes overused improperly, mostly referring to it as a general concept without a clear meaning behind, as if it could mean everything and nothing at the same time.

Initially the business model was used to merely describe how a company was gaining revenues concretely, with a pure focus on the revenues-costs issues. Indeed, its concept was closely related to the spread-sheet, and it was adopted as an evolution of it. This would mean to miss the actual significance and relevance, that is the added value that the business model is bringing to the table of the business studies.

With the dot-com era many companies changed the way they were approaching their business planning, and the evolution of different tools and methods evolved the concept of business model as well.

The term “model” can mislead to think only about mathematics and calculations, but it is not straightforward correlated to it. Looking at its definition (Cambridge dictionary), a model is “something that represents another thing, either as a physical object that is usually smaller than the real object, or as a simple description that can be used in calculations”. Therefore, a model should help to understand, describe and predict the operating principles of the studied matter. Here the business model shall be an abstract representation of the business logic of a company (Osterwalder 2004). Stripped away from the economics’ concept of models, here is used in a more managerial, business and strategic approach.

On the other hand, the term “business” refers to (Cambridge dictionary) “the activity of buying and selling goods and services” related to the concept of “earning money”. Taking the two terms together we can have a first clue of the meaning of the expression.

There is also another concept that can be confused with business model, even if they are indissolubly correlated, it is strategy. As from the definition (Cambridge dictionary), a strategy is “a detailed plan for achieving success in a specific situation”. In business this term evolved to mean a whole long-term set of actions or plans to ensure success, with a future perspective. We can say that a business model is the representation on a blueprint of strategic

actions and plans implemented by the company. Moreover, a business model represents statically the different areas of the company's businesses and can give a hint on how they work together, but this is not enough if we want to study a company in a market prospective. Indeed, what we are missing here is how the company interacts with the competitors and how it builds its own competitive advantage. This is properly explained by the strategy that takes always into account the competitors and the marketplace.

Finally, it is clear that to succeed and reach the goals it is not enough to have a good business plan, but it is required also a good strategy and a management able to take and implement the right initiatives.

To have a proper understanding of the real meaning of business model, I find very useful the contribution made by Alexander Osterwalder in his book "Business Model Generation" (2010). The book, made with the contribution of several other professors and professionals, will guide us further on in the explication of the concept of business model. At this stage it is opportune to introduce the definition that is proposed by Osterwalder (2010): "A business model describes the rational of how an organisation creates, delivers, and captures value."

Often the business model is associated properly to storytelling. Indeed, a good business model is able to describe the links between the different areas of a company and how they are involved together to reach the same goal. This story explains how enterprises work (Magretta 2002) answering question such as: what is my value proposition? Who are the customers? How does the company earn money? What is the underlying economic logic of the business?

Designing a new business model has lots do to with creating a new story: often it takes a spark from other stories, and then develop the new idea and what is missing. At the same time, a new business model can be an improvement of an existing one or it can also be a creation of a whole new one, starting from an expressed or underlying need of some of the stakeholders of the business. Usually it is a response for a new product commercialisation or a new process innovation in the making, selling, or distribution of products and services.

As it is true that a business model is a statical description of the company at a specific time, it is also true that it is a very flexible and inspiring tool as well. Indeed, often the designing of a business model is not an easy process, and makes the management evaluate

and consider through different points of view the areas of the companies. As a result of it, they will have a business model after having considered several more or less different others. This will seed in the management mind a lot of different alternatives, that will be probably evaluated to innovate and improve the company's business.

The current business model of a company can be different from the past and it will probably be different in the future as well. Indeed, even if there can be only one correct representation per time, it is very helpful to continuously check and challenging it with the purpose of finding new unexpected solutions.

1.2 Relevance of the concept of business models

A business model clarify the value that a company creates, highlighting what does it do and how, connecting all the functions, and giving a vision easily understandable. This is a great tool to make clear how does the company create and deliver values firstly to the management but also to the rest of the staff .

In an environment that is always changing and where if you don't innovate continuously you risk to be overwhelmed by the marketplace, the business model can contribute to have more elasticity in the the company's business and to always challenge the status quo with other opportunities and looking at possible evolution of the current business model.

The relevance of the business model is both theoretical and practical, as it is synthesised brilliantly by Osterwalder in his PHD thesis (2002). Indeed, it can be useful for companies at every level, from the CEO - taking strategic long-term decisions - to the basic employee - representing the company to the customers; from the HR - spreading the mission, values, and vision of the company - to the commercial field - understanding the interaction with the various suppliers, channels, and customers.

We can schematise the functions of the business model in different clusters (Osterwalder 2002):

- I. Understand and share the business logic of a firm. The first step consist in capturing it. Since the first time you are trying to figure it out, it is not written anywhere and only conceptual. Once it is clear, it is time to visualise it. Indeed, visualisations help people to understand better even complex informations. All this process will help managers to communicate and share the business model to the rest of the staff.

- II. Analyse the company's situation through the business model can help measuring, observing and comparing the business inner logic of the company by itself, with the competitor, with the market, or even with other benchmarks.
- III. Manage. The business model helps the management of a company in designing, planning, changing, and implementing its strategies and action introduced. Moreover, it increase flexibility and speed of reaction in case of a change in the environment, when is needed to take actions.
- IV. Prospect. As I wrote before, the business model is a tool that can be very useful in shaping the future of the company. It can help innovate products and services as well as processes or even the whole concept of the business logic. Companies can prepared a set of possible business models to be ready to adapt or to innovate and disrupt the competition. One advantage of the business model is its concept testing and simulations. The management can simulate and stress as many and as different business models as they prefer without compromising the company results, but doing a theoretical exercise that can open unexpected scenarios and solutions.

There are two other authors interested in explaining the importance of the business model for a company. Chesbrough and Rosenbloom (2002) are giving their own version on this issue in an article, even if they have an approach based more on the existing strategic studies than Osterwalder. For the authors a business model is functional for:

- articulate the value proposition
- identify a market segment
- define the structure of the value chain
- estimate the cost structure and potential profit
- describe the value network of the company
- formulate the competitive strategy

Here we can find a further differentiation between the concept of strategy and business model, two concepts similar but meaning different things as I described previously. The business model is build around the core value proposition that the company offer to the customers, making all the other characteristics coming only after it. Another distinctiveness is that business model aims to represent the value proposition for the business itself and only after the stakeholders will benefit from it.

1.3 Frameworks

Since it is now clear the concept of business model, we need at this stage to adopt a tool to be actually able to describe and build a real one. There have been some frameworks and visual conceptualisation by different authors, but not all of them are complete, clear or even consistent with its objective. Now I'm going to summarise some of the most commune frameworks and I'll explain why, in my study, I will focus on a particular one.

The Business Reference Model is a first framework we could consider. It is an example of how to describe the company's core activities, with a specific focus on the functional and operational areas. This model, on the other side, is not really able to explain how the company works and the inner economic logic in behind. Therefore I find this framework to be not the best one for my research, even if in other circumstances can be a great model.

IBM developed a first attempt to be able to visualise all the company business and activities on a single page, in order to be able to have an overall comprehension of the activities and the organisation. The Component Business Model present a unique scheme for every company, showing the business functions as columns and the activities as raws. It is a great tool to understand the company business, but again I think it is not the best framework to be implemented in my thesis. The reason is mainly due to the fact that the Component Business Model is a best presentation of the different functions and activities of a company, missing the value creation and delivery perspective, that is a core issue here.

Recently there has been a new contribution in the business model designing field, thanks to the studies conducted by Michael Lim (2010). He implemented a different framework very innovative with the introduction of more attributes and considering the company in its environment. Indeed, in the Environment-Structure-Strategy-Organisation Business Model we can notice a more flexible scheme, able to catch both the technical and intangible assets of a company, and its features are considered within its environment. By the way, even if I find this model quite complete and satisfying, it is not really easy to schematise and in practice it is not the best model to have a clear and fast understanding of the overall business model of the company.

The framework I find to fit best for this research is the result of the contribution of 470 participants from more then 45 countries, and it was published in the book "Business Model Generation" written by Osterwalder and Pigneur (2010). They propose an innovative and easy to use tool to describe as clearly as possible the business models of firms. They called it the

Canvas Business Model, since it is based on a graphic design of nine different “canvas”, and now I’m gonna describe how does it work and why it is the best choice in my opinion.

1.4 The Canvas Business Model

The concept start from the definition of business model that they propose: “A business model describes the rationale of how an organisation creates, delivers, and captures value” (Osterwalder, 2010). In the authors’ view it is essential to be sure that when we are referring to something, we actually talking about the same thing, that everybody understand. So it would be useful a tool, that they created, to help us describing the situation and facilitate the discussion. At the same time this tool has to be easy to use, intuitive and as simple as possible.

The purpose of the Canvas Business Model is, indeed, to describe the logic of how a company intends to make money and operate through nine basic building blocks (Osterwalder, 2010). It is based on four different areas of the business, namely the offer, the customers, the infrastructure and the financial viability.

Key Partners (KP)	Key Activities (KA)	Value Proposition (VP)	Customer Relationship (CR)	Customer Segment (CS)
	Key Resources (KR)		Channels (CH)	
Cost Structure (C\$)			Revenues Streams (R\$)	

Exhibit 1 - Canvas Business Model

It is time now to describe specifically the concept of the nine different building blocks that constitute the Canvas Business Model:

- Value Proposition (VP): it consist in the offer of products and services that the company delivers to the customers. In many cases it is the first competitive advantage, especially when a company manage to offer a unique value for its customers; otherwise it can look similar to the competitors one, even if there will still be some distinctive features. The VP is the answer to customer needs, expressed or latent, for goods and services. A new VP can consist in the offer of a new product or service to the customers, or in the improvement of some features or performance of an existing offer, or in the customisation to specific needs or preferences. In the VP there are several issues involved like the quality, the design, the price, the brand, the accessibility, the convenience, etc... The combination of all these elements create the unique value proposition of the company, the first aspect that has to be very clear from the beginning.

- Customer Segment (CS): it represent one or more consumer segments that a company aims to reach. They are the more inclined to pay for the value the company is offering them. Since customers can be very different among them, a company can decide to split them in different segments and build the entire business model around them. Different segments are appropriate when customers have different motivations in the purchasing process, if they are looking to answer to different needs, if they are reachable through different distribution channels, if they have significantly different purchasing resources, etc.. They are also at the heart of any business model because from their satisfaction depends the whole business of the company.

- Channels (CH): The channel is the practical way a company use to communicate and reach their target customers, implementing marketing strategy, and it is strictly linked with the supply chain. Especially the decisions regarding the point of sale and how it works are basic decisions, since it can make the difference on how the customer will see the brand and its offer, and at the same time they can be relevant in offering a particular experience to customers. Here it is necessary to understand the best way to reach the targeted customers, which mix of channels is able to offer better the value proposition to the customers. Channel types can be owned or in a partnership, as well as direct or indirect; on the other hand the channel must cover different phases of the buying process, starting from the product/service awareness, customers' evaluation of the value proposition, the actual

purchase, the delivery of the offer to the customers and the post-purchase support in the final after sale stage.

- Customer Relationships (CR): the customer experience is absolutely depending on the decisions of Customer Relationships that the company wants to implement with the customer segments. Indeed, this building block is crucial for the acquisition of new customers, in the managing of the the existing ones, their retention and the up-selling (increasing sales per customer, mostly in a saturated market). All kind of relationships must be here taken into account, from the routine to the exceptional ones, from personal to automated, from direct to indirect. CR can indeed vary from a specific personal assistance to setting all the means ready for the customers to be able to solve their problems by their own (self-service assistance), from the creation of a customer base as a community with its components ready to help each other, to a collaborative relationship aiming to integrate the customers in the company processes (providing feedbacks or content for example).

- Revenue Stream (R\$): it consist of the revenues that the company makes thanks to the customer segments that are willing to pay for the value proposition. The company should ask itself how much are they willing to pay and for what exactly, often this sounds like an obvious issue but a critical approach can lead to a new and disrupting business model and whole new opportunities. The Revenue Streams can be different for the different segments, and it is important to manage properly the difference between one-time buyers and repeating purchasing that are more based on longer-term and allows the implementation of a subscription fee. The R\$ of a company can be traditional or very creative, using the classical methods or finding out new disruptive ways to generate an income. Some of the ways to generate a revenues are: sale (the most traditional sale of a product or of a service), usage fee, subscription fee, lending/renting/leasing, licensing, brokerage fee (intermediation in a service performed), and advertising (Osterwalder, 2010). I want to make it clear that these different streams shouldn't be viewed only as different or alternatives solutions, but is actually from combinations of different ones that a company can find out a new stream that can satisfy better both the costumer and the seller. Sometimes a new way of revenue stream can motivate non-customers to start adopting a good or using a service, becoming customers only because the new way is more suitable for them.

- Key Resources (KR): they are all the assets used by a company to create its unique value proposition. The resources can be very different for both the nature and the function performed. Therefore we can categorise four main clusters of resources involved in the value production: human resources, intellectual resources, physical resources and financial resources. They all contribute to the overall functioning of the company and usually are always changing by the time. The company is continuously requiring new resources and disposing the old ones, developing its own or acquiring from others, in order to be able to adapt or anticipate the evolution of the environment, the marketplace, competitors and, of course, customers. Sometimes a core resource is not owned by the company itself, though, since more and more often there are some partnerships between members of the same supply chain that split their tasks relying reciprocally on each other's competences.

- Key Activities (KA): in this building block we find the principal activities that a company must execute to use its key resources to create the value proposition for its customers. Here again, as for the resources, there are very different and complementary activities, depending mostly from the type of activities the company is doing business in. In the Canvas Business Model (2010), the authors suggestion is to think to the activities within three clusters: production (all the necessary activities to create and deliver the value proposition), problem solving (related with the development of solutions for single customer problems), and platform/network (those activities necessary when a key resource at the core of the business is a platform, i.e. web based companies).

- Key Partnerships (KP): few companies are able to do everything by their own, so all the partners involved in the value creation are playing a role contributing to the companies business activities. Key Relationships can be found in the supply chain or among the stakeholders, sometimes even the customers can have a partner role in some business models. A current trend is to focus on the key activities and resources and outsourcing the rest to other companies. This brings to the creation of flexible networks with several partners involved, turning the partnerships into a core issue to take into account and to manage. Moreover, companies can find totally different reasons and motivation to create partnerships, depending actually on their own strategy. Sometimes it is just a matter of optimisation of costs and resources, looking for economy of scale, other times it can be the case of risk and uncertainty reduction and avoidance, or even case in which a particular

resource or activity is so specific that a company prefers to acquire it directly from other appropriate firm.

- Cost Structure (C\$): the costs incurred by the company are expressed here. Not as a numerical figures but as a cost source. Companies inevitably run into cost creating and delivering their value proposition to customers. The overall goal of every company related to cost is, of course, to minimise them, even though there are some industries and some business models more cost-oriented than others, or, on the other side, more value-oriented (focus on value creation instead of cost reduction and efficiency). In this building block the company should consider in depth its cost structure: are its costs fixed or variable? Is it possible to benefit from economies of scale or economies of scope? After all, it is useful to compare the cost structure with the revenue streams, the customer segment and the value proposition, because it can give some clues about some possible and unexpected change or improvement of the business model, as sometimes it can be sound like inconsistent.

In my research I decided to focus on the Canvas Business Model because I think it offers the best framework because of several reasons.

Firstly it is a very clear framework, easy to visualise and to understand thanks to its design. It give space for creativity in the process of developing the actual business plan, but it is structured as well in order to schematise and don't disarray the precious ideas that comes out. A great tool to take the best from an eventual brainstorming, where intuitions are blowing around and need to be caught and understood to be implemented correctly.

This model is also overall comprehensive with all those issues we need to take into account to understand the business model of a company. It is considering all keys elements, what do they consist in, how do they work, why they are important in the value creation and proposition.

Moreover, it is a very easy-to-use tool, quite intuitive and effective. It doesn't require a difficult or expensive training, even if, of course, the people who are going to lead the business model creation session need to have some leadership and creative facilitator skills. A great point of the Canvas Business Model is its building indeed. The building process is itself a learning process, where the people involved are able to understand deeply the company, analyse in depth its processes and its rationale, challenge the status quo with some attempts and trials of different solutions, and decide for one or more business model to focus the

choice on which one to implement. During this process it is easy to see bunches of new ideas coming out, some of them very interesting, some less, but all of them contribute to generate a creative session from which the model will take shape.

When a company defines its business model, has for sure considered lots of different alternatives. Canvas is a great tool also because it gives the possibility to create many different alternatives, that could represent different option for the future or anyway some “stress-tests” to challenge the status quo and the favourite solutions.

Last but not least, it results to be very useful to keep the various representation of the business model of the company over the time to see the evolution of it and try to figure out the possible innovations for the future. The comparison could be done not only within the same company in different period of time, but also with the competitors. Even though in that case it will be difficult to find out all the private and needed information, for sure if the company is known and is operating in the same marketplace, it will be possible to compare the different models. Actually, it can be even more useful to compare a company’s own model with companies of other industries or sectors. Canvas Business Model is definitely one of the best instruments to do benchmarking and to learn from unexpected others better ways.

2. Evolution of business management in recent times

Football has always been more than a sport. The match on the field is only one of the faces of football, a game that is able to speak an universal language and to go beyond cultural, historical, and racial differences. It is not by chance that the two Koreas are able to play each other, despite the international tension and menaces; at the same time Israel is competing in the same world cup where we can find Iran and the other of middle east countries.

If football became such a powerful phenomenon it is also due to the club competitions and the evolution that this sport made especially from the 80s. In a continue alternation of glorious and blaming periods, football turned out to be the most followed and played sport worldwide and the top clubs, beside the national teams, had a fundamental role in it.

It is often argue that the evolution of both a sport club or a discipline into a more than an amateur administration could change its inner values or even the core distinctiveness of being a sport and not a business, but I think that in some situation, especially when the stakeholders and the interests involved are so many and so relevant like in football, there is the necessity of developing a managerial competence to make it run and not blow up like a bubble. Indeed, it is a crucial skill for clubs at this point to be able to manage a club that has to face more than just sports issues, and to compete with the other clubs in a very specific environment where the sports results will have to influence always less the overall results of the club.

Firstly, a club that want to compete again at a top level, national or international, in football competition needs to develop many other source of revenues, since the best players have huge salaries and are very expensive to acquire - the players grew in the club own young teams are a different issue that I'll face later on, but still doesn't change this reality - and the clubs cannot depend in the medium-long term from the owners capital. The matchday revenue are indeed not enough to cover all the expense and are very sensitive to the club performance in the competitions.

On the other side, managing a club with some degrees of business approach can bring many added values not only to the club on-pitch performance but also to the fans base, to the local community, and to commercial partners. Indeed, there is the possibility to develop several extra actions useful to integrate the club on-pitch performance with different sports or non-sports activities, building a brand that is not only a favourite team but also involve supporters from everywhere and the local community. Later on I'll present a great tool to develop such initiatives, it is the exploitation of a privately owned stadium.

Moreover, in the long run, every company has to face the financial results of the season, being balanced or positive, to see the financial health and the sustainability of the club operations. When the interests and the implications are so relevant a club can't rely just on the owner's capital, and there are already some examples, in the European contest, of teams that are recording profits since several years being at the same time winners on the field and guaranteeing high salaries to its players at the same time. On the other hand there are clubs facing huge losses, even if they try to cut expenses. This means that a good management can bring a club to perform well both in the sports and financial fields, and with this thesis I'll give some hints on the way to change the business model of a club through the management of a privately owned stadium.

In this chapter there are some highlights on the football business management in recent times to understand how we arrived to the present situation - critical but with great opportunities. I'll also focus on some historical turning points when regulations or commercial partnerships has been crucial in changing the environment leading to relevant consequences. At the end of the chapter there will be more insight on the management of a football club ruled with a business approach.

2.1 Professional football

As mentioned before, it is not a recent realisation that football is not only a sport. Indeed, there is a continuous development from its origin to nowadays, but it is still important to highlight some events and circumstances that were determinant and made this process faster.

The first significative step was made when local entrepreneurs start having their own football club looking for alternative returns (Mancin 2009). They recognised the potential of the good image they could benefit within the public and the supporter base, enabling them to have a wide consensus and a powerful image. As a matter of fact, at that time the clubs' turnover wasn't too significative, and the rich owners could invest some money into football as if it was a marketing campaign.

As a consequence, all teams were competing to bring home the best sports result they could since only the winning clubs were giving a positive image back to their owners. As long as the expenses were still under control and affordable from the entrepreneurs they were investing more and more to improve the team skills and success potential every season, but in the long run, as we will be able to see, it wouldn't be sustainable.

Football clubs were becoming more and more demanding, not only at a financial level but also at a managerial one, and often they were missing the managerial skills that, on the other side, their owners showed in their businesses. With the expenses growing but with shortage of new revenue streams, the debts of the clubs were increasing and the owners kept investing their own capital on it. The competition increased constantly at both national and international level, with the top club gaining worldwide attention and prestige. High competition and rivalry brought to an increment of player salaries and transfer fees to engage the best ones, looking for sports victories. Therefore the expenses were growing in average more than the average revenues, weight on the already critical financial balances.

European regulations tried from time to time to face those problems, but usually they were late initiatives and several times had controversial effects. Enlightening are some cases of regulations implemented by the FIGC (Italian Football Federation) in the Italian national league. In 1966, for example, the institutions wanted to control the statutes of the club that were becoming professional and not just amateurs as they were before. The clubs were obliged to become companies, but with very particular rules and rigorous restrictions. The most controversial one was regarding the profits limitation, as it has been decided that the sports companies couldn't get any profit for their own, and if they had any they had to re-invest them in the young teams or give them to the Italian National Olympic Committee (CONI). This decision was taken to protect, in some ways, the sports and non profit values, but it turned out to be a dangerous limitation. Indeed owners had a legal confirmation that they couldn't get any money out of football, and they kept spending money as a marketing investment for their own public image. This issue stopped the already limited willingness of the management to look for autonomy and sustainability, leading to an even bigger increase of clubs' debts.

Another crucial moment from a legal point of view was what happened in the relationships between players and clubs in the European contest - in Italy, for example, this took place in the 80s. Here the legislation stated that players, at the end of their contract with a club, could leave and sign for another club without a transfer fee to be payed (even if it was initially a graduated process). The football clubs started losing control over their most important asset, the contracts with the players, while they were gaining huge bargaining power. Note that before this new law a player was a member of a club for mostly all its sports career, and in case of transfer to another club, even at the end of the contract, the two teams had to agree on a transfer fee.

As a matter of fact, before the turning point in the regulation at European level, with the “Bosman ruling” (1995) that I’m going to explain following, the situation was already quite complicated from a managerial point of view: players had growing salaries, clubs were increasing their spending looking for the sports results and gain popularity both for the club names and the owner ones, profits were limited stopping any entrepreneurial initiative, so that the owners were again using the clubs to gain popularity, consensus, and to enter the political environment they were interested to.

2.2 Crucial turning-points

2.2.1. Bosman ruling

Between 1995 and 1996 European football saw a real earthquake in the regulations that brought to what is nowadays called the modern football (Mancin 2009). The so-called “Bosman ruling” disrupted the national and international judicial system and opened up new opportunities for players and clubs in Europe.

Jean Marc Bosman, a former player of the club Royal Liegeois - Belgian football club, took a legal proceeding against his former club, the UEFA, and the Belgian Football Federation. In 1990 Bosman saw his contract to an end with the Belgian club and decided to move to a French one, Dunkerque, which refused to pay a controversial transfer fee to Royal Liegeois - since, indeed, the contract was ended. The Belgian club didn’t allow the player to move to the new team and the player sued his previous team, together with the national and international football associations. The dispute regarded the current regulations on transfers between different clubs and protectionist laws within the national federations that were involving and, probably violating, some norms concerning the european agreements, especially on two issues:

- the payment of a transfer fee for the transfer of a football player even after the expiration of its contract;
- the possibility for national association to implement some regulation concerning the limitation of foreign players in the clubs, even if from other European countries.

In 1995 the European Court of Justice set clearly that the EC Treaty had to be taken as milestone and, in football as in the other industries, the freedom of movement for workers, freedom of association, and direct effect needed to be guaranteed by the regulations. As a result the players at the end of the contract were free to sign with new clubs without depending on the agreement on a transfer fee between the two parts, and the clubs were now

able to sign new contracts with European players without nationality restrictions - it is still in effect in the mayor leagues a regulation limiting extra-EU players though.

The consequences took place straight away, further boosting salary wages and giving an even more powerful position to players in bargaining and negotiations. In just a few years the total amount of wages of most European Leagues more than doubled, and the percentage of revenues spent to cover salaries increased reaching out of control picks - i.e. in Italian Serie A and B, 2001/2002 season, the total amount of wages engaged the 91% of the revenues (Mancin 2009 - Deloitte datas - Exhibit 2). To be clear, the Bosman ruling was not the only reason of this situation, but for sure it contributed largely together with other circumstances that I'm going to illustrate further on. If it didn't influenced alone the exponential growth of the turnover, certainly it was one of the main explanations for the increasing percentage of revenues dedicated to the payment of the salaries.

Revenues and Wages - aggregate values Italian Serie A and B
(€m)

Season	Revenues	Wages	Wages/ Revenues	Revenues variation	Wages variation
1995/96	649,3	336,0	51,7%	-	-
1996/97	726,7	412,6	56,8%	11,9%	22,8%
1997/98	818,0	533,9	65,3%	12,6%	29,4%
1998/99	887,3	665,2	75,0%	8,5%	24,6%
1999/00	1270,0	833,6	65,6%	43,1%	25,3%
2000/01	1365,0	1104,1	80,9%	7,5%	32,4%
2001/02	1358,8	1236,5	91,0%	-0,5%	12,0%
2002/03	1394,2	1110,1	79,6%	2,6%	-10,2%
2003/04	1408,1	1094,3	77,7%	1,0%	-1,4%
2004/05	1496,7	970,7	64,9%	6,3%	-11,3%
2005/06	1614,1	982,7	60,9%	7,8%	1,2%

Exhibit 2 - Source: Mancin (2009) pp. 55, Deloitte datas

2.2.2. Media attention and TV rights

In the same period, the second part of the 90s, another phenomenon took place in the European football environment, disrupting the existing business model thanks to a new determinant revenue stream that grew in an unpredictable high rate. I refer here to the media rights, television in particular, that started developing an offer beyond comparison become very popular and commune.

A combination of circumstances made football the sport definitely most popular in Europe. Firstly the freedom of players to change team and national league boost attractiveness and transformations, allowing national league and international competition to become harsher and more interesting. The development of sports media contributed as well, thanks to specific TV shows, channels and magazines dedicated, to meet the potential customers demand (i.e. sports passionates) with a more and more sophisticated and professional offer. The new show schedule was also surrounded by an increment of media channels, enlarging the base of consumers and reaching them with specific pay-TV's. Media supplier recognised this huge opportunity, since football fans were willing to pay specifically to follow their favourite team matches and news from their home, instead of going to the stadium.

In this situation football clubs gained, in turn, bargaining power over the medias, signing continuously more lucrative contracts to sell their image and use the club names, mostly in an out of proportion way between clubs of the same league. Rapidly the revenues streams of football clubs changed completely, and their finances become highly depending over the TV contracts.

To have an objective confirmation we can consider the datas from Italian Serie A and B, comparing season 1995/96 to 2005/2006. The proportions of revenues from TV rights on the total amount of revenues increased from 16% to 61% (Mancin 2009 - Deloitte datas - Exhibit 3).

At a first sight it could look like the club became richer and able to face their expensive, maybe to finally reach a break even. But in the reality this is not the case, since all the extra earnings were always used for transfer fees and high salaries for the players - they have been actually the ones that gained the most from this situation.

Here again only a few clubs, in the whole European context, have been able to take advantage of this situation and grow in a sustainable way. Most of clubs didn't get the opportunity as it was desirable and lost the chance to put their balance sheets in order and to develop a managerial culture capable to aim both sports and financial success.

Revenues and TV Rights - aggregate values Italian Serie A and B
(€m)

Season	Total revenues	TV rights	TV rights /Revenues	Revenues variation	TV rights variation
1995/96	649,3	103,6	16,0%	-	-
1996/97	726,7	203,8	28,0%	11,9%	96,7%
1997/98	818,0	300,5	36,7%	12,6%	47,4%
1998/99	887,3	309,0	34,8%	8,5%	2,8%
1999/00	1270,0	707,2	55,7%	43,1%	128,9%
2000/01	1365,0	719,0	52,7%	7,5%	1,7%
2001/02	1358,8	724,8	53,3%	-0,5%	0,8%
2002/03	1394,2	771,7	55,4%	2,6%	6,5%
2003/04	1408,1	741,7	52,7%	1,0%	-3,9%
2004/05	1496,7	843,7	56,4%	6,3%	13,8%
2005/06	1614,1	987,0	61,1%	7,8%	17,0%

Exhibit 3 - Source: Mancin (2009) pp. 60, Deloitte datas

2.2.3 Sponsorships

Football therefore discovered its unique capability to attract audience and has been targeted as a great tool for sponsorships by big firms. Some of the main reasons can be recalled to:

- large fan base guaranteeing high visibility, made of customers very involved emotionally and willing to spend for their passion;
- possibility to exploit the image of testimonials very influential on the public
- positive image firms can benefit from being linked to specific competitions, clubs and players.

Following the success of football on the medias, firms started investing incumbent budgets to benefit from the competitions, clubs, and players image. Year after year the new contracts were increasingly more lucrative and sponsors developed many different strategies to exploit as better as possible their potential.

Clubs were on their hand able to diversify the partnerships according to the “area” of their business. So they set alliances with sportive brands to get technical equipment and separately they sold the space on the match t-shirt, they sold the space on the side of the field and developed specific merchandise, they became available to appear in companies advertisement and to promote specific partnerships, and in the last years the most developed clubs implemented the online store, offering even more visibility.

Sponsorships became as well a critical partner and a resource for the football industry, bringing relevant monetary income and developing at the same time the sport diffusion. The integration between sport and sponsor, actually, turned out to be a win win solution, with sponsor gaining visibility and favour of the public, while on the other side football stakeholders saw an incrementation of competition’s quality, more revenues and the development of football worldwide. It is not a case that Manchester United, definitely one of the most differentiating club in commercial strategies, managed to sign an impressive number of different sponsorship contracts this year, a total of 33 different official sponsors, succeeding in gaining more than 34% of the revenues from its partnerships.

2.3 Football business, clubs as enterprises?

It is then clear that in the last decades football saw a development like never before, and its evolution involved not only the sports side but touched all the stakeholders, influencing tremendously even the financial and managerial areas.

Clubs therefore had to face new administrative challenges, since revenues grew greatly but on the other side expenses followed the same path, and many clubs couldn’t manage to handle this fast evolution - indeed, there have been some cases of club bankruptcy even in the top leagues, mostly because of unaffordable debts, and many other clubs are still trying to deal with very long term plans to payback their debts.

As I explained before, the incrementing revenues from the TV rights on one side, and the freedom of player transfers on the other, have been the main determiners for the transformation of football: from the 90s it faced a shocking evolution, and it developed characteristics of a real business, with an impressive turnover. The speed of change caught unprepared the majority of clubs, as they haven’t been able to take advantage of the opportunities and managing the drawbacks. Here the institutions, both at a national and

international level, were late as well in the regulations to direct this transformation towards a sustainable model.

Few clubs managed to build an appropriate business model around the club in this new environment, while the others kept managing the team as a sportive association and didn't evolve their affair with an entrepreneurial and business approach. Certainly the difference was mainly in the diversification of the revenues stream, with the opportunity to take two major initiatives: first, clubs had to find out new revenues; second, they had to improve existing ones. The two concepts come actually together, since each one can influence and develop the second one. In my opinion, as I will explain later on, one practical and essential tool to ameliorate existing revenue sources and creating new revenue trajectories is a proper management of the stadium, seen as a resource at 360° view. A common path for clubs in better sports and financial conditions, indeed, is eventually a turning point on the issue of the stadium: building a new private one or the renovation of the existing one, developing a breakthrough business model thanks to it.

Since football clubs took off the status of “sport associations” and became equivalent to enterprises from a legal point of view, they had to pay particular attention to profits and losses. This was a big issue clubs faced in the management of the revenues, since they were used to have competition bonuses and the match-days revenues as major source of income. These weren't enough even before the huge transformation of the industry, so from the end of the 80s they became definitely secondary income sources and the club finance couldn't rely anymore only on this stream of revenue. The issue here was to make financial incomes as independent as possible from sports results, developing additional sources. In this process clubs can be very creative and they could find inspiring and useful to benchmark similar industries and other sports clubs and competitions, for example the most developed football clubs as well as the USA sports - USA clubs of basketball, american football and hockey have multifunctional, efficiently exploited and well developed infrastructures.

Clubs have a huge advantage comparing with traditional firms. Indeed they can rely on very characteristic “customers”: the supporters - with this I don't want to compare supporters to simple customers, but I think it is important to understand the customer side of fans having clear in mind that they are still part of the club and loyal partners though. Every team has a fans base, doesn't matter how big neither how winning it is, though this two features can explain why some clubs can rely on more supporters then others. The actual number of

supporters can be tremendous: from the few fans of the teams in the smaller categories to millions of the most famous ones (tree names above the others: Real Madrid FC, Barcelona FC, Manchester United).

Supporters are much more than simple customers indeed. They contribute tremendously to the club life, they are part of the match, they are so devoted to the clubs that are the best ambassador a firm can hope to have. If we look closely to the fans base, we can distinguish different categories:

- devoted: they are the most fanatic supporters. They go to the stadium every time they can, they buy merchandising, they care about the club as if it was their own, they are emotionally very involved and when things go wrong they are so disappointed that they express all their feelings to the owners. They are a precious resource for clubs from all points of view and the first ambassadors of the club everywhere.

- passionate: they are usually the biggest category, being involved emotionally and following constantly the team performance. They would like to go often to the stadium, but usually for timing and logistic constraints they can watch the match from somewhere else or even just looking at the final results. They are the biggest part interested in extra services that a stadium can offer, enjoying the match as a great moment to enjoy with friends or families.

- occasional: they are not really interested in the club or they have another favourite team, but still they like the club and are inclined to be pleasant when having news about it. They usually are geographically distant and can actually change their opinion about the club if the results are not good, switching to a winning club. It is clear that a winning club is able to attract bigger fans bases, but they are occasional fans that can stop following the team very easily as well. On the other side they still buy merchandise and since they are very numerous (only for few winning teams) they can offer interesting opportunities for revenues.

Except for occasional fans, supporters are usually very loyal and they establish a life-long relationship with a club. This is essential to understand how a club has to deal with them as supporters and not as mere customers. If this relationship is good, then they will go to the stadium and make it sold-out, they will buy merchandise, they will be great ambassadors for the club, they will be inclined to use side services or products, they can even become part of the club (as it happens with Bayern Munich or Borussia Dortmund for example).

As anticipated, the top league clubs can rely on a worldwide affirmed and fan bases. It is represented mostly by occasional fans that gets excited by the victories of the clubs and start being interested to the particular club when they have some links with it (worldwide tour, long distance broadcasting, compatriots playing, travels, etc...). Clubs can take advantage of it and turn their interest in benefits for themselves, for example thanks to the sale of merchandise, broadcast rights, and strengthening their bargaining power towards commercial partners and sponsors.

So, if supporters have customers characteristics but can't be considered exactly like them, why is it important for clubs to develop a business approach in the relationship with them? The answer is very simple though. Even if customers relationships are not the same as supporters relationships, not only they still have some similarities, but also, developing a business approach with them, clubs can have the best value back from them and supporters, on their side, will benefit from more and better offers that the club give them.

Another crucial asset clubs need to manage carefully and that can deliver an additional value is the name. If clubs were companies we would talk about brand management, so I'm referring to those communication strategies that clubs should visualise, plan, test and implement to establish a relationship with its supporters and customers worldwide. Clubs able to manage properly their name founded in the last decade huge potential, mostly in term of differentiated revenues - striking is the case of Manchester United, owned by an American business man, within its 33 commercial partnerships managed to have locally specific affairs in many several countries, even if the team itself doesn't have anything to do with the specific location.

Clubs' names have a great potential, since it is an intangible asset that is absolutely unique for every club. Keeping Manchester United as an example, we can easily realise how the name can be important. Manchester United is on the extreme side of exploitation of a club's name, so maybe it can't be a benchmark for all the other club, especially the minor ones, but it is still enlightening to realise that it has opened six Manchester United stores even in India (two in Bangalore and Mumbai, one in Gurgaon and Kolkata) and it is not planning to stop developing it commercial business.

From an analytical point of view we can consider a club revenues under three different categories: Match-day, broadcasting and commercial revenues. This differentiation is thus

made essentially because in average they are the tree very different and biggest income sources for clubs. Most of the studies on football club financial statements are based on this differentiation, as we can see in the Deloitte reports for example. Every year since 1997 (showing season 1996/97 figures), Deloitte draw up the rank of football clubs by revenues generated, namely the Football Money League. The ranking contains the top 20 football clubs by revenues of the previous year. In average match-day, broadcasting, and commercial revenues occupy one third each of the total amount.

3. Disruption of the traditional business model through a privately owned stadium

In this chapter we will face the issue regarding the difference between privately owned stadia and publicly owned (or municipal) ones. This difference of ownership change completely the approach of a team to the stadium management, resulting in critical implications including all the macro-environmental factors of the PESTEL model: political, economical, social, technological, environmental and legal.

The stadium is so relevant for a football club that it can change completely its business model and be determinant in the development of a club; moreover it can turn out to be a crucial tool to implement winning and sustainable strategies. On the other side, as it actually happened in some leagues and nations (i.e. Serie A), if this issue is not faced but continuously postponed, clubs stop their improving process and later on result backward comparing with the most advanced clubs.

In this environment where expenses are so high and revenues not always predictable, clubs need to differentiate their revenues and the stadium is one of the most promising assets to do it. The ownership of the stadium can also evolve the rest of the club business, awaking the clubs' entrepreneurial approach that for too long has been limited and restricted. Of course to fight for the top positions investments are needed, but it has been very common for clubs to spend excessive resources without rationale. This is to be avoided and the investments are always to be covered following a sustainable approach.

The issue of the stadia can generate additional revenues for stadia owners discovering a latent demand with high potential. In this chapter I will explain the role of the stadium in differentiating the clubs offer to increase matchday revenue firstly, and then the other revenue streams as well.

3.1 Modern Stadia

In recent times we saw in Europe a process leading to the reconceptualisation of the concept of stadium, directing the infrastructure to become an independent revenue stream and resulting in profits for the owner. Taking England as an example, the clubs of the Premier League usually own the stadia where they play, and this leads to a high level of personalisation and to adjust the stadium capacity and services to the real need of the club.

Moreover it gives the chance to exploit much better other opportunities, such as the club museum, restaurants and clubs, shops for the official merchandising and many more.

In the last decade the trend has been to evolve the concept of the stadium as a place for supporters to meet during the matchday to a multifunctional stadium open everyday and targeting supporters-customers. “Today's goal is to make this infrastructure an open area frequented every day of the week; football still remains the core business, but is combined with outer sources of revenue” (Giudice 2008).

After the huge problems English football faced in the 80s and 90s (mostly because of the hooligans), the clubs and the institutions managed to renew or rebuilt most of stadiums, becoming the cutting edge of the new concept of stadium (i.e. the new stadiums only offer sitting places, making it easier to check supporters and guaranteeing the security).

What clubs should focus on to diversify their revenue streams and exploit new opportunities is to implement a strategy of product extension, allowing them to enlarge their offer and meet latent and unexpected needs (Rubino 2004):

- introduce a marketing mix able to better satisfy customers and stakeholders needs;
- build, develop and commercialise a more efficient brand image;
- integrating marketing among the other business functions;
- meeting both club's economic issues, satisfaction of consumer-supporter and customer-firm.

Modern stadia have everything to maximise merchandising of owner clubs, thanks to the presence of the museum, shops, restaurants, guided visits, etc. These are only the basic services offered by a modern infrastructure, that can be extended with the most creative and brilliant services and initiatives. Indeed, in some stadia we can find a gym and other sport activities for fitness, special marketing initiatives involving the supporters and giving them the opportunity for a face to face contact with the team, getting supporters attention even during the half time with special shows, and so on.

Another big issue regarding stadium is security and comfort. If we want a football match to be a welcoming place where people can go without any problems and the troublemakers are identified and banned, then security is a fundamental issue. If a club is in charge of it, together with the political institutions, it is likely to involve all its means to avoid problems, as modern stadia prove. Comfort on the other hand will increase the value offered during the matchday. It can concern many variables like the ease for the supporters to arrive and enter

the stadium, the ease to get tickets and be ready to access the stadium, services offered on the place like restaurants, bar, places for kids, Wi-Fi and up to date technology.

The development of dedicated spaces for business and commercial partners in the stadium is also a frequent characteristic in the stadia. Business partners, indeed, can benefit from VIP areas usually located in the main tribune, offering a great view of the pitch. They will be willing to pay to make good impression on their partners, booking the place for a single match or for one or more seasons. They can be very different, from the minimal room with basic services to the super sophisticate place offering all the benefit available.

Besides matchday services, modern stadia can also offer conference rooms and experiences (multifunctional rooms adaptable for different number of guests and requirements), restaurants and bars open all the week and often managed from the same company in charge of the catering of the stadium, shops and commercial areas, exploiting the large space in and around the infrastructure, sports clubs (like gyms and fitnesses centres), and in some cases even overnight facilities with a proper hotel.

The stadium can become very attractive also for companies operating in the event and touristic industries. Multifunctional stadia are indeed able to adapt themselves greatly to different circumstances, as they are used for music concerts, or as theatres or other special events. Here comes properly the example of the brand new stadium in Lille, the Grand Stade Lille Métropole (opened in August 2012):

- this new infrastructure can take five different configurations: football stadium, rugby stadium, concert stadium, concert arena and sport arena;
- the stadium needs 24 hours to dispose the stadium configuration and become an arena (moving half of the ground floor and preparing the seats and the rest of the facilities);
- the club expect to play an average of 22 football matches per season and to host 12 big concerts per year, plus all the other sports and not events;
- the infrastructure is open but has a sliding roof that can cover the field in only 30 minutes;
- 10'000 squared meters of recreational space in the stadium are available;
- at the first level there are 76 VIP rooms, with the best comfort available, and 5'233 business seats to enjoy the shows.

This stadium has everything that is required to become an excellence at european level, with a multifunctional infrastructure able to change set up and meet the requirements for different events and circumstances. In the following year we will figure out if the management will be actually capable of catching back the potential value it offers.

3.2 Is the stadium an expense or a resource?

As it is easy to understand, the stadium represent a real issue for the management of a football club. Historically it was considered simply as the place where the football match was taking place, allowing supporters to follow their favourite teams. From a managerial point of view it was and expense: since majority, if not all, of the stadia were publicly owned by the municipality or by other public institutions, clubs had to pay a rent to use them. This meant that nobody actually was interested in a proper development of the stadium, as the club couldn't own it and the public had profits and costs restraints. In this situation all the side services and the renewal of the facilities on one side, and an entrepreneurial approach on the other were seriously discouraged.

If from a financial point of view the rent of the stadium is a cost in the income statement of a club, and it compromises all the possible profits, there are many other consequences from an environmental and social point of view. Indeed the area surrounding the infrastructure is often left careless, since many security issues take place and fights between supporters and security itself are not a incentive to take care of the area. Nevertheless the same area is not updated or developed also because there is a lack of attention in the place out of the matchday. The local community will be then subjected to the negative side surrounding football and wont take advantages of the opportunity they could benefit from.

On the other hand in the last decades we assisted to a developing phenomenon: the clubs taking the ownership of their stadia, disrupting the existing business model at the heart of the club. The clubs who made this move were able to exploit what can be considered a core asset to be exploited strategically.

A great entrepreneurial mind could indeed understand the classic situation to find out a new positive solution: turning the expense of the stadium into a resource to create more businesses and generate additional revenue. To have more clear the relevance of the ownership of the stadium we can compare the financial statements of the top european clubs,

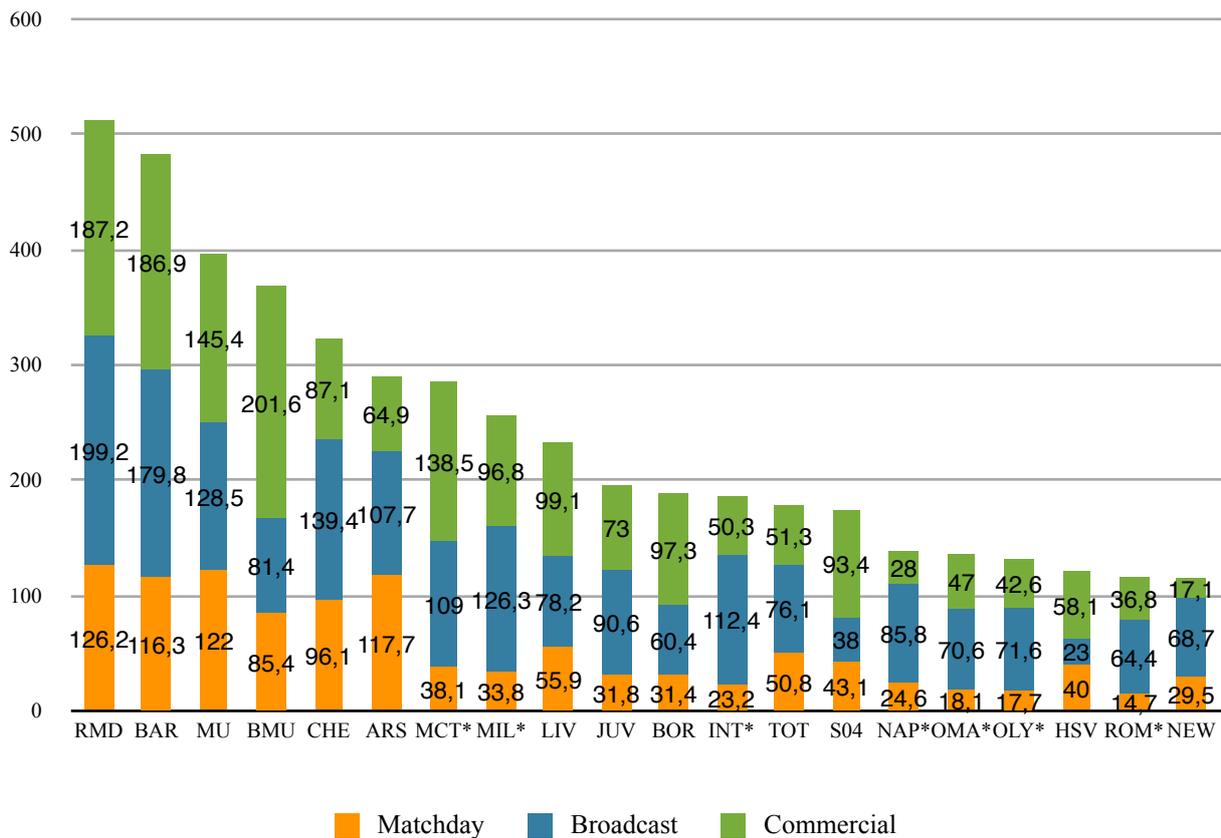
underlining the differences in matchday revenue between privately owned stadium club and the others. Matchday revenues are a direct consequence of the exploitation of the stadium, resulting mostly from daily and seasonal tickets and subscriptions, plus the services offered in the infrastructure related to the sports event.

In the following graph we can see the revenues of the biggest European club (per revenues) divided by the three main sources we're taking under consideration: matchday, broadcast and commercial. The first consideration is about the industry: since here we're looking only at the top 20 clubs and there are already huge differences in terms of values, we can consider it as a concentrated market - indeed 10% of the clubs generate 70% of the revenues.

More specifically, clubs present very different percent of distribution between the three main streams of revenue. This is of course physiological, but we can point out some common issues regarding the revenues and some common features. Considering the Matchday revenues there is a clear difference between the clubs owner of their stadium and the others. In the graph the club without the ownership of the stadium have a star after their name - e.g. Manchester City is MCT* because their stadium is owned by the Manchester City Council. The difference in terms of Matchday revenues is both in the total and percent amount. Taking firstly into account the percent figures, the average Matchday revenue for clubs owning the stadium is 26,29% of their total revenues, just over a fourth of the total revenue. On the other side the club using a publicly owned stadium has significantly less revenues from it, with a percentage of only 13,57% on the total revenues. As a matter of fact it means that clubs non-owner have the potential to gain in average double revenue from the Matchday stream, and since the total amount are significant high, the actual number have to be taken into account by the management.

I think, moreover, not to be a case that the top 6 clubs per revenue have all their own stadium, generating not only bigger Matchday revenue but also a virtuous circle leading to a better exploitation of the Commercial revenues. As we will see, the modern infrastructure allows clubs to be much more attractive for commercial partners and to develop new unexplored revenue streams.

Exhibit 4 - 2011/2012 Revenues by streams (€m)

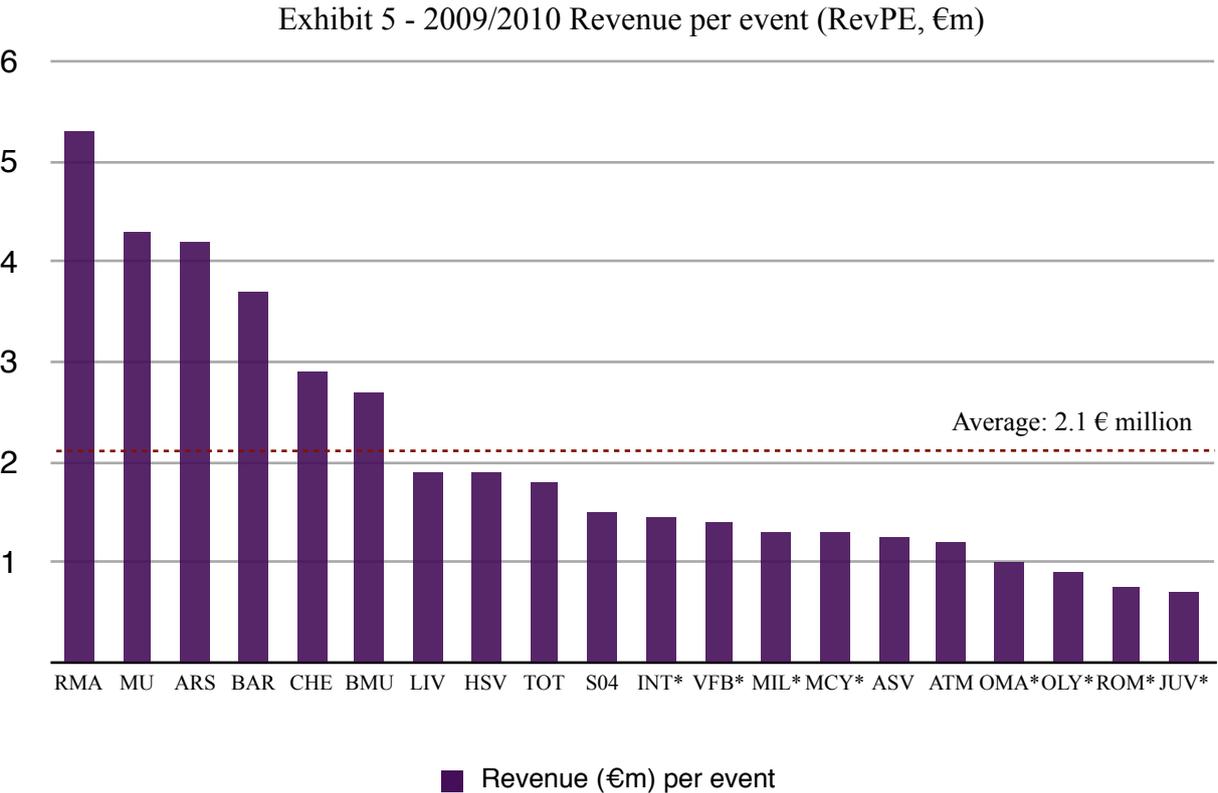


Source: Football Money League 2013, Deloitte data

Another relevant consideration comes from the revenues per event that a club is able to gain. This figure comes from on the Matchday revenues and the number of matches played during a season. The revenue per event (RevPE) is subordinated of course to the number of seats of the stadium - since a large stadium with almost hundred thousands seats will benefit from larger tickets revenues - and will depend on the club name, league and supporter base, but on the other side revenue can be substantially enlarged by the side products and services provided during the day of the event. Here the ownership of the stadium reveal itself to be crucial in the development of the side business to differentiate the offer and boost the RevPE, as it is clearly enlightened in the following graph.

The data this time comes from the annual reports of the clubs for the professional season 2009/2010 and the Football Money League 2011 made by Deloitte. The average RevPE of the top 20 clubs was 2,1 €m, while the club owning their stadium could show better figures than the average. The rank change significantly the clubs' positions from the ranking of the overall revenues, switching the owner clubs ahead of the others - except for Aston Villa and Atlético

Madrid which anyway improve their rankings. The clubs that at that time didn't own their stadium have a star after at the end of their names - e.g. INT* stays for Internazionale F.C. playing in the G. Meazza Stadium owned by Milan Municipality. Note that Juventus F.C. owned its stadium since 2011/12 season, so in the two graphs its situation changed. Here the top 20 clubs ranked by revenue per event.



Source: UEFA, Deloitte Football Money League 2011, KPMG analysis

Another possible source of revenue comes from the sale of the naming rights of the stadium. It is the case of most of the clubs, especially those who faced big investments to renew or build the stadium in recent times. The value of this asset is worth up to several million per year, an amount that few clubs can renounce. The contract state that a brand can link its name to the stadium for a fixed amount and for a precise time period. This practice, originally developed in the USA, is nowadays very common particularly in the Bundesliga, were most of the clubs sold the naming rights of their stadia allowing clubs to generate more revenues and invest further. The naming rights sale is also a strategic tool to find the

necessary investments: since it is a fixed income stream, banks and investors are more willing to accord a loan thanks to this warranty - for example, Juventus made an agreement with Sportfive to sell their stadium naming rights for 75m € for a period of 12 years.

Beside all the financial and managerial consequences that the privately owned stadium can bring to the cause, from an environmental and social point of view there are some indisputable benefit for the local community and the weakest stakeholders. Indeed the area surrounding the stadium is usually redeveloped and modernised, with new and up to date facilities and many side services. Furthermore, security problems reduce drastically since the club and the police are collaborating to guarantee a secure atmosphere that everybody will benefit from.

For the local community the stadium becomes a place open everyday of the week, bringing new life to areas that have been usually ignored before, where people will benefit from new spaces, shops, sports activities and in the best cases it can become a new aggregation point, with multifunctional areas and different services available.

3.3 Defining publicly owned and privately owned stadia

I think know to own a deeper explanation of the actual differences that exist between the publicly owned stadia and the privately owned ones.

With privately owned stadia I refer to all the stadia that are owned by a football club directly or indirectly. To be more precise, indeed, clubs owning their own stadium present very different organisational and legal structures, and only some of them actually own their stadium directly. It happens, in the other cases, that the stadia are owned by a satellite company that is anyway under control of the football club, or even that both the football club itself and the company owning the stadium are part of the same organisation, in which they cover different specific functions and businesses. So it can be the case that some clubs own the company managing the stadium, or the two are owned by the same mother company. What it is relevant for this research is that the company owning the stadium can be linked from an organisational or legal point of view to the football club, and all the operations and the decisions are taken in autonomy by the club's owner. At the same time, clubs of this category don't have to pay any rent or fee to any external entity to have the right to use the stadium.

I will take the example of Porto F.C. that I consider as a club owning its stadium, Estádio do Dragão, one of the most beautiful theatre of the EURO 2004 competition. The stadium itself is managed by Porto Estádio S.A. that is a company created with the only intent to have a unique company responsible for the operation in the stadium. So the stadium is not ruled by Porto F.C. directly, but from its specific firm that is anyway linked with Porto F.C. Therefore I consider the stadium as owned by Porto F.C. since the satellite company is acting on behalf of the mother company.

With publicly owned stadia I refer to all the stadia that cannot be recollected to the previous category. Most of them are owned by the municipality (i.e. Stadio San Siro where both Milan A.C. and Internazionale F.C. host their home games is owned by the Milan Municipality) or by other public institutions (i.e. Stadio Olimpico where both Roma A.C. and Lazio S.S. host their home games is owned by the CONI, the Italian National Olympic Committee). In these cases clubs have for sure influence on the management of the stadium, but they can't take decisions freely since they don't have the ownership and they have to limit their entrepreneurial approach. At the same time, it is clear that in the publicly owned stadia the club has to pay a fee, or a rent, to actually use the stadium.

I have to mention that there are some particular and rare cases in which the stadium, owned by a public entity, is ruled almost as a private one, where a proper managerial approach have been able to develop a modern stadium with the integration of several side business and activities that are commune to the privately owned ones. The main example is for sure the Amsterdam Arena, masterpiece stadium owned by the Government of Amsterdam, home of A.F.C. Ajax. Even if the stadium is publicly owned, it is a five star UEFA modern stadium (highest score) built to host not only football match and concerts, but also business meetings and conferences, and many side services like restaurants. Since these cases are very few, they can be associated with the privately owned stadia from a managerial point of view.

At this point it is clear that the difference is not only influenced by the ownership of the infrastructure. Being privately or publicly owned it wouldn't influence so largely the business model of a club, since also club in a privately owned stadium could develop an appropriate entrepreneurial approach and create several services all around the football club - even if the asset of the stadium is already a relevant issue by itself. So, why do I insist on this differentiation? The reasons are mainly two:

- from my empirical research I found out a huge difference between the two categories. Except for few cases, as said above, usually the publicly owned stadia are underdeveloped and it is due to legal restrictions, limited investment capabilities, little entrepreneurial approach, or inability to coordinate a successful joint venture between the private and the public. The clubs find it difficult to develop other business around the match in the stadium and almost impossible to grow their revenue from it, while the public institutions are lacking of managerial capabilities and financing to handle properly this issue. On the other hand when a stadium is privately owned, the actual owner will do the necessary to develop it as better as possible, starting differentiated activities and business to exploit all the opportunities properly. It is surely moved by a private return motivation, but firstly the club and then all the other stakeholders will usually benefit from it. That's why the ownership of the infrastructure influence in both a direct and indirect way the business model of clubs;

- in my thesis I'm exploring the differences in the business models between clubs owner of their stadium and the others. Since the owned stadium become a crucial asset, both financially and strategically, and the differences between the two models are relevant and there is a rationale behind this distinction. The ownership can largely explain the activities of clubs and how does the organisation work, so I wanted to explain how they can benefit from it and exploit the very significant potential linked with the ownership of the stadium.

3.4 Business model and implications of football clubs

Developing my thesis I came to know many football clubs, their annual reports, and the differences among them. Since with my work I wanted to find out the differences, if any, of the business model between clubs owner of their stadium and the others, at a point I faced a serious issue: there is not a club like other, every club is unique and it works differently. Especially in the top leagues, clubs are few (between 18 and 20) and the differences in terms of revenues, players quality and fan bases are not only significant but also determinant for the development of their business model and the exploitation of opportunities. So, my intention to find out a different business model for club owners of their stadium compared to the others was threatened, facing the risk of a too broad generalisation and to create two business models that actually wouldn't represent any club.

Nevertheless, it jumped on my mind the example of the fast fashion and how it disrupted the traditional strategy of retailers. Indeed, even if every brand has its own business model,

the new companies who implemented a pull instead of the traditional push strategy presented some common interpretation of the components of the business model, showing some common path and similarities. On those similarities it is possible to differentiate between brands even if their business models are unique.

Therefore I've focused on the similarities and the common features and instead of proposing two different business models for the two different clusters (clubs owner of their stadium on one side and club using a publicly owned stadium on the other) I analysed the different components of the business model through the different approaches of the two clusters. The result isn't the proposal of two unique business model (owners vs non-owners) but indeed the description of how clubs of the two clusters develop their own vision of the business model, certainly integrating different ones, but involving always the same inner way.

There is a kind of common path within the same group category and a significant difference toward the others. As a matter of facts, we'll be able to recognise that a club owning its own stadium shows somehow an evolution of the business model of its competitors, leading to believe that the ownership of the stadium, beside for rare exceptions, is a strategic issues that clubs who didn't still face it, they will in the next future. The advantages of the stadium are several, as we already mentioned some, and we will clearly see them hereafter.

3.4.1 Business model and implications - publicly owned stadium.

Historically most of clubs used to take advantage of a publicly owned stadium which the Municipality or the local Council offered to clubs in exchange for an agreed rent. As long as football business wasn't developed as nowadays and football clubs presented financial statements much lighter after all, developing side business and services around the stadium could in many cases be excessive or not required. Moreover some regulations (e.g. for Italian professional football) were restraining clubs from developing their entrepreneurial spirit, not allowing any profit for clubs since football was merely seen as a sport and clubs as associations, even if it became soon incoherent with the actual turnover of the clubs (salaries and transfer fees), and the institutions had to adapt the legislation.

Actually we can't overlook that some clubs own their stadium since very long time, like Barcelona F.C. with the Campo Nou and Real Madrid F.C. with the Estadio Santiago Bernabeu. On the other hand it is only in recent times that even these clubs exploited properly

the opportunities given by the ownership of the infrastructure (e.g. Barcelona open the club's museum in 1994). So, even if they are pioneers on the development of the stadium and the side businesses, they also benefit from a proper management of the stadium in recent times, and for the past they present similar characteristics to the publicly owned stadium clubs than to the privately owned stadium ones.

It is now time to illustrate my research finding on the approach to business model from the point of view of a club using a publicly owned structure. I'll explain it passing through the nine different building block of the canvas model.

- Customer segments: one of the segment on which football clubs can rely on is very particular: supporters. They are the first to really care about the club and its results, they make the match show possible and directly help the club finances because they are also targeted by the media (broadcast first of all, generating TV rights revenues). Therefore they are the first segments football look at, mainly during the match event at the stadium and from home. Supporters and occasional fans are not interested only in the match, but also in the merchandise that represent their way to show their sports preferences and feel part of the club - note that clubs can increase their merchandise revenues not only in the area where the club is located, but anywhere if able to develop online stores and, for the most famous teams, physical stores as well.

Another segment is identified by the sponsors, since they are looking to take advantage of the club's image value and are ready to pay big sums for it - amount that is directly linked with the team fans base, the victories on the field, fame, and reputation.

Media, especially TV broadcasting, are the third fundamental customer segment clubs focus on. In some cases they contribute for more than 50% to the clubs revenue and from the 90s they become an inalienable customer - their aim is very different from the supporters one and they actually perform also other functions for a club.

- Value proposition: the main value clubs create is around the match and the club's name - supporters indeed identify themselves in a club, and since it is an emotional involvement it is usually strong and not interchangeable. Indeed, the match is the crucial moment when supporters get in contact with the club both at the stadium and from home. The club offers a moment of excitement and passional involvement for the supporters, that are able to enjoy it on or off site thanks to broadcasting - home, pub, etc. - and this value is directly and indirectly offered by the club, that in turn is able to take it back from the supporters through

the tickets, competition bonuses and broadcasting rights.

At the same time and directly linked with the results on the field, the club creates values thanks to its own name. Here again the club can monetize the value back directly, through merchandise sold to supporters and occasional fans, and indirectly: sponsor, partners and media will be willing to pay accordingly with the fans base - that in turn often depends on the results on the field - and the reputation of the club. The club image in popular opinion and the fans base is then a strategic value that club try to exploit indirectly from the final target: the supporters are targeted by partners, sponsors and media that to reach them needs the value of the club's name. It can result in a virtuous or vicious circle determined by on field results (more victories, more fans, more bargaining power and attractiveness - less victories, less fans, less bargaining power and attractiveness).

- Channels: from a sports point of view, the most important channel is the stadium, even if the club is not the owner. Since the football event occurs there, the stadium, as a theatre, is one of the requirements for the show to take place. Thanks to it the club is able to host the event, to have supporters on site and to get revenues from matchday (tickets plus few extras services, cause the ownership is public). Furthermore the matchday positively influence the commercial revenues thanks to visibility of sponsors on and off the field.

The second channel clubs can exploit to benefit from their value is represented by media. Indeed, thanks to the broadcast they are able to reach fans anywhere and at anytime, as a result of the incrementation of dedicated programs and the development of internet. The most relevant channel is still television, with the live broadcasting, but all the side shows are a fundamental part overall. The most entrepreneurial clubs also create their own TV channel, giving the possibility to follow 24/7 the team to the most devoted fans, offering special contents and everything the supporter can know about the club.

The webpage represent as well a crucial channel for clubs: the supporter can be always in contact with the club, actively look for informations and news, and being involved in the club's activities as we will see on Customer relationships. Usually is also a direct channel to sell tickets and an increasing number of clubs are developing their online store to sell merchandising directly to the supporters.

- Customer relationships: even if supporters will always be attached to the club, a club needs anyway some tools and strategies to keep a relationship with them and make them feeling involved. If the "acquisition" of new supporters is very unpredictable and personal

from case to case, two factors are mainly influencing fans' preferences: the hometown (or the living one) and the success of a club. Besides, clubs historically were connected to supporters thanks to the "organised supporters" and the local fan clubs. Nowadays thanks to the website and dedicated blogs they have even more channels to create a community and being part of the club family. An important moment of the relationship between supporters and clubs is the tickets purchase, involving parameters on the tickets availability and ease to buy, and here again technology facilitate the process. Memberships and seasonal tickets also contribute to the establishment of a proper relationship between clubs and the fan base.

On the other hand clubs have to pay attention to the relationships with media, (for example TV rights are negotiated individually in some leagues and in others are managed by the associations of clubs, and with sponsors, since the commercial partnerships are vital for the clubs budget (e.g. club and players name are used in commercials as well as testimonials for products).

- Revenue streams: since the coming of live broadcasting of football matches and the introduction of pay-TV, TV rights became the biggest revenue stream for top league teams, ensuring by contract a certain income that during the 90s boosted at every renewal (e.g. Italian Serie A, Exhibit 3 pp. 28). Many clubs still rely on this source as a primary revenue, mostly if they weren't able in the last years to develop alternative resource streams. Broadcast revenue are usually split among clubs by league ranking and fan base, allocating more budget to the biggest club that can also benefit from the broadcasting rights of the European competitions. Broadcast revenues are relevant especially in the Italian, French and English leagues, and for the two biggest clubs in the Spanish one. That's one of the reasons, why, in percentage on the total revenue, the German clubs developed more alternative sources: Commercial revenue. Under this categorisation we find all the commercial partnerships and sponsorships clubs are able to sign with other firms. This is developed mostly thanks to the club's name and players, while the stadium become useful here only in the matchday and greatly thanks to the broadcast - since it is non owned.

A third revenue stream is made by the Matchday revenue, that used to be one of the main resource in the past. Daily and seasonal tickets, together with some extra income with side businesses, make the most of it. Between the 90s and the 00s this source faced some serious challenges in some countries (Italy and Spain) because of the broadcasting and some issues with the stadia (requiring to be modernised and presenting a lack of security, services, and

comfort basically), when only the big matches usually made the sold out of the tickets, while for the other ones only the more devoted part of the supporters used to go frequently. Generally only the clubs able to use the stadium as an own resource (privately owned) managed to register relevant revenue from Matchday.

- Key resources: the main resource for football clubs is represented by the players, mostly the first team ones. They are the key for sports result and to enhance the supporters appreciation of the club. It is not a case that they represent the biggest expense for clubs, both to acquire new players and for their salaries. Their bargaining power increased drastically in the last twenty years at the point that the institutions are considering some kind of regulations to limit them in the future - i.e. salary cap. Together with the players, the coaches keep as well a fundamental role in the club, and in some cases they represent as well one of the most important resource - modern coaches cover different roles in the club, taking care not only of the training, tactics, and transfers, but also of the motivational and psychological sides of the team becoming real managers.

The facilities in hand of the club play the other basic cornerstone on which a club run its core activity. From the training areas to the headquarters, the team is preparing the following match on the field while the management run the support activities. Here the stadium represent anyway a great resource, but it is not properly exploited cause the club doesn't have a direct control over it and have to pay a rent to use it.

The third resource is the club's name together with the fan base, since they are the most important features to gain power in the bargaining of commercial partnerships and signing new sponsorships contracts. These partnerships can be with local partners for the smaller team up to multinational firms, interested in the biggest clubs known worldwide.

- Key activities: the first obvious activity clubs do is represented by the sports competitions. Every year they take part to several competitions, the best national teams, moreover, play the European tournaments. It is what all the club runs around, and the sports results are crucial to determine the functioning and the future strategy of a club. Good results lead to increasing revenue and prestige, while bad results constrain revenue and limit the club ability to sign classy players.

Recently clubs understood the relevance that summer training camps and friendly matches (world-tour for the biggest clubs) can create: extra revenue thanks to prizes and sponsorships, connection with the supporters, and boosting the team spirit and the

integration of new players in the club.

Scouting is furthermore a key activities for clubs. It is crucial in the phase of players selection and it is very influential in the sports results of the club. Here, anyway, scouting is developed with strategically different approaches by clubs: some of them are even able to base their business model on it, scouting young unknown talents to make them grow and sell them to the big clubs when their value is much bigger (e.g. Arsenal, Borussia Dortmund, Udinese). Other clubs scout already know players that could contribute to the club's cause, if they can fit technically, economically and with their personality.

Connected with the scouting clubs also take care of the transfer windows, usually in the summer and winter time. Some richer clubs use this phase to build a (hopefully) better team acquiring what they think to be the right players, while on the other side the transfer windows is a strategic tool for other clubs to sell their players and improve their financial results - capital gains through sales of players.

Besides sports activities all clubs face out of the pitch business, that become actually core activities to be able to create a top team competing at international level. I'm referring to the managerial ability to develop the commercial side of the club, finding new partners and sponsors, aiming to increase revenues and therefore improving the team. Another additional activity concern the bargaining of the broadcast contracts, in many leagues connected with the national federation - when they are signed collectively. Since broadcast revenues are a crucial percentage of clubs revenue, and at the same time the type of contract that a federation decide to sign will change the amount between top and bottom club of the league, this issue is one of the hot topic at every council meeting.

- Key partners: football clubs are also surrounded by many partners, each one with its own function and being part of the big picture. Firstly I have to mention the sponsors and commercial partners, because they are the one who largely finance the clubs revenues, granting big amount to ameliorate their financial balances - and yet often it is not enough to reach the break even.

At the same time media play a controversial role, as they can be at the same time a good ally or a hostile partner. Broadcast revenue makes media a great partner for clubs, contributing greatly to their total revenues, and on the other hand press become a strategic partner in the public image. The influence it exercises on the mass is powerful, and it will be reflected on the supporter base and the commercial partnerships. Therefore clubs use to play with media

at “stick and carrot” to keep a good relationship but at the same time not revealing their core strategies and decisions in advance.

A core partner of football clubs is the national federation, and for the best national teams also the international football association (FIFA). Together with the league clubs, the federation takes all the strategic and operative decisions that will be implemented in the following years, and at the same times adapts continuously the specific rules and regulations of the national competitions.

Municipality becomes as well a relevant partner here, since it is the owner of the stadium that the club uses for its matches. Coordination and collaboration is fundamental to guarantee that the event takes place in the best way possible, ensuring a great experience for the supporters and avoiding security risks or disorders.

Referring more to the sports activities, when a player has to sign a contract he is never alone, especially at a top category level, but there will be always the presence of the agent. This role saw growing its power recently, and now they are a very powerful partner that clubs must consider and keep in good relationships if they want to keep the doors open for every interesting player.

Football clubs can also rely on a special partner: organised supporters. They are the most attached to the team, following it not only in the stadium during the matchday, but also in away matches, during the summer training camp and they will be the first to protest when things don't go as expected. In some cases they, with the rest of the fans base, even own part of the club and are involved in some crucial decisions such as voting for the president elections. Moreover there are some studies stating that the supporter community ownership creates long-term, deep and sustainable partnerships with key strategic partners. Indeed, in the present cases when they are involved, we can ascertain an improvement of the social function of sport, diminishing the risks of match fixing, and reducing discrimination and violence.

- Cost structure: the biggest cost clubs face in their activities is certainly related with the salaries of the players and the transfer fees they pay to acquire new players. In recent times players gained so much bargaining power that boosted their salaries, and the top clubs, willing to hire the top players, reserve the biggest part of the revenues for them - as we saw in Exhibit 2 pp. 26, in the Italian top leagues the percentage of the salaries on the total revenue reached 91% in 2001/2002. The acquisition costs are reflected on the amortisation

of the biggest asset clubs own in their balance sheet: players. The cost incurred for the acquisition of their performances is by law amortised in the contract duration, resulting in great amounts encumbering the financial statements.

Another relevant expense for club is represented by external services, representing all the costs clubs incur in in the execution of their activities. It is not a surprise that this amount is so consistent, while on the other side we could expect to be, in percentage, the biggest one. In this voice is usually comprised the rent of the stadium - e.g. A.C. Milan and Internazionale F.C. pay around 10m € per year to Milan Municipality to rent San Siro Stadium, included the costs to ameliorate somehow the infrastructure. This cost not only tail off the Matchday revenues, but also limit other possible revenue streams of the clubs.

3.4.2 Business model and implications - privately owned stadium.

It isn't a news, but it is becoming a necessity for football clubs. Threatened by the crisis, from harsh competition and increasing turnover, clubs need to transform the infrastructures where they play in assets to transform their balances sheets, taking advantage of the several opportunities that stadia offer. It is not a case, indeed, that Deloitte stated in its Annual Review of Football Finance (2003):

“But are English clubs and stadia unique? Can others emulate their success? The answers are no, and yes. However, this success has not been achieved without a strategic decision being taken to invest vast sums of money. That decision was born out of tragedy (at Hillsborough) and necessity (the Taylor report) but anyone who recalls the stadia and matchday atmosphere of English Football in the 80's will know that if England can invest, take ownership and extract value then so can Italy and Germany”.

Today we can easily guess which of the two advised countries implemented the advise, since German Bundesliga became a benchmark for football club management while Italian Serie A, no matter how fashionable and historical, lost its leadership in the European context. Deloitte's report refers directly to the historic change when English football found itself to be at a turning-point. They managed to take the right initiatives and implemented a successful strategy to develop football, clubs and the business around it.

Stadia, taken as Deloitte refers to the English ones, generate revenues not only in the matchday, with services like bar and catering for companies that reserve the dedicated rooms

on the tribunes, but also during the week, thanks to other activities such as supermarket, bar, gym, fitness areas, cinema, hotel, night club, and so many other services.

The possible benefit from the ownership of the stadium are great but not obvious: there is the need to answer to the right demand (clubs need indeed to properly understand their possibilities and the external circumstances), to have a skilled management, to find the right solution for the investment, and to be able to develop proper side activities.

All the stakeholders must be taken into account into the process of the stadium project. Indeed the club must interact and find the approval of the investors (usually sponsors and commercial partners), institutions, municipality, local community, future commercial partners and supporters.

Now it is time to get deep into the approach of the business model through the point of view of a club privately owner of the stadium. As we will be able to see, this seems like the evolution of the previous one (business model of club playing in a publicly owned stadium), thanks to a fundamental change of one specific asset: the stadium, enabling clubs to control it and develop their entrepreneurial opportunities. Indeed the ownership of the stadium guarantees a total decision power over it, in respect of norms and regulations, changing completely the approach to the business model. I'm going now to explain through the nine different building blocks of the Canvas framework how it influences the management of a football club.

- Customer Segments: this is one of the building blocks more affected by the disrupting change of the ownership of the stadium. The management of a modern stadium needs to implement a customer oriented approach to increase or maintain the customer satisfaction and the loyalty of the public, accordingly to the mass market or the business segments. The market oriented approach is, anyway, characterised by several complexities of the market itself and the decisions on the choice of the targets. The mass market is very heterogeneous inside, and for every different small segment clubs can develop a specific offer. Here the supporters are the biggest part, but now are considered in a broader way: they are firstly supporters of the team, but they are also looking forward to live the “stadium experience”, a 360° services and products available to enjoy the football match as the main part of an event that offers more. The fans base is the same of the publicly owned stadium, but here there is more space for other customers that are willing to take place to the event only with some security, comfort, and services guaranteed.

Moreover the mass market is targeted every day of the week, offering a great solution for their everyday necessities and activities. Thanks to the side business, customers live the stadium also out of the matchday, and they are not only the team supporters.

Besides mass market, the clubs have to put particular attention to the business to business segment. Commercial partners play a fundamental role in the privately owned stadium, since they represent one of the reasons to use the stadium everyday: they buy or rent the facilities and the spaces to reach the final customers. They are part of actors making the stadium alive everyday of the week, providing services and activities the club couldn't do by itself.

The other commercial partners and media are still fundamental customer segments, as they are for the publicly owned stadium. Here they can develop more shared and long term strategies integrating the infrastructure's specifications with the media and broadcast's requirements.

- Value Proposition: with the ownership of the stadium the value proposition of a club change substantially. Now the club is really able to develop itself beyond football, integrating the sports side with the opportunity of a brand. What the club offers is more than football, it is a clear image, values and experience that fans can live also outside of the matchday. The club, through the stadium, become a place customers and supporters can access anytime availing of all the side businesses offered. Here supporters, families, and business can find a new welcoming space, similar to a new "square" as a meeting point or as a new marketplace. The matchday can be implemented with extra services that makes the football match part of a more complete event, since the matchday can offer a unique experience.

Matchday is also integrated with several services that add extra value to the customers in the other days of the week when the publicly owned stadium is usually close. A stadium alive everyday, on the other hand, it is a great solution with a mix of services and spaces that the local community and business partners can exploit for their activities.

In some advanced cases, the stadium is able to shape itself under different "costumes", being able to host different sports matches (not only football but also rugby or basket - e.g. Grand Stade Lille Métropole), art shows and concerts, from which the club can generate extra revenue.

Alongside these value proposed, the club strengthen even the club image and name throughout the supporters, the community, and the partners. Thanks to a modern stadium,

the museum, a proper managing of the merchandising, and the development of side businesses, clubs are seen more reliable and capable to meet their goals. Supporters as well will be able to feel and be more connected with the club and the team, being even able to participate more actively in the club.

- Channels: being this business model an evolution of the previous one, we can find among the Channels building block all the figures of the previous one, but developed and ameliorated, and some new one as well. The stadium is the core channel for clubs to reach their customers, both the mass market and the business, and supporters. A modern and welcoming infrastructure, offering all the side facilities and services, represent the medium by which the club arise connections among customers and deliver their main value proposition. Thanks to the modern stadium, the club approach is through different phases that can be greatly customised and elaborate: awareness among customers and supporters, facilitate their evaluation of the club's services and products, simplify the purchasing process of the products and services available, deliver the value proposition to them and taking care of the post-purchase customers support. This theoretical path should be clearly followed by any club using any business model , but the ownership of the stadium gives the right tools and opportunities to implement an effective strategy to follow these steps.

The museum and the dedicated shops, if any, boost as well the club popularity and image, offering an alternative channel to connect supporters with the club. These complete the overall set of services that the club can develop alongside the other activities (fitness areas, gyms, bars, restaurants, supermarkets, etc.).

At the same time media still are a fundamental channel, like in the other business model scheme, and if the press and the Broadcast TV play a similar role also here, the webpage and the Club TV, if any, will be implemented with the "Stadium section" enlarging the offer and the resources for customers and supporters.

- Customer Relationships: here clubs see strengthened their relationships with the supporters and the customers. Indeed, it is true everything that has been said for the previous model and in addition with the ownerships of the stadium customers and clubs can connect deeper and create some extra links even from non-sports activities. Thanks to the stadium, clubs usually organise stadium tours, opening up the doors for what it has been only a dream for lots of supporters: to see where their idols get ready for the match and the facilities they use, and, of course, the beauty of the stadium. Together with the stadium tour it is often

developed the club museum, where clubs communicate their history and showing the most important curios. Additionally, thanks to the owned spaces it is easier to develop a dedicated shop and ticket offices, enabling clear communications between club and supporters.

On the other hand clubs must here pay particular attention to the relationship with commercial partners operating inside the infrastructure. Most of services offered in the stadium are often delegated to services companies, that can benefit from the space in return of a rent. These represent the extra attention clubs are required on top of the other classic commercial and sponsor relationships.

Clubs also benefit from a easier communication and decision making toward league federations, in the planning of the schedules and the rules, because they have the decision making control over the stadium asset. At the same time the coordination with media (mainly broadcasting) and press presents less difficulties.

The memberships cards and the seasonal tickets can moreover benefit from extra services offered or included in the various packages prepared for supporters. It is commune to see special marketing mix toward specific customer targets, with multi-services and special offers to integrate the usual membership concept with extra values.

- Revenue Stream: as revenue are subdivided in the tree clusters largely explained above, their repartition is more equilibrate here, as it is proved by the financial statements of the clubs studied. The percentage of the revenue from Matchday is larger and taking into account the top 20 clubs of last season (2011/2012) the difference doesn't leave any doubt: the clubs owner of the stadium account matchday revenues for 26,29% of the total amount, double compared with the 13,57% of the other clubs. This relevant difference is due to the larger revenue for tickets and products, increased with the additional side services that the club is able to offer to the mass market and the business guest (e.g. from the business areas, like VIP boxes). There are also strategic implication from the ownership: not only the matchday revenue are more, but the stadium activate a virtuous circle leading to a general increment of the Commercial revenue as well. Modern stadia, with business dedicated areas, are much more likely to attract new partners and since there are services everyday of the week, the club can increase their revenues through side business run directly or, as usually happens, indirectly.

This means that the club is able to be less dependent from the sports results, diversifying its businesses and exploiting properly its assets. It is up to the management skills and

entrepreneurial approach to enlarge the services offered and to find out and answer to the right demand of customers and supporters, taking advantage of a multi-functional infrastructure open everyday that contributes daily to the club's finances.

Lastly clubs still account large part of its revenues from broadcast, that represent an amount inalienable nowadays for football clubs. Taking again the top 20 football club in the last season (2011/12), the clubs owners of the stadium accounted in average a percentage of 35,8% of the total amount from Broadcast Revenue. One third of the revenue comes then from the TV rights, keeping it as a crucial resource. It is then enlightening to compare this figure with the Broadcast Revenue of the clubs without ownership of their stadium, where they accounted for 52,3% in average on the total revenues. I believe this results to be one of the more interesting figures that can prove that there is a clear difference in the business model and in the Revenue Streams accordingly to the ownership of the stadium.

- Key Resources: players, coach and staff still represent the most important asset for football clubs both for the sports results and for the club image, that will be determinant in the negotiation process with commercial partners, sponsors and media. The club name and supporters are a continuum with the previous business model, and their strategic functionality is again very important for club to gain bargaining power towards commercial partners, sponsors, and media.

The stadium is a resource for every football club, but for the owner clubs it is a way bigger source of opportunities though. This resource become a fundamental asset club can exploit to generate extra value both incrementing the actual revenue and creating new streams. The stadium is here an infrastructure open daily in which both customers and supporters can find different services and activities, extending the concept of stadium to a resource useful not only for the match itself. It is the theatre where people go to enjoy their event's experience enriching the football match with several side benefits, and during the rest of the days it offers all the other business a smart place where to take place (big spaces, linked businesses, parkings, facilities, etc.).

- Key Activities: football clubs still continue their traditional activities. Performing in the sports competition is the main activity for clubs, since all the other activities are depending from it. As for the previous business model, summer trainings, friendly matches and world-tours (for the top clubs) are also part of the clubs' activities. Scouting is nevertheless very important, and still define the strategy for the acquisition of the players, which is somehow

positioned in the continuum between this opposites: buying developed and classy players from other teams vs scouting new talents and selling them to richer clubs. As all the other clubs, they negotiate their TV rights contract and bargain with sponsors and partners.

Here the role of the owned stadium is significant because it puts the club in the position of taking all the decisions required to contract with commercial partners, mainly inside the stadium. This is how clubs can increase their Commercial Revenues and benefit from extra income. Directly or indirectly the club manage the museum, the merchandising, the rent of commercial spaces, and the relationships with partners looking for a win-win solution.

- Key Partners: as for the publicly owned stadia, clubs owning their stadium still include among partners many actors. Indeed, sponsors represent one of the most important, since they pay high fees to be linked with the club's image and to have some kind of visibility - no club could nowadays survive without their contribution to the total revenues.

Media play a similar role, since they are the ones that bring football to supporter anywhere - and nowadays also at anytime. The amounts payed by media to broadcast the sports event are still relevant and cover around one third of the total revenue in average of the clubs owner of the stadium among the Top 20 clubs in Europe - that compared to the percent of more then 50% of the other clubs shows a more balanced situation. Media aren't necessary only for the clubs' finance, but also, indirectly, to boost their commercial awareness and supporters loyalty.

Institution and governing bodies are fundamental partners, here their role is more limited since the ownership of the stadium is on the club's side. Almost every decision that needs to be taken about the stadium is a club's issue, and not anymore a municipality's one. At the same time the national and international football federations coordinate the overall management of the competitions and represent therefore a fundamental partner for the final value creation.

The ownership of the stadium change significantly the partnerships with the commercial partners. Indeed, now several partners are not only a commercial ally for business in the traditional way they used to do, but they are part of the overall services during the matchday and play a primary role in the other days. Indeed, inside the stadium, they represent one of the reasons to have the infrastructure open everyday and both sides, club and partner, want to maximise attendance to the shoes and the customer presence everyday.

- Cost structure: in the club financial statements players and team salaries take the biggest share of clubs' costs. Since players have this unbalanced negotiation power and clubs fight each other by offering more and more generous paycheques, the clubs have to accomplish their demanding requests. Acquisition of new players is also burdening the already unstable financial balance of clubs, or at least most of them - here every country has more or less different accounting systems, so I can't generalise for all the leagues, but still in one way or another the transfer fees result to be one of the largest costs.

The second great expense clubs face is still regarding the external services. They are cost that clubs can't avoid, since they are core to the basic activities and influence the sports performance. As for the previous business model, even if they can always be ameliorated and be more efficient, they have rational to be among the core costs.

On the other hand there are here the drawbacks of the ownership of the stadium. Indeed, the stadium requires considerable investments that the club have to face by its own or with loans and partnerships, that are not for free of course. At the same time all the extra revenues coming from the side services and business need to be managed and ruled, and it increase the clubs' efforts. The operational management of the stadium is indeed expensive and it requires budget - if a club is looking for extra revenues has to be ready to invest more indeed.

3.5 Managerial implications of the stadium ownership

The issue regarding the ownership of the stadium change completely the approach of the management in the everyday activities and in the long term strategy. For sure it implies an extra involvement and effort from the club side that not all clubs, actually, are inclined to do. The stadium management is certainly more demanding from several point of view:

- financially, since there is no stadium building or renewal without a serious investment that few clubs, if any, could be able to deal with by their own. It requires a long term engagement with partners and a serious project supported by an accurate business plan; the parts, moreover, have to be ready to engage themselves for several yeas, as the return on the investment requires usually long time. Here clubs can exploit their bargaining power towards institution because of their social relevance and their role in the local community to negotiate some special borrowings and loans - as Juventus F.C. did with the italian Credito Sportivo for part of the financing of its new stadium;

- the number and competence of the human resources need to be adapted to the project. That means that more staff is required, increasing the workforce but at the same time the difficulties in its management because of the overall coordination and the costs. Moreover club face the need to have more the skilled and competent staff in the different phases (i.e. project development, implementation, and management) and mostly at higher levels of the organisation;

- the club should develop a long term strategy with a clear vision on what does it want to aim, why does it do it, how to achieve it, and in which time period. Staff involvement is also crucial and can be determinant for the overall result, so the vision should be spread through the organisation at every level, trying to get the best involvement by everyone;

- the circumstances and the opportunities around a club are unique, it doesn't exist a better solution that can be implemented by every club in any situation, so the advise is to understand the business, the actual opportunities in relation with the environment, and to create a unique solution in respect of the cultures.

The advantages that a club can benefit from are great as well. The most important one, according with my research and the opinion of the interviewed staff (especially Porto F.C. employee R. Carvalho), is that the club gain total control over the decision making and the activities, allowing the club to do whatever it wants without asking permission, of course in respect of the norms and legal issues.

In addition when the club is the owner of its stadium it can certainly enlarge its offer with other activities and exploit its entrepreneurial approach. Business in football is nowadays demanding managerial and entrepreneurial competences as the other industries, and while in the past part of the management was at least partly amateur, today it requires professionalism. This can surely lead to an increment of revenues thanks to the diversification of the offer the club develop. Differentiating the revenue stream is as well a strategic advantage leading to a less risky financial results, as the revenue are more independent from the competitions and sponsors bonuses.

Something we cannot forget about, for what I'm approaching football from a managerial point of view, is that football is about passion. The match is much more than a simple event where two clubs fight to win, as Sir. Alex Ferguson said "Football, eh? Bloody hell!" after Manchester United scored twice in the lasts minutes reversing the result of the Champions

League 1999 Final. That's why a owned club is also important for a club, to create a mystic atmosphere and turning the match field into a "dream theatre" where supporters idols express their magic.

In some circumstances a football club can benefit as well from the creation of a multi-sports organisation, sharing infrastructure, management, competences, knowhow, and other resources. Though, this is not a good solution in every situation but can be a good opportunity for those realities in which there is a deep culture about several sports, a large athletes' base, and financial availabilities. There are some successful examples of it like in the big cities of Barcelona or Madrid, as well as in other particular smaller areas such as Treviso, north-east of Italy, where the rugby and volley teams were competing for the top of European competitions and the football team was in the Italian top league (with the beginning of the crisis, anyway, the situation changed drastically). On the other hand there are same successful stories about other clubs that focus only and specifically in football, such as Manchester United. Here again, no universal right solution, but a mix of opportunities and capabilities that can lead to the specific case best solution.

From these considerations we can't deny that the ownership of the stadium is a great opportunity for clubs, as the stadium can represent a strategic asset that disrupts completely the football club activities and approach. As a matter of facts the ownership of the stadium can be seen as an evolution of the traditional business model, indeed moving from a scheme where the sports performance was the only core activity and players the main resource, to a model in which the stadium represents a fundamental asset allowing a club to develop side business and become more independent from inevitably wrong seasons. The stadium itself, from being an expense and a source of problems, turns out to be an incredibly high potential resource - the point is here to find out the right size solution for the right environment and the actual demand.

Of course clubs that already have their owned stadium are in a favourable situation, but let's look at the state of the art situation from an opposite point of view: clubs that are still dependent from a publicly owned stadium have a huge possibility to regain the opportunities missed and now develop an even more advanced stadia. It is not easy, but the chances are usually there ready to be understood, caught and exploited properly.

In a managerial football environment where lots of attention is nowadays put on budgets respect and to an expenses restriction philosophy, that is anyway very often not fulfilled, the lesson for club should be clear: to create a successful club (in terms of identity, sports results and financially) the need is not only to control salaries and transfer fees, that are anyway influencing the possibilities to gain a dominant position in the competition, but at the same time it must be integrated with a more entrepreneurial approach and commercial partnerships. The financial position of a club, affecting the overall wealth, should be improved through intervention on the revenue streams together with the ones on the cost structure.

The stadium represents certainly one of the assets with the highest potential to generate extra revenues and resources that can be then exploited from the club even to contribute the reinforcement of the football team, that is the core of football clubs. Nowadays like never before, in my opinion, sports results depend not only from the financial capabilities of the owner, since the amounts are so large, but also from the management capabilities to exploit the right existing opportunities and creating additional value through the diversification of the revenues streams and the development of a sustainable and successful organisation.

Thanks to business models' studies and benchmarks, clubs can firstly figure out and visualise their situation, getting hints on the next steps needed, and then they can benchmark their competitors and other industries models. They are then able to provide the right (latent?) solution for customers, implementing a winning strategy and creating a successful football club.

3.6 Networking and partnering, the platform “B Futura”

The project and development of a new stadium is an issue that clubs cannot handle by themselves, alone. Indeed the implications and the stakeholders involved are many, and they are all influencing and at the same time influenced by this issue. The financial requirements, moreover, are usually massive and they require partners financing or borrowing the amount needed for the investment.

To develop an appropriate project and build a state-of-the-art stadium there is the need to involve several partners, both private and institutional, to cover all the different aspect of the project implementation. Clubs should indeed employ all their connections and their network, both with commercial partners, linked business, and with the institutional federations. The message should be clear: everybody can benefit from it.

I want to mention here the example of the project that is taking shape among clubs and institutions of the Italian Serie B (second league): “B Futura” (B of the future). Aiming to give a real answer to the problem of the infrastructures that represent a serious and weak issue in the league’s situation, the Serie B League is implementing a developing platform accessible by the football clubs member of its league and in the future also the others. B Futura’s goal is to challenge the precarious status quo, providing a real supporting activity, operating systemically to favour the renewal and modernisation of the old infrastructures or the construction of brand new ones.

Because of the current uncertainty from a legislative point of view, Italian clubs are even more skeptical on the feasibility of such an investment. Therefore the platform B Futura wants to penetrate even at an institutional and regulatory level to increase the awareness of this issue among the politics, thanks to its social power.

The platform’s purpose is hence to help the clubs to face the problem of the infrastructure through a particular scheme:

- assuring certainties for the administrative process;
- clarifying the relationships and the co-ordination between clubs and local and public institutions;
- providing a rational and appropriate answer to every particular reality, taking into account and respecting the local culture, the environment, being technologically cutting edge, and based on a sustainable business plan that can be financed by private investors.

Thanks to its links with public institutions, B Futura can become a platform able to work as an incubator to develop clubs’ projects. Indeed the connections and co-ordinations with several Ministry (Infrastructures, Transports, Economic development and Environment) are a fundamental step in this delicate issue, and the platform can guarantee some degree of certainty, reliability and efficiency.

The first partner of B Futura is KMPG, operating as its advisor and consultant. Moreover the connection developed covers different specific domains through specific partners and it is an explicit example of the relevance of the network to tackle the issue of the infrastructures:

- partners designated to study the social-economical issues of the areas of the stadium, taking into account the city plan, the viability, social implications and the particular demand/offer for side services required;

- the National Municipality Association, to create a standard administrative path between the institutions and the clubs, providing more certainties about timing, requirements, and authorisations;

- a standard planning and blue print regarding the different typologies of infrastructure available, with their functionalities, sizes deriving from the environmental and contextual studies - this is possible thanks to the partnerships with construction studios.

- from a technological point of view, the new infrastructure need to be up to date, guaranteeing a longer life prospective and the modern services and comfort. It is important to provide a certain level of integration regarding security, energy and telecommunications;

- financial partners are then necessary. It is important to find out means to access to credits, loans, and investors. In the case of B Futura, the goal is to find private investor, being then independent from the public support.

B Futura give us the opportunity to understand that clubs are not alone in this issue, and since the impact of the stadia fall over several stakeholders a coordination is required and the network is a fundamental asset clubs need to employ. If acting alone a club risks to waste lots of energy, resources and money in failing projects.

Another lesson we can take here, as well as from other little realities all around Europe, is that the size of the club it is not decisive itself. What it is actually the crucial point is to understand the particular situation and to develop the appropriate solution around it. Little clubs shouldn't aim to build colossal stadia for several dozen thousands supporters, but a modern stadium able to guarantee the right theatre for the match to take place. Even a 15.000 - 20.000 seats stadium is able to generate the positive benefits offered by the modern infrastructures. The concept here behind is to have a modern and multi-functional stadium filled by supporters, the opposite of the average stadia of Serie B where there are quite big stadia with very low attendance since they are uncomfortable, old, without the nowadays commune services.

3.7 Technology and new trends - sustainability

“Technology is certainly a sign of progress and progress doesn't stop, it has to be accompanied and managed. It requires both a proper organisation and skilled people, looking

forward at the big picture but still aware of the present needs and opportunities. The point here is not to stop technology invasion but to make it productive: sports organisations, media, companies, fans, athletes” (Cherubini, Canigiani - 2000)

The development of the technology is a complementary and essential side of new infrastructures and it can't be deny by a management too focused on and efficient and effective stadium.

Technology implemented in the infrastructures imply as well an increasing satisfaction of supporters, both the devoted and the occasional ones, because it is perceived as closer by the supporter-customer and more suitable to meet its needs and expectations. It is also essential the development of co-marketing policy and public relations activities toward partners, sponsors, and investors, offering extra spaces and services as conference rooms for meeting, hospitality boxes and state-of-the-art suites equipped with the new comfort.

Technology can make its contribution influencing not only the offer toward customers and supporters, but also progressing the other activities. We can take for example the case of security, that in the modern stadia is much higher mostly thanks of the use of the technology that offers many tools to prevent and control contingent disorders and assure the identification and discipline if any occurs - i.e. turnstiles at the entrance of the stadium and closed-circuit television.

Technology can also provide solutions for those circumstances when the natural evolvement of the situation is not enough to guarantee the minimum requirements essential or self-imposed by a club. It can be the case of the synthetic grass or the removable roof for extreme weather conditions, or the polyvalent field, or the interchangeable seats, or wifi services for telecommunications, or many others.

Together with the development of the technology implemented, there is nowadays the boosting of a more sustainable approach in the construction and management of the stadia. Indeed, the new project for brand new stadia or renewal interventions have to respect some parameters about green energy, waste avoidance, and trying to make the infrastructure as autonomous as possible. This is where the public institutions give incentives, and where the mass customers are being educated for, so clubs and constructor are meeting those requests, partly for a practical marketing strategy of green washing partly because they believe in it, but

at the same time looks like more and more people are engaging spontaneously a sustainable development approach.

Moreover the infrastructure of the stadia have a great and relevant influence to supporters, customers and daily visitors, and it is surely a social vehicle that can contribute to the overall public opinion at least in the local community. It can indeed even boost a more shared vision to sustainable issues and envisioning other people. It is not a case that, apart for all the scandals confirmed and denied, one of the more important criteria for the assignment of the next international football competition host country is indeed the degree of sustainability that the proposing country consider. Stadia are a means for development and not for wasting precious resources (human, financial and material).

As it have been clearly discussed, the financial needs for the intervention on the present infrastructures or for the construction of new ones are offer very demanding. Especially in this period of never-ending crisis, countries should invest in industries and infrastructures able to give real benefit to the society, and stadia are for sure one of them. But it would be too superficial for a club just to ask for public financing and not acting otherwise. The institution can contribute firstly through the regulations and simplifying the bureaucratic procedures and authorisations, making it easier for clubs to implement their projects. Then financially they could allow some kind of special “Sports Credit”, with low rate, if any, borrowing channels.

The real objective for clubs, in my opinion, should be to be able to finance the intervention through private financing, as the stadium will be, guaranteeing a real value creation. In this process the main operators would be the commercial partners, the supporters and the club itself. This would consist in a cooperation and an effort for a commune long term benefit and a hopefully prosperous future.

“There is no recipe for success”

Conclusions

The aim of my thesis was to establish the differences, if any, of the business model between football clubs based on the different ownership of the stadium. Even though every club sets up a different and particular way of doing business, implementing its own and unique strategies, we can see some commune characteristics among the two different clusters of club and figure out important considerations from it.

At the end of the research I can affirm that the different ownerships (private or public) of a stadium influence significantly the business model of a football club, affecting the overall rationale of the value proposition and the diversification of the club's offer to ensure different revenue streams.

In my hypothesis I asserted a strong statement, affirming that it is possible to differentiate football clubs' stadia according to a private or a public ownership. At the end of the research I can confirm that it was an effective and relevant classification, since the two groups of clubs present internally similar characteristics in the overall understanding of their business model, in the approach of the business, and in the execution of their everyday activities. I encountered of course a few exceptions, as it happens for every rule, but it was not significative enough to deny my hypothesis.

What it is further interesting to point out, is that the ownership of the stadium it is not only directly a determinant issue for the development of a club's business model, but it is also influencing indirectly the club. Indeed, the mere ownership of the stadium implies a great potential among the assets, but it is neither a guarantee that the owner club will be able to benefit from it nor that a non-owner club has absolute limitations concerning its business. Anyway, owner clubs present relevant degrees of higher exploitation of their current assets and opportunities, apparently because they are directly affected by the stadium's management both for the positive and negative outcomes and therefore they assess all the efforts toward the achievement of the best possible outcomes.

My approach to the analysis of the management of clubs has been based on business model, and it revealed itself to be a great tool for the research I wanted to implement. Indeed, I think that the business model is one of the most appropriate way to understand the overall rationale and value proposition of a company, and therefore of a football club. As I explained, business model is conceptually and practically different from strategy, resulting to be not only

a descriptive tool but also a source to improve the understanding of the status quo, to challenge it, to inspire an improvement, and to benchmark.

I applied the Canvas Business Model to the study of clubs since I found it to be the most suitable and comprehensive tool, allowing to explain in depth the characteristics interesting for the purpose of this research. Indeed, the Canvas Business Model describe brilliantly companies' rationale through nine different building block: Customer Segments, Value proposition, Channels, Customer Relationships, Revenue Streams, Key Activities, Key Resources, Key Partners, and Cost Structure.

A business model approach to football clubs is nowadays appropriate since the evolution of football in the last decades, mainly from the 80s and the 90s, changed completely the way clubs operate, their structure, and therefore their rationale.

With the coming of professional football (in some countries long time ago), owners of football club saw the opportunity to mix their passion, if any, for football with a great tool to gain popularity among the mass and improve their public image. It was a kind of marketing and strategic tool in many cases, so the owners didn't mind to put their own budget on it since there was a tangible return from it and the turnover was still under control.

What happened, briefly, later on is that there have been some structural and market changes that brought to a drastic increment of the turnover in the football environment, an imbalance of the actors bargaining power, and a dangerous dependence of clubs' revenues from few streams - not really reliable and adequate in the long term.

The relationship clubs-players had a substantial turning point with the Bosman ruling (1995), allowing players to move for free to other European clubs at the end of their contract and assigning therefore a huge bargaining power to players in face of clubs. So, since the former were, and sometimes still are, the biggest asset of the latter, clubs found themselves spending always larger parts of their revenues for salaries and transfer fees.

Furthermore the advent of large amount of capital from media, especially broadcast TV rights, boosted clubs revenues dramatically and in a probably too short period of time, so that club haven't mostly be able to follow a proper development. The largest part of revenues derived from broadcasting, and every new negotiation was seeing this amount increase at uncontrolled percentages. The clubs anyway haven't been really able to benefit from this

increasing revenues because of the bargaining power of players that were the real one who took advantage of this situation.

Football clubs are nowadays managed as companies because of their relevant turnover, the number of stakeholders involved, and the harsh competition, requiring competent and professional managers taking place of the amateur administrators. Their revenues can be taken under three different clusters: matchday, broadcast and commercial. These are indeed the main areas of revenues for clubs, accounting in average for approximately one third each (even if little less for the matchday revenues) of the top European clubs balances.

The solution for clubs I came across in my research and that I want to highlight here is, besides an accurate cost review, to increment the revenues through the extension of product and services offered by a club, especially thanks to the ownership of the stadium. The infrastructure, indeed, can turn upside down its place in the management of a football club, from being an expense to a strategic asset that can be the engine for the evolution of the club's business model.

Indeed, one of the relevant outcomes of the research is that the business model of the clubs owner of their stadium represent the logical and strategic evolution of the business model of the other clubs. Thanks to the stadium ownership, club are therefore able to develop side businesses and activities, implementing more sophisticated strategies and exploiting further their commercial partnerships. The so-called modern stadium is a multifunctional infrastructure, able to host not only football matches but very different events, offering as well state-of-the-art services and facilities for supporters and visitors.

The potential of the stadium is significant for a football club, becoming the biggest asset after, and sometimes even before, the players. The goal is to make it an infrastructure open everyday diversifying the offer with services related or not to the club. Among directly linked services we can include the official store selling merchandise, stadium tour, special conditions for supporter with the memberships card and the club's museum. In addition, in the stadium owner clubs can create VIP boxes and businesses rooms (with all the modern comfort, bar, and catering service) to favour commercial partnerships and register extra revenues. The entrepreneurial approach of manager is indeed necessary and favoured as I encountered in one of my interviews: "It is not possible to do anything without an entrepreneurial approach. The sport market is like any other market: a jungle. And to grow, the stadium can be the anchor for business."

The stadium can also offer other services that the local community and business partners can mainly benefit from. It is common to develop alternative spaces like supermarkets, gyms, fitness areas, restaurant, offices, and conference rooms and services. These businesses can be managed directly by the club or, as it usually happens, are delegated to specific companies that will pay a rent. In both cases the club is able to generate new revenue streams diversifying its income sources.

Of course the ownership of the stadium is more demanding, but as usually happens it gives back as well lots of new opportunities. Technology and the regulations are two significant means that can tremendously contribute to an appropriate evolution of the ownership of the stadium. At the same time, in the acquisition of their own stadium clubs should involve all the stakeholders and exploit their network to make this process feasible and easier.

At the end I can affirm that the ownership of the stadium change the business model of a club, evolving the previous one and developing a broader diversification of the offer, that results in a larger independence of clubs from sports results and improving clubs performance at many levels. The privately owned stadium results to be a strategic asset that clubs and all the other stakeholders can benefit from.

There is not a unique right solution, every club is different from each other and there are particular solutions for every situation, accordingly to the environment and the circumstances. It is managers responsibility to understand their own ones and develop and implement the best business model possible for the success of the club.

Football was, is, and will be about passion. Nevertheless, an appropriate management of football clubs can make all the stakeholders benefit from it and still increase the match show and a world of football.

Research limits

Perfection doesn't exist, but it is possible to increase a research value pointing out its limits and difficulties. Here in my thesis I faced two kinds of constraints, namely conceptual and physical.

First of all the main issues was raised at the beginning of the research since the concept of business model of football club was very broad. Therefore I decided to specify on the issue of the ownership of the stadium in relation of the business model of the clubs. Anyway, there are several external factors that can actually influence the current business model describing a football club inner rationale. At the same time there are huge differences between clubs, mainly in different categories - this is the reason why I mainly focused on the top European leagues. Moreover the interpretation of a business model remains subjective, depending of the personal interpretation of people and can differ significantly if informations, competences, and background are dissimilar.

Among the physical constraints I encountered in the development of the thesis, I had to mention firstly the little time on hand if compared with the extent of the subject. In addition to it, there is an extremely large amount of financial reports, official clubs documents, and researchers' papers needed to figure out a possible representation of the business model of a club.

Further Research

Despite the thesis pointed out interesting results, implications, and consideration, this research can represent the beginning of a further investigation of the business model of football clubs. The next possible steps would be to identify specific business models for every club and researching the inner cause of their differences and what are the consequences. This would lead to provide some possible approaches and solution to be implemented by a specific club, that anyway have to customise it for its own purpose.

Another further step is the study of the influence of the country/league regulations and competitors on the development of a club. Indeed, during my research I found commune paths and characteristics among the club of the same country of origin. It can bring to the politics' attention a significative and influential issue that is underlying the overall management of football clubs within the country.

It could then be useful to deeply analyse the evolution of the business model of specific clubs that disrupted their previous business model through the takeover of the ownership of the stadium. This study can highlights the inner motivations and drivers of that change, and at the same time providing some possible path to be implemented if any other club wants to follow a similar development.

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