

The Business of Football

Tuesday December 2 2014

www.ft.com/reports | @ftreports

Hard sell reinforces world dominance

Scandal at its top levels cannot dent the sport's global appeal and expansion, reports *Roger Blitz*

Is there no end to football's world domination? A successful World Cup this year, defying the sceptics, consolidated the game's position as the planet's most arresting and widely feted sport.

Not content with this, football scours the globe for those corners still ambivalent to its appeal. India has one of the last big populations to be conquered. If 1bn Indians get sucked in, who knows how big the business of football could become?

The latest signs are reasonably promising. The Indian Super League was launched in October and comprises teams of Indian nationals joined by a clutch of veteran European stars such as Italy's Alessandro Del Piero, French international Robert Pires and David

James, the former England goalkeeper. The quality is mediocre, but crowds are averaging 23,000, which makes it the highest attended league in Asia and the fifth-biggest in the world.

Broadcaster Star India said the first week of matches had a cumulative TV audience of 171m, and digital impressions on social media reached 2.5bn.

It may all fade away. But football's strength, its ability to excite, enthral and command intense tribal passion, gives it a better than even chance of succeeding in such an uncharted market.

The sport is now making merry in another market that had long spurned the advances of the beautiful game: the US. A sizeable audience of American "millennials", 18-30-year-olds, is waking up early at weekends to catch live



League of nations: broadcasting and marketing deals around the world have proved a financial bonanza — Mario Tama/Getty Images

coverage of football's most talked about offering: England's Premier League.

Other sports try to break new ground. Basketball has long courted China. American football keeps sending over NFL teams to London. The world cup tournaments staged by rugby and cricket offer a fleeting glimpse of how these sports could spread beyond their traditional markets.

But football can spread its wings more widely because it is so obviously a world game, says Stefan Szymanski, professor of sport management at the University of Michigan. "It's one of the few games that doesn't have a specific cultural affinity," he says. "England invented and exported the game, but the world doesn't care about that. No one nation can claim ownership."

Certainly not Brazil, much talked up as the nation "destined" to win the 2014 World Cup in its backyard until humiliated 7-1 by Germany in the semi-final.

"Rugby and cricket are so British," says Szymanski. "All the American sports are very American. Football has been global for a long, long time."

Formula One can claim some worldwide recognition, but it has nothing like the depth and reach of football. Broadcasters fill their schedules with live football, and sponsors compete to be associated with the highest-profile games.

Public demand for live content promises more rich pickings for football rights holders. Vodafone's move into broadband and TV is the latest evidence of telecoms companies looking to football and other live sports to win customers.

That puts existing rights holders such as BSkyB and BT under pressure and sets up next year's auction for live Premier League rights as another financial bonanza for clubs and, of course, their players. Their glamorous lifestyles and behaviour on and off the pitch are rich fodder for tabloids and blogs. Cristiano Ronaldo has - after the singer Shakira - the second-most followers, 103m, on Facebook in the world.

Clubs are developing media hubs to exploit their players' global following and their own brands via social media.

The purists say that by selling itself, football is moving away from the game's traditions. Players' wealth makes them far removed from fans. That is the romantic and jaded view of an older

Continued on page 2

Inside

Nations League aims to fill tournament gap

Friendly international matches have lost their attractions of old
Page 2

Anger persists at choice of Qatar and Russia

Locations of next two World Cups continue to be source of disquiet
Page 3

Databases up the ante in race for talent

Clubs with money to spend would do well to look at the analytics first
Page 3

Women fight for place in the beautiful game

International matches pull the crowds; clubs need more sponsors
Page 4

It's how your players deal with defeat

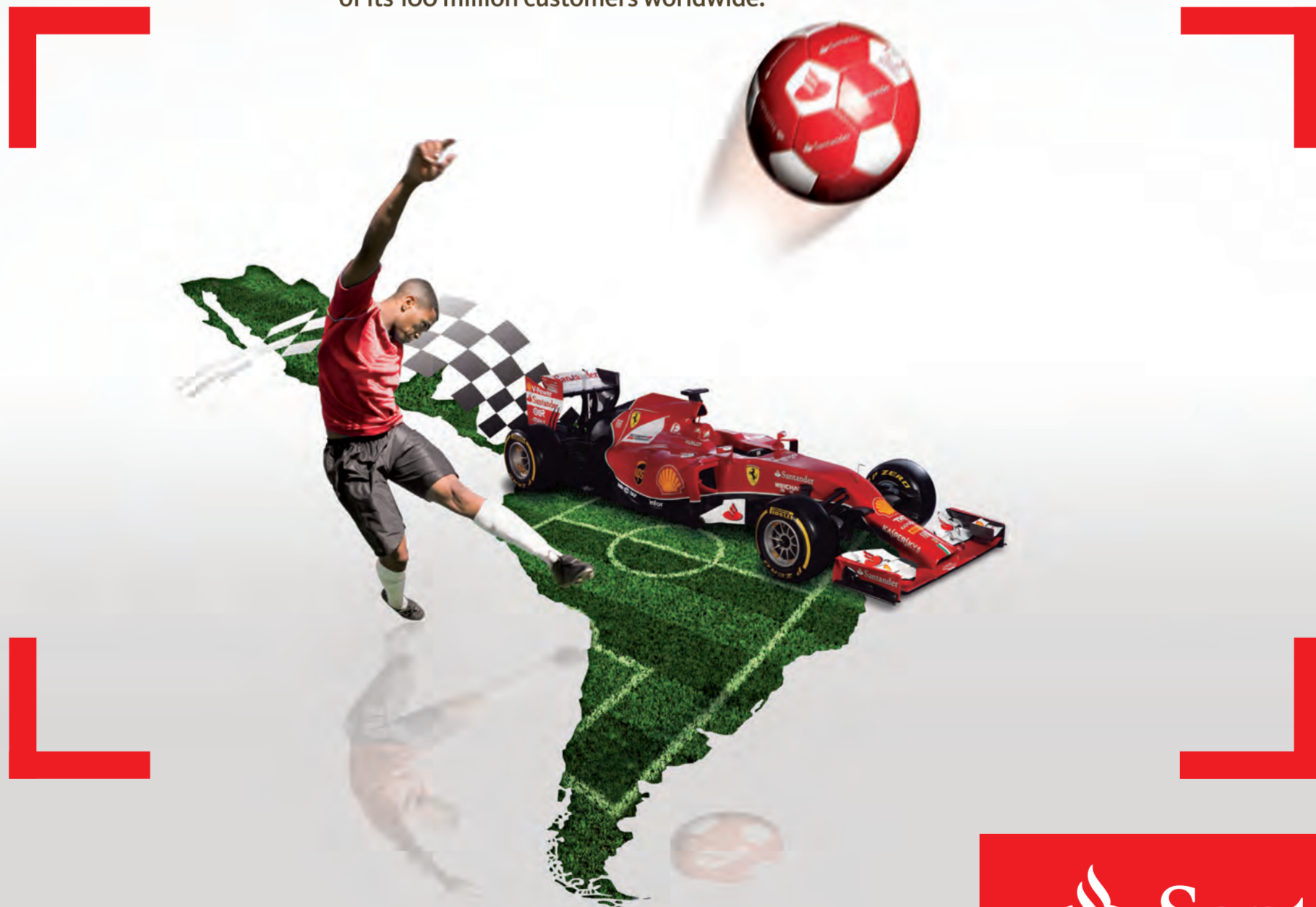
'Fergie formula' of managerial success says it's all about culture
Page 4



santander.com

A bank for your passion

The bank that sponsors the best football competitions in Latin America and the Scuderia Ferrari motor racing team is the same bank that supports the dreams and aspirations of its 100 million customers worldwide.



 **Santander**
a bank for your ideas

Global data: 100 million includes the combined customers of Santander companies worldwide.

Banco Santander, S.A. Registered Office: Paseo de Pereda, 9-12. 39004 Santander, Spain. RM de Santander, Hoja 286, Folio 64, Libro 5º de Sociedades, Inscripción 1ª. CIF: A39000013. Santander and the flame logo are registered trademarks.

The Business of Football

Billionaires find themselves forced to make trophy assets pay

Club ownership

Uefa's Financial Fair Play creates a more commercial outlook, writes *Roger Blitz*

For a billionaire such as Roman Abramovich, £18.4m might be of no great consequence.

But it represents the profit his club, Chelsea, made last season. That Chelsea made any profit at all says something about the changing nature of football ownership, even if the identity of owners has stayed the same.

The Russian oligarch has been racking up big losses on Chelsea since he bought the Premier League club in 2003. He did not care. Whatever it took to bring some of the world's best players to Stamford Bridge, he would pay - all in

the cause of chasing trophy success. Under his tenure, the club has won three Premier League titles, four FA Cups, the Champions League in 2012, the Europa League in 2013 and - for what they are worth - two League Cups.

Abramovich is the prime example of the rich individual who has bought a football club as a trophy asset.

Buying for commercial reasons? No chance. "You can't make money out of football" - the maxim is as applicable today as it was seven or eight years ago when the trophy-asset hunters started to pile into England's Premier League.

It was once possible to argue that an owner would eventually reap rewards from investing in a football club when it was sold at a profit. It is a little heard argument these days.

The American Randy Lerner bought a majority stake in Aston Villa for £63m in 2006. After ploughing hundreds of

millions of his money to keep the club going, he announced in May he was selling. "I have come to know well that fates are fickle in the business of English football. And I feel that I have pushed mine well past the limit," he said. His advisers are struggling to find a buyer.

So how is it that Abramovich is now making a profit? Because he has to - or, at least, he can no longer keep making substantial losses.

Uefa, the European governing body, has put a stop to billionaires throwing vast sums into the continent's football clubs and running up losses, by bringing in rules requiring clubs to break even.

These Financial Fair Play rules are altering the mindset of Abramovich and others like him, who remain big operators in the transfer market, but are now more concerned than in the past about the sell-on value of their players.

In the 2014 summer transfer window,

Chelsea spent big on Diego Costa (£33m), Cesc Fabregas (£29m) and Filipe Luis (£18m). But it recouped plenty by selling David Luiz (£44m) and Romelu Lukaku (£28m).

"We financed player purchases from sales as the squad for this current season was shaped," said chairman Bruce Buck in a club statement on its finances.

Randy Lerner from the US bought a stake in Aston Villa for £63m and has ploughed in many millions more



Paris Saint-Germain, bought by a Qatari entity in 2011, has also had to adjust its player-purchasing strategy to comply with the rules. The Ligue 1 club and Manchester City, owned by the ruler of Abu Dhabi, were

financed by Uefa for breaching the rules.

Clubs are more interested than before in finding other ways of making money. Chelsea is busily engaged in cutting commercial deals, as are Liverpool, Arsenal, Real Madrid, Barcelona and other leading European clubs.

They are treading the path pursued with vigour by Manchester United. The 20-times English champions have big commercial revenues - a £750m 10-year kit deal with Adidas from 2015 and a \$559m seven-year shirt contract with Chevrolet - and plan to spend them on attracting the best players in the world.

So the Uefa rules are, to some extent, making owners treat their football clubs like other businesses. But will that change the type of owners coming into the game?

It is too early to say, notes Paul Rawnsley, director of the sports business group at Deloitte, the consultancy, but he adds: "Financial Fair Play may make

football more rational for some potential investors. The scale of losses has reduced over the past couple of years."

There are better ways to make money out of football in Europe, but a Germanic touch is required. English football shuns the community ownership model favoured by Germany, where clubs must be at least half owned by fans. Germany's Bundesliga is Europe's most profitable league, according to Deloitte.

Football is still a fragile business, says Emmanuel Hembert, principal at consultants AT Kearney. Financial Fair Play brings in some control and discipline, he believes, but it is not a perfect system. "Revenues continue to grow, but so do salaries and transfer fees," Hembert says. "The type of owners remains the same - they just put their money into the club. It is still not a sport that is making money."

Uefa shake-up aims to tackle fading appeal of friendlies

Internationals The Nations League will act as filler between major tournaments, writes *David Owen*

At its best, the pulling power of international football remains extraordinary. This was demonstrated once again in June and July, when a thrilling Fifa World Cup in Brazil attracted colossal global television audiences thought to have amounted to an average of nearly 200m live in-home viewers per match.

All too often, however, international matches, particularly friendlies, can seem insipid and unsophisticated compared with clashes between the top clubs, which have the cash and reputation to attract the world's best players to represent them.

Friendlies have become all too obviously the laboratories in which coaches experiment for the games that really count. However understandable, this can detract substantially from the spectacle and reduce the appeal to fans.

A recent friendly between England and Norway drew an attendance of just over 40,000 - the lowest yet to watch the national team at the rebuilt Wembley Stadium in London.

"Club football outstripped international football in terms of quality around four decades ago - something that has become increasingly obvious over the past 10 years or so," says Jonathan Wilson, a football tactics specialist and editor of *The Blizzard*, a football quarterly.

"In part it is because the richest clubs can buy the best players - they are not restricted by accidents of birth," Wilson adds. "But it is also tactical: as the game has become more systematised, so the value of players training together, working on understanding the system, has

increased, inevitably leaving the international game looking unsophisticated."

With top clubs playing many more matches in a season than national teams, it may be hard for the international game to catch up when it comes to the effective deployment of thoughtfully crafted systems.

The popularity of the World Cup and the various championships for national teams from a single continent demonstrate, however, that this does not really matter when there is enough nationalistic fervour.

And now Uefa, the European football confederation, has come up with an idea for a competition that would complement the existing quadrennial European Championship for national teams, scale back the number of friendlies and hence, it is hoped, ratchet up the level of interest in international matches between European countries.

The Uefa Nations League was approved at the body's Congress in Kazakhstan in March this year and is scheduled to start in 2018, after the next Fifa World Cup in Russia.

While the exact format has yet to be finalised, the biennial competition is expected to involve two phases, with the 54 Uefa member associations split initially into four divisions, based on their international rankings, and then, within those divisions, into small groups of three or four teams.

The four group winners from the top division would advance to a final four competition to decide the overall victor in June 2019. There will be promotion and relegation between divisions.

Uefa has said that the new competition will help it realise its goal of



Heads up: unlike the recent Scotland v England clash many non-championship games lack appeal
Andrew Milligan/PA

"improving the quality and standing of national team football while maintaining the balance between club and international football".

In an interview, Giorgio Marchetti, Uefa's director of competitions, makes it clear that in his view too, the importance of international friendlies "seems to have faded over time".

He attributes this in part to a proliferation of high-level competitive matches on TV, while arguing that the ratio of friendlies to competitive matches in international football is "far too high".

He accepts "absolutely" that a desire to make all international matches more interesting to football followers was a stronger motivation than commercial issues for the Nations League's conception. Nevertheless, higher levels of interest will generally translate into higher revenues. These, he says, are

Friendlies have become the laboratories in which coaches experiment for games that count

"absolutely essential for football", since income generated by national teams helps nurture the sport's roots.

Preliminary projections suggest, according to Marchetti, that the Nations League may be capable of generating 20-30 per cent more revenue than the friendly matches it replaces.

He does not think there is a danger this will be at the expense, in part, of successful competitions such as the Champions League, the premier continent-wide tournament for European clubs.

"They are different and complementary," he says. "We believe we can definitely grow the value of national team competitions without any risk of cannibalisation from club competitions."

European countries will still play friendlies after 2018, but fewer of them. One wonders if other confederations will follow suit.

Hard sell reinforces world dominance

Continued from page 1

generation, says Szymanski. But there is no way round it: "It's like people's view of capitalism: I'd rather it wasn't like this, but I can't think of an alternative."

Football will dominate the sports landscape over the next 10-20 years, he says, adding that in the 1990s it would have been labelled a small business. "It's now a medium-sized business."

It matters little that football creates so many negative headlines. Racism, sexism, homophobia, corruption, match-fixing, debt, bankruptcy - the public is both appalled and fascinated by football's diet of controversy. Attendances in Europe and the US are rising.

Sponsors often flee sports bodies caught in governance crises. But football is too big for sponsors to walk away from Fifa, where allegations of corruption have brought criticism and threats from some nations to boycott the World Cup.

But the threats have a hollow ring. It takes a strong nerve for a football nation not to compete in sport's prized tournament. The World Cup provides Fifa with strong and growing revenues - this year's tournament made \$4bn in TV rights and marketing deals. The value of other rights holders, such as England's Premier League, Germany's Bundesliga or France's Ligue 1, is growing.

The temptation is to offer more, but rights holders have resisted adding to the content. Say what you like about Fifa, says Emmanuel Hembert at management consultants AT Kearney, but you have to give credit for the way it runs the World Cup: "It hasn't tried to over-exploit it. It is still every four years and that keeps it as an exceptional event."

Football's growth may be too fast for some. The game's ultra-competitive nature puts the financial stability of many clubs and national associations in peril. Uefa's solution - the Financial Fair Play rules that require European clubs to live within their means - has plenty of critics, because it entrenches the established order, although there are tentative signs of greater financial discipline.

Latin American clubs, despite producing world-class players, have yet to create the sustainable financial base to prevent these players' exodus to Europe.

Sky faces fiercest battle yet for premiership TV rights

Media

BT's broadband ambitions are expected to produce a strong challenge in 2015 auction, says *Tom O'Sullivan*

BSkyB paid £38m to broadcast 66 live matches during the first English Premier League season in 1992-93. Today, that amount would scarcely buy six games.

The next Premier League auction to decide who will broadcast live matches from the 2016-17 season is expected to take place early next year and some analysts believe the total annual rights bill could top £1.5bn. This is because of greater competition in a sports rights market that has for so long been dominated by Sky.

"It is always difficult to know what will happen in each auction round," says Daniel Geey, a sports lawyer at Field Fisher Waterhouse, "but it is probably the most important auction for Sky for some time. It is facing a relatively new competitor with deep pockets, one that is looking to protect its broadband customer base and which completely

outbid Sky for the Uefa Champions League and Europa League rights."

The intervention by telecoms group BT in the 2012 auction when it secured the rights to broadcast a limited number of top Premier League matches, is fueling speculation that it poses a greater threat to Sky this time around. Paying £300m a year to pinch Champions League rights from Sky and the terrestrial broadcaster ITV heightens the sense that the old order is under threat.

The Premier League deal is built around seven live broadcast packages. It is expected to follow a broadly similar pattern for the next round. Currently, Sky pays an annual £760m for five packages to broadcast 116 games a season, while BT pays £246m for 38 games. The average price per game is £6.5m.

"We put the rights into a competitive market," says Dan Johnson, Premier League director of communications, "but make no predictions on whether there will be an uplift [in prices in the next auction] or how large it might be."

Johnson expects the auction to take place under the same conditions as in 2012 with a "no single buyer" rule, even though the European Commission deal that guaranteed the sharing of rights - in

force since 2007 - has lapsed. "We will not step away from competitive contracts," he says.

Last year, analysts at Berenberg bank estimated that BT could make a business case for paying as much as £1.15bn for Sky's share of the Premier League packages. The analysis was partly based on revenue streams from a bigger share of the matches and the impact it would have on its broadband subscriber base.

"We don't think Sky can afford any more changes in the balance [of rights]," says Sarah Simon, senior analyst at Berenberg. "It has to hold on to the same share of matches and win back some of the top games from BT. If BT were to take, say, five Premier League packages - [and given] it already has Champions League games - would anyone still need to go to Sky for football?"

Some question Sky's desire, or ability, to pay more after deals agreed in

'It could be that for BT the best move is to ensure the duopoly continues'

November, to acquire Sky Italia and take a majority stake in its German counterpart, increased its net debt.

Sky declined to comment on the bidding process, but several analysts believe the company could ride out the loss of some Premier League rights.

"Sky is a more diversified business than it was even five years ago," says Michael Underhill, senior research analyst at Enders Analysis. "Sport is crucial for its subscribers, but Sky would survive even if it worked as a 50-50 provider with BT." Underhill is among those who believe prices will plateau or rise less sharply in this round of bidding unless a third player enters the process - Al Jazeera is often mentioned.

For BT, premiership football has become a weapon in its battle for broadband subscribers. Its sports channels are offered as free add-ons for superfast-broadband consumers and its approach initially was seen as a defensive measure to slow Sky, which has had strong growth in customer numbers. BT has reported increased broadband subscriptions.

BT will not be drawn on its Premier League intentions. "If BT is sensible, it will not bid for all the rights," says one analyst, who did not want to be named.

103m

Followers on Facebook for Real Madrid star Cristiano Ronaldo

\$4bn

Fifa's revenue from rights and marketing for 2014 World Cup

"It is not in as good a position to monetise them as Sky. Its overall TV package is nowhere near as good as Sky's and it does not have the capacity to deliver."

Ocom, the communications regulator, is involved in two investigations that could have a bearing on next year's auction. The first follows a complaint by Virgin Media, the cable group, which argues more premiership matches should be made available to broadcasters. At the moment, 41 per cent are, compared with all in France, Italy and Germany, according to Enders Analysis. The results of this probe are not expected for months.

More imminent is an inquiry into the so-called "fibre-margin squeeze": how much BT charges other providers for access to its network. The results are expected by the end of the year, but some say BT will come under pressure to charge for its sports content - it has already said it will do that for Champions League games - and potentially curtail its rights buying.

"It could be that for BT the best strategic move is to ensure the duopoly continues, rather than trying to outgun Sky. It could build on the Champions League rights and add other rights as its offering develops," says Field Fisher's Geey.

Similarly, football is hugely popular in Africa but needs stable economies to establish a proper organisational framework. Its showpiece event, the Africa Cup of Nations, has had to be hastily relocated because of the Ebola outbreak.

Football will continue to generate casualties. Players will earn more, club owners will carry on throwing silly money in pursuit of glory, small debt-ridden European clubs will stagger on.

Threats to football's dominance will not come from other sports, says Hembert, but will be internal, such as meddling with the rules or adding to the number of competitions.

For the moment, football is resisting those notions. "Where football is very niche is that over the course of a single game, you can't predict the outcome. It is still difficult to score a goal," he says.

Naoba Singh of the Indian Super League recognises such problems all too well. The Delhi Dynamos right-back was asked recently why his team lost 4-1 to FC Goa. "There were plenty of mistakes in the defence and the midfield," he said. "That was the reason we couldn't score and conceded so many."

Sometimes, it is worth remembering that football is a very simple game.

The Business of Football

Fifa bid furore refuses to die down

World Cup Controversy continues over awarding tournaments to Russia and Qatar, writes Roger Blitz

The World Cup is, many argue, sport's greatest event, a multibillion-dollar carnival that only the summer Olympics can hope to match for global attention. So why is there such disquiet and debate about the next two tournaments?

The World Cup at least is used to the controversy. Four years ago, the world held its breath as South Africa prepared to stage the event, amid worries about crime, infrastructure failure and competence. But the event passed off peacefully and, all things considered, was a success. Similar fears about Brazil this year proved unfounded.

So maybe there is justification for the organisers of the 2018 World Cup in Russia and the 2022 event in Qatar to brush off the negative attention.

Russia, says Sepp Blatter, Fifa president, is "considerably ahead" of where Brazil was at a comparable stage. Russia has two of the 12 World Cup stadiums in a state of readiness. Construction of the remaining 10 is on track.

But Blatter frequently has to offer reassurances that both tournaments will go ahead. Allegations of improper behaviour during the bidding process for both continue to plague Fifa, nearly four years after the votes took place.

A Fifa-commissioned investigation into those allegations is supposedly being kept under wraps for legal reasons. Fifa hoped a distilled version of the report would lay the matter to rest. It revealed that Russia was unable to offer much co-operation, because computers used in its bid had been destroyed and emails could not be retrieved.

The report also said the Qatar bid team paid \$1.8m to sponsor an African football congress. And it had questions about the role of Mohamed bin Hammam, the Qatari former Fifa executive committee member who initially supported his country's bid. He was banned



Up for the cup: Qatar has until 2022 to confound the doubters – Philippe Desmazes/AFP

Governance The art of the improbable

Fifa struggles to set both its own standards of governance and those of the global sport. "It is not working perfectly," says Dan Jones, head of the Sport Business group at Deloitte. But, he says, if you are to have a governing structure that is truly representative of the membership, "you have to accept that".

Maurice Watkins, partner at Brabners, a law firm, chairman of Barnsley FC and former director of Manchester United wonders whether there is sufficient turnover of top individuals at Fifa. He adds: "We always see things through English eyes. Countries around the world have different views."

Christian Seifert, chief of Germany's 36 club Bundesliga, describes the World Cup bidding process as "not satisfactory" and says "there is something wrong with Fifa."

He accepts that not all feel the same. Fifa has more than 200 members and many countries "live very well with the Fifa system".

Andrew Bounds



from football for life after allegations of officials being paid to support his Fifa presidency bid in 2011.

Other bidding nations, including England and Australia, were criticised. Yet the distilled report said any improper behaviour was "of very limited scope" and insufficient to reopen the bidding process. In fact, the bidding process was "well-thought, robust and professional".

Fifa would have laid the matter to rest but for the intervention of the investigator. Former US attorney Michael Garcia, wants his report on the matter published in full. He has disowned the distilled version.

The US Federal Bureau of Investigation is making inquiries about how Russia and Qatar won their bids. "It is hugely embarrassing for everybody," says Mark Pieth, a Swiss law professor and chairman of Fifa's independent governance committee.

Fifa is in a mess. English and German officials wonder whether boycotting the tournament might not be a good idea. But World Cup sponsors that had called on Fifa to conduct a thorough investigation into the allegations have largely gone to ground on this issue.

It has also dawned on Fifa that staging the 2022 tournament in a Middle Eastern summer might be hazardous to health, despite Qatar's plan for air-conditioned stadiums.

Fifa is trying to shift the tournament to another time of year but faces resistance from domestic leagues, particularly in Europe, broadcast rights holders and the International Olympic Committee over clashes with other events.

Qatar's reputation has been damaged, because of poor conditions for workers building World Cup infrastructure. It was castigated by Amnesty International for a "woefully insufficient" response to ending the abuse.

Time is on Qatar's side. Who knows how much of all this will be remembered in 2022? If the investigation does see the light of day, perhaps it will say the evidence really is inconclusive and the tournament bids should stand.

Yet even so long before both tournaments, it is hard to conjure up the notion that, like South Africa and Brazil, Russia and Qatar will confound the doubters and win over public opinion.

Analytics level playing field in identifying talent

Player recruitment

Database tools are gaining ground as a supplement to scouting, writes Adam Isaacs

The relative fortunes of Southampton and Tottenham Hotspur this season illustrate the importance of a successful player recruitment strategy.

Despite losing manager Mauricio Pochettino to Spurs this summer and selling £100m of talent, the south-coast club are near the top of the Premier League. Spurs, by contrast, despite spending £135m on signings since the world record £85m sale of Gareth Bale to Real Madrid in 2013, languish in the Premiership's middle reaches.

Southampton have made some astute signings, such as Graziano Pelle and Dusan Tadic for £8m and £11m respectively. They still have a £30m transfer surplus in the bank.

Costly Tottenham purchases such as Erik Lamela and Roberto Soldado – at £26m each – have struggled to live up to their price tags, leading many to question the role of director of football Franco Baldini in having such a large say in transfers and recruitment.

In a move that could turn out to be every bit as significant as poaching Pochettino, Spurs chairman Daniel Levy is bringing in Paul Mitchell, Southampton's sought-after head of recruitment. Unlike Baldini, Mitchell is not being hired for his global network of contacts but for his analytical approach to potential signings.

Mitchell, who will head a team that uses data and video analysis to assess players who are transfer targets, believes in a scientific approach.

"We've heard quotes from managers who have probably based their acquisition on the two games they've played against that player," he says. "I work off a very simple theory of 'I had one good game once, but think the 80 other times I played I weren't so good'."

At Southampton, Mitchell managed a department dedicated to player recruitment. As well as a team of scouts who

watched players from the age of five upwards, there were 10 computer screens showing matches that were watched by full-time staff all day. The club also designed its own software to review players, teams or matches, however obscure, around the world.

With inflated transfer fees and Financial Fair Play rules limiting spending, clubs are wary of expensive investments. Mitchell took an almost forensic approach at Southampton to researching a player's background off the pitch and performances on it.

"Our philosophy was always risk management," he says, admitting it may not be an exact science. An increasing number of clubs are making transfer decisions on a similar basis.

From this season Premier League clubs have been able to use the database from *Football Manager*, the video game, to identify potential signings. The database provides biographical and contractual data on 50,000 players worldwide, as well as information on dribbling, goal attempts, saves and even aggression and positional sense.

Sports Interactive, the game's creator, employs 1,300 scouts who watch players in 51 countries. They will feed the information into Prozone Recruiter, an online performance analysis tool that has detailed data on 30,000 players and is already used by top clubs to scout talent and analyse their existing players' performance.

Thomas Schmider, Prozone chief executive, says: "Prozone Recruiter has been built to supplement the intuition of scouts and coaches with detailed performance information on more than 80,000 players worldwide."

The recruiter tool even claims to help clubs compare players in a way that determines their value and ability to adapt to specific leagues and teams. But although the margin for error in the transfer market can be reduced, a player's character is harder to predict.

"You can have all the statistics in the world on a player," says Alex McLeish, former manager of Rangers and Aston Villa and now boss at Genk in Belgium, "but the most difficult part of recruitment is when the individual is not of the [right] mentality."

US hopes World Cup fever will catch on

New markets

Domestic league seeks mass appeal of national team, writes Matthew Garrahan



Cool: young adults find it 'trendy'

Football – or soccer, as it is known in the US – has long been the poor relation of American sport. Lacking the primetime exposure and television audiences that tune into American football, baseball or basketball, it has grown steadily as a participation sport but has lagged behind its rivals in commercial terms.

That is changing. Broadcaster NBC is using the English Premier League as a centrepiece: on a recent Sunday, CNBC, the business channel, broadcast live morning coverage of Liverpool's defeat by Crystal Palace.

Major League Soccer (MLS), the domestic league competition, is growing in attendances and attracting new fans, investors and sponsors, while the men's and women's national teams are generating impressive television audiences that compare well with rival US sports.

Football's popularity with younger viewers and people of Hispanic background gives it a demographic advantage in the US, says Darren Marshall, a partner with Revolution, a sports marketing agency. "The Hispanic population is growing significantly, which gives soccer a demographic wave to ride on. It can become a big niche sport, especially

among young adults, who are important to advertisers."

Premier League coverage is popular with 18-30-year-olds, he adds. "It's become cool and trendy. When the baseball season is over, these fans follow their home town soccer team."

The structure of MLS differs greatly from that of European leagues. Ownership of teams is centralised: investors can bid to operate a franchise. "The league has a great deal of control, so it has been able to reduce some of the risk [of running a team]," says Scott Bukstein, assistant director of the DeVos Sport Business Management Program at the University of Central Florida.

"I believe it is positioned for exponential growth because of the number of avid soccer enthusiasts," he says.

Soccer, he adds, "is a fast-paced sport with an outstanding level of fan engagement and it has been able to keep costs down on the team side, in respect to player salaries". MLS trails other US sports in earnings potential: NBA basketball players earn about \$5m a year, compared with \$100,000 in the MLS.

The league has, however, become a more attractive commercial proposition

for potential owners. The cost of securing a franchise used to be \$5m-\$10m but is now \$70m, Bukstein says. He cites four teams – Portland Timbers, Seattle Sounders, Sporting Kansas City and Los Angeles Galaxy – as leaders in building viable businesses and engaging with fans.

The league continues to attract top international stars: Brazil's Kaka and former Spanish international David Villa are among the players who have moved to the US this year.

But despite the sport's growth, work needs to be done to convert fair-weather fans into diehard supporters. "Unfortunately, US interest in the men's national team peaks with the onset of the World Cup [and] declines thereafter," says John Vrooman, an economics professor at Vanderbilt University in Nashville.

"As a result, US fan interest cycles in sync with the major international competitions and is never fully internalised in our domestic leagues." The breakthrough in US soccer, he adds, "is still probably a generation away".

The US football audience is split into two groups, explains Marshall: passionate fans and event fans. "Event fans will get behind the national team during the World Cup and then probably not watch another match for four years," he says.

Could a US team win the World Cup? "Unlikely," says Marshall. He points to the money that flows to promising young athletes in other US sports – and the university scholarships that often lead to professional careers and contracts.

"In Spain or England, the future Messis and Rooneys go straight into clubs via academies. In the US, they play three or four other sports. With soccer, you're left with the athletes who can't get an American football or basketball scholarship."

Still, there are reasons to be optimistic, says Vrooman. "In spite of all the challenges facing domestic club competition and league development in the US, it is entirely possible – if not likely given the nature of the tournament process – that the US will contend for a World Cup by Qatar 2022."

Contributors

Roger Blitz
Leisure industries correspondent

Adam Isaacs
David Owen
FT contributors

Tom O'Sullivan
Deputy analysis editor

Matthew Garrahan
Global media editor

Andrew Bounds
North of England correspondent

Siona Jenkins
Middle East and Africa news editor

Barney Thompson
Reporter, editor, UK newsdesk

Steven Bird
Designer

Andy Mears
Picture Editor

Peter Chapman
Commissioning editor

For advertising details, contact:
John Moncure, +1 917 551 5036,
john.moncure@ft.com and **Ximena**
Martinez, +1 917 551 5112,
ximena.martinez@ft.com,
or your usual FT representative.

DREAM BIG. WE MAKE IT HAPPEN.

Most brands have a huge potential. At Talent Advertising, we discover how to explore it. We focus on having a deep understanding of the needs of our clients and working together with them. That's how we've done it for over 30 years and that's why we became one of the leading advertising agencies in Brazil, working for brands like Toshiba, NET TV and Santander. Get to know us better at talent.com.br

TALENT

TALENT.COM.BR / 55 11 2504 1800 / SÃO PAULO / BRAZIL

The Business of Football

Women's game looks for chance to broaden appeal

Gender balance

Internationals draw large crowds but lack of sponsors means finances are tight at club level, reports *David Owen*

In August 2012, a crowd of more than 80,000 packed into Wembley Stadium in London for an Olympic gold medal match in which the US women's football team beat Japan 2-1 in an absorbing clash of contrasting styles.

Mia Hamm, a striker who scored more than 150 goals for the US in a long international career that ended in 2004, was in that crowd. "What a great atmosphere," she recalls. "I was jealous... To be able to play in that kind of iconic stadium. I was excited for all those players."

Women's football has made huge strides in recent years. A total of 55,000 tickets were sold last month for the England women's team's first match at Wembley against Germany, one of the world's strongest teams. Next year's 24-team World Cup in Canada will provide this branch of the sport with a fresh opportunity to broaden its appeal.

In spite of these occasional "marquee" occasions, however, the reality of the women's game remains for now far removed from the glitz and glamour enjoyed by those inhabiting the upper echelons of men's football.

While a few top female players are thought to command six-figure incomes once club and international wages and endorsements are taken into account, many others good enough to play in their countries' top leagues do not earn enough from football alone to make ends meet.

According to Jeff Kassouf, managing editor of *The Equalizer*, a website devoted to women's football, some players in the US's National Women's Soccer League (NWSL), the latest attempt to establish an enduring women's professional football league in the US, are paid only \$6,000 for the five-month season.

The top pay rate, he says, is \$30,000 a season, although many players in this

Different for girls Young British female talent finds it hard to establish a foothold in the beautiful game

On a damp autumn evening in Holloway, north London, a group of children are practising football skills under floodlights. It is a common enough sight at football pitches around the world, although what is less common is that these young players are girls.

The women's game may be slowly gaining visibility, but the sight of young girls playing football in the UK remains a rare one, especially when compared with other European countries and the US.

Of the 15 or so primary school-aged girls who have turned up for practice – under the auspices of the London Football Association (north)'s Girls' Player Development Centre – most say they have found it difficult to find teams to play with.

Several play organised games with boys and complain that they have had to work very hard to be accepted as team members.

"[The boys] don't pass to you until you show them you're really good," says nine-year-old Anna. "You have to prove yourself more than they do."

The Football Association has set up 27 GPDCs around England over the past three years, with two in the capital. They offer qualified coaching to girls once a week, and are designed to augment the training they do with their own teams.

It is hoped this will eventually feed more female talent into the game.



Tough match: girl-only teams are a rarity in the UK — BND Images/Alamy

There are still few team options, however, for girls who do not want to play with boys.

"It's tough for girls to play with other girls," says Steven Fraser, women and girls development officer with the London borough of Islington's Football Development Partnership.

"In other countries, it's easy to set up girls teams, but here there is less demand."

Fraser puts the shortage of girl players down to the lack of sport for both genders in primary schools. He points out that in most of the capital's boroughs, fewer than half of primary schools have a football team and only a fraction of those have girls' teams.

"Many schools don't have any dedicated staff for sport, let alone a football team," Fraser says.

He remains optimistic about the future for girls who want to play. "I left England in 2000 to coach women in the US and when I came back in 2011, I was impressed by how much girls' football had grown," he says.

"I think there will continue to be slow steady improvement."

Whether the attitudes the young girls encounter will change as quickly remains to be seen.

"[The boys] say things like 'you're good for a girl' even when we're better than they are," says 10-year-old Keira, who plays in a boys' team each weekend.

"It's the same when they grow up," she adds. "I don't see why men get to be paid so much more than women footballers."

"If I play football when I grow up, I'm going to make sure I get the same."

Siona Jenkins

tion since 2011) are entirely professional. At present, she explains, Super League clubs are limited to spending at most 40 per cent of their turnover – of up to £1m a year – on players' salaries. This cap is reviewed each year.

Barring a short-lived experiment with full professionalism at Fulham in the early years of the millennium, Simmons emphasises that until 2010 women's football in the UK was entirely amateur.

In Germany, each team in the Frauen-Bundesliga (women's league) receives €180,000 a year from the German FA. Markus Juchem, who runs the women-soccer.de website, estimates that about half the teams would "struggle to survive without that money".

He adds, though, that the top three German women's clubs – VfL Wolfsburg, 1. FFC Frankfurt and 1. FFC Turbine Potsdam – each have more than 20 sponsors, with European champions Wolfsburg and Frankfurt thought to have annual budgets of about €2m.

Wolfsburg, Juchem says, have just built a 5,200-seat stadium to be used by the women's team from next February. "They see women's football as a vehicle to strengthen the brand of their main sponsor, Volkswagen, the carmaker," he explains.

Since 2010, the Women's Champions League final has been bundled by Uefa with the high-profile men's event, taking place broadly in the same week and the same city. The 2015 final next May in Berlin, together with the World Cup in June and July, represent the next big chance for women's football to showcase itself to broadcasters and potential sponsors, and to expand its global following.

In spite of a rumbling controversy over the decision to use artificial pitches, the 2015 World Cup promises to be the most competitive yet. It should ensure widespread media coverage for the game from Japan to Brazil for up to a month.

In the long run, indeed, the women's World Cup may represent the best chance for Fifa to reduce its heavy financial dependence on a single, quadrennial competition. But with the men's World Cup still contributing well over 90 per cent of the governing body's revenue from broadcasting and marketing rights over the four years to 2013, this will not happen any time soon.

Attendances for top league matches in Europe are generally below 1,000

bracket are internationals earning considerably more from their national team duties. Partly because of this parsimony, and the support received from national associations, Kassouf says that "the prevailing thought from neutrals is that the NWSL is the best shot" so far at setting up a US women's league that will be viable for the long term.

It is a similar story in Europe, where average attendances for top league matches are generally below 1,000. Rainer Fussgänger, an expert on Swedish women's football, says that the average monthly salary for professional players in Sweden in 2013 was SKr11,208 (\$1,500). "Of course, you can't make a living with that money," he

says. "Most of the players study or have jobs on the side."

Kelly Simmons, director of women's football at England's Football Association, which is thought to invest more in the women's game than any other national association in Europe, says that, increasingly, the top sides in England's Women's Super League (in opera-

Why a winning formula can often get lost in translation

Management

The methods that are a recipe for success at one club are far from straightforward to replicate at another, writes *Barney Thompson*

The alchemy that produces a successful manager is as almost as elusive as the one for making gold, but that has not stopped people from trying to find it.

After 26 seasons in charge of Manchester United, Sir Alex Ferguson went on to teach management at Harvard University, a move that led to an article in the Harvard Business Review entitled "Ferguson's Formula", listing the key attributes that brought him success.

Some of these related to practices now common among top clubs, which employ nutritionists, data analysts, physiotherapists, psychologists and others to eke out every last bit of performance from the players.

Others were about structure, staff and ethos. At a recent talk to promote his autobiography, Sir Alex said he had been intent on building a club rather than just a team.

"My main interest was in getting the foundations right," he stated. This meant building a scouting team almost from scratch, developing the youth system and, later, setting up a new training ground.

But most ingredients in "Ferguson's Formula" concern people and how to deal with them – a skill many observers rate well above tactical acumen.

Ian Maynard, professor of sport psychology at Sheffield Hallam University, says: "The really perceptive managers are those who recognise what motivates individuals, who know when to wield the carrot and when the stick."

Allied to this is the ability to find players who accept a manager's leadership style and playing philosophy and who take the rest of the dressing room with them, players Prof Hallam describes as "cultural

Taskmaster: Sir Alex Ferguson demanded that his players be bad losers

architects... drivers, the ones who will never say die".

Describing the type of players he sought to have in his teams, Sir Alex constantly used words such as "loyal", "hard-working" and "stubborn".

Yet one quality was paramount: they should be bad losers. "I was after players with strength and resolve," he says. "I wanted to find out how they dealt with defeat."

Once a club was infused with that culture, Sir Alex added, he could rely on the core of the dressing room to inform incoming players what the club's ethos was. In that regard, says Prof Maynard, succession planning is vital: "If you lose one or two players and the whole team starts imploding, that is because you lost the ones [who maintained] the culture in the group."

Yet if all we had to do was find a natural leader operating at any level, in any field, and hand him or her a piece of paper with Ferguson's Formula written on it, we would expect not to have to wait long before our organisation was beating all its rivals. It sounds easy, so why does it not happen like that?

Managers face a huge variety of challenges, depending on the club's size, history, ownership and aims – just as the role of a FTSE 100 chief executive will be vastly different from that of a restaurant owner. The demands of a club fighting for a place in the Champions League are

not the same as those of one trying to escape relegation or win promotion.

Prof Maynard believes we should be more appreciative of managers who lack the financial weaponry the top clubs can deploy. "Creating a football team is about developing the style and systems that play to the strengths of the individuals in the team," he says. "A lot of managers in the [lower] divisions are as talented; they have just not had the opportunity to manage big clubs."

But success in one area does not always translate into success in another, as many managers find when they win promotion into the top divisions or are hired by bigger clubs.

While Prof Maynard says there is a "ceiling" for promoted clubs unless they can acquire more talented players, Jeremy Snape, a former England cricketer and founder of Sporting Edge, a training company that teaches businesses about the mentality of winning athletes, adds that a crucial element is the "gravitas a manager needs with the bigger players at bigger clubs".

Credibility and respect stemming from a strong record are vital, Mr Snape says. "Elite coaches have generally been successful because players trust their instinct, plans and approach."

But in these days of billionaire owners assembling expensive squads in just a few months, there is no doubt that money, as well as management, is a huge part of a club's success.

Indeed, the new powers in world football have forced us to redefine managerial success. Chelsea winning the league was not enough. Carlo Ancelotti was released by the club the season after doing the double.

"Leadership can be lonely," says Mr Snape. "You have to build a strong support network and stay resilient. When you have this you are able to 'filter' the uncertainty and expectation you might feel from above and create a calmer, clearer and more focused environment for your team."

Yet for all the talk of management, studying the game and preparing for any scenario, having a football brain is still critical.

As with other coaching innovations, dossiers on opposing players and training ground routines for every match situation are now commonplace.

Understanding and communicating the battle plan is as important in football as it is in any competitive endeavour.

Your brand can be at the heart of a nation of 40 million passionate supporters.

Be a partner of Flamengo, the football club with the largest number of fans in Brazil.

- 58% of Rio de Janeiro's population supports Flamengo;
- Largest fan base in 24 of 27 Brazilian States;
- 80% of our supporters are spread throughout Brazil;
- Annual Television audience over 200 Million viewers.



www.flamengo.com.br

+55 21 2159 0100 - flamarkeeting@flamengo.com.br