WORLD FOOTBALL SUMMIT

A SPECIAL REPORT ON FOOTBALL OWNERSHIP AND GOVERNANCE

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WFS | SPSG CONSULTING Sports & Entertainment

INTRODUCTION

The 6th edition of the World Football Summit (WFS) took place on the 28th and 29th of September 2022 in Sevilla, Spain, at *Fibes – Palacio de Congresos y Exposiciones Sevilla.* During the two–day event, about 2,500 top–tier professionals from the sports industry gathered to discuss the new trends and challenges that the football industry is exposed to.

The event included more than 40 talks and panels discussing some of the most pressing issues, such as making the industry sustainable (economically, environmentally, and socially), investments and finance, women's football, adaptation to changing consumer behaviors, optimization of technology and data in the sector, among many other aspects. There were also several workshops, where industry players were able to learn and share their opinions on relevant topics. One of these workshops, which we will further discuss, was *"Ownership and Governance in Football: Challenges Moving Forward"*. The seminar was led by Carlos Cantó, CEO of SPSG Consulting, Member of the Board and Head of the Sports Division at the Spanish Marketing Association, as well as a member of the Advisory Board of WFS.

The seminar imparted by SPSG Consulting was part of the methodology regarding the creation of the subsequent report "Ownership and Governance in the Football Industry: Challenges Moving Forward". Furthermore, the methodology also included the distribution of an online survey answered by industry professionals and the literature review of secondary information cited in the report.

We want to thank the following professionals for collaborating in the elaboration of the report by taking the time to attend the Workshop. It was an interesting conversation through which we were able to gain many insights and different opinions on the ownership and governance in football. Thank you all for your time, commitment, and professionalism.

- **Koffi Addae** *(Consultant at Sports Consultant)*
- **Antonio Alquezar** *(Member of the Board at Córdoba CF)*
- **Rayde Luis Baez** *(Founder & Chief Connections Builder at The Connect)*
- **Massimo Benassi** *(Chief Business Development at RC Deportivo A Coruña)*
- **Alvaro Carias** *(Strategic Manager Professional Manager at FIFA)*
- **Jaime Colás** *(Senior Advisor & ex CCO at FC Internazionale Milano)*
- **David Guerra** *(Executive President at Real Sporting de Gijón)*
- **Juan Pablo López** *(Director at Pachuca FC)*
- **Cristina Martí** *(Consultant at SPSG Consulting)*
- **Marian Mouriño** *(CEO at Grupo Celta Vigo)*
- **Samuel Pérez** *(CCO & CMO at Colo–Colo)*
- **Ferran Prieto** *(Managing Partner at Everest Talent Management)*
- **Andrea Puentes** *(Jr Consultant at SPSG Consulting)*
- **Patricia Rodriguez** *(Advisory & ex CEO at Granada CF)*
- **Julio Senn** *(Managing Director & Founder at Senn Ferrero Sport & Entertainment)*
- **Javier Sobrino** *(Managing Partner at Aser Ventures)*

We also want to thank all industry experts that took the time and honesty in answering the online survey distributed.

Fred Antunes; Rayde Baez; BAS; Carlos Cantó; Simon Chadwick; Victoire Cogevin; Jaime Domínguez; Luis García; Nick Gates; Ishwara Glassman; Luis Gómez; Fiona Green; Alex Igual; Ebru Koksal; Marc Menchén; Marcos Pelegrin; Ralf Reichert; Patricia Rodríguez; Javier Sobrino; Abraham Stein; Michael Sutherland; Luis Vicente.

In the subsequent report, we will cover the following topics:

1. Ownership of football clubs
2. Type of Investments
3. Governance of football clubs

In the past decade, the relevance and complexity of the sports industry has experienced major change. In 2021, the global sports market reached a value of almost US $ 355 Billion (Statista, 2022) accounting for almost 2% of the global GDP. In Europe, it accounts for more than 2% of the total EU GDP, and almost 3% of employment. Despite the slowdown experienced derived from the global pandemic, the sports industry is expected to continue growing at a compound annual growth rate (CAGR) of 41.3% between 2021 and 2022, with a total value of US $ 501.43 B. Furthermore, it is expected to be worth above US $ 700 B by 2026 (Statista, 2022).

Focusing specifically on the football market, the global industry size reached US$ 3.02 Billion in 2021 (imarc, 2021). Looking ahead, experts expect the market to reach a value of US $ 3.87 Billion by 2027, at a growth rate (CAGR) of 4.10% during 2022–2027. The increasing participation of individuals, the high influx of investments, the professionalization of the market, and its multifaceted nature are all aspects that directly affect this growth. The football industry mobilizes a wide array of industries and businesses, such as media, telecommunication, transport, hospitality, construction, technology, and many others. Given its transversal nature, the industry positions itself as attractive for investment.

THE GLOBAL SPORTS MARKET ACCOUNTS FOR 2% OF THE GLOBAL GDP

European football has experienced a high influx of investments in the past decade, reaching historic record-breaking numbers. Because of black swan events that have instigated turmoil in the financial market in the past couple of years, stakeholders searching for alternative investments have found football clubs an attractive investment asset with continuous growing valuations.

We have seen the rise of investors from Asia and the USA and their acquisition of European football clubs. Nonetheless, the football industry is a risky business model, where investors are envisioned to fail due to inflation of players' wages, agglutinating debt, and political and fan pressure. Football clubs have been proven to be unprofitable and loss-making businesses in the past, hence the strategy adopted is essential to succeed. With the professionalization of the sports industry, many actors have begun to treat football entities as a business in hope of creating a profitable and sustainable industry. Given these changes, it is essential for all stakeholders involved to be cautious and flexible when adapting their strategy, to survive and succeed in the market. The industry is moving away from traditional management practices with a principal focus on sportive results, and it is moving towards professionalized business practices. As the industry continues to evolve, football clubs are more often treated like corporations. This directly affects the ownership models of such.

THE FOOTBALL INDUSTRY WILL GROW AT A RATE OF 4.1% DURING 2022–2027

WFS

A SPECIAL REPORT ON FOOTBALL OWNERSHIP AND GOVERNANCE

OWNERSHIP OF FOOTBALL CLUBS

WORLD FOOTBALL SUMMIT

The football market is currently made up of a wide array of ownership models, and it is important to note that different models lead to lead to different outcomes and profits. *Ultimately, what is the optimal ownership model? Does it exist?* We asked sport industry professionals to analyze the predominant models in order to better understand the evolution of the different types of football club ownership by 2025 compared to the current situation. Actors were asked to rate on a scale of -3 (maximum negative evolution/decrease) to +3 (maximum evolution/increase), the degree of evolution regarding the football clubs by 2025 (globally).

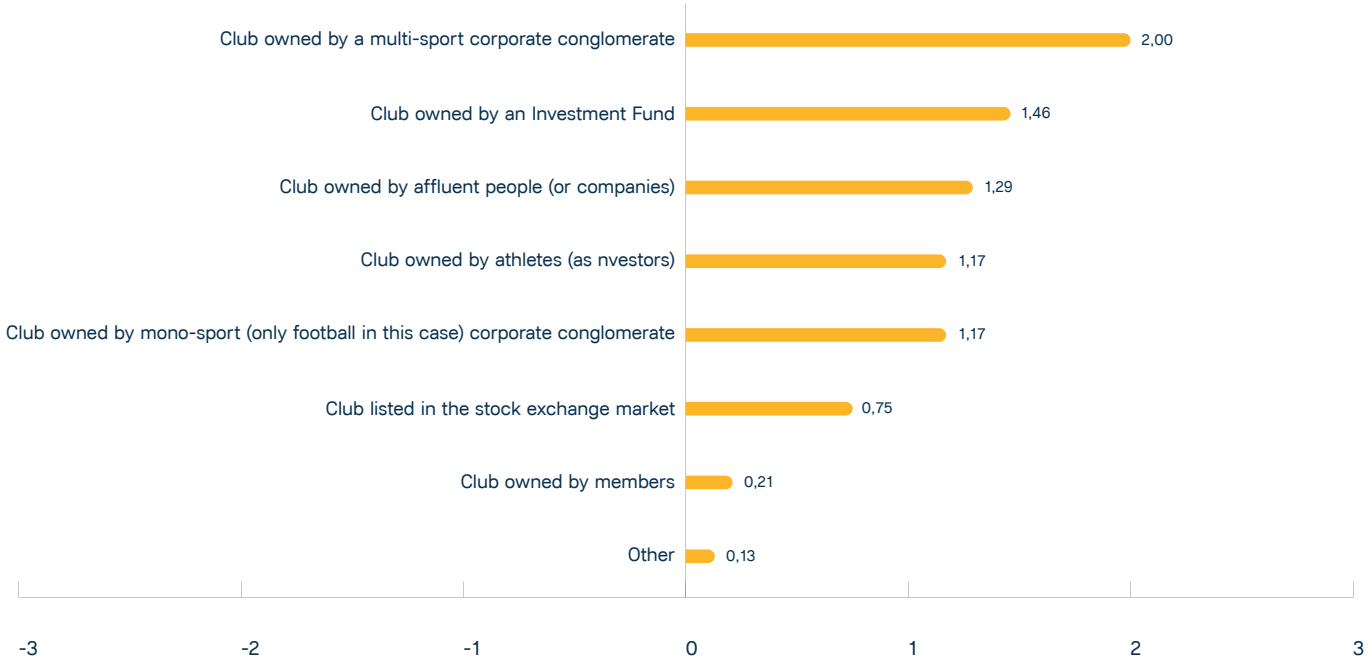

Figure 1. | What is the optimal ownership model?

MULTI–SPORT CONGLOMERATES

Club owned by a multi–sport corporate conglomerate is one of the most promising business models in football investment. Multi–club ownership is an obvious trend in European football, as a combined 20 clubs from Serie A, Ligue 1 and La Liga are part of this structure. Industry professionals agree that it will be the dominant model looking towards 2025. It is defined as controlling several sport clubs with various responsibilities and specific sportive objectives. Examples of corporate conglomerate include, among others, Fenway Sports Management, Harris Blitzer Sports & Entertainment and Kroenke Sports & Entertainment.

MULTI–CLUB OWNERSHIP WILL BE THE DOMINANT MODEL BY 2025

Fenway Sports Management (FSM) is one of the best, and earliest, examples of multi–sport conglomerate, due to its ample portfolio of teams across several sports. FSM was founded in 2004, and since then has completed diverse acquisitions of some of the most known names and venues in sports history, including the Boston Red Sox, Liverpool Football Clubs (as we speak, late Novembre 2022, in–process to be sold), Pittsburgh Penguins and Roush Fenway Keselowski Racing. As a global sport marketing firm, they specialize in partnership sales, brand consulting, and the creation of distinctive and memorable events and experiences (FSM).

FSM has presence across several sports and territories, such as ice hockey (Pittsburgh Penguins – NHL) , baseball (Boston Red Sox – MLB), football (Liverpool FC – EPL), and NASCAR (Roush Fenway Racing), among others. They are also the owners (80%) of new England Sports Network (NESN), an American regional sports cable that is the primary sports provider throughout new England, including coverage of Boston Red Sox, Boston Bruins, New England Patriots and Boston Celtics.

As a multi–sport conglomerate, FSM interacts with a series of different sports, but always applying their innovation and knowledge to establish long–lasting and fructiferous relationships with their clients (properties and fans). Hence, despite having presence in

different sports, their approach is similar. With the aim of creating impactful and valuable results, FSM uses their expertise in the sports marketing field to adapt their methodology according to the different client needs. However, the knowledge and operational methods are homogeneous.

It can be said that multi–sport conglomerates follow the Pareto Principle, also known as the 80/20 rule – 80% of consequences come from 20% of causes. Applying this to this specific case, we can conclude that the sports industry can be seen as one. Hence, it is viable to share management practices and strategies, but, adapting that 20% accordingly to adjust correctly to the differences that diverse sports and properties need. However, this is not always easy to do, and it takes brilliant minds in the management board to be able to diversify risks correctly. However, if done correctly, it has proven to bring great benefits. Fenway Sports Management is currently worth US $10 Billion; Harris Blitzer Sports & Entertainment is valued at US $3 Billion; Kroenke Sports & Entertainment is worth US $10.7 Billion.

Harris Blitzer Sports & Entertainment is another of the dominant players in the market with multi–sport ownership. Founded in 2017, the group's most relevant teams are Philadelphia 76er (NBA) and ice hockey team New Jersey Devils (NHL). Harris Blitzer is also involved in e–sports and has participation in New Meta Entertainment (NME), as well as being involved in the creation and development of the Sixers Innovation Lab. Despite its presence across different sports, it shares three values throughout all its transactions "innovate – impact – inspire" (HBSE). Hence, the acquisitions it carries out and areas of development it focuses on all center around these three objectives – once again, treating the sports industry as one and not dividing it between sports.

At the end of the day, the sports industry is *"sportainment"* and it is fighting against consumer and fan's attention (and money!). It is not so relevant to focus on the specificities of the sport, but rather on how to create content, experiences, and differentiation factors that will cause consumers to choose to watch that specific game/league/match/etc. Companies that understand this and have the

knowledge and capabilities to disperse their assets across the sports industry can greatly benefit from being multi–sport conglomerates. Experts across the sector are certain this is where the trend is heading to.

INVESTMENT FUNDS

Football clubs being (fully or partially) owned by an Investment Fund / Private Equity firms is also an increasingly popular ownership model. Football is one of the most attractive targets for hedge funds and private equity corporations that are interested in alternative investments. Investments funds such as, among other, Redbird Capital Partners, Sixth Street, CVC, 777 Partners and Silver Lake are predominant players in the market. Private equity giants are taking advantage of the harm the pandemic has caused to the football landscape and are currently buying at low prices to double the return on investment in a few years.

Among these strategies we have seen investment funds lending capital to clubs, purchasing media rights, buying shares of a club, or even buying a league or competition. This is positive for clubs / leagues / competitions, as they are receiving cash influx which they can use to develop and innovate their properties. Through external capital they can set out to develop projects or strategies that were otherwise economic and/or financially limited. In the past months, we have seen many of these strategies in the European (and LatAm, as well) field.

PRIVATE EQUITY FIRMS ARE BUYING AT LOW PRICES AND EXPECT 2X RETURNS IN A FEW YEARS

One of the latest transactions we have seen in the market is Qatar Sports Investments (QSI), owner of Paris Saint Germain (PSG) since 2011, buy a minority stake (21,7%) in Sporting Braga (Portugal). The transaction is valued at around €90 Million. This is the third club in their portfolio. In 2012, QSI also bought ownership shares in the Belgian club KAS Eupen. Since the 10 years of their acquisition of PSG, the Ligue 1 club have won a total of 29 trophies – over double of the team's previous history. This comes to prove that influx of economic capital gives room to development and improvement. As has been the outcome of the

first two clubs acquired by QSI, ownership of a minority stake of the Sporting Braga, will allow the club to innovate, grow, and develop. Consequently reaching a greater potential, both in result–oriented returns, as well as in commercial and brand development.

Focusing on some of the industry giants, are the following Investments Funds:

- **Sixth Street:** A global investment firm, with HQ in San Francisco, founded in 2009, which currently operates with US $60 Billion under management. Some of their latest transactions in the sports industry include the following:

  As an economically distressed club, FC Barcelona has relied on external finances to strengthen its capital and competitiveness. The first transaction between the club and the Sixth Street was the purchase of 10% of FC Barcelona's LaLiga TV rights for €207,5 Million. In July 2022, FC Barcelona sold an additional 15% for €300 M – amounting a total of 25% of their media rights for the next 25 years (SixthStreet). In addition, it is interesting to mention that Sixth Street also has a stake in the equity of Spotify (main FC Barcelona sponsor, and title sponsors of their main stadium – Spotify Camp Nou–).

  In May 2022, Real Madrid C.F. and the investment firm established a long–term partnership in which the football club will receive approximately €360 M to be invested across Club's activities (SixthStreet). In return, Sixth Street acquires the participation right in new business opportunities of the Santiago Bernabéu Stadium for the following 20 years. This alliance also includes a partnership with Legends, a premium experiences company specialized in sports and live venue organizations. In January 2021, Sixth Street invested a majority stake in Legends.

  In June 2021, Sixth Street led a strategic investment alongside Michael Dell in the San Antonio Spurs, the NBA multi–champion franchises. Sixth Street became a strategic partner

to Managing Partner Peter J. Holt and the Holt family, who lead the team's investor group, with Sixth Street supporting their vision for the future of the Spurs in San Antonio.

- CVC: A leading global investment firm that manages transactions focused primarily on private equity. Founded over 40 years ago, it currently operates with €133 Billion of assets under management. In the past few years, it has been gaining a strong presence in the sports industry.

  In December 2021, LaLiga and CVC announced the signing of a strategic agreement which set of the project *"Laliga Impulso"*, with the objective of boosting the global growth of the Spanish League and its clubs. This agreement granted a total of €1.994 Billion to be used by the league and the clubs for technology, innovation, internationalization, and sporting growth initiatives (CVC). This ground–breaking transaction set a precedent for other European Leagues. The influx of capital allows stakeholders to carry out different strategic projects, with the aim of adapting to new growth, internationalization, and technological opportunities, among others.

  CVC has also partnered with Six Nations Rugby in a long–term strategic agreement. The private equity firm has bought 14.3% of the Competition's shares, for a total of US $509 M (£365 million) (CVC). The influx of capital is used to grow and develop the sport, enhance the sporting spectacle of tournaments, teams, and brands, and to further build technological and commercial capabilities.

SIXTH STREET, CVC, SILVER LAKE, REDBIRD CAPITAL PARTNERS STANDOUT AS THE FIRMS WITH MOST ACTIVITY

- Silver Lake: An American private equity firm with global presence, focused primarily on investments in technology and related industries. Founded in 1999 and with HQ in California, it currently operates with US $88 Billion.

  Differentiating Silver Lake from the two previously mentioned investment funds (Sixth Street and CVC) is the fact

that numerous of its investments in the sports industry are via the acquisition of shares in other conglomerates and investment vehicles, such as City Football Group (CFG), MSG Investments, Oak View Group (OVG), and Endeavor. However, as we can see in the map elaborated by SPSG Consulting, it has also invested in leagues such as the A–League, NZ Ruby League and in the brand Fanatics.

The strategic alliance between Silver Lake and CFG dates to late 2019, when the American Investment Fund signed a US $500 M investment in CFG, amounting to 10,4% of the company's post–investment value. This transaction placed Silver Lake as the third major partner in the group, behind the 12% owned China Media Capital Inc, and the investor from Aby Dhabi, and consequently valued CFG at US $4.8 B. This presented a CAGR of approximately 12,5%, in comparison to the valuation it received in 2015 of US $3 Billion. In September 2022, Silver Lake increased its participation to 14,5%, after acquiring a 4,1% share from CMC (SportsPro, 2022). CFG was revalued at US $ 4.8 B once again. This shows the increase of value despite the economic turmoil.

The financial capacity of City Football Group, supported by back–bone investors, allows it to be the biggest conglomerate investing solely in football club. It follows a Mono–Sport Ownership Model – which we will describe in the following subsection.

- Last but not least, it is interesting to mention Redbird Capital Partners, especially regarding its latest acquisition of AC Milan.

The company was founded in 2014 by Gerry Cardinale, with focus on different sectors such as sports, TMT, Financial Services and Consumers. It currently has US $7 Billion assets under management. Every investment follows the firm's philosophy to build high–growth companies , with long–term capital partnerships and

long–term capital preservation (Redbirdcap). Redbird Capital Partners portfolio includes Fenway Sports Group (Liverpool FC, Boston Red Sox, Pittsburgh Penguins), Toulouse FC, the Rajasthan Royals, the Yes Network, Skydance Media, and Dream Sports, among others.

On August 31st 2022, RedBird Capital announced the signing of the acquisition of Serie A club, AC Milan, for a total of €1.2 Billion (ACMilan). This was a decisive and relevant transaction for the investment firm, as it allowed it to gain further presence in the European market (it also owns Toulouse FC) through the ownership of a historic and championship–level club. Since its founding in 1899, AC Milan has won 19 Serie A Championships, 7 Championship Leagues, and 7 Supercoppa Italianas, among many others.

Despite a glorious history, the last decade has been dyed with disappointing results for the Milanese club. However, after two years of big changes in structure, mentality, and philosophy of the team, they have managed to turn this around and obtain the A title in the 2021/2022 season. Through the partnership, Redbird aims to continue investing in all the strategic areas that will advance the club's sporting and commercial interests and allow it to be consistently competitive at the highest levels of football (ACMilan).

Investment funds are growing their presence in the football industry, and despite we have seen the many benefits it brings, there are also individuals or bodies who are hesitant about this ownership model.

MONO–SPORT (FOOTBALL)

One of the newest ownership models are mono–sport conglomerates, particularly in the football industry. This model consists in controlling numerous clubs with various responsibilities and specific sportive and commercial objectives. One of the advantages of mono–sport conglomerates is the capacity to create synergies and

economies of scale among the properties it owns. Furthermore, it benefits from the diversification of club performances and player development. Mono–sport conglomerates benefit from shared industry knowledge, network, expertise and cost–efficiencies in Sponsorship, Marketing, HR, and Finance departments.

- City Football Group: City Football Group, founded in 2013, is a clear example of a mono–sport conglomerate. Throughout the years, it has vastly extended its portfolio, and it is currently the owner of twelve football clubs. As seen in the Investment Map elaborated by SPSG Consulting, these are the following: Manchester City (England), Girona FC (Spain), New York City (United States of America), Melbourne City (Australia), Mumbai City (India), Lommel SK (Belgium), ES Troyes AC (France), Montevideo City Torque (Uruguay), Yokohama Marinos (Japan), Sichuan Jiuniu (China) and Palermo (Italy), in addition to Bolivar (Bolivia) as a partner club and, eventually by the end of 2022, Bahia (Brazil). CFG closed the fiscal year 2020–2021 with an increased revenue of 14,4%, amounting to a total of €756,3 M. As mentioned before, CFG is co–owned by Silver Lake, CMC (from China) and an Newton Investment and Development LLC, an investment fund from Abu Dhabi (UAE).

MONO–SPORT CONGLOMERATES CREATE SYNERGIES AND ECONOMIES OF SCALE AMONG THE PROPERTIES THEY OWN.

Moving away from the European continent, it is essential to highlight two of the biggest mono–sport conglomerates: Grupo Pachuca and Grupo Orlegi (although they recently increased their presence in Europe – specifically in Spain).

- Grupo Pachuca: Founded in 1993, Grupo Pachuca is one of the most important business groups in Mexico. The organization specializes in four different areas: sports, academic, commercial, and social. Sport is the business' main area of focus, but also gives special attention to academic. Thus, Grupo Pachuca has its own academic

institution that trains soccer players with the aim that, at the end of their professional careers, they have the necessary knowledge to perform in the business field.

Currently, Liga MX (Mexican First League) teams Pachuca FC and León FC are the most important clubs. In the Liga Expansión (second division) they own Coyotes de Tlaxcala. Outside Mexico, the group owns Everton from Chile, and Atletico Atenas de San Carlos from the Second Division of Uruguay. Furthermore, in July 2022 they entered the Spanish territory, via the part–acquisition (51%) of Real Oviedo in Liga Smartbank (second division).

- Grupo Orlegi: Grupo Orlegi, also of Mexican origin, has presence in various states of Mexico, as well as in countries such as the United States, Colombia, and United Kingdom, among others. It has two main business areas: "Orlegi Sports & Entertainment", and "Orlegi Negocios". The first is focused, among other aspects, on the acquisition of football clubs. Among its most successful clubs, are Atlas FC and Santos Laguna, playing in Liga MX. They further expanded their portfolio in June 2022, with the acquisition of Spanish club Real Sporting de Gijón, playing in Liga Smartbank (second division). Despite cultural differences can sometimes be an entry barrier, Grupo Orlegi has worked hard to build a multicultural organization and hence expand their presence beyond their home country.

It was an honour to have Alejandro Irarragorri, Chairman at Grupo Orlegi, participate as a panelist at World Football Summit 2022. Mr. Irarragorri firmly believes the mono–sport conglomerate is the future of football, and thus the firm strategy has followed and will continue to follow this ownership model. This strategy allows to build a network of different sports properties, create synergies, and improve their overall value. As Alejandro Irarragorri stated at the WFS, *"We are trully focused on the process. We do not focus merely on results – despite it is true we always want to win and we dream about being champions – our*

obsession is not there. We are obsessed with the process of achieving the maximum value of a club." This makes reference to the club as a business, including the creation of infrastructure, a well established organization, the creation of best practices and the generation of processes, among other aspects. Mr. Irarragorri states that this equation has allowed them to accomplish not only sportive success, but also economic yield and sustainability.

It is not a coincidence that mono–sport conglomerates diversify their acquisitions between first and second–tier clubs (and, in selected cases, even third tier). Investing in second–tier clubs such as Real Sporting de Gijón, Real Oviedo, or Girona FC (now playing in Liga Santander, first division in Spain) while sharing the knowledge and resources with first tier clubs, such as Atlas FC, Pachuca FC or Manchester City, creates diversification of club performances, player development, and sponsorship (and other commercial aspects) opportunities. The purchase price of second–tier clubs is significantly lower than first–tier teams, and, if done correctly, this can bring important benefits to all the stakeholders involved. Furthermore, it also creates capital for the second–tier groups, allowing them to further develop and grow. Ultimately, increasing their performance levels and overall economic capacity. A clear example is one of CFG's latest acquisition, ES Troyes AC, which by the end of the 2021 season managed to ascend to Ligue 1. Another example, also from CFG, is Torque, in Uruguay, now renamed as Montevideo City Torque, also promoted after the acquisition of the club by City Football Group.

As stated, one key aspect is the access to global talent, which offers an interesting ladder of development for young and promising talent. Eventually, at the end of the process, self–developed players in second–tier teams can be sold to first–tier clubs at a much higher price than the initial cost. Redbull Group has carried out this strategy on a few occasions. Football players Dayot Upamecano and Naby Keita were initially bought by RB Salzburg for a single–digit million price, and then transferred within the group to RB Leipzig. After years of development, they were then sold to FC Bayern and Liverpool for €40 Million and €60 Million, accordingly.

Regarding sponsorship opportunities, we have seen City Football Group take advantage of the benefit of being a mono–sport conglomerate. In 2019, the group signed a deal with Puma worth €700 Million for 10 years (Palco23, 2019). Despite Manchester City received a higher percentage of the income, the deal was extended to selected second–tier clubs and hence allowed them to benefit from being associated with one of the market–leading brands.

Despite mono–sport conglomerates benefit from various advantages, this type of ownership model also presents some inconveniencies. Industry experts that attended the workshop believe that a more suitable approach would be a multi–sport conglomerate, due to the fact the football industry is extremely dynamic and hence it is beneficial to have a more diversified portfolio. Moreover, it is enriching to be able to learn from other industries and be able to apply and adapt best practices.

A limitation of mono–sport conglomerates arises due to domestic and UEFA regulations. For example, within the UEFA's integrity regulation framework, it is prohibited for investors directly or indirectly controlling two or more clubs to have both clubs participating simultaneously in UEFA competitions. Nonetheless, during the Champions League 2021, two teams owned by RedBull, RB Leipzig and RB Salzburg, were able to participate despite previously established constraints. However, each league has its own limitations regarding mono–sport conglomerate, and this can possibly act as a barrier when it comes to investment. For example, the English Football Association (EFA) prohibits owners of a minimum 30% stake in the English Premier League to own another club.

INVESTING IN SECOND-TIER CLUBS CREATES DIVERSIFICATION OF CLUB PERFORMANCE, PLAYER DEVELOPMENT, AND COMMERCIAL OPPORTUNITIES.

In conclusion, the mono–sport model has proved to be successful, given it creates many synergies and cost–efficiencies, and it will continue to evolve in the future. Nonetheless, experts believe that a more optimal model is the multi–sport conglomerate.

CLUB OWNED BY AFFLUENT PEOPLE (OR COMPANIES)

Clubs owned by affluent people, or companies, has been an ownership model that dates to the 80s–2000s (even before in selected cases). Given the lower price of clubs in the past decades, this was a more viable model than in current times. However, with the growth of Asian and American billionaires, experts consider this is a model that will continue to evolve. Nonetheless, Investment Firms and Conglomerate groups will be more prone to club acquisition.

Currently, Amazon founder Jeff Bezos and singer Jay Z are two candidates that are bidding to buy the NFL team Washington Commanders. It is estimated that the price of the club will be around US $5.6 Billion (2playbook, 2022).

Another recent case can be found looking into the Denver Broncos, which in August 2022 were purchased by the Walmart owners family for a total of US $4.6 Billion. The model regarding club being owned by affluent people is very dominant in the American and Asian markets. However, these individuals have also demonstrated interest in the European football market.

American businessman and investor, Todd Boehly, purchased Chelsea FC in May 2022 for US $ 5.4 Billion, after Abramovich was forced to sell the team due to the Russian invasion of Ukraine. This transaction has been the highest–priced team acquisition in history, beating the US $ 3.3Billion paid by the Chinese billionaire Joseph Tsai in 2019 for the Brooklyn Nets and operating rights to the Barclays Center (Forbes, 2022).

Other examples of affluent people that own clubs include Peter Lim, a Singaporean businessman and private investor, who bought Valencia CF in 2014, and Mr. Chen, Chinese businessman, who bought a majority of shares of RCD Espanyol de Barcelona in 2016 and has been the president since. Both cases are proof of, what experts believe, is one of the downsides of affluent people owning clubs: the investor has no personal attachment or background relating it to the

club. Therefore, the biggest dilemma is whether the new individual shareholder will run the club in the best interest of the supporters and players, or just for the sake of personal profit and wealth (or a combination of both set of objectives, among other).

Other reasons why individuals acquire clubs include reputation, sport–washing, "ego–boosting", and a strong tie to the community, among others. One of the clear case studies is RC Deportivo de A Coruña, a historical Spanish club with more than 23,000 members and currently playing in the third division (Primera Federación) after having won the Spanish League in 1999–2000. Due to deep economic and financial problems, Abanca, a financial institution with a leading market position in the north–west of Spain, capitalized a portion of the debt and, consequently, saved the club to disappear and, thus, contributed in a positive way in the Galician region community and even beyond. Now, the bank owns a robust majority of the shares of the created in 1906 historical Club and changed the way it is managed and operated, bringing incremental professionalism to the entity, on and off the pitch. Furthermore, the club appointed a new Board of Directors, including the current President, Antonio Couceiro.

INTERNATIONAL AFFLUENT OWNERS ARE INCREASING THEIR INTEREST IN THE EUROPEAN FOOTBALL INDUSTRY

The main advantage of the individual shareholder model is the process of decision–making. Having a single shareholder, as it is the case of Valencia CF or Chelsea, provides agility to the club and quicker decision–making processes. However, this gives a lack of diversification and opinions, which can be decisive in moments of crisis. The dependence on a single shareholder is immense. Even if having diverse opinions and interests to consider sometimes slows down decisional processes, when taking relevant strategic decisions, diversity of opinions is beneficial.

Despite the many reasons why an individual or family may be interested in a club, fans usually welcome these billionaires with open arms – as they are initially bringing economic capital to the club. Despite the initial investment, it is essential for these assets to be managed correctly by the individual to not overinvest and create unsustainable management. It is not economically healthy

for clubs to operate under continuous losses and rising debt levels. Specifically in the post financial fairplay era, there are several regulations controlling this, and hence the constant loss–making cannot be covered by billionaire financial injections. Unless done correctly, and following regulations, it is an ownership model that will, eventually and gradually, decrease in terms of importance. Experts agree the football industry should aim towards financial health and sustainability, so affluent people and company need to have clear objectives on the motives behind the acquisition of a club, and how they will manage it in a proper and fair manner.

ATHLETES

Despite club owned by athletes presents itself as a somewhat increasing model from now to 2025, professionals in the workshop agreed it is extremely expensive to buy a club, and very few athletes have the economic capacity to do so given the current market prices. However, it is probable for athletes to have equity as a minority position in a club. It is an ownership model that dates to early 2000's – with superstars such as Serena and Venus Williams purchasing a minority (0.5%) in the NFL Team Miami Dolphins in 2009. Focusing specifically on football, basketball player LeBron James bought 2% of Liverpool FC in 2011 for US $4.7 Million. More and more athletes are starting to shift from being players to being shareholders in sport teams.

Traditionally, funds that invest in team ownership have a common strategy: buying shares in a club, hoping it will increase its value, and hence obtain economic returns from the transaction. However, when athletes invest in a team or club, they are usually seeking more than just dividend payout or increase of the invested value money. Many athletes hope to have active involvement in helping grow the club and be able to provide insights given their own experience. This is an asset for the club, as professional athletes have experience of being a player within an organization. This carries into the management strategy and helps shape the culture of the sports team. Furthermore, having sportspersons as stakeholders is closing the gap between athletes and owners.

Currently, there are many athletes that own minority stake of a professional sports team. Nevertheless, given the rising prices of these transactions, it is most often beyond their financial capacities to have major ownership. One of the few athletes that is the major owner of a sports team is Michael Jordan, who bought the Charlotte Bobcats for US $175 M in 2010. Now, they are currently worth US $1.5 Billion.

- Michael Jordan and the Charlotte Bobcats: Michael Jordan is one of the best players in the history of the NBA (for many, arguably, the best in basketball), and his aptitudes go beyond the basketball court. When the basketball superstar bought the Charlotte Bobcats in 2010, the team were one of the NBA's most listless franchises. They had existed for almost a decade, but they had not yet made an impact in the league. After Michael Jordan's purchase, and his action to re–store its original name "Charlotte Hornets" begun to have a positive impact for the team. Furthermore, the fact that the NBA has skyrocketed its popularity in the past two decades has been a great asset for success. Increased popularity often leads to an increase in capital, and hence those fortunate to having invested saw a positive return from their initial investments. As stated, Michael Jordan is one of these individuals, as he purchased a team for US $275 M that has more than quadrupled its worth to its current US $1.5 billion.

Other athletes investing in teams and clubs include the following:

Athlete	Team	Ownership Share
Lebron James	Boston Red Sox (MLB), Liverpool FC (Premier League)	Part Owner
Patrick Mahomes	Kansas City Royals (MLB)	Part Owner
Venus and Serena Williams	Miami Dolphins (NFL)	Limited Ownership Partners
Renee Montgomery	Atlanta Dream (WNBA)	VP, Part owner
Dwayne Wade	Utah Jazz (NBA)	Small stake owner
Shaquille O'Neal	Sacramento Kings (NBA)	Small stake owner
Mario Lemieux	Pittsburgh Penguins (NHL)	Owner
Candice Parker	Los Angeles Angel City (NWSL)	Part Owner
Naomi Osaka	North Carolina Courage (NWSL)	Part Owner
Gerard Piqué	FC Andorra (LaLiga 2)	Owner
Cesc Fàbregas	Como (Serie B)	Part Owner
Thierry Henry		Part Owner
Thibaut Courtois	DUX Gaming (eSports)	Part Owner
Borja Iglesias		Part Owner

Table 1. | Examples of professional athletes investing in teams

As previously stated, athletes that invest in clubs often have a motive that goes beyond a return on investment. Naomi Osaka, three–time Grand Slam tennis champion, is a clear example. Osaka has invested in the North Carolina Courage of the National Women's Soccer League (NWSL) in hope of promoting and shaping the future of women's sport. Through her athlete experience, she brings a valuable viewpoint on topics beyond sport, and her position as a role model has great power to inspire the upcoming generation of women.

In May 2022, Osaka was named Forbes' highest–paid female athlete, having obtained US $ 37.4 M in prize money and endorsements over 12 months. Nonetheless, she has enlisted as a part–owner of the club. This goes to prove that it is extremely expensive for individual athletes to become majority owners of a club – given its orbital prices. We recall, once again, that the Charlotte Hornets are worth US $ 1.5 Billion.

Another example is Basquet Girona, a basketball club originated in Girona (northeast of Spain, close to France), and founded by former NBA All–Star and NBA Champion Marc Gasol, who used to play a couple of seasons in another club from Girona before his successful stint at the NBA (Grizzlies, Raptors, Lakers). Created in 2014 and focused in their early years in developing grassroots basketball teams, nowadays, in late autumn 2022, the club is composed by almost 40 teams, including grassroots and also the first team playing at Liga Endesa (the first division of basketball in Spain). Marc Gasol still plays as part of the first team of the club (very focused on developing and deploying a Sustainable strategy: economic, environmental and social).

Last but not least, as another iconic example, Kosmos Holding, the multi–sport conglomerate lead by former FCBarcelona player Gerard Piqué who, along with other investors (backed by Hiroshi Mikitani –Chairman and CEO of Rakuten) are increasing their portfolio of sport properties: Davis Cup, FC Andorra (second division football club in Spain), etc.,

In conclusion, we will continue to see an increase in athlete investment in football clubs (and other sports), but mainly through part ownership – as it is uncommon for individuals to be able to spend the prices which are currently in the market (especially when it comes to football entities).

STOCK MARKET

By definition, a publicly traded company is a corporation or business that has sold (totally or partially) its shares on a public stock exchange such as the New York or London Stock Exchange Market. Those shares must have been offered to the general public in an initial public offering. Since anyone is initially allowed to purchase shares in the business (in this case the football club), those willing to invest more money consequently gain more control. However, football clubs listed in the stock market are expensive, and hence it is unlikely that individuals can buy enough stocks to start affecting decisions at the board level.

Clubs listed in the stock market present dispersed ownership, and this can be seen as a mean of fans being involved in management decisions with a positive impact on transparency, accountability, and financial performance. However, this has not always been a profitable model, and in the past years we have seen a decrease in its creation. Many clubs that listed themselves in the past, have delisted themselves again from the stock exchange. As contrary to the usual business world, with many corporations being listed on the stock market, it is not common to find listed football clubs. Focusing specifically on Europe's Big5 Leagues, only a minority can be found, including:

Club	Stock Exchange
Manchester United	New York Stock Exchange
Juventus Turin	Borsa Italiana
Lazio Roma	
Borussia Dortmund	Frankfurt Stock Exchange
Celtic Glasgow	London Stock Exchange
Ajax Amsterdam	Amsterdam Stock Exchange
Benfica Lissabon	Euronext Lisbon
Sporting CP	
FC Porto	

Table 2. | Examples of teams listed in the stock exchange

Many club managers are not in favour of listing the entity on the stock exchange, as there is a risk of losing control and underpricing. Furthermore, being listed might eventually cause high maintenance costs, lack of liquidity, and high volatility of market capitalization. This is especially risky for single clubs, and experts believe it makes more sense for multi–sport or mono–sport conglomerates to carry this out, given the risk is dispersed.

MEMBER OWNED

Following the description of publicly listed clubs, the second model presenting dispersed membership are member owned clubs. Member associations are the least common legal form of football clubs. Focusing specifically on the Big5 (Premier League, LaLiga, Bundesliga, Serie A, Ligue 1), only seven clubs are formed as member associations in the 2022/2023 season. LaLiga is the predominant league regarding member associations, being those Real Madrid, FC Barcelona, Athletic Club de Bilbao and AC Osasuna. From the German Bundesliga, the clubs formed by member associations are Schalke 04, Mainz 05 and Freiburg. Another example, now in the USA, are the Green Pay Packers, an NFL winning club. The ownership of a traditional shareholder model is simply divided between all the shareholders regarding the portion they hold. In the club owned by members model, generally speaking, fans pay a monetary contribution to have the right to elect the board of directors. Each member has one voting right which is not transferable. While the club obtains capital from a very large amount of people, in return, fans and whoever wants to invest in the club, hold the share, and hence have participation rights in some strategic discussion and club decisions.

Compared to all other ownership models, experts foresee that this model will be the one that will have the least incremental evolution, as it is outdated and the least adaptable to new industry trends. This model presents several disadvantages, such as the limitation of the decisions of the board members, less room for long–term strategy, and the fact that fans do not always decide rationally due to the emotion connection they have to the club.

Furthermore, many fans are not aware of the technical terms that are involved in the financial and strategical practices, and hence they do not vote adequately. This is directly related to the incentive of, eventually, overspending, as the voting power is not in the hands of the capital providers. Despite experts observe many inconveniences to this model, and few remaining clubs adhere to it, the model is followed by two of the most prestigious football clubs worldwide: Real Madrid and FC Barcelona (also, in the NFL, one of the best and more traditional clubs, Green Bay Packers, is owned by its members).

In conclusion, we can state that the two leading football clubs in Spanish LaLiga are an example of a football club owned by members (despite the fact that, in reality, with two different governance models). Members do not directly participate in the management of the club, but they participate in the elections of the president, expressing their preferences with their right to vote. This greatly leverages on the belonging spirit and passion of fans, and it allows fans to influence the route of the club through key decisions.

MEMBER OWNED MODELS WILL SEE THE LEAST INCREMENTAL EVOLUTION

In the workshop, many football experts agreed that *"the member model will be over in 2025"*, and firmly state that *"we need to see the football industry as other corporate industries"*. In line with Member Owned Clubs, experts believe it is more viable to have a Hybrid Model such as Bayern Munich: the 50+1 rule. This rule was introduced in Germany in 1998, stating that clubs must hold a majority of their own voting rights, and they are forbidden from playing in the Bundesliga if commercial investors have a stake above 49%. This rule was initially credited with creating an environment of fan engagement while establishing the fans and supporters in first place. The German League wants to avoid clubs being acquired by third party investors that dissonate with the club's interest and history.

Consequently, members own 50% + 1 share of the club, but the remaining percentage is owned by corporates that take strategic positions relevant for the club. However, this decree has its exceptions. There are some clubs where the 49% cap is not followed and

commercial investors own the majority of shares. Two exceptions have been made, given the fact that the investors who have had interest in acquiring the football club for over 20 years, can make a request to be exempted from the 50+1 rule. One exemption is Bayer Leverkusen. The club was founded in 1904 by the employees of the German pharmaceutical company Bayer, which is based in the city of Leverkusen. Secondly, and similarly to the first example, is the football club Wolfsburg. The club was founded in 1945, merely 7 years after the founding of the city, which was created specifically for the Volkswagen factory. The third example is Hoffenheim, owned by the owner of SAP.

These are both considered good–practice examples, as the investor and club values are aligned due to the history they share. The football and fan culture remains preserved during the years, and the clubs have demonstrated a good functioning. However, there have been several unsuccessful tries, such as football club Hannover in 2019.

There is currently a discussion in Germany on the 50+1 rule, as there are experts arguing that each club should have the freedom to decide whether to allow outside investment or maintain a majority of member ownership. While the 50+1 rule preserves one of the main pillars of German football (also in other countries such as Sweden) prioritizing fans, and protecting clubs from "hostile takeovers", it also limits investment opportunities. As seen in many cases, football clubs can benefit greatly from outside investment, and it allows them to stay competitive on a global level.

As mentioned in the section regarding investments, and more specifically, Sixth Street, it is relevant to re–state the fact that member owned clubs such as Real Madrid FC and FC Barcelona have recently reached investment agreements with Sixth Street. Both clubs, have sold a percentage of their rights (commercial rights and stadium–related rights) as a mean to obtain capital and be able to carry out further investments – allowing them to continue evolving and staying competitive in the market.

An evolution from members–only model are DAO entities (Decentralized Autonomous Organizations) that are starting to be more relevant in sport sector over the last few months. DAO properties can operate as decentralised corporations in the digital, blockchain–supported world, very linked to the cryptocurrency framework. A SailGP team and MotorDAO (racing) are two examples.

Experts in the workshop strongly agreed that the few clubs still owned by members should re–consider their structure, and they believe that specific clubs will follow this path (selling rights to private equity / investment funds) if they want to continue being truthful to themselves and at the same time have the capacity to raise capital while not having to raise debt.

OVERALL REMARKS

The workshop brought together many industry professionals operating in different ownership models. Hence, we were able to discuss first–hand the various benefits, circumstances, peculiarities, and issues of the different models. Nonetheless, it is important to note that one of the predominant ideas was the following: the necessity of regulations at a European or International Level. All ownership models have different goals in terms of management, and this makes it difficult to operate in an economically sustainable manner. Although we can see patterns inside the different leagues (including the "Big Five"), and they have similar ways of operating within themselves, there needs to be regulation at a European level. With special focus on financial aspects, all leagues should follow the same (or, at least, similar) rules, according to the experts participating at the workshop.

SPORTS INVESTORS MAP (PARTIAL ANALYSIS)

Note: September 2022

Source: Spsg Consulting

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EVOLUTION REGARDING TYPE OF INVESTMENTS

WORLD FOOTBALL SUMMIT

With the professionalization of the sports industry, football clubs, leagues and competitions are being treated more and more as corporations (actually, they are companies .... with "special" characteristics, when it comes, primarily, to passion and engagement). In the past decades, the industry has moved away from simple practices based solely on sport results, into strategic practices evoking long term economic sustainability. Consequently, we have seen the significant increase of investments in the sports sector.

Industry experts were asked to share, on a scale of –3 (maximum negative evolution/decrease) to +3 (maximum positive evolution/increase), the degree of evolution regarding the type of investment and (A) football clubs (B) football leagues / competitions by 2025 (globally), compared to the current situation in early 2022.

The results are the following:

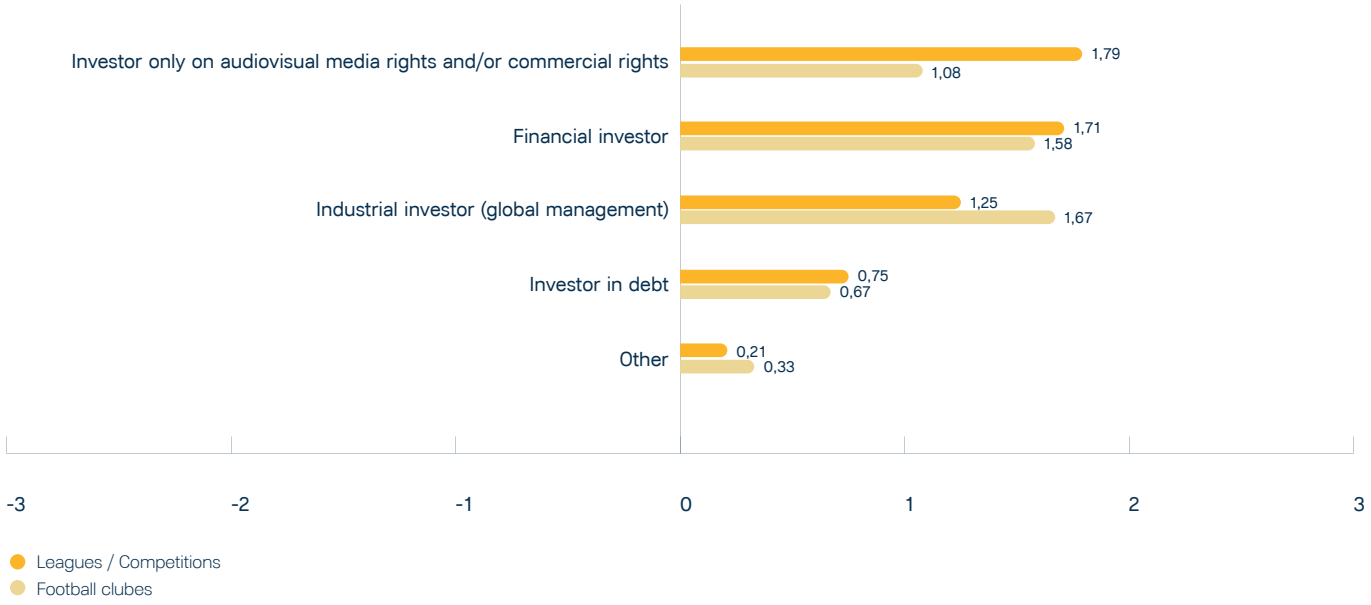

Figure 2. | Evolution Regarding the Type of Investment by 2025 compared to 2022. (Leagues/Competitions & Football Clubs)

As described in the previous section regarding ownership models, the presence of investments in the football industry is a growing trend that will continue to increase in the following years. Private equity giants are taking advantage of the harm the pandemic has caused to the football landscape and are currently buying at low prices to double the return on investment in the future. Investment funds are equally interested in investing in football clubs as in leagues/competitions. However, the type of investment varies regarding the property.

Considering leagues and competitions, the predominant type of investment focuses on audiovisual media rights and commercial rights. On the other hand, the main asset of interest regarding football clubs is being an industrial investor, allowing for global management (despite the fact that, in selected cases, such as Real Madrid and FCBarcelona in their relationship with Sixth Street, the main objective is manage commercial and venues rights). Furthermore, financial investors will also have a strong and an incremental presence in the upcoming years.

Audiovisual and media rights are extremely worthy assets, as they are valued at millions of euros annually. The English Premier League (EPL) outstands from the BIG 5 due to the revenues it obtains from broadcasting rights, with companies worldwide competing against each other for the right to show live games. For the 2022 to 2025 period, the total value of the EPL amounted to almost US $13 Billion (Statista, 2022). Despite other leagues do not reach the significant numbers of the EPL, it is a fact that audiovisual media rights and commercial rights are incrementing their value in the market and hence it is an interesting aspect for investors. Sixth Street has been one of the pioneer investment funds tapping into this strategy by purchasing 25% of FC Barcelona's LaLiga Rights for the next 25 years for over €500 M.

Financial investors will continue to be a growing trend, both regarding leagues/competitions and football clubs. Football is one of the most attractive targets for private equity investing and hedge funds looking for alternative investments, as experts are positive on the returns it will yield due to an industry currently

suffering the collateral effects of the pandemic. In the past year we have seen the growing presence of private equity giants previously mentioned such as CVC, Silver Lake, 777 Partners, Arctos, Aries and Redbird Capital, among others. All these entities are adopting different investment strategies, but with a common objective: injecting capital to help in the development of the club/league with the end goal of yielding positive return.

As mentioned, CVC has invested nearly €2 Billion in the project *"LaLiga Impulso"* – project that commits to dedicate 70% of the funds to investments linked to infrastructure, international development, brand and product development, communication strategy, innovation and technology, and a content development plan for digital platforms and social media. Up to 15% can be used to sign players, with the remaining 15% for reducing debt (CVC). This will allow LaLiga and its clubs to create projects that boost its development and competitiveness. There is currently still a lot of room for investment in both European and international leagues.

Regarding clubs, we will also see the presence of financial investors continue to grow, especially following the multi–sport and mono–sport conglomerates ownership models. However, experts believe industrial investors will be the group to dominate clubs. With the *businessification* of the football industry and clubs, experts have begun to understand it is essential to treat the latter as what it, essentially, is: a company. Hence, industrial investors will continue to acquire participation in clubs with the aim of being part of the global management.

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GOVERNANCE OF FOOTBALL CLUBS

WORLD FOOTBALL SUMMIT

Globalization, technological development, and the *"businessification"* of the football industry, are all aspects that require strong management practices, with a well–developed strategy. As the industry continues to develop and there are an increasing amount of stakeholders involved, governance is becoming more complex. We asked industry experts to discuss the main challenges to face regarding governance of football clubs / leagues / federations / events.

Figure 3. | What are the main challenges to face regarding governance of football clubs / leagues / federations / events?

Experts answering the survey agreed that the main challenges ahead are compliance policies, environmental policies, and club/ league business strategies. Furthermore, in the workshop carried out at WFS, other important aspects that were mentioned were the health of players, the overload of competitions being created, and the importance of Globalization.

The sports industry is gaining greater importance every day; it is continuously evolving and encompassing more actors. As it continues to gain momentum in today's world, it is essential for there to be a set of compliance policies which will help build transparency, inspire ethical behavior, identify risks, define, create policies, and monitor the involved parties. In the first section of the report, we have seen the wide array of different ownership models–all of which have different goals and ways of functioning. This makes it difficult to operate in an economically sustainable manner. It is essential for there to be a set of compliance policies that regulate the whole football industry, with a focus on due diligence, and the more–balanced treatment of participating stakeholders.

The three principles of sustainability are economic, environmental, and social. ESG (Environmental, Social and Governance) is a term that has gained significant relevance in the past decade, and it is essential to keep in mind when carrying out business strategies and transactions. Hence, it is no surprise that the three principles are in the top 6 concerns of industry experts that answered the survey. Right behind compliance policies we see the importance of environmental policies. Despite many football clubs have truly stepped up their game regarding the concept of sustainability and creating strategies evolving around these issues, there is still a long way to go. However, sustainability is not a goal, it is a journey. Hence, it is essential for football clubs and governing bodies to have a clear strategy and SMART (specific, measurable, attainable, relevant, time–bound) goals which will lead them towards a greener future.

In LaLiga, Real Betis Balompié is an excellent example of a club that is focused on sustainability. Operating under its motto "No Planet B, no football", Betis has signed diverse partnerships and collaborations with different brands to carry out more sustainable practices

involving all its stakeholders. Some examples – under the umbrella of the project *Forever Green* – include the partnership with transportation app Moovit to promote sustainable mobility on match days; Lime scooters support sustainable mobility among Betis employees as well as offering fans discounts on match days; Athletic Club played against Real Betis in the first LaLiga sustainability match.

THE ERA OF "PROFIT WITH PURPOSE" IS LEADING STAKEHOLDERS TO RE–EVALUATE BUSINESS STRATEGIES AND NARRATIVE

Looking into the English territory, the club that stands out the most regarding sustainability practices is Forest Green Rovers. In 2017, FIFA declared the club "the most sustainable club in the world." In 2018, it was certified by the United Nations for being carbon neutral, under the Carbon Neutral Now scheme, and became a founding member of the Sports for Climate Action Framework, also driven by the United Nations. The entire club runs on 100% renewable energy, part of which is generated by solar panels installed on the stadium's roof, the grass is irrigated with water collected from rain, and is mowed by a solar–powered lawnmower. Furthermore, the club's gastronomic offer is 100% vegan for players, staff, and fans. Another outstanding initiative they lead are group sessions to educate fans about energy, waste, and a healthy lifestyle.

As one of the predominant governing sport bodies, the UEFA is also carrying out several initiatives in order to increase industry awareness regarding sustainability. In 2021, UEFA presented the strategy "Strength through Unity", focused on inspiring, activating and accelerating industry commitment regarding human rights and environmental sustainability. Working closely with the SDGs presented by the UN, the UEFA formulated its 2030 strategy "Strength through unity" around 11 pillars such as: circular economy, regufee support, health & well–being, anti–racism, among others. Furthermore, in November, UEFA launched a guide on how to create sustainable stadia and facilities.

We are living in the era of "profit with purpose". As Enrique Arribas, Vice President of Brand and Corporate Marketing at Grupo Santander (and President of the Spanish Marketing Association), states in his book "Marcas ConFianza", *"a company that does not care about performing its business mission in an excellent manner and bringing profit to its shareholders is just as untrustworthy as one that operates*

in the marketplace without concern for doing so in an ethical and responsible manner". Driven by the evolution in consumer / fan behaviors and expectation, as well as the real and urgent need to change our behavior towards a greener future, we are seeing stakeholders re–evaluating the overall strategies and narrative to incorporate more social and environmental actions.

With these demands, among others, comes the need to create a club / league business strategy – third most voted topic in the survey. As stated, football clubs before mainly focused on football results and were run by traditional management practices – few of them were managed as businesses (which, essentially, is what they are). There is no doubt that a high percentage of football club's revenue comes from their results, but the remaining amount is based upon the profits generated by their business strategy. Hence, properties are now focused on creating strategy teams that look beyond football results, and are focused on the business side of clubs, such as adequate sponsorship, human talent and development, CSR, compliance policies, and financial sustainability.

The increment of *businessification* is directly linked with the need of increase control in the sector. Furthermore, experts in the workshop agreed that it is very important for the FIFA and UEFA to create guidance on the whole football industry. Given the different ownership models and means of operating, it is very difficult for different European leagues to compete – in a business term – against each other. Just as in other sectors (beauty, pharma, tech...) there is a set of rules and guidelines that must be followed at a European or International level, this should be applied to the football industry. This will reinforce economic–financial sustainability and governance.

Other aspects experts believe need further regulation are the creation of male football competitions and, consequently, the harm it causes to player health – both physical and mental. It is important to mention that, regarding female competitions it looks like this is different, as experts believe it is necessary for their to be more tournaments and matches being played in order to increase player quality and increase visibility. However, focusing specifically on male football, professionals in the WFS workshop discussed that to create value for the football

industry, it doesn't make sense, generally speaking, to create more competitions, but rather focus on a few and optimize yields. Looking at the NFL, the highest value league in the world, its players dispute a maximum of 18 games per season (plus, playoffs). On the other end, we have the case of football players: in a normal year, they play approximately 70 matches. That is, 1 match every 5 days (however, still way shy compared to NBA players –82 games plus play–ins and play–offs– or even MLB players –162 games plus play–offs–).

Technology and innovation have allowed athlete performance and health to be greatly monitored and optimized. However, they are human beings, and their body has a limit. With the amount of matches they play, it is normal to be prone to injuries – temporary or definitive. This can also affect them on a psychological level. Despite football players have begun opening about the importance of mental health, it is still a challenging subject to bring up. It is essential for athletes, not only football players, to monitor their health and obtain the best wellness and recovery help in order to be able to optimize athletic performance. WFS 2022 presented a panel regarding these issues, where several sport professionals discussed how mental awareness, body recovery, and a balanced lifestyle are highly important for peak performance.

THE MAIN CHALLENGES FOR FOOTBALL CLUBS ARE COMPLIANCE POLICIES, THE ENVIRONMENT AND DEVELOPING CLUB/LEAGUE STRATEGIES

Gaining momentum is also the importance of gender equality, and hence there are many initiatives and policies revolving around this. Beyond the focus on the field (there is no doubt outstanding efforts are being made to give women sport a stronger presence in society), gender equality is necessary at the business level. The presence of women is still minimal in the boards of leagues and competitions, and this is an issue that will continue to be tackled in the near future. To overcome this, it is important to motivate students and young women towards the world of sports (and, in this case, football). There is no doubt that only the most qualified should be present at executive and board positions – no matter the gender. However, due to the reign of male presence in the sports sector in the past years, it is important to create opportunities for female leaders to demonstrate their worth.

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CONCLUSION

The conclusions of the workshop and our further investigation can be summarized in 3 main points:

1. Football industry is growing, and also professionalism within the sector, whether in terms of clubs, leagues or competitions and events.

2. The model of ownership is evolving, and the presence of investment funds / private equity (as financial and/or industrial investors) as well as the increase of mono or multi–sport conglomerates is more significant (and will be in the future).

3. ESG approach is already in–process of implementation, considering the three axis of sustainability (economic, environmental and social).

The future of the football industry looks bright!

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ABOUT WORLD FOOTBALL SUMMIT

World Football Summit is where the football industry's leading stakeholders meet to shape the future of the beautiful game. Our platform has evolved from an annual gathering held in Madrid, focused on the European market, to a growing series of events that cover the challenges and opportunities of the different regions and sectors in this thriving industry. WFS is powered by a global community of influential professionals sharing a unique passion for the business of sports and a mission to spark discussion, share knowledge and promote innovation to drive progress for the game and the industry.

www.worldfootballsummit.com

ABOUT SPSG CONSULTING

SPSG Consulting is focused on delivering business solutions to the sport and entertainment industry, by providing consultancy services (from the "Thinking" to the "Doing"). Among their clients: federations, clubs, events, leagues, brands/sponsors, public administrations, investors, start–ups as well as entities related to entertainment (theme parks, museums).

Carlos Canto, SPSG CEO, has more than 30 years of experience in the consulting practice, having lead projects in 26 countries (in Europe, North America, South America, Middle East and Asia). After an initial stint in the tourism and entertainment industry, he transitioned to the sport sector when he joined IMG, spending 10+ years as Vice–President of the Consulting division. Then, he moved to Lagardère Sports (also as Vice–President of the Consulting division). In 2016, he created SPSG Consulting. In addition, Carlos is a "Sports Business" professor at ESADE Business School, IE–Instituto de Empresa, and lecturer at LaLiga Business School, FIFA and Escuela Universitaria Real Madrid–Universidad Europea.

In addition, he is a member of the Board at the Spanish Marketing Association and coordinator of the "Sports" chapter (CEMDE). Moreover, he is a member of the Board of Directors at RCDeportivo de A Coruña (football club), as well as Non–Executive Advisor at B+ (BePlus Social Media). Finally, he is a Member of the Advisory Board of WFS – World Football Summit, OWQLO and BStadium.

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