## EXECUTIVE SUMMARY

This research aimed at defining who the most important stakeholders considered by football clubs are and to know how they affect their strategy. Emphasis is also made on how football clubs communicate and manage their stakeholders.

To answer these objectives, a case study approach was used. Interviews were conducted with top managers of four professional football clubs: Liverpool F.C., Stoke City F.C. (for England), R.C. Lens and Amiens S.C. (for France). The data gathered also allowed the author to test stakeholding models: Polonsky (1995), Archer (1995) and Mendelow's ones (1991).

This dissertation gives a detailed analysis of thirteen stakeholders' categories and especially of fans, shareholders and media, which are the most important stakeholders for football clubs. Tools and organizations developed by these four clubs to communicate with stakeholders are also part of this research. The last part analyses the differences between French and British football clubs; and discuss ways to compensate them.

**ACKNOWLEDGEMENT**

The author takes the opportunity of this dissertation to thank the football clubs' managers who were interviewed for this study: Mr Weathley (Liverpool F.C.), Mr Fuller (Stoke City F.C.), Mr Bigeard (R.C. Lens) and Mr Buquet (Amiens S.C.).

The author is also grateful to Charlotte Rayner who helped him to define its subject and Wyndham Jenkins who supervised this piece of work.

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# 1. INTRODUCTION

## 1.1. The current context

There are so many football matches on television that people who like this sport can watch a game almost every night. Football entertains people, helps television channels to make large audiences, makes sportsmen becoming pop idols and manages huge amounts of money. This looks as a very lucrative business where every actor earns an important amount of money: clubs selling players, players earning important wages, players' agents getting their royalties...

The idea of this subject is very personal to the author. The author aims at work in football clubs, so his interest for this activity sector lasts since many years. This basic knowledge is essential to conduct an efficient research, because football is a very specific business sector. Like many other businesses, football clubs are owned by shareholders and run by employees skilled in sales, marketing, communication, human resources and finance... These departments exist in football clubs as well as in traditional companies. Clubs also manage retailing of their products to the fans.

But their main activity is to produce a football game every weekend. According to that specificity, to manage a football club can be compared with managing a show-producing company. In fact, the most important element of the business is what happens on the pitch every weekend. If the team wins, sales will increase and sponsors will invest more money on the club but if the team looses, less money will be available for the club. As players' price depends on their performances, a team with little money should not be able to buy the good players and so, could not compete with the richest ones. Apart some sportive exceptions, clubs are engaged in an economic circle, whether vicious or virtuous.

As football concerns and interests so many people, politics and companies, communication about it is very careful: apart from the sport news and players interviews, few people know how the crisis in football clubs is important. Thanks to lower incomes (due to lower television rights), and to increase expenses (especially players' wages), almost every clubs in Europe are about to bankrupt. Shareholders have to invest always more money if they do not want their football team to shut down. This concerns the most important clubs

(Arsenal, Real Madrid...) as well as second division clubs. French and English ones are not exceptions.

We can notice that Manchester United is THE exception and that this club makes profits every year and they are successful on the pitch as well. Is there any link between profits and sport success? One thing is sure it is that Manchester United is one of the rare clubs who implemented a clear long-term strategy.

Do the other clubs have no strategy? Hopefully they must have one, but most of them bet on a short-term and lucrative victory, rather than a long-term success. Football clubs' managers have long-term view as well, but they have to cope and satisfy the club's stakeholders. Fans and media want good and expensive players to 'play the show', shareholders want a return on investment, and institutions want the club's commitment to develop and train young players... Unions (players, employees, coaches) also have a certain control on this business. A club has to take in account all those expectations when designing a strategy.

The best example of this critical situation is the transfer of the Brazilian player named Ronaldhino from Paris Saint-Germain to F.C. Barcelona during summer 2003. This player played for Paris and was so talented that the richest clubs of Europe wanted to buy him. Paris SG's president did not want to sell him because fans and the coach put pressure on him and to keep Ronaldhino would have improve the team's efficiency for the following football season. This willing may have been sincere but the transfer of the player happened anyway. The reason of this event is the pressure put on the president by stakeholders to sell the player. First, the player wanted to leave the club because of the higher wages offered by clubs like F.C. Barcelona, Real Madrid or Manchester United and his agent wanted him to move in order to improve his football skills… or maybe to get enormous royalties on the new contract. Then, banks and the Ligue de Football Professionel wanted PSG to decrease its financial debt. PSG bought this player two years before and a sponsor (SportFive) helped the club to pay the fees, charging it with a very high interest rate. So, this sponsor was expecting its money back, as soon as the players' transfer would have been signed.

This case is a perfect example of how clubs can be influenced by stakeholders and take decisions they did not wish to. This research analyses this influence and tries to highlight some successful stakeholders managing methods.

### 1.2. Objectives of the research

The first objective of this study is to find out who are the most important stakeholders' groups considered by clubs. Polonsky's model is a good base for this point. Then, it is interesting to know how those stakeholders influence the clubs' strategies and to reveal from where their power comes from. Another aim will be to analyse how clubs currently manage their stakeholders. A comparison between English and French clubs will be drawn as well as between important and less important ones. The last step will be an adaptation of Polonsky's model to summarise the football situation graphically.

### 1.3. Research outline

The first part of this study consists of reviewing the literature dealing with stakeholders. Mendelow, Archer and Polonsky developed interesting theories about this subject and are used as theoretical basis of this research. The practical part of this study uses secondary data from articles, books and magazines, as well as primary data collected through interviews with four football clubs' managers (Liverpool F.C., Stoke City F.C., R.C. Lens and Amiens S.C.). The data were analysed, compared, theories have been used to design stakeholders maps, and Polonsky's model (1995) was then adapted to football sector.

# 2 – LITERATURE REVIEW

## 2.1. Stakeholder concept

The stakeholder concept appeared on the first time in a Stanford Research Institute memorandum written by Freeman (1984). This concept symbolizes "any group or individual who can affect or is affected by the achievement of the organization's objectives".

But this concept has been developed by Donaldson and Preston (1991), who suggested that "the organization should consider a wider range of influencers when developing its strategy" and that "earlier theories of the firm do not consider all of the "groups" that influence organizational activities".

In theory, the concept of stakeholders is infinite. It includes so many individuals and groups that Freeman (1984) drew a limit, useful to researches by regrouping the most important and interesting stakeholders groups:

| | | |
|---|---|---|
| Consumer | Financial institutions | Media |
| Competitors | General public | Owners |
| Courts/legal system | Government | Scientific community |
| Employees | Interest groups | Suppliers/channels |

## 2. 2. Stakeholder theory

This theory developed by Donaldson and Preston (1991) is wide and advise the firms that they should balance all stakeholders' objectives when designing a new strategy. It affirms that giving equal importance to stakeholders is the best way to achieve a company's success, not only to concentrate on financial outcomes.

These authors think that the best way is to give as much fulfilment as possible to all stakeholders without exception. It is essential, for example, to delight customers, to motivate employees, to build long lasting relationship with suppliers...

It is a very complicate task, so challenging, because it is obvious that shareholders expecting return on investment will not appreciate expenses for new facilities for employees. All stakeholders' objectives cannot be met, just a part of it.
To achieve that, the company has to balance its own objectives as well, because achieving its objectives may have the cost of leaving a stakeholder behind.

## 2.3. Stakeholder mapping

This technique allows organizations to draw a map of their stakeholders, so that they get a better view of their environment, so it helps them to put in place a new strategy. Two schemes, looking similar although different, will be useful to this research. First will be explained the Mendelow (1991) one and then, the Archer (1995) one. Mendelow (1991) one is more useful to have a look at the situation, whereas Archer tries to offer help to design strategies.

### 2.3.1. Mendelow's model

| | | **Level of Interest** | |
|---|---|---|---|
| | | *Low* | *High* |
| **Power** | *Low* | **A**<br>Minimal Effort | **B**<br>Keep Informed |
| | *High* | **C**<br>Keep Satisfied | **D**<br>Key Players |

**Figure 2.1. Mendelow's model**
Source : Mendelow (1991)

According to Mendelow (1991), most of companies' efforts have to be focused on segment D, called "key players". Organizations cannot deal without them. Segment B represents stakeholders to keep informed, but not to underestimate because those groups can be really useful for supporting any lobbying action. To keep satisfy the C category is also something not to forget about. Mendelow insists that stakeholders can move from a category to another, so they can easily switch to the D category, which would mean that they could frustrate the adoption of a new strategy.

Mendelow is the first author who highlighted that stakeholders move from categories, so managers have to keep aware about any change. The question is also asked to know if managers try to satisfy stakeholders depending on their category, or if they are manipulating those stakeholders group, shifting one from a category to another, to implement a new strategy.

This mapping tool allows companies to be aware of the following issues:

- The company can now understand if its current strategy is still in adequation with stakeholders' interests and power.
- To identify who will be the support of your project, and who has the ability and aim to stop it.
- The company can then try to give less importance to some groups and try to reposition some as well. This is a very political approach.
- To encourage stakeholders to stay in their proper category, or to avoid them to shifting to another category. Any change not wanted by the organisation implies a new strategy to put in place.

Others issues are also highlighted by the author. First, stakeholders groups usually contain many subgroups with different objectives, so it confuses this mapping technique. Moreover, organizations have to know who the leaders of stakeholders' groups are and what their objectives are, so that they know who they should contact depending on the circumstances.

### 2.3.2. Archer's model

| | | **Connections** | |
|---|---|---|---|
| | | *Necessary* | *Contingent* |
| **Interests** | *Compatible* | **A**<br>*Protectionist*<br>Defensive | **B**<br>*Opportunism*<br>Opportunistic |
| | *Incompatible* | **D**<br>*Concessionary*<br>Compromise | **C**<br>*Competition*<br>Elimination |

**Figure 2.2. Archer's model**
Source : Archer (1995)

Archer's model (1995), useful to draw a map of the stakeholders influence, is based on two things: the fact that stakeholders have compatible or incompatible interests and aims; and whether they are necessary to the organisation or just external contingent relations.
As you can see, each category is given an adjective to describe its behaviour, and Archer also proposes a solution or strategy to adopt with the group concerned.

- Group A: Necessary and compatible. This situation happens when stakeholders and the organization are really linked to each other. Both have something to loose if the relationship disrupt. So, it is logical that the organisation defends this precious link and has protectionist behaviour towards this category.

- Group B: Contingent and compatible. Here, the organization has to make a choice. It is in front of a stakeholders group which has the same aims and interests, but which is not necessary to the business. It may represent a good business opportunity but does the company want to integrate this stakeholder in its environment or is the organization too conservative? A choice has to be made.

- Group C: Contingent and incompatible. Archer refers to war as an extreme case of this category. The organization has not a direct competition with this category, but the indirect competition is about getting support of powerful stakeholders. So, the competition is on and the more damage the other organisation gets and the more influent people join yours. The organization's aim is to discredit oppositional views and accentuate differences.

- Group D: Necessary and incompatible. This is an unpleasant situation where the organization has to cope with stakeholders who do not have the same interest. So, in this type of relationship, one of the parties will be threatened. Both have to agree on a compromise, but none of them will be totally satisfied.

## 2.4. Stakeholders' management – Polonsky's model

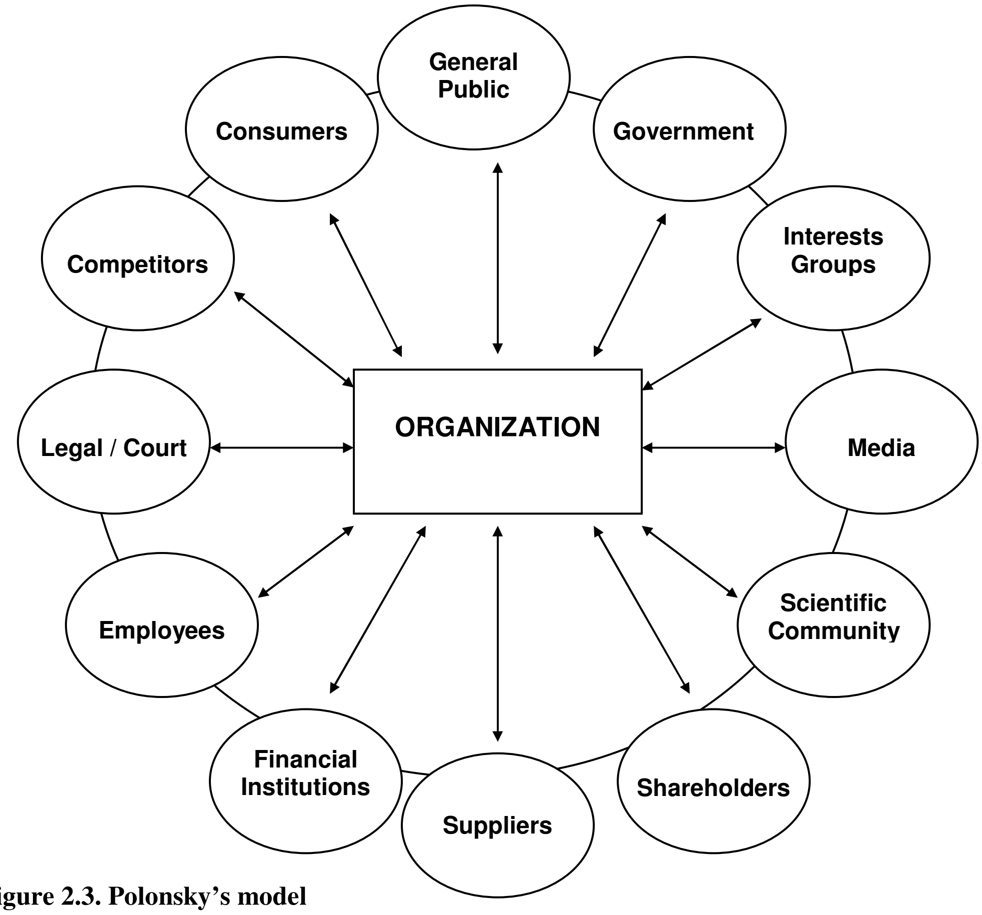


**Figure 2.3. Polonsky's model**
*Source:Polonsky (1995)*

According to Polonsky's model (1995) above, stakeholders not only have a stake in the organizational behaviour but they are also linked to each other. To make the figure easiest to read, all the links between stakeholders are not shown, but they are implied. Any group may have connections with each other group. It is based on Freeman (1984) stakeholders' selection, as it keeps the same twelve important groups.

According to Polonsky, there is a four-step-management-process to integrate the stakeholders in the strategy developing process:

1. Identify the relevant stakeholder groups.
2. Determine the stake and importance of each stakeholder group.
3. Determine how effectively the "needs" or "expectations" of each group is being met.
4. Modify corporate policies and priorities to take into consideration stakeholder interests.

Stage 1: stakeholder identification

The organization has to draw a stakeholder map (Mendelow and Archer's models will be useful for this task!). If you analyse stakeholders for a specific issue, then the map may differ from the one you drawn just before. Maps also changes with stakeholders repositioning and depends on stakeholders' relationship between them as well. To determine which stakeholder groups are relevant, the author suggests the organization to consider how they relate to the strategy implementation. If the group may influence the firm's strategy, it is a relevant one. The organization has to be sure that its analysis considers the key factors to its strategy.

Stage 2: determining the stakes

Managers must determine each stockholder's stake; this is a very difficult task. These groups have different effects on different part of the organization, and do not perceive the organization's behaviour the same way. Sometimes interactions between stakeholders may be more important than their direct effect on the firm. An accurate determination of stakes is an essential step of the strategy development project. According to Freeman (1984), each stakeholder can potentially have a positive or negative influence on the organization, that's why it is very important for the firm to forecast the stakeholders' expectations evolution. There is no clear method to determine these stakes but direct communication with those groups allows the organization to have an unbiased feedback about how it is perceived. Unfortunately, organizations are sometimes in unfavourable terms with some stakeholders. A good understanding of the stakes and potential of each stakeholder's group may have on the firm a valuable effect on the development of an optimal strategy.

Stage 3: Determine how well expectations are met

Once the stakeholders' expectations are determined (cf. stage 2), the organization has to know if these hopes are met with the current strategy. It is also a difficult task because some objective can be concrete and measurable, but it is easy to analyse if an effort has been put in place to improve this kind of issue. But some stakeholders' groups have subjective aims, so the organization must understand them as clearly as possible. If there is no good understanding about an issue, both stakeholders and organization will view each other as an adversary. Usually, managers realize the gap between its strategy and stakeholders' expectations after a clash, a strike... Polonsky (1995) suggests that the organization continually conducts social audits; without it, it would be difficult to minimize gaps. Moreover, these audits will be used as a monitoring tool in the time, because a satisfied unimportant stakeholder of today may be an unsatisfied and important one in the future. This cannot be determined without those social audits. Direct communication is, again, the most effective way to socialize stakeholders into the organization. According to Polonsky (1995), the lack of communication often distorts the manager's interpretations of the stakeholders' expectations as well as the stakeholders' understanding of organizational behaviour.

Stage 4: Adjusting the organization's strategy

After managers determined how well stakeholders' expectations are being met by the current strategy, they have to adapt and reformulate their corporate strategy (most of times, strategy is not adapted enough to stakeholders). This strategy has to integrate competing expectations with organizational priorities. So, it is improbable that the new strategy meets all expectations at once. In these cases, Polonsky (1995) suggests that managers develop programs or contingency plans for potential problems that may arise in the future. The problem for managers is now to decide which stakeholders' expectations will and will not be met. The information collected in the precedent stages is the best tool to make this difficult but necessary decision. An alternative solution is that the organization and stakeholders' groups interaction may change groups' expectations, but it is unlikely that all groups change their objectives and agree with the new strategy. What usually happens is that the firm will modify its strategy and the stakeholders modify their expectations, so that the gap between performance and expectations is reduced. Gaps still remain and it is the managers' role to reduce the potential for negative stakeholders' expectations and to increase the probability of positive reactions. The key method is, again, to do this through socialization of stakeholders into the organization so that they will have a better understand of the organizational objectives and therefore they should be less problematic.

### 2.5. Objectives of the research

Polonky's model (1995) is very useful to achieve goals because it is divided into many parts (or steps). These different parts may represent the different objectives of the research. The overall objective of the research is to know how stakeholders influence football clubs' strategies. The second aim is to draw a comparison between France and England, and between important and less important teams. So the different objectives of this research are:

- Which stakeholders are considered important by football clubs?
- Do those stakeholders have any power on the club? Where does their power come from?
- How do they influence the clubs' strategies?
- How the football clubs manage and communicate with stakeholders?
- Have the French and English clubs similar or different way to manage stakeholders? Are those differences expanding or not?

First, a stakeholder map has to be drawn (with Archer (1995) and Mendelow's (1991) models). Then, the author will try to answer every objective and to apply Polonsky's model to the football sector. Answers to this problematic will come from the data gathered through the following methodology.

# 3 – RESEARCH METHODOLOGY

## 3.1. Information required for the research

According to the objectives listed in part 2.5., the information required was important to find which stakeholders were considered important to the football clubs, what nature of power they had on the club, how did it affect the clubs' strategy, how did the clubs manage those stakeholders and if there were differences in managing stakeholders between important and less important clubs, also between French and English ones.
It is essential to define an 'important' football club. A football club is considered to be important by analysts and journalists if it has finished the league ranked in the five first teams for the past three (or four) years. So these teams are supposed to have more employees than others and to be better organised. A less important club was, for this study, a club which evolved in second division (Division One in England) but did not access to the elite or regress to a lower division for the last three or four years. This definition is relevant for both French and English leagues.
This research had to take in account studies about football clubs' management made by universities (mostly from Liverpool and Leicester ones), articles in the specialized magazines (France Football and 442), reports on the football market (Mintel and Emerald) and football clubs' annual reports. This information gave an overview of the football business but nothing concrete on the stakeholders' management. The most important resources came from French and English football clubs themselves, so primary data had to come from interviews conducted with football clubs' managers.
Then, Archer's model (1995) and Polonski's one (1995) were applied and adapted to the football sector, thanks to the data collected.

## 3.2. Research approach

### 3.2.1. Inductive or deductive approach?

According to Saunders (2002), the deductive approach needs a high quantity of quantitative data for the researcher to be able to generalise its results. So with this approach based on scientific principles, an important sample has to be used. This is the main reason why this approach was not used during this research. In fact, England has about ninety-six professional football clubs and in France only thirty-six exist. Taking in account that the average response rate for a questionnaire is rarely over ten percent, this research would have been based on eleven answers maximum. Everyone agree that this is not enough for an efficient research using the deductive approach.

The inductive approach seemed more adapted to this study. Still according to Saunders (2002), this type of approach is based on qualitative data and a close understanding of the research context. The need to generalise the results is not compulsory. Concerning football clubs, it is difficult to understand the context and to answer the research question only with questionnaires. It is a complex and permanently changing sector where each club is managed its way and evolutes in a different environment. So, an inductive approach using qualitative data seemed the only way to understand football clubs'stakeholders' influence.

### 3.2.2. Research philosophy

Concerning the philosophy used for this research the choice has not been made between the 'traditional' positivism and phenomenology. In fact, those two approaches did not meet the requirements of this study.

Positivism, although it would have been helpful to test Polonsky's model (1995), needs large samples, which like the deductive approach, is not possible with football clubs because they are not numerous enough.

Phenomenology implies that the researcher is involved and generates theories. Although an adaptation of Polonsky (1995) and Archer's (1995) models was made by the author, this approach is not adapted to this study requirement.

Another approach is called 'realism' and was used for this study (Easterby-Smith and al., 2001). Realism is a way to conduct an analysis based on facts. This approach was more adapted to this research which happened in a changing environment. To base this study on economical reality of professional football clubs was the most reliable way to conduct this research. To test the three models presented in the second part of this research, evidences had to be found in the economic reality, that's why a case study approach was used.

### 3.2.3. A case study approach

According to Yin (1994), the case study approach is useful to investigate a modern phenomenon in its real context. This definition corresponds to this research, which aim was to study how football clubs managed stakeholders.
To study few football clubs was the best option. The author did not have time enough to study every single football club. As football clubs are very different, to study only one case would not have been pertinent for the research. As said in part 3.1., it was interesting to analyse the management of important and less important football clubs, as well as English and French ones. Thanks to the data gathered, it was possible to design a close-to-reality stakeholders' mapping. Archer's model (1995) needed current data, as stakeholders' position and influence evolutes in time. Polonsky's model (1995) is less affected by time; nevertheless it has to be adapted depending on football clubs' reality.
All cases were studied similarly. The same methods were used to analyse each type of club, which was the only way to highlight differences between clubs' category (cf. research protocol part 3.5.1.). A multi-method approach was used for this study, analysing statistics, financial, legal and social data. The use different type of data was required to have an overview of all stakeholders' management.
Data from football clubs were comparable because, whether in France or England, clubs are into the same business type (e.g. accounts includes players transfer, high salary...). Moreover, Europeanization of the football business is increasing (e.g. creation of the interests group called G14).

## 3.3. Data collection

### 3.3.1. Secondary data

To have an overview of football clubs' sector, it has been useful to integrate an important amount of secondary data. Both types of data were used: qualitative and quantitative. The aim of this secondary data study was to design football clubs' portraits to be able to conduct in-depth interviews later on.
The clubs' official documents (e.g. annual reports) were ordered by e-mail, through the football clubs' websites. Clubs are used to answer students request so they sent those

information very quickly, in England. As they are considered as traditional companies, English clubs have to publish their financial accounts. In France, clubs did not have to publish their accounts (but things are changing), so it was impossible to get them, even by asking the clubs.

Clubs websites were full of information and freely accessible. On these sites you could find information for fans, downloadable documents, managers' interview, players' interview...

Leagues official reports have been the most useful secondary data: they give an overview of the sector, forecasts for the future of the business... They were accessible on demand by e-mail through the Premier League, the Football Association and the Ligue de Football Professionel's websites.

The websites of stakeholders' groups were also analysed (G14, players' association, agents...).

It was also possible to find some academic papers written by lecturers or students on universities websites. Most of them were available on-line. They were really precise and useful to understand football clubs' management and economy. The most recommendable universities were Liverpool and Leicester ones because they had football studies departments. Some other papers deal with the subject on the Internet. Emerald and Mintel websites have been the most useful tools to gather documentary data.

Many books were edited about football business and football economics, but their content was not useful for this study. In fact, most of the popular books were focused on some polemic events and did not study deeply football clubs' management. The only useful books were the ones written by academicians and lecturers.

A huge amount of (useful and useless) information came from specialised magazines like 442 or France Football, daily newspapers, television and radio. In fact, they often related speech of football clubs' managers, players and sometimes of agents. It has been meaningful to feel the atmosphere and the trend of football economics.

All those secondary data have allowed the author to have an overview of the current football business and to get some clues about how were managed stakeholders by football clubs. The decisive part of this research depended on the primary data collection.

### 3.3.2. Primary data

This information has been the core of this research. Primary data came directly from football clubs' managers. It was important to select an interview mode.
A telephone interview would have been the quickest way to get this data but it was also limited in time. People usually are not at ease with long conversation on the phone, so they prefer to shorter the interview. To understand stakeholders' management, an interview on the phone would not have been long and 'deep' enough. Liverpool F.C. asked the author to design an e-mail interview, before they changed their mind and accepted to meet the interviewer.
Face-to-face interview was the mean chosen to conduct this research. It was the most adapted mode to understand how the club is managed, to have time enough to answer all the questions and to have spontaneous (and usually true) answers. Then, some football clubs had to be chosen as sample for these in-depth and standardised interviews.

### 3.3.3. Sample selection

To conduct face-to-face interview is costly, so the sample had to be quite narrow but representative. This confirmed the case study approach. To have a representative sample, important and less important clubs had to be studied as well as French and English ones. So the simplest sample was to select two French clubs (one important and one less important) added to two English representatives.
According to the budget needed, the geographically closest clubs (from the author's home) were favoured, what Saunders (2002) calls a convenience sample. Another element has been taken in account was the availability of the managers. Some managers were too busy to meet students.
Stoke City F.C. and Liverpool F.C. were chosen as English representatives. They had the characteristics required. Mr Fuller, managing director of Stoke City F.C., was available. Mr Weathley, financial director of Liverpool F.C., was difficult to convince but accepted to give an interview.
Paris S.G. was first chosen for the French part of the sample, but the president and most of the club's staff has been fired at the end of May 2002. Because of this event, R.C. Lens

was picked up with Amiens S.C. Mr Bigeard, marketing manager of R.C. Lens and Mr Buquet, president of Amiens S.C. welcomed this interview.
A sample of four clubs was the minimum to give a pertinent view of football clubs' stakeholders' management and to compare French and English systems.

### 3.3.4. Interview preparation

These four interviews were realized in a short period: between April and July 2003. It was very important to conduct them at the same time to catch the managers' methods at this moment. As football is a changing sector, this way of collecting data made them comparable.
It was important to prepare some questions to guide the interviewees to answer this research's problematic. Only open questions were asked in order to lead managers to develop their answers. It was also required to learn the right vocabulary because these interviews have been done in two different languages: English and French. Thanks to the analysis of secondary data, the interviewer had a solid knowledge about the situation in each club studied.
The clubs had to talk about the twelve stakeholders' groups retained by Polonsky (1995). The first question was to ask who were considered as the three groups with most interest in the club. Then, for each chosen group, the managers had to explain how they can influence their club's strategy and where their source of power came from. Concrete examples of this influence were also asked to illustrate the research and to confirm this power on clubs. A last question was how and how often the club communicate with those chosen groups.
After the three most important stakeholders' groups were studied, the same questions were asked about the nine other stakeholders' groups. As face-to-face interviews are time consuming, the explanation about these nine groups could not be as developed as the three main groups have been.
Then, these data were typed and analysed.

## 3.4. Method for analysis

The data collected from the four interviews were analysed through a reflection process. The basic theoretical framework came from Polonsky (1995) and Archer's (1995) models which allowed the author to develop theories. Data were used to answer the different objectives.

An explanation approach has been used to explain how football clubs managed their stakeholders. This approach is linked to the case study method of analysis.

To increase this study reliability, primary data were compared to secondary data, to find chains of evidence that justified what emerged from the interviews.

The last step was to compare the results between important and less important clubs from the same county, then to compare similar clubs from different countries (France and England). This method highlighted the differences between the clubs composing the sample. This last step allowed the author to find some similar elements and to evaluate if football management is converging or not between those two countries.

## 3.5. Methodology review

### 3.5.1. Research protocol

To collect data of the same type and to be able to compare it efficiently, a research protocol was put in place by the interviewer.

For each club, top managers have been interviewed at their office, by the same interviewer. Two of them were general managers, one was marketing manager and the last one was financial director. Their function allowed them to answer clearly each question because of the overview they had on the business.

As the same data were required from the clubs, the same questions were asked to the four managers. This element of the protocol was essential. Moreover, for each interview, a length of one hour was required by the interviewer.

At least, the data collected had all the same type, so the same analysis method was applied to them.

### 3.5.2. Reliability of the data

It was important to base this research on reliable data.

Data coming from the clubs were official ones: the annual reports were a legal obligation for clubs, so they published their real accounts. The interviewees were top managers of those clubs and are supposed to deliver true data.

Mostly based on official reports (from leagues and clubs) the data were also verified using chains of evidence. The data from websites, articles and books, although not official, allowed the researcher to check the statistics and information given by the clubs.

Articles from Emerald and Mintel reports were peer-reviewed so they were considered reliable for the study.

Everyone should be warned about the lack of reliability of newspapers and radio concerning football. These sources of information aimed at selling their information and were based on rumours, scandals and polemics. The author would recommend keeping an attentive attitude to the information they give to feel the atmosphere but not to use it as reliable data.

### 3.5.3. Limits of the methodology

The limits highlighted were due to the face-to-face interview. First, it has been difficult to obtain those interviews. Football clubs' managers (like every manager) were very busy and not always available. So it was time-consuming to convince them.

The second limit was due to the language: as English was not the interviewer's mother tongue, some information may have been misunderstood or forgotten.

A face-to-face interview is also limited in time: although the interviewer asked for one-hour-meeting, the interviews lasted from forty-five minutes to one hour and a half depending on the manager's availability. This length seems quite long at first sight, but all the points could not be developed as wished.

Another limit is that this research is mostly based on those four interviews and it cannot represent a general view of the football sector. Moreover, the data collected came from football clubs and could have been biased by managers to give a better impression of their club. That's why chains of evidence tried to be used as often as possible.

In Liverpool F.C., the managing director was not available for an interview so the interviewee was the financial director. Due to his function, Mr Weathley had a complete knowledge about stakeholders linked with the club's finance but less data about others stakeholders' groups.

The last limit was that French football clubs did not have to publish annual reports, so the statistics for French football clubs analysis were not as detailed as for the English ones.

# 4. RESULTS AND ANALYSIS

## 4.1. Overview of the results

The four managers interviewed answered every question and gave the maximum information to the interviewee. French managers are not as sharp in giving financial figures considering their clubs; moreover they do not have to publish their accounts the way they do in England. So some financial figures considering French clubs are missing.

Here is a quick portrait of each club to situate them. Of course, more details and figures will be given later in this study:

**Table 4.1. Clubs' Portrait**

| **Clubs** | **Liverpool F.C.** | **Stoke City F.C.** | **R.C. Lens** | **Amiens S.C** |
|---|---|---|---|---|
| **Country** | England | | France | |
| **Location** | Liverpool | Stoke-On-Trent | Lens | Amiens |
| **Competition** | Premier League | Division One | Ligue 1 | Ligue 2 |
| **Interviewee** | Mr Weathley<br>Financial Dir. | Mr Fuller<br>Chief Executive | Mr Bigeard<br>Marketing Dir. | Mr Buquet<br>Chief Executive |
| **Budget 2003** [1]<br>**(£'000)** | 99,449 | 15,453 | 23,060 | 3,988 |
| **Nr. of employees (include players)** | 370 | 64 | 240 | 48 |

*Source: interviews conducted*

The first important step in this study was to define who are the stakeholders influencing football clubs' strategy. On the basis of Polonsky's model (1995), the four managers discussed of the twelve groups the author listed.

It appeared that one group had no influence on clubs, so 'Scientific community' category was removed. According to them, the 'General Public' has no direct effect on clubs, although fans come from there. But a category is already named 'Fans', so 'General

1. To get every figure in Sterling, the same exchange rate was used for the study. This rate was £1=1,6045€ according to the Stock Exchange market on August 13th , 2003.

Public' should be removed.

The other categories had to be renamed to be clearer to the readers. So 'Legal/Court' became 'Organisations' which apply rules to football clubs. Football club's 'Consumers' are always called 'Fans'. The 'Financial Institutions' are the 'Banks'. Football clubs' 'Competitors' are the 'Other Clubs'. Their 'Owners' are 'Shareholders'. And football clubs' 'Suppliers' usually are 'Sponsors', especially for strategic supply, like equipments.

Two categories were missing, and not the less important in football, the 'Players/Coaches' and the 'Agents'. So they have been added to the list. 'Public Institutions' are usually linked to the clubs, so they can be added.

Here is the modified list of now thirteen stakeholders' groups. These changes were recommended by the four managers interviewed, to clarify which stakeholders this study deals with.

| | | |
|---|---|---|
| Fans | Banks | Media |
| Other Clubs | Agents | Shareholders |
| Organisations | Government | Sponsors |
| Employees | Interest groups | Players/Coaches |
| Public Institutions | | |

The first question asked the managers to give the three more important stakeholders' groups considered by the club.

**Table 4.2. Clubs' most important stakeholders**

| Important stakeholders | Liverpool F.C. | Stoke City F.C. | R.C. Lens | Amiens S.C. |
|---|---|---|---|---|
| 1 | Fans | Fans | Fans | Players |
| 2 | Shareholders | Shareholders | Employees | Media |
| 3 | Media | Employees | Players | Institutions |

*Source: interviews conducted*

According to the table 4.2., the most important stakeholders considered by the clubs are fans. Then, the shareholders, employees, media and the players arrive. These groups were the subject of most part of the interviews, so they will be the most important points of this research.

A first interesting point is to highlight that no French clubs consider the shareholders as important stakeholders because in France, clubs do not have access to Stock Exchange market and so, do not belong to private shareholders.

## 4.2. Stakeholders' expectations and influence

### 4.2.1. Fans

In the traditional economy, customers expect, from an organisation, a good quality product and service. It is the same for football fans. They expect that the game they bought the ticket of will be a good show. They want to appreciate a good football game with its special stadium atmosphere. For this experience to be comfortable, fans expect that clubs offer them all the equipments required in stadium. Like affirms Michie (2001), fans do not care about the size of the net profits of the club they support.

But football fans have an emotional link with 'their' team, a kind of identification. Their first expectation is the team to win. So they want the best players to play for their team and they always put pressure on clubs to buy them. But as good players are rare, their price is really high and football clubs have to invest a lot of money on the pitch if they want their fans to be satisfied.

Clubs agree that fans are essential for them and that they affect their strategy, that's why they are considered as very important stakeholders. But where does this consideration come from? Every manager will highlight that their everyday moral and psychological support is a necessary contribution and a key element in the team success. It is difficult to measure how the crowd can influence the team success but there is no doubt that this physical support is important on match day. But fans also represent an important part of clubs' income.

**Table 4.3. Football fans' power**

| 2002 | Liverpool FC | Stoke City FC | RC Lens | Amiens SC |
|---|---|---|---|---|
| **Attendance per match** | 43,389 | 9,867 | 37,500 | 6,911 |
| **Income from fans (£'000)** | 29,900 | N.A.[2] | 7,479 | 718 |
| **% of the total income** | 30 | N.A. | 32 | 18 |

*Source: Mintel (2002)*

Fans represent a commercial opportunity: they pay to attend games, they buy the clubs' merchandise in clubs' shop and they also pay for a visit of the clubs' museum or a stadium tour when they exist. It may not sound very impressive but it represents thirty percent of Liverpool F.C.'s income. Clubs have to take in account fans expectations, as they cannot manage without the income they correspond to.

Michie (2001) developed the idea that fans are essential to football clubs because they stand at both sides of the value process in football clubs. They are final customers of the games but they also contribute to create an atmosphere in the stadium, which will be consumed by fans in the stadium and those watching television or listening to the radio. Fans are 'producing' a part of football clubs' product. What would be the commercial impact of teams playing in empty stadiums? This problem will not happen soon. For example, Liverpool F.C. has set up a waiting list for its season tickets and it is already booked for the next three years!

As fans' expectation is the team to win, every two weeks when their team plays at home, they give their opinion about the clubs' management. Inside the stadium or at the training camp, fans can put physical pressure on players or coaches they do not considered as good enough. Sometimes, this pressure becomes violent and ends to people's aggression.

To increase their influence on clubs' management, fans regroup themselves in fans' groups, which have represents when they have to deal with clubs. So these represents have even more power because they have the support of thousands of fans. For example, R.C. Lens' managers often have to deal with the largest fans' organisation in France. About 9,000 fans are members of this group. Would any club like to frustrate such a numerous part of their fans?

2: N.A.: not available

Concerning England, fans' organisations are managed a different way and are encouraged by the Premier League itself through the 'Supporter Trust' program. In England, fans can also become shareholders of the club by buying shares. This program was developed to encourage supporters to unify enough shares to send one of them to attend clubs' annual meetings. The extreme examples of these Trusts' power are the A.F.C. Bournemouth and Northampton Town F.C. which are clubs now managed by a chief executive emerged from fans. These clubs' fans owned such an important part of their capital that they were in charge of appointing a new chief executive, as reported Smith (2000).

Fans are also part of the image of the clubs. Everyone can remember the eighties and the incredible numbers of hooligans in British stadium. This kind of negative and violent image can put clubs in difficult position with their other stakeholders. Fans can also have another negative aspect: they can affect the clubs' business. The Sir Norman Chester Centre (2002) reports that BskyB tried to buy Manchester United and the clubs managers agreed with that, but fans put pressure on the club and government to avoid this bid. At the end, BskyB was not allowed to buy the club's financial capital. This event is often reported as a major success for fans.

Clubs try to manage this crowd as efficiently as possible, to develop a commercial potential.

### 4.2.2. Shareholders

Shareholders were considered important only by British clubs during this study. To explain that is very easy: in France, football clubs are not allowed to access private funds through Stock Exchange market. The government forbid it.

Shareholders often seek return on investment when they invest their money. This is also true concerning football, like highlighted Michie (2001), but it is not compulsory. Football clubs shareholders often invest in football to benefit from its media exposition or to get advantages like access to games, meetings with players. For example, Granada TV owns ten percent of Liverpool F.C. because there is an efficient synergy between this sport and television.

Liverpool F.C.'s chairman, who owns fifty-one percent of the club, is said not to be interested by return on investment. Passion drove him to invest in the club. It is real because Liverpool F.C. has never paid any dividend to its shareholders. Feelings have to be part of this investment because it is not a rational one: the value of most English clubs has halved in recent years, according to the Sir Norman Chester Centre (2002). It is also written in the same study that football clubs, like each Plc., may not seek return on investment but must endeavour to generate their satisfaction.

Their source of power is obvious: they own the club! When English football clubs entered the Stock Exchange market, most of the owners kept a majority of shares. Only Manchester United was fully sold on the market. At Liverpool F.C., Mr Moore is the chairman of the club, with its 17,923 shares, about fifty-one percent of the club. Considering that a share price is about £4,000, it is understandable that his power on the club's management is important. That's why he is also president of the club. With this function, he can set the strategy of the club and appoint the key employees. Charismatic shareholders also uses of personal connections for the benefit of their clubs. This is an example of an internal stakeholder who runs the club.

But Liverpool F.C. is composed of 34,000 shares which belong to 1,500 different shareholders; some are external to the club. This is a major challenge for a football club because these shareholders attend to the annual general meetings; they discuss the club decisions and influence the club's strategy. It is really important for the clubs that shareholders agree with the strategy proposed, otherwise they will have to negotiate.

As British football clubs are Plc.'s, they can be targets of financial bid to control them. It happened in Stoke City F.C., when an Icelandic group took over the club and appointed the first overseas manager in the club history: Gudjon Thordarson. It also important to remember again the bid of supporters Trusts who now control AFC Bournemouth and Northampton Town FC.

In July 2003, Roman Abramovitch bought Chelsea F.C. for £26.8 million. This ex-manager of Russian oil companies is now president of one of the most important English club. Juventus Turin also sold 7,5 percent of the club to Saadi Kadhafi, son of the Syrian Colonel, according to Attal (2003). He is now a professional player in the Italian League. Those two people bought shares at an interesting price for past shareholders and increased their power over these clubs. Take-overs have to be considered as a danger by clubs. Who would like to see its club owned by a Russian linked with the Mafia or the son of a terrorist dictator?

Clubs have to be aware of these dangers and should try to manage their current shareholders to avoid any problem.

### 4.2.3. Employees

In companies, employees expect to be paid at the end of the month, to get work satisfaction and recognition, to be trained and have good working conditions. It is the same in football clubs. But there is another expectation which comes from the sportive aspect of their employer. They expect the team to win, so that they feel part of the success. It is not only a question of pride, but also of budget: when the team wins, clubs get more income and is able to invest in training or commodities for their employees.

The power of the employees comes from many sources. First, they are the working force of clubs and they run the day to day business. If employees' expectations are not met, their productivity will decrease because of lack of motivation. Football cubs are managed like teams and if an element of the team fails, the whole team fails. If employees do not work efficiently anymore, the working conditions of the players will be worse; the merchandising sales will decrease... It is the same situation than in any traditional company. Extreme cases are strikes. Although France is worldwide famous for its strikes, none have ever been reported concerning football clubs. Nevertheless, it is a threat managers have to deal with.
According to Mr Bigeard, the 240 employees of R.C. Lens have to be in harmony with the clubs, they are an essential part of clubs' success.
The power of employees has official represents in France with the SNAAF, which is football clubs' employees union. This union puts pressure on the Ligue de Football Professionnel to always increase minimum wages. In France, football clubs employees are ruled by special convention and earn substantially more money than in any other private company. The British system is much more liberal and, although unions exist, their power is very limited.

### 4.2.4. Players and Coaches

This stakeholder category exists only in sports clubs. It is a particularity. Players and coaches are employees of the clubs and so have similar expectations: to get paid for their work, to be trained and to have good working conditions. The most important expectation is sportive success. In players and coaches' contracts financial bonuses are often related to success (when the team wins); it means that their salary increases. Players also expect to play in a notorious club to become popular and to integrate their national squad. They also expect to play for / to coach the best clubs of the world. Currently, every player / coach wishes to integrate Manchester United or Real Madrid, to win competitions. Since the Bosman rule[3] is applied in Europe, players attached to their clubs are exceptions. It is more and more difficult for clubs to keep their best players.

Moreover, as players cost an important amount of money (Zidane was sold by Juventus Turin to Real Madrid for £50 million), they are an entire part of the club's capital. Clubs also expect to increase their income by selling their players at an interesting price.

The power of the coaches and players on their club has almost no limit. They are the key to success through their performance on the pitch. Sport has always been unpredictable, but players working in bad conditions or not in harmony with the club lead the club to a sportive (and so financial) disaster. They also cost between fifty and seventy percent of clubs' total expenses!

Players are also the image of the club. By their behaviour on the pitch, their results, their relationship with sponsors and fans, their interviews, they create clubs' image. So, who would like to be criticized on television by its own players / coach? It is delicate to control players, moreover that they are now considered like pop stars.

Players are even stronger because most of them are members of unions (The PFA in England and the UNFP in France). These unions' influence is mostly based on wages: they set up generous minimum wages and clubs are not allowed to avoid this bottom line. This is true for important football stars as well as for young players signing their first contract. The unions are always aware of the television deals between clubs and the League, to put pressure and increase again the players' wages.

#### 4.2.5. Media

Media have to be considered in two parts: the media industry which invests money in football, show games, and the other part which is the press and newspapers.

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3: The Bosman rule allow any player of European nationality to play for any club in Europe, as anyone is allowed to work for any company in any country within the E.U.

The media industry's main expectation is to make important audiences when showing games, which means to make financial profits. To achieve that, they expect that clubs will make efforts to produce games pleasant to watch, with competitive teams. The show has to be so attractive that people will pay to watch those games (pay-per-view system).
Media also expect clubs to attract the most popular players and to 'clean' the stadium from any violence or racism. Clubs have to develop a positive and 'easy-to-sell' image.
The other part of the media (the press) does not have the same expectations. Of course, the more popular football is and the more papers they will sell but the main expectation is to get original information. It does not mean to get official information from the club but information that would increase the sales. Press also needs football clubs news to fulfil some pages in everyday newspapers.

The media industry's power in football is major. First, this industry worked hard to improve the football image. According to British football clubs' managers, BskyB helped clubs to improve their structures, to get rid of violence and to improve British football's image so that it now attracts foreign players. BskyB also marketed the British football worldwide, which helped the clubs to develop commercial programs abroad (especially in Asia). Mr Weathley from Liverpool FC affirms that it even changed the way the game is played.
All these improvements were realizable with the important amount of money media inject in football (Canal + for France and BskyB for England).

**Table 4.4. Television rights and football clubs**

| 2002 | Liverpool FC | Stoke City FC | RC Lens | Amiens SC |
|---|---|---|---|---|
| Income from TV rights (£'000) | 27,200 | 4,500 | 11,218 | 1,356 |
| % of total income | 27 | 29 | 49 | 34 |

*Sources: interviews conducted, Liverpool F.C. (2003), Laugier (2003).*

Media's influence is even more important in France because half of the club's income depends on the television deal between Canal + and the LFP. Media are major partners of football clubs. Thanks to their investment, they are allowed to schedule the games they want to show on television. Normally, clubs play on saturdays and sundays but some games are scheduled on fridays or mondays nights. Clubs have to accept these changes.

Although BskyB did not succeed when trying to buy Manchester United, media companies are involved as shareholders in football clubs. Liverpool F.C. is a good illustration of this investment. Ten percent of the club belongs to Granada TV. Granada TV also has a commercial deal with Liverpool F.C. concerning the exploitation of the club's licence. Granada TV bought the rights to exploit commercially the LFC licence. Those two organisations are also linked in a joint-venture to develop the website 'liverpooltv', which involves new technologies. According to Sir Norman Chester Centre (2002), this deal is indicative of the new media/sport synergy.

The press influence, although not as consequent, can be important. The press has the power to influence the public opinion, which means fans, sponsors, institutions... All the stakeholders read the newspapers (and trust most of what they read). So the press is able to create a positive image of a club, as well as a negative one. It can spread the discontent. As the official news from the clubs are not always consistent enough to fulfil two pages everyday, newspapers can develop minor information to 'create' scandals or rumours. It can destabilize clubs.

### 4.2.6. Institutions

Football is an entertainment for people, and institutions are aware of that. Institutions' expectations are far higher than football entertaining people. Institutions expect football clubs to be part of the community support. Institutions expect that football remains accessible to everyone in the community, especially to poor people.

Institutions want football clubs and their players to be example for the youth; they want clubs to train some locals and to help them to become professional players / coaches, to help amateur football clubs. To become concrete examples for everyone, institutions wish that football clubs help the local charities.

Institutions control that football clubs take decision agreeing with their stakeholders.

Morality apart, institutions hope that football clubs help to develop the local economy by working with local suppliers, by developing tourism... Everton and Liverpool F.C. are considered as major economic actors in the City of Liverpool, according to Johnstone (2002). The most important economic benefit for the community is employment and institutions expect that football clubs hire as numerous staff as possible.

Institutions also hope that football clubs' performance will increase the region's notoriety. Maillard (2003) explains that it is the case at Lens where eighty-three percent of people associate the city with its football club, according to a study.

Public institutions have direct influence on football clubs' strategy. First, although a French law limits these subventions to £2.5 million-a-year; they often give some money to local football clubs. Public institutions represent sixteen percent of Amiens S.C. total income, as much as the club's fans! Even if they do not give this money, they can help the club buy buying some advertising around the stadium. It is what the city of Lens does: it buys advertising for £155,812 every year, according to Maillard (2003).
Another delicate chapter of relations between institutions and football clubs is the exploitation of the stadium. Stadiums usually belong to cities and football clubs exploits it. In the case of Amiens S.C., Amiens rents it for free to the club. In Lens, the city council ask for £190,090 per year; it is more than what this institution gives to the club...
Football clubs are kept apart from political questions. Mayors from any political party support football clubs because of their popularity. So, political changes do not have much influence on the clubs.
Institutions also have an indirect power on football clubs: they can prevent clubs from some actions. As institutions rule their region, in case of conflict with the club (it may happen), institution can disturb it. For example, the R.C. Lens organises annually a carnival with its fans in the city and it requires agreement from the institutions, which is not always easy to obtain.

### 4.2.7. Organizations

First, it is essential to define which organizations deal with football clubs. At a worldwide level, the FIFA set up the rules of the game, control transfers and judge conflicts between clubs. Then, the UEFA is the represent of the FIFA at the European level; it manages the European competitions.
At a national level, the LFP manages all the professional French football clubs (Ligue 1 and Ligue 2). For the same function we have two organizations in England: the Premier League cares about League 1 clubs, when the Football Association manages the professional football clubs of Divisions 1, 2, 3 and 4.

These organizations' expectation is that football clubs become popular ambassadors of this sport so that it becomes attractive to ever more people. They expect clubs to respect the rules set up to avoid any conflict, negative for football's image.

Theses organizations have power and influence on every club. They set up the rules of the game clubs have to admit. They also impose football clubs to have certain structures to welcome spectators; otherwise clubs are not able to enter competitions. Most of these structure improvements deal with fans' security.

Football clubs can also be reprimanded at a sportive level by those organizations: they can affect their rank by withdrawing some points the clubs won.

In England the Premier League also imposes some commercial rules. For example, clubs are not allowed to change their replica shirt every year, but only every two years for fans to be able to buy their favourite club shirt. According to Scudamore (2002), even the price fixing of replica shirts respects rules enacted by the Premier League.

In France, the LFP created an independent commission to analyse the clubs' financial accounts, the DNCG. Clubs must have a guarantee for any of their debt; otherwise they will be relegated to the inferior division. As football clubs often have 'weak' finances, this commission aims at improving football clubs' situation. But this commission is unique in France and other European clubs do not have to follow such strict rules. In a close future, the UEFA may set up the same type of commission at a European level. But who would prevent Real Madrid, the best team in the world, from playing the Champions League because it has about £100 million debt?

The last, and not the least, element of national football organizations' power is money. They are in charge to negotiate and reallocate the television rights paid by media. As explained in part 4.2.5., this income is a need for football clubs' survival.

### 4.2.8. Sponsors

Sponsors have important commitment in football. Sponsors associate their name with football clubs to benefit from their popularity. Sponsors expect notorious brand recognition, so this increases with the teams performances. When a team is successful, it attracts more fans in the stadium and its games are shown on television. An association with a successful team is an obvious benefit for sponsors.

They also associate their image with the clubs' image, so they expect football clubs to maintain a respectful image. Sponsors also invest money in football to get new business opportunities and they expect clubs to help them to develop special commercial program. It is the case with R.C. Lens, where Nike and Orange target the densest and youngest region in France to increase their notoriety and gain market shares, according to Laugier (2003). Another expectation from sponsors is that they want to meet the players and to make their customers to meet the players as well. They also expect advantageous access to the games.

The influence on clubs they have comes from the help they bring. It is not always financial. The sports brands like Nike, Adidas or Umbro supply the sports materials to clubs (shirts, shoes, soccer balls...) to benefit of brand exposure on the pitch. They also add financial investments for first division clubs.

**Table 4.5. Sponsors and football clubs**

| 2002 | Liverpool F.C. | Stoke City F.C. | R.C. Lens | Amiens S.C. |
|---|---|---|---|---|
| **Income from sponsors (£'000)** | 12,700 | N.A. | 7,042 | 1,279 |
| **Percentage of the total income** | 13 | N.A. | 30 | 32 |

*Sources: Interviews conducted, Liverpool F.C. (2003), Laugier (2003).*

Of course, sponsors do not seem as vital for English clubs as for French ones, but they are an important part of clubs income. They also provide presents for players like cars, watches and others.

### 4.2.9. Players' agents

Football players' agents are people who help football players to manage their career, in counterpart of financial commission. They expect from football clubs the best working condition for their players, a pleasant welcome at the club and that all their players needs will be satisfied. It is supposed that when a player has no upset, his performance on the pitch will be at the top. Agents wish their players to become popular and to play in notorious clubs.

On the other side, agents expect clubs to be ready to negotiate with them and to buy their players.

Agents do not have much importance on clubs' strategy, but they are essential in any transfer. As intermediaries, agents cost money to clubs because they ask for a financial retribution on each player's transfer from a club to another.
A positive element coming from agents is that they manage with all the administrative forms, the salary negotiations (...), so the clubs do not have to. They also can promote some exceptional players to clubs. As good players are rare, to work with agents may be a way to improve clubs' team. On the other side, agents can convince a player not to join a team because its managers were not respectful enough with agents.

#### 4.2.10. Other clubs

Other football clubs are considered as competitors, and they are. They have the same expectations as any football club: to attract more fans, more sponsors, to win competitions... As their expectations are the same, a club cannot get any benefit from another.

First, they compete on the pitch and a team's success depends also on the other team's failure. Team's performance depends on the others. Clubs also compete to buy the best players.
Moreover, for example, Liverpool F.C. and Everton are located in the same city and competition between those clubs is sportive but not only: they negotiate to get the same subventions from institutions, they compete to attract fans (merchandising, pricing...). So, football clubs' mission is to improve themselves at each level to outclass competitors.

#### 4.2.11. Interests groups

Two majors interests groups exist in football: the football clubs' presidents association (UCPF in France), and the G14 at a European level.

The presidents' association negotiates with national football organizations (the LFP and Premier League) and the government, to improve their business conditions. They put pressure to increase television deals amount, to decrease taxes...
The G14 is an organization representing the fourteen richest European football clubs. This organisation has the same function as the presidents' association but at an international level: they try to improve football business conditions.

These organisations are football clubs' represents or lobbies and so do not have any direct influence on them. Their influence is indirect and depends on the government and football organizations' decisions.

### 4.2.12. Government

Government's expectations towards football clubs are similar to institutions' ones: they expect football clubs to get involved in community and charities programs, to develop economically their region (especially employment). Government works to improve the football image because at international competitions, those clubs represents the country. According to the Sir Norman Chester Centre (2002), the current administration and Tony Blair have identified football as an important political tool and a key feature of a modern and integrative Britain.

Although football clubs are mostly ruled by organizations like the LFP and Premier League, they nevertheless have to comply with rules enacted by the government and pay taxes like any company. Government financially encourages clubs to develop education centres, employment programs and community projects.
The actual British Prime Minister is also close to Mr Murdoch who owns a media empire and show football games on television in counter part of expensive television rights.
At least, some ministers are football fans and clubs can benefit from advantages like renting rooms for government meetings that will increase the notoriety of the clubs.

### 4.2.13. Banks

Banks expect that football clubs pay on time for their loans encourage their players to open accounts with them. Football clubs manage huge amounts of money and are attractive to banks but they are treated like any other traditional company.

Banks only have power on clubs which have financial difficulties to try to improve their situation.

### 4.2.14. Football clubs' stakeholders mapping

According to the stakeholders' expectations and sources of power, it is possible to adapt the models originally designed by Mendelow (1991) and Archer (1995).

| | | **Level of Interest** | |
|---|---|---|---|
| | | *Low* | *High* |
| **Power** | *Low* | Other clubs<br>Public institutions<br>Government<br>Banks | Employees<br>Players / coaches<br>Players' agents<br>Interests groups |
| | *High* | Sponsors | Fans<br>Shareholders<br>Media<br>Organizations |

**Figure 4.1. Mendelow's model applied to football clubs**
*Source: Mendelow (1991)*

| | | **Connections** | |
|---|---|---|---|
| | | *Necessary* | *Contingent* |
| **Interests** | *Compatible* | Banks<br>Sponsors<br>Employees<br>Players / coaches<br>Fans<br>Media<br>Organizations | Public institutions<br>Government<br>Players' agents<br>Interests groups |
| | *Incompatible* | Other clubs<br>Shareholders | |

**Figure 4.2 Archer's model applied to football clubs**
Source : Archer (1995).

This stakeholders' mapping is useful to analyse how football clubs manage their stakeholders.

## 4.3. How football clubs manage and communicate with their stakeholders

### 4.3.1. Fans

Football clubs are very committed into communicating with their fans. Despite managers are confronted to this crowd every week on match day and can feel fans' mood there, they always try to improve communication with them. Clubs now have an efficient tool, to get their fans' opinion: they use Internet forum on the clubs' website. It is an expression place where managers can easily discuss with fans, according to Mr Weathley of Liverpool F.C. R.C. Lens has employed a fans' association member to deal with its supporters, when Liverpool F.C. created an association with ex-players for the same job. Nevertheless managers, coach and players often meet fans to talk with them and feel their desire. Liverpool F.C. organises dinners with fans from the mass, not fans' represents, and they often consult them through surveys like for the creation of the new stadium. The group 'Anfield 4 Ever' opposed to the stadium move was invited to a meeting to discuss this matter with the clubs' managers. At R.C. Lens, the president of the club, the coach and some players organises meetings with the fans' represents every three months.

Fans expect to access to good games for reasonable prices, and they also expect their team to recruit the best players to win. According to Mendelow and Archer's models, the clubs should have a protectionist attitude towards them because they are key players. In a certain way clubs do, they try to keep them. It is even truer in Liverpool City where two clubs of Premier League share the same stadium. Liverpool F.C. benchmarks the Everton club about its pricing policy, in order not to loose its fans by fixing pricing not accessible to the community. Liverpool F.C. also improves regularly its structure to welcome fans as comfortably as possible in Anfield Road stadium. Thirty-five percent of the tickets are sold on match day to allow anyone to go to the games, not only season members. The waiting list to become a season member is booked for the next three years! To avoid its fans frustration and to develop commercial potential, Liverpool F.C. will play, in 2006, in a brand new stadium which capacity is about 60,000 to compare with the current one: 44,000 seats. Although Mintel (2002) reports that Liverpool F.C. does not really exploit its commercial potential, the club organises stadium tours, developed online merchandising and set up a club's museum. It also considers very important to train its stewards for the games.
Stoke City F.C. also eradicated violence from its stadium by creating a 'green card' to allow fans to enter its stadium. But the most important measure is to keep tickets at an accessible level. R.C. Lens is also proud not to have increased prices of season tickets for the last three years.

### 4.3.2. Shareholders

British football clubs do not communicate as frequently with shareholders as with fans. Shareholders are invited to attend the annual general meeting and the clubs publish their accounts every year or twice-a-year. Most of shareholders attend home games, where they can meet the clubs' managers.

Shareholders expect a certain satisfaction for their investment and also personal privileges to access games. Theorists recommend finding a compromise with these key players.

English clubs have put in place special shareholders' lounge at the stadium, to attend games. They have to endorse the club's strategy, what they can do at the annual general meeting. Moreover, they often appoint key employees.
Liverpool F.C. never paid any dividend to its shareholders. In counterpart, the club invests impressive amounts of money in the team, to increase the shares' value through victories on the pitch.

### 4.3.3. Employees

The communication with employees happens daily at the club, through professional relationship.

Sir Norman Chester Centre (2002) reports that after the Hillsborough drama, British football clubs started to employed qualified staff, especially with marketing skills, rather than ex-players who needed a job. They also run an equal opportunity staff policy. Mendelow would advise football clubs to adopt a defensive strategy and to keep employees informed.
In France, the situation is completely different; the clubs' employees are not as qualified as in England: almost none have post-graduate diploma. French football clubs prefer to employ people close to the club independently of their skills. R.C. Lens created about a hundred jobs in the last four years. The wages policy is ruled by the compulsory minima, not by the clubs.

### 4.3.4. Players and coaches

Clubs communicate with players on a frequent basis but this part of the job is supposed to be assumed by the coaches. Coaches are supposed to report any dysfunction for clubs' top managers to solve it. R.C. Lens has two employees at the club committed to improve players' life.

Considered as key elements of the clubs, they put all their efforts to satisfy them. To improve its team competition, Liverpool F.C. spent £60 million to buy new players and its

wages bill grew from £14.6 million to £48.9 million between 1997 and 2001! LFC also upgraded its Melwood training complex and invest money in its football school to 'produce' its own players.
In addition to its two employees devoted to the players, R.C. Lens recently invested £10 million in new training equipments.
The situation is now changing and due to economical difficulties, clubs are now thinking about putting in place a players' salary cap.

### 4.3.5. Media

Football clubs communicate with media almost daily. The press is always around the clubs and their players, to inform its readers about the teams' news. Concerning the media industry, clubs are in contact with them when a game is re-scheduled. Most of the contacts between media and football exist between the media and the national football organizations (LFP and Premier League).

Archer's model (1995) implies that clubs should have a protective attitude with the media. Clubs are organised to answer the press demand. The press departments at the clubs are more important than the fans or players' ones. For example, LFC employs three full-time persons to deal with the press and the club remains as open as possible. Clubs considers the press as a delicate subject, that's why they usually installed policy not to comment rumours or scandals.
To answer media's expectations and to win, football clubs invest impressive amounts of money in recruiting good players, so that the show they offer has a better quality. Concerning the media industry, the Premier League clubs as well as the French clubs base their forecasts on the two years remaining contract with the television. It is not the case for Stoke City F.C.: ITV Digital bought the rights to diffuse the Division One for £200 million but bankrupt last year. A new deal has to be found, through the intermediary of the Football Association.

#### 4.3.6. Institutions

Institutions are consulted by clubs for any major event, like move from stadium, but they also work together on many projects for the community. Liverpool also created a full colour Community Newsletter in order to improve communication on the work they do. Four thousand of copies are distributed twice in the season.

Institutions expect the clubs to develop solidarity within the community and to be an important economical actor. Archer (1995) and Mendelow (1991) recommend, through their model, that clubs should adopt an opportunist attitude towards institutions with minimum efforts. In France, this advice is followed: excepted some invitations to games, clubs do not really take care of institutions. This can also be explained by the decrease of forty-four percent over the past four years of the subventions R.C. Lens received from institutions. Economically, things are different. R.C. lens, for example, tries to work as much as possible with companies from the same industrial region. According to Maillard (2003), £20 million were spent locally, by the club, in the last two years and the club employs 240 people. The local taxes paid by the club are about £1.6 million per year.
British clubs are more involved in the community: they organise stadium tours, stage soccer schools for children, they occasionally send their coaches to schools. Stoke City F.C. even host birthday parties at the stadium! Liverpool F.C. built a youth academy at Kirkby to help children with the school work, it also works on an integration program set up for truants and delinquents. LFC spread also a part of its profits between local and national charities.
According to Johnstone (2002), 3,000 full-time jobs in the Merseyside economy depend on the football industry and football is used as a competitive tool in the declining local economy. For every £1 spent by the clubs (LFC and Everton), £0.31 remains in the city of Liverpool.

#### 4.3.7. Organizations

Football clubs' top managers (often the presidents) are permanently communicating with the national football organizations because they organise the football competition and judge the conflicts.

Theorists would consider those organisations as key players, and they are. Clubs do not really have to manage this stakeholders group because they have to comply with the decisions of the league. The only influence clubs may have on these stakeholders is through interests groups.

### 4.3.8. Sponsors

Football clubs have commercial departments to deal with the sponsors. They are often in contact with them to negotiate contracts, but they also meet them at the stadium on match day.

Sponsors expect to have a welcoming access to games, to increase their notoriety and to set up commercial promotions with the clubs. At R.C. Lens, the club installed special luxury rooms for their sponsors to negotiate business affairs and to invite their customers at the games. Felix Bollaert stadium has become a meeting place for the regional companies. The club also tries to always meet its 450 sponsors' expectations (Mendelow (1991) recommends keeping them satisfied) and works with them to develop commercial operations targeting fans.
Liverpool F.C. has an old tradition of sponsoring: it was the first British club to have a shirt sponsor in 1978, according to Sir Norman Chester Centre (2002). The club is said to be in regular contacts with these stakeholders and it seems to be efficient: the clubs' main sponsor, Carlsberg, is a business partner for more than ten years and just signed a new three-year-deal worth up to £15 million over the next three seasons. LFC also keeps its equipments sponsor, Reebok, and has just signed a new contract with them.
Less important clubs maintain their good relationships with their sponsors and these are often due to personal connections between top managers of both organizations.

### 4.3.9. Players' agents

In France, players' agents suffer of bad reputation, so clubs communicate as rarely as possible with them. They only request their services when needed, during the transfer

periods (January and the summer). The rest of the season, agents seek clubs but most of them do not even meet them.
In Great-Britain, football clubs keep respectful relationship with the agents and work with them all year long. Communication with the agents, although careful and confidential, remains important to them.

Top managers of the clubs deal directly with the agents and their players, only when they are interested in buying a player. Agents are numerous and clubs do not attach any special importance when negotiating with them. They have an opportunist attitude, like would have recommended Archer (1995).
Less important clubs tried to avoid agents and to deal directly with players, to save up the cost of an agent's commission. But this era is now over, every player now has his agent, even some players of ten years old already signed with agents. Clubs recognize that agents' administrative and negotiating skills are useful when realizing a player transfer.

#### 4.3.10. Other clubs

Football clubs are in direct contact and confrontation each and every week at the stadium. Football clubs do not communicate frequently with each other, excepted when they negotiate players' transfers.

Archer (1995) and Mendelow (1991) recommend football clubs to make minimum efforts managing their competitors and even to try to find a compromise with them. A compromise is impossible when clubs' successes depend on others' failures. But according to the theory, football clubs' managers do not make efforts to treat their competitors though they try to keep a respectful and positive attitude towards them.

#### 4.3.11. Interests groups

Considering the clubs of this study, only one is a member of the G14 association. Liverpool F.C. is an active member of this group and so is regularly in contact with it. Liverpool F.C. sends one of its most important managers to the G14's meeting in Brussels twice a season. They also pay a 'subscription' to finance this group which employs five persons to communicate and defend their interests. The football clubs' interests are united in this group, so management with this stakeholder's category is enthusiastic.

Concerning the presidents' association, presidents of football clubs attend these meetings regularly and so are parts of it. In France, Gervais Martel, R.C. Lens' president is also the president of the U.C.P.F.

#### 4.3.12. Government

Football clubs in both countries are not in direct contact with the government, the LFP and the Premier League are.

When theorists would make minimum efforts and have an opportunist attitude with this stakeholder, football clubs are careful about their behaviour with ministers. They are at the top of the football business' hierarchy pyramid. In France and England, football clubs invite ministers to games and are pleased to welcome them at the stadium.
British clubs are more reactive to their government's demand. The example of Stoke City F.C. putting a 'green card' in place to fight violence in its stadium is a direct response to the government's wishes. Liverpool and F.C. and Tony Blair's team also work together on community programs.

#### 4.3.13. Banks

Football clubs' managers interviewed were not very interested in talking about banks. Their relations with banks are like any classical company.
Football clubs' debts are usually recovered by their major shareholders for the club not to bankrupt. Clubs also develop commercial partnership with banks to exchange discounts against accounts opening for their new players.

### 4.3.14. Adaptation of Polonsky's model

Based on Polonsky's model (1995), this adaptation sums up who are the football club's stakeholders and how they are organised.

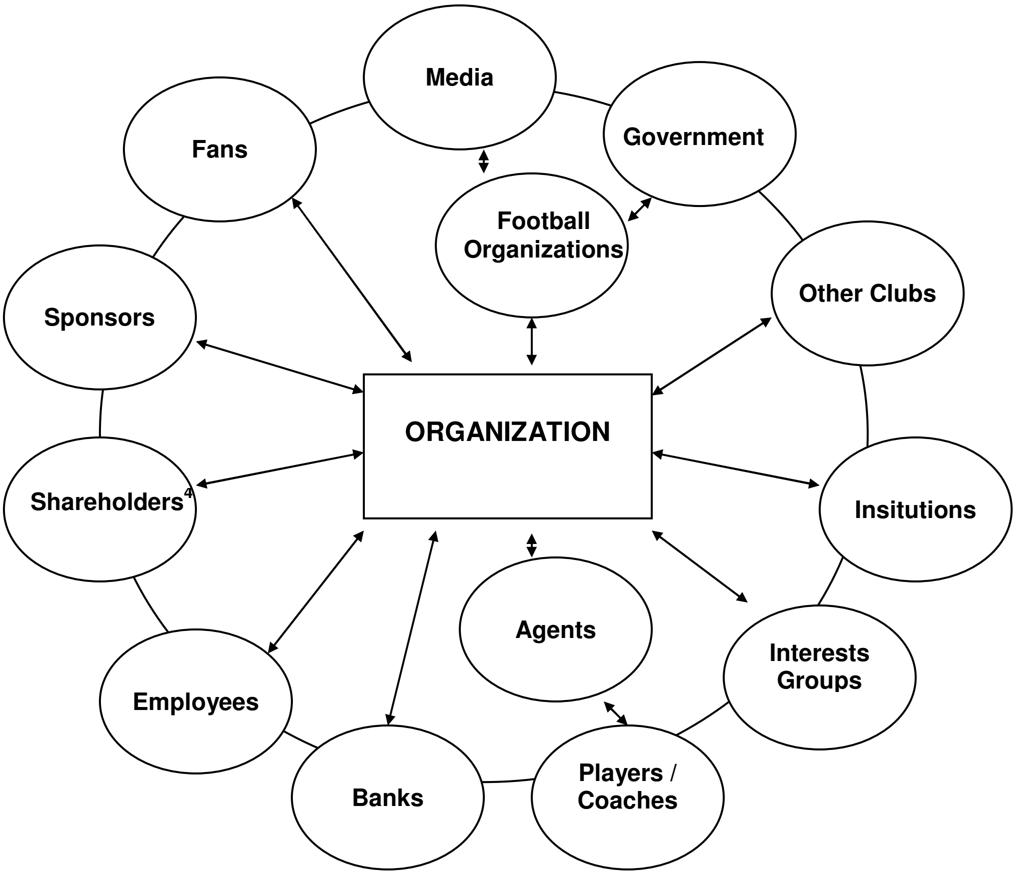


**Figure 4.3. Polonsky's model adapted to football sector**
*Sources: interviews conducted and Polonsky (1995).*

4: Shareholders exist only in British clubs, not in the French ones.

## 4.4. Comparisons

### 4.4.1. Important clubs vs. less important ones

**Table 4.6. Important vs. less important clubs**

| 2002 | Premier League | Ligue 1 | Division One | Ligue 2 |
|---|---|---|---|---|
| **Attendance per match** | + 30,000 | 22,300 | 15,435 | 7,512 |
| **Income from fans / match (£)** | 21,4 | 9 | N.A. | N.A. |

*Sources: Valence (2003) and Budimlija (2003).*

Football clubs are all based on the same business model. They can be compared with their budget. For example, Liverpool F.C.'s one is 6.4 times higher than Stoke City F.C.'s one! The rate is almost the same concerning the French clubs.

The main difference is in the notoriety of the second division (Ligue 2 and Division One). When media fight and invest millions to buy the Premier League television rights, nobody buys the Division One rights. ITV Digital did and bankrupted. The lower divisions do not attract many fans because they do not show the best players on the pitch, which is essential for a good game. The best players in lower divisions are shortly bought by important clubs. A vicious circle is in place: media do not develop less important divisions and so fans are not attracted.

To face this lack, less important clubs develop their 'own-produced' players. This solution offers a double advantage: clubs do not have to buy players and they make money when they transfer their players.

Less important clubs also do not have resources enough to employ skilled employees who could fully exploit and develop the commercial potential of the club.

It is also important to highlight that less important clubs are more pessimistic than important ones, so their management is more careful. In fact, when top clubs have financial difficulties, less important ones are usually not so affected.

### 4.4.2. English clubs vs. French ones

Differences between French and English clubs are numerous and major.

First, the attendances are lower in France (cf. table 4.6.), almost half than English ones. This is not due to stadium capacity which are similar in both countries, but to the culture. Football was created in England and people there are ready to spend double money in football than French people. Many other factors also influence the attendance. French football clubs keep democratic pricing policy for their fans, so that stadium remains available to everyone, but still the attendance remains lower. It may be due to the schedule of the games. In England, games are played on sunday afternoons; when in France games happen on saturday night. Families and young people are readier to attend games on sunday afternoons.

In France, problems due to violence in stadium are not solved, which does not encourage families to come to these places. Nowadays, French clubs are economically late compared with their European competitors, so they have few successes and do not attract fans. Laugier (2003) accuses French football clubs not to make needed efforts to attract people to the stadium.

The efforts may also be required from the media industry. When BskyB invests double money than Canal + to buy the football television rights, clubs' retribution do not allow the French clubs to invest as much money as British ones in football.

Moreover, French clubs do not exploit their commercial potential because of the lack of skills required to do so. French football clubs do not recruit any employee with MBA or MSc., they prefer to invest in players.

When British clubs access to private capital and increase substantially their income, French clubs are ruled like associations by the government. The French government does not allow football clubs to access the Stock Exchange market, but it also limits its subventions from public institutions with the Buffet Law. This does not help French football clubs. The government also increased taxes paid by football clubs of fifty-six percent in the last four years!

The French government also imposed the creation of the DNCG which is a powerful independent organisation that controls football clubs' finance. It is an important action (unique in Europe) which helps French clubs to recover from overextending and prevents them from bankruptcy. England is now working on the creation of this type of organization.

French clubs also have a competitive advantage: they produce many players. As they are not rich enough to buy the best players in Europe, they compensate by producing them. Although Liverpool F.C. seems to be an exception, British clubs do not have the required structure to produce numerous good players.

French football clubs can be considered as late compared with their British competitors, but the French system also inspires many national football organizations across Europe.

### 4.5. Recommendations

Concerning the stakeholders' management, football clubs are very committed into developing links with their stakeholders. Their top managers seem conscious about the benefits stakeholders bring them. But there is a wrong point as well: clubs take much care about the stakeholders increasing their income and less about the others. The best example remains the relation with the players' agents. Clubs treat them bad all year long excepting during the transfer periods. If clubs would develop a trespectful and true relationship with them, they would benefit from their expertise and network to find exceptional players. It is also important to highlight that French football clubs are not committed enough to community programs if we compare with English clubs. This is something important to improve.

Concerning the competition, at a European level, rules should be imposed to improve the clubs' finance by forbidding access to competitions for overextended clubs. This would prevent clubs from financial abuses which drive to bankruptcy.

English football clubs developed transparency in financial affairs and it would be a great example for French ones. English clubs should benchmark France to develop their football schools.

It is certain that access to Stock Exchange market would provoke an exceptional increase for French club's income. But are these clubs skilled enough to manage this added money? To access financial markets, football clubs would be required to have made profits for the last three years which is the case of almost none French club. This rule from the Commission des Opérations de Bourse (C.O.B.) limits the number of clubs who would benefit this access.

Football clubs are also too dependent of their income from television right. To avoid a disaster, they should diversify their income as much as possible.

## 5. CONCLUSION

This research has been an interesting one. To conclude on football club's stakeholders' management, it is possible to affirm that it is well developed and quite efficient. The best example would be the collaborative work between the institutions and the clubs to eradicate violence. Everyone would agree that the change has been spectacular and substantial.
Football clubs have higher consideration of their stakeholders than traditional companies do. This may be due to the frequent meetings (at games) between clubs' top managers and these groups.

To meet four clubs' top managers has been essential for this research. They represent the core of relationships with the stakeholders and their answers were truthful and not biased. Although the information they gave was brilliant, with more time the author would have interviewed the stakeholders themselves to obtain certainly more information. To study how stakeholders maintain their power and pressure on football clubs would be an interesting research subject.

The last, and not least, benefit of this research is personal to the author. He wishes to work for football clubs and, thanks to this study, he improved his knowledge about football business sector and met important actors of this business. These contacts added to his knowledge will be essential for his future professional career.

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| AMIENS S.C. : | http://www.amiensfootball.fr |
| LIVERPOOL F.C.: | http://www.liverpoolfc.tv |
| R.C.LENS: | http://www.rclens.fr |
| STOKE CITY F.C.: | http://www.sokecityfc.com |

These websites' adresses are correct at time of writing.