

## 102 - SPORTS MANAGEMENT COMPARATIVE ANALYSIS OF FOUR PROFESSIONAL SOCCER TEAMS FROM SOUTHERN BRAZIL

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For decades, managing a Professional soccer club meant (and, in most cases, still means) mixing business and passion (BRUNORO; AFIF, 1997), an out-of-date model condemned by the authors: the one of the business man who loves his soccer club and dedicates a few hours, after a hard day's work, to managing that selfsame club.

Soccer has evolved a lot and it doesn't allow this kind of management anymore, at least if we are talking about business efficiency: according to data presented by Freitas (2002), this sport represents less than 1% of the Brazilian National Product, while, in Europe, it reaches 3%. According to the author, soccer moves 250 billions of dollars a year, and only one billion circulates in Brazil (approximately 0,5% of the total sum) - although these figures are contested by the Brazilian Soccer Confederation (CBF), allegedly moving 32 billions of dollars yearly (CBF, 2004).

Anyway, it is clear that the soccer teams need full time professional managers, people who work like any other company business manager. According to Graça Filho (2002), the Brazilian Volleyball Confederation (CBV) president, the directors' board must draw up and follow estimates aiming technical results, championship victories and, of course, profit. Otherwise, the inefficient board members must be fired as in any other company.

This sport as industry vision is shared by Freitas (2002) and Brunoro and Afif (1997). The first one states that *"the club that doesn't hire competent professionals in the most different areas won't progress"*. The two other authors believe that soccer clubs need the support of consultant offices, with specialists able to quickly detect management problems. With consultants, clubs may implement safer and more transparent management models, inspiring more confidence in their associates and advertisement offices interested in investing in their soccer quality. In the three authors' opinion, soccer managers must realize that this sport is a complex business and must be globally and professionally studied.

### METHODOLOGY

The present study aims to review the soccer management literature and give a brief view of four professional Brazilian soccer clubs management, here called P, Q, R and S teams, comparing their incomes, expenses and management problems. At the same time, it is our intention to verify how much of the reviewed literature authors' suggestions are applied by the researched clubs.

This is a descriptive research, as the compiled facts were observed and analyzed without the researcher's interference, with pattern data collection techniques (HARADA; CONTE, 2004). The four clubs' business managers answered a questionnaire created by the researcher along 2002 and 2003, constituted by 5 dissertative questions and two multiple choice questions, all derived from the sports management reviewed literature. Complementarily, each club stadium was visited in order to collect more data and triangulate the received questionnaires informations.

### THE PROBLEM

According to Graça Filho and Kasznar (2002), sports have many structural problems waiting for a solution in Brazil, such as *"the terrible organizational structure, (...) actions interrupted and absence of organized and trustable data; the inexistence of sports politics for the general population, (...) the deficient formation of professional technicians in the different areas involved in sports activities and the lack of a structure that supports ex-athletes"* (page V).

In the same way, Freitas (2002) states that, among soccer problems, we should especially worry about violence in and out of sports arenas; the lack of game tickets for the whole soccer season; clubs' financial fragility; excessive soccer players export; the lack of stadium infra-structures. All of this repels the high and middle class from the sports arenas, leading to a 50% decrease in public frequency in the last 20 years.

English soccer had a similar problem, but it was restructured and today is considered to be a model to be followed all over the world. Clubs, government and companies met in order to solve the question: government increased police presence in and out of the arenas, using technology to identify and punish the famous hooligans; clubs and companies made partnerships to rebuild and reform sports arenas, making them safe and attractive enough to the general public. Sealing the "deal", Rupert Murdoch, media millionaire and B Sky B owner, bought the rights to exclusively broadcast the Premiere League for 300 million dollars, doubling the income of the League when it used to sell the same broadcasting rights to different TV networks. Murdoch's intention was to quickly attain 3 million clients for his satellite broadcasting network, objective today surpassed with his 11 million viewers (TAPSCOTT, 2004). However, Pinto (2002) observes that this is a rare case, and only 4 of the 20 clubs in the Premiere League profited because most of them spent more money than they earned.

Anyway, we must concentrate on the well-succeeded cases, reveal their positive aspects and avoid incurring in the same mistakes. According to Freitas (2002), the club-as-a-company philosophy resulted in better matches, more beautiful spectacles, heightened fans frequency to the arenas and television audience. Fans passion and confidence were recovered. Now, we can only hope that Brazilian soccer managers try to follow these changes to the best.

### MARKET VALUE AND SPORTS MANAGEMENT

A soccer club has a series of assets and must be viewed from many angles: the ticket selling, radio & TV, merchandising, sponsorship and structure are good examples of these assets. If possible, the income sources must be diversified, avoiding the excessive dependence on only one of them.

Analyzing the data presented by Freitas (2002) and cross-referencing them with Brunoro and Afif's (1997) and Graça Filho and Kasznar (2002) findings, we may infer that clubs managers should pay attention to the trademark, its valorization through other sports, new fans draft, multi-utility arenas development.

The first Brazilian sports management case with professional managers was the Palmeiras-Parmalat partnership, as Brunoro and Afif (1997) tell us: *"The biggest soccer change in what concerns the sports marketing was the successful Palmeiras-Parmalat partnership in the club's management"*. The company intended to better its public image, and, after its own European experience, it knew that sports are the best way to do it. The authors also observe that Parmalat innovated while co-managing Palmeiras' soccer department in order to preserve its image. Following this model, other companies associated themselves to

Brazilian soccer teams in similar ways and some of them have already expired their contracts and have given way to new partners.

#### MANAGEMENT TRANSPARENCE

Freitas (2002) states that management transparency is the best way to acquire credibility among public and investors. Graça Filho (2002) has the same opinion and suggests that public should have free access to clubs and federations documents, which includes company budgets according to the club's financial department, guaranteeing the club credibility among investors. According to Freitas (2002), the investor can't be in doubt about anything, and the management transparency is essential in exactly showing which are the risks and benefits of certain team, answering the question: what does your club has to offer in exchange for the investors' money?

#### INCOME COMPOSITION

With the continuous decrease in ticket selling in stadiums, there's a global tendency to an increase in broadcasting income, fundamental to the club exposition. With this increase, the most exposed clubs have crescent competitive advantages.

But Pinto (2002) mentions the American case, where sports costs have increased too much, going from 2.8 billion dollars in the 1997/1998 season to 5 billion dollars in the 2001/2002 season, while the four open TV networks advertisement incomes only have increased from 3.2 billion dollars in the same period. The author states that, since 1997, there's no profitable sport product in television broadcasting.

So, the sports managers must think in other income sources and try, at the same time, to take the soccer fans back to the sports arenas. This way, clubs must offer comfortable seats to their supporters, easy transport access and safety to them. In England, the ticket selling and products merchandising incomes are now equal to the broadcasting rights income, i.e., television is essential for clubs survival, but not the only way to survive.

Taking this consideration into account, clubs must also pay attention to stadiums static publicity, uniform sponsorship, friendly matches revenues, licensing, getting media space in radio, TV, magazines and Internet.

#### RESULTS AND DISCUSSION

**Table 1.** Clubs P, Q, R and S main incomes and expenses

Team	Main income	Main expense
P	Television broadcasting (50%)	Players salary (50%)
Q	Associates monthly fees (35%)	Players salary (48%)
R	Uniform sponsorship (45%)	Players salary (52%)
S	Games ticket selling (30%)	Players salary (60%)

#### PTEAM

Coming from Paraná state, P team has already won a national championship, has a 31.000 seats stadium and it is sponsored by a global giant in printers production. We interviewed the club's marketing director and also visited the club's installations, where we could prove its first world class human and physical structures. Its biggest incomes are from TV games broadcasting (50%) and ticket selling (25%), and its biggest expenses are in the soccer players' and employees' salaries (50% and 15% respectively).

The physic structure is the one that most resembles Freitas (2002), Graça (2002) and Brunoro and Afif (1997) suggestions: a modern and comfortable stadium, with quality gift shops and restaurants. The official licensed products store is second to none, similar to its European versions in Barcelona and Paris.

In management terms, P team is partially close to the authors' suggestions: only three of its directors are full time employees - the superintendent, the financial and the patrimonial ones. Their biggest management problems are the prior management tenures debts, which compromise good part of the income.

According to our interviewee, the most recent resources in order to solve their problems are *"rolling the debt in a way that doesn't compromise the economical part of the company, generating incomes in order to honor all anterior debts and still invest in the club's structure."*

#### QTEAM

Q team is from Santa Catarina state and has a 19.000 seats stadium, being sponsored by a computer products distribution company. The general manager was interviewed. At first sight, it was possible to notice the problems mentioned in the reviewed literature: the need to change our stadiums into comfortable arenas to attract more fans. Since 59% of the club income is from games ticket selling and monthly fees payments, it is important to consider reforming the installations. Of course, that may be a great challenge for a club that doesn't have significant income from broadcasting rights.

Only 25% of Q team arena is covered, and the club must rent training soccer fields in order to maintain its younger teams. The club's managers admit that the lack of training fields puts Q team in disadvantage when compared to its state rivals. The other installations also need renewal: despite being well-organized, the infirmary and gym need reforms, and the intention to do them is manifest in the club's official website.

#### RTEAM

R team also is from Santa Catarina and, one day, was Brazilian soccer champion. It has a 22.000 seats stadium and the sponsorship from an industry syndicate. The interviewed manager informed that, with the sponsors help, they reformed the stadium, painting its walls, modernizing the ticket offices and changing the numbered seats. Today, about 2/3 of the arena is covered against bad weather. Nevertheless, the club must appeal to third parties training fields in order to train all its younger teams and preserve its arena field grass.

There is a gymnasium at the side of the stadium, where R team trains in rainy days. In percentage, this is the club that most depends on uniforms sponsorship: 45%. According to the interviewee, *"Brazilian soccer's biggest problems are that investments and expenses surpass the incomes, making most teams almost economically unviable"*. As a solution, R team has been increasing its board of directors in order to share the pressure usually centered on a few managers.

### STEAM

Also from Santa Catarina, S team has a 21.000 seats stadium and is sponsored by a lamp industry. The then vice-director was interviewed. From the three clubs from the same state, S team is the one that has more significant incomes from television broadcasting (9%) and has training fields for all its players. Almost every manager in its board of directors has a full time job in the club, that is the only in the state playing in the Brazilian first division national championship, with chances of participating in one of the two Latin American soccer championships offered to a small amount of every continent country's best clubs.

To the interviewed manager, the players' market inflation and the Brazilian soccer lack of credit are the clubs' main problems. As upgrade resources, S team has been developing "great partnerships and counting on international investors support".

### BRAZILIAN SOCCER VILLAINS

The four interviewees indicated, in importance order, the main obstacles to Brazilian soccer evolution: disorganization (4), violence in sports arenas (4), corruption (3), lack of management professionalism (3), excessive taxes (2), urban violence (2), uncomfortable stadiums (1) and players' managers (1). The numbers in parenthesis represent the number of times the option was mentioned by the four managers - without marking limits.

The three most indicated items prove the reviewed literature criticisms, but only one interviewee mentioned an item strongly condemned by the authors: uncomfortable stadiums.

### CONCLUSIONS

It was possible to infer that Brazilian soccer clubs - not mattering their size - need professional managers. Reality proves that mixing business and passion leads most clubs to sport failure and bankruptcy. The Santa Catarina clubs know these facts, but they need a financial push and the presence of competent professional managers in their board of directors. Four years after the original data collection, P and S teams still are in the Brazilian national championship first division, with their games broadcasted by open and cable TVs, while Q and R teams are fighting to get out of the third division. It's not always possible to the clubs to inspire themselves in international successful models like Manchester United or Real Madrid, but Brazil already has its efficient management cases and, more specifically, southern region cases - like P and S teams - that may serve as examples to managers who still haven't found the best way to conduct their clubs - like Q and R cases.

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### Abstract

With world's and Brazilian soccer evolution, it is essential that professional clubs hire full time managers, working with administrative transparency in order to attract important sponsors and avoiding having just one income source. The present study was done with a semi-structured questionnaire aiming to investigate four southern Brazilian soccer teams, and revealed the following: the P team is the only one close to the revised literature suggestions, with its main income in television rights; the Q team needs structural and administrative upgrades, with its main income in club's associated members monthly fees. The R team has been under structural improvements and its main income is in the players' uniform. The S team has full time professional managers and its main income is in game tickets selling. The four teams' main expense is with soccer players' salary.

Keywords: soccer; sports management; management.

## ANALYSE COMPARATIVE DE LA GÉRANCE DE QUATRE EQUIPES DE FUT PROFESSIONNEL À LA REGION SUD DE BRÉSIL

### Résumé

Avec l'évolution du Fut brésilien et mondial, il est nécessaire que les clubs professionnels ont managers avec dédication exclusive, travaillant avec transparence de management pour devenir attrayants pour les grandes sponseurs et éviter une concentration des recettes en seulement une moyen de rente. Cet étude-ci a employé un questionnaire semi-structuré pour faire l'investigation de quatre équipes de la région sud de Brésil, et nous avons vérifié que: l'équipe P est la plus prochaine de las suggestiones presentes en la littérature révisée, avec sés plus grandes recettes venantes des droits televisives; l'équipe Q nécessite des réformes structureles et administratives, avec sa plus grande recette en les mois d'associés. L'équipe R a fait réformes structureles et a sa plus grande recette en le sponsorship de son uniforme. L'équipe S a gérants avec dédication exclusive e ses plus grandes recettes son les ventes de tickets. Les plus grand coût de ces quatre équipes est le salaire des jouers au Fut.

Mots-clés: Fut; gérance sportif; administration.

**ANÁLISIS COMPARATIVO DE LA GERENCIA DE CUATRO EQUIPOS PROFESIONALES DE FÚTBOL DEL BRASIL MERIDIONAL****Resumen**

Con la evolución del fútbol brasileño, es esencial que los clubes profesionales empleen a gerentes en tiempo integral, trabajando con transparencia administrativa para atraer a patrocinadores importantes y evitando tener apenas una fuente de renta. El actual estudio fue hecho con un cuestionario sême-estructurado que pretendía investigar a cuatro equipos de fútbol del sur de Brasil, y reveló el siguiente: el equipo P es el único cerca de las sugerencias revisadas en la literatura, con su renta principal en los derechos de televisión; el equipo Q necesita mejoras estructurales y administrativas, con su renta principal en los honorarios mensuales pagos por los asociados del club. El equipo R ha pasado por mejoras estructurales y su renta principal está en el patrocinio de uniformes de jugadores. El equipo S tiene administradores profesionales a tiempo integral y su renta principal consiste en la venta de los boletos de partidos. El costo principal de los cuatro equipos está con el sueldo de los jugadores del fútbol.

Palabras-claves: fútbol; gerencia esportiva; administración.

**ANÁLISE COMPARATIVA DA GESTÃO ESPORTIVA DE QUATRO EQUIPES DE FUTEBOL PROFISSIONAL DA REGIÃO SUL DO BRASIL****Resumo**

Com a evolução do Futebol brasileiro e mundial, faz-se necessário que os clubes profissionais tenham administradores com dedicação exclusiva em sua direção, trabalhando com transparência administrativa para atrair patrocinadores de peso e evitando concentrar suas receitas em uma única fonte de renda. O presente estudo valeu-se de um questionário semi-estruturado para investigar quatro equipes da região Sul do Brasil, e verificou que: a equipe P é a que mais se aproxima do sugerido na revisão de literatura, com maiores receitas vindas dos direitos televisivos; a equipe Q carece de reformas estruturais e administrativas, tendo sua maior receita nas mensalidades de sócios. A equipe R realizou reformas estruturais e tem a maior receita no patrocínio de seu uniforme. A equipe S possui administradores com dedicação exclusiva e possui maiores receitas nas bilheterias de seu estádio. Os maiores custos das quatro equipes envolvem salários de jogadores.

Palavras-chave: Futebol; gestão esportiva; administração.