



Game changers: From boardroom to backroom

There's nothing quite like watching the top teams playing the beautiful game. The skill and verve, the audacity and speed. But it's not all about the events on the field.

Great football teams win trophies, but that also requires stability behind the scenes — a club in turmoil has never won a league title. Only by looking at what happens off the pitch can we understand what is really going on inside a club.

Successfully staging a major event every two weeks (and sometimes more frequently) for 40,000 fans without incident suggests that a club has a mastery of its operations. If the team's kit and stadium have a broad range of advertisers, then that indicates the commercial team is doing their job well. And are the people in the crowd a mix of old and young men, women and children? If so, then the marketing and communications department is probably doing a great job at building and engaging a broad audience.

But what does it take to turn these objectives into reality? At Spencer Stuart, we believe that a club must be aligned and working effectively across three levels: the boardroom, the executive team, and the backroom staff or what we often refer to as an organisation's engine room.

The boardroom matters

Let's start by putting to bed the idea that the ownership model matters.

So long as football protects against allowing a particular ownership model — such as ownership by a sovereign state — from having an inherent advantage, then it's people, not systems, which loom largest. "There are well-funded clubs that are not run well and poorer clubs that are run well," points out Mark Bullingham, CEO of England's Football Association. "They are the clubs that out-perform."



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XAVIER COURT
BOARD MEMBER, SAINT ETIENNE

So what exactly should the best owners and the boards be doing?

Noel Mooney, chief executive of the Football Association of Wales, believes that "everything depends" on identifying who can add most value to a board. "The best boards strike a good balance between investors and those who are independent," he says. "You must have the club's best interests at heart and have the right balance of skills and diversity."

Yet at the same time, our research has highlighted important differences between the boards of classic private and listed companies, and those of football clubs.

While boards of privately-owned companies can focus primarily on the core questions of operations, strategy and control, boards of publicly listed companies also face other requirements related to the public communication of information. This is often linked to their accounts, as well as key activities such as human resources and corporate social responsibility. They also have other priorities including risk management, succession, scenario planning, and the impact on their business of broader topics such as geopolitical disruption, the artificial intelligence revolution, and social upheaval, to name but a few.

Although we might expect boards of football clubs to behave more like those of privately owned companies, we often observe that they are united more by common weaknesses, such as being composed of predominantly the friends of the owner, or failing to provide meaningful challenges and or support to the club's executive leaders.

As much as there are some compelling arguments to say that boards of football clubs are different — most notably the intense media exposure and short news cycles, the 'always-on' nature of football, and board members having higher public profiles than those of traditional companies — we believe that most clubs would benefit from having a greater focus on control and strategy that is seen in privately owned companies. They could also seek to cherry pick certain best practices from publicly listed companies, such as succession planning, the mapping of risks, and communication about their social and sustainability activities.

We have identified three areas where many (non-listed) football clubs can improve their governance:

Establish an independent audit committee (or at least identify an individual to fulfil that function), so the board can fulfil its oversight responsibilities and provide the right checks and balances.

Whilst there can absolutely be a place on the board for the owner's oldest and most trusted confidant, the head of the audit committee should be an independent director. They should also be the board member who interacts with the club's CFO and external auditors.

Achieving a diverse mix of profiles is also crucial — a point that Xavier Court, board member at Saint Etienne, believes is essential for effective performance. “The board is useless if it never changes, and if it's just a collection of old friends,” he says. “Often, it is shareholders who sit on the board. Those shareholders all have different interests which means that the board doesn't always pull in the same direction. Boards should be made up of mainly external people who have the club's best interests at heart.”

Establish a small, close-knit board, but institutionalise a broader strategy or advisory committee, whose membership changes on a more frequent basis depending on the issues the club must address.

This approach allows for greater flexibility and encourages the right people to be around the decision-making table, depending on each specific issue being addressed.

Shaun Harvey, director of Wrexham, is a proponent of this style of governance. “I prefer small boards and a larger group for broader consultation,” he says. “The challenge is that if you represent a group that is not an investor, then you will always look after your own interests first. You need to balance representation and self-interest, and this also needs to be separated from the process of making decisions. All factors need to be considered and in a proportional way.”

Encourage boards to focus on holding the CEO to account on how they are going to generate more revenue for the club and achieve the owners' objectives and long-term vision.

Football board members need to remember they have a crucial role in ensuring that the club has plotted the right course for growth and success. Unfortunately, there appears much scope for improvement, according to Mark Bullingham. “Football shouldn't be as quirky as it is but if you are a non-executive director who comes from outside of the game, it takes time to get your head around the industry,” he says. “Football also suffers from growing pains — its revenues have grown faster than the corporate governance around it and this is also often reflected in the composition of boards.”



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DIRECTOR, WREXHAM

Strengthening the executive team

Our research has also enabled us to identify three key takeaways for clubs to bear in mind as they think about their executive team:

Get the top triangle right

The key triangle in any football club is the relationship between the CEO, the sporting director and the head coach. This can also potentially include the owner depending on their level of involvement in the day-to-day activities of the club.

The CEO must set the North Star and ensure that everyone, including the playing staff, respect the rules and framework that has been set. But they must not step into the dressing room. As the person responsible for the P&L, they should also control the financial implications of transfers, over which they should have a veto, but they should not have a voice on the footballing merits of a given player.

This approach is firmly endorsed by Laurent Prud'homme, director general of Olympique Lyonnais. "It is not my role to choose the players to buy as we have experts for that — the sporting and technical directors," he says. "I am responsible for the managerial aspects, and so I've put a structure in place, and I only intervene when someone steps out of line. I must trust people and their expertise."

Organise around key sources of revenue

TV money has undoubtedly become an important source of revenue for most clubs. However, the fact that these contracts are negotiated centrally by leagues means that the increased importance of this new source of funding is often not reflected in how clubs organise themselves internally.



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DIRECTOR GENERAL, OLYMPIQUE LYONNAIS

Rather than focusing on purely TV rights, clubs should think more broadly when it comes to the topic of media, especially as TV revenues start to plateau. "The instability of media markets is a big challenge," says Axel Hellmann, chief executive of Eintracht Frankfurt. Xavier Court agrees, citing the prevalence of streaming and gaming as key factors to take into consideration. "Video games, Netflix and Apple TV are the real competition," he said. "When the film is good, people pay to watch, and vice versa. People aren't stupid, they won't pay for rubbish."

This challenge is compounded by the fact that in many clubs the relative level of experience of people working on media-related topics is often much lower than their counterparts working in the more traditional areas of sponsorship or ticketing.

Set up the club for more effective innovation

Operational excellence and a mastery of its cost base will continue to be extremely important to any club's long-term success, the broader market is changing so quickly that clubs need to also enable a mindset of experimentation, iteration, failing quickly and scaling successes.

Traditional companies often achieve growth by acquiring younger, more innovative companies. Football clubs' business models and finances are not set up to do that, so they need to be better at creating, incubating, and scaling innovative projects if they are to grow and avoid being disrupted.

The most forward thinking will also even think about developing corporate development groups that allow them to move towards multi-sport or multi-business model organisations. FC Copenhagen, for example, was one of the first clubs to make this idea a reality. "We own three water parks and several office towers," says its CEO, Jacob Lauesen. "And we used to own a company with 70 fitness gyms across Denmark. It's very much a multi-business conglomerate, and the sporting side is just one of those businesses."



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Backing the backroom

Like any organisation, football clubs rely on the smooth working of its various teams and departments. Clear objectives, seamless communication, alignment between the top level and staff in the trenches, are all essential. So how can clubs ensure that its operations run smoothly? What steps can their leaders take to finetune their core functions and activities?

The CEO must be a chameleon

The CEO must have a clear strategy, but they must also be able to articulate it constantly in many ways to lots of different audiences of differing levels of ability. What makes this even more difficult, and quite unlike more traditional businesses, is that each of those individual employees will also have friends and family around them who will all have a viewpoint on the club's strategy.

No wonder Ilja Kaenzig, CEO of VfL Bochum, believes that a football club CEO is not "a traditional CEO" of the past. "Today, they are not just focused on developing the club, but they also must be a mediator, a guide, and a translator," he adds. "For that you need exceptionally good people skills. You need to be an excellent communicator, and understanding what makes people tick is crucial."

Open up internal opportunities

Once the board and top team have set the right strategic priorities related to talent, the CHRO will hopefully have a clear mandate to spend more time on topics that will set the club up for longer-term success such as succession planning, and the design of career tracks that enable lateral moves to give young up and coming talents exposure to a broader number of aspects of the business of running a club.



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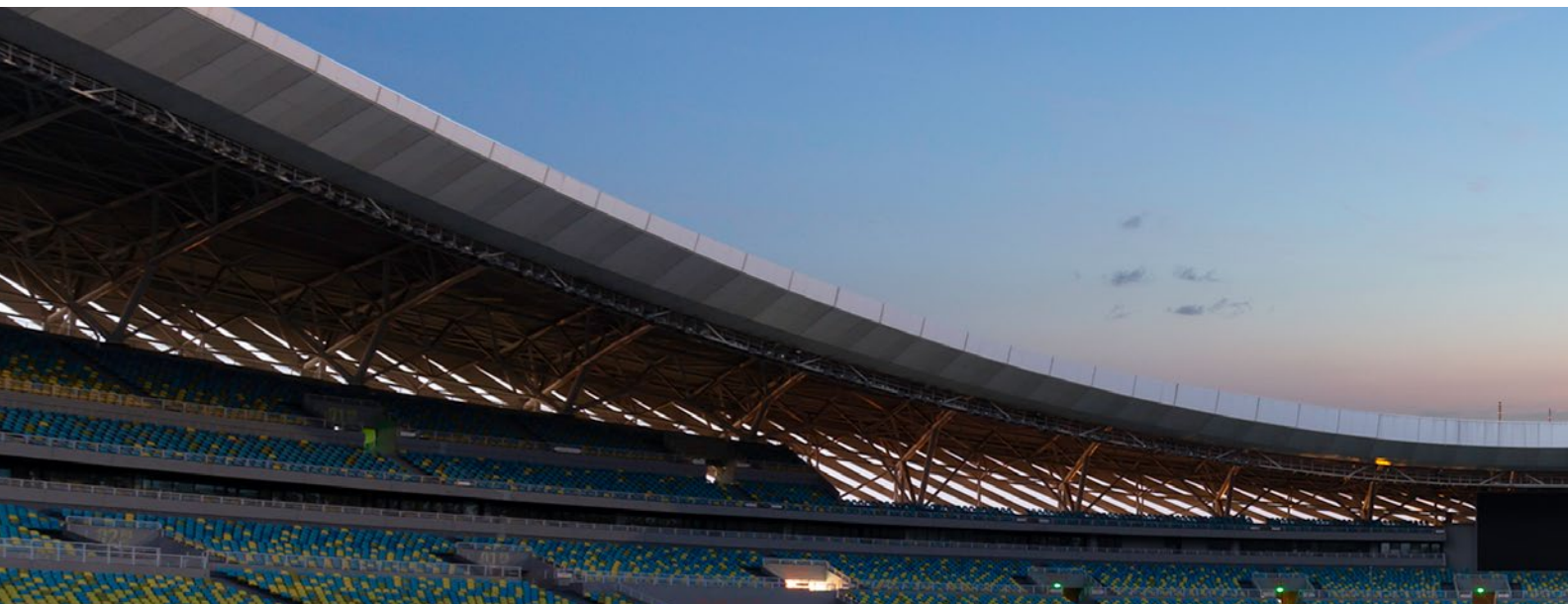
JACOB LAUESEN
CHIEF EXECUTIVE, FC COPENHAGEN

Such an approach has multiple benefits, including strengthening the position of the CEO, according to Baptiste Cronier-Teychene, director at Stade Lavallois. “You need to have people in the trenches with you and helping them build their careers is one way of ensuring this,” he says. “Developing talent is essential to achieving results.”

Develop a more diverse workforce

Building a more diverse workforce remains a constant challenge for football clubs throughout Europe. Whilst there is a need to reach deeper into those diverse communities and populations, there is also clear evidence of different clubs trying different things.

Perhaps one of the most innovative ways of trying to achieve this is by leveraging what is often the most diverse part of the club i.e. its playing staff. Not only does this lead to the generation of new ideas, but it also allows clubs to unify all its employees behind a common objective.





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Charlie Methven, co-owner of Charlton Athletic, has established “all-in meetings” held once every quarter where the entire staff, including players, come together for a two-hour meeting to discuss the club’s progress. “Everyone is mixed in, ten to the table, and we set tasks for each table,” he says. “One might be having 15 minutes to generate three ideas to improve the club. This meeting format develops a combined unity of purpose, an inter-connectivity and awareness of what’s going on at the club and how everyone contributes to that. People start to see each other as human beings.”

Such approaches, though, are far from widespread. Despite the welcome and ongoing growth of women’s football, diversification of the game remains very much a work in progress — an issue we will explore in depth later this year.

It is clear that each club and context is unique, but it is also clear that focusing on the types of topics explored in this article to improve alignment and effectiveness across the three levels of the boardroom, the executive team, and engine room, offer a route towards stronger performance both on and off the field.





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