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BUSINESS  
INSIDE**

# ***Strategies for Football Clubs***

*Handling the  
Corona crisis.*



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Ladies and Gentlemen,  
dear readers,

The Corona pandemic is a challenge for the football industry. Clubs are struggling with financial difficulties, employees are on short-time work, and maintaining operations is becoming a challenge. Even now, when there is light at the end of the tunnel, when the first leagues resume play, the situation is anything but easy.

In order to give clubs orientation and inspiration in this phase, we decided to publish this report together with experts from the football business (and beyond).

I am aware that every club has its own characteristics. That each club has individual problems to solve. Nevertheless, I hope that you as a reader will find things - ideas, inspiration, guidelines for decisions - in this report that you can use in exactly your situation.

If you have any additional questions, would like to discuss issues with an external or would like to use the services of our FOOTBALL BUSINESS Network to make a great comeback after this difficult period, please feel free to contact me.

Good luck and best regards,



**Thomas Maurer**  
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# Chapter 1 Managing your Brand

Quang T.  
Pham &  
Man Nguyen

# Chapter 2 Using Social Marketing & CSR

Florian  
Lüft

# Chapter 3 Digital Revenue Streams

Gábor  
Juhász

# Chapter 4 Financial Planning

Dr. Philipp  
Wehler &  
Andreas Hecker

# Chapter 5 Legal Aspects

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# Chapter 1

## Managing your Brand

### Author Bernd Schusky

Bernd Schusky is an entrepreneur and brand management specialist. With 15 years of experience in branding, he brings a broad expertise in developing, managing and communicating brands to the table.

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Previously he was responsible for managing the Bundesliga brand as Head of Brand Communications at the DFL Deutsche Fußball Liga in Frankfurt. Before joining DFL, he was Senior Manager Corporate Communications at football's world governing body FIFA in Zurich.

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### How brand management helps to navigate in times of uncertainty.

Since the Corona pandemic spreads, the world is on standby and so is football. When discussions about this report started we first thought about sharing some highlights of great improvised content pieces from the world of football, mapping if that fits with the brand or not. With approx. two months of living with and in the lock-down it seems no longer beneficial to highlight good and bad examples.

As the public debate has now turned towards scenarios for the post-Corona age (at least post lock-down age), this report also aims to take a look ahead. It is written for Chief Brand Officers (CBO) which does not necessarily mean that you have to have exactly this title on your business card. The CBO is a metaphor for those in charge of their companies' brand(s), regardless of your exact title and position within the corporate hierarchy.

## Accept the status quo

### Uncertainty

The impact of lock-downs of different scale has hit every part of our daily life. Professionally and privately. Industries are being disrupted in a way they never imagined. Airlines grounded their planes, restaurants are closed, schools and kindergarten are closed, we are working from home etc.

All these different implications cause a level of uncertainty as we haven't experienced before.

### Shift of Priorities

Everything we need and love is in danger. Corona has also struck the world, society and economy in general. Referring to Maslow's hierarchy of needs, we now live in a time where we need to secure the pyramid's lower levels, its foundation such as safety needs.

Being worried about one self's and the family's health is top of mind followed by immense uncertainty about people's jobs and their economic existence. This takes attention away from the pyramid's upper levels as we are forced to secure the fundamentals. In other words: The pandemic shifted our priorities heavily.

### The beautiful Game is not most important

Pre-Corona to many people football seemed to be – or even was – the blood in their veins. Mapping football on Maslow's hierarchy of needs, it was located somewhere in the upper levels between belonging and esteem – and self-actualization in some cases. In this sense football is the offer to identify with your team and its players. This provides us with the feeling of belongingness and is part of our relationships.

It seemed we can't live without football. Corona has forced us to do.

### It's not about pausing, it's about surviving

As in other businesses and in private life, we are challenged by completely new circumstances and situations. Same is true for football. Without the weekly matches – at least in professional football – a whole industry is threatened by and confronted with existential matters.

The emotional public debate about football playing millionaires being allowed to return to work before others is understandable, but it does not reflect the full picture.

Even if our romantic wishful thinking would never see football as a "industry" or "product", at least professional football is. It creates jobs far beyond the playing personnel and even beyond the horizon of a club and all its employees. Broadcaster, media, services provides, venues, security, catering etc. As long as professional football is on hold, everyone working in this industry is threatened of losing one's job. The well-paid players are the smallest part of this group, as they exist in other industries as well.

### Brand is what stays in people's minds

Very simply speaking, the concept of a brand is what stays in people's minds. Whatever you communicate, however you do it. The very condensed memory of what you have experienced with the brand is what constitutes its image. This is in least cases a rational thing. It's highly irrational.

Every piece of brand communication aims to contribute to the battle for the "right" positioning in people's heads (from the brand's perspective). From the people's perspective every piece of brand communication is mapped with their individual expectations and needs. Ideally the result comes with a high amount of overlapping of both perspectives.

Replying to the external needs while staying true to oneself (and knowing what that is) is the one big challenge of brand management.

## From words to action

### Hyped purpose discussion

In pre-Corona times we experienced a debate about a trend and new buzzword in the marketing world: purpose. Purpose-driven marketing became the new and hyped thing. Critics argue that it is only a trendy buzzword, the attempt of greenwashing, spams us with empty slogans and glossy superficial campaigns or is the expression of the CEO's romantic ego trip etc. And of course, there is research about it. Plenty of studies proving the success of purpose-driven Marketing and roundabout the same amount of studies proving the opposite.

### Not new

Purpose was seen as a luxury. Just as other "first world problems" of the upper levels of Maslow's pyramid. If we leave the world of buzzwords and take a look behind the curtain, purpose is everything, but not the new kid on the block. Back in the years it was called a brand's philosophy, culture, essence, DNA, identity, core idea etc. Whatever the term you choose, it has to provide the answers on those essential questions:

- Who am I?
- How do I act?
- What is my rational & emotional offering?
- Who's problem do I solve?
- What is my contribution to the common good?

The brand is an offer to emotionally equate yourself with. In other words: There is a strong match between yourself and the brand based on both's attitudes and values. We'll continue with the term purpose from here, by taking the definition above into account.

### Clarity is more essential than ever

Things are changing rapidly. They did in pre-Corona times and they do now even more. New technologies, changing business models and competitive environments, changing media consumption and adapted needs and demands, etc. have caused a lack of orientation. Rules and regulations provided by the authorities seemed to be the least volatile variables in this calculation. This has now turned upside-down. But the lack of orientation remains.

The brand can be the light in the dark. It's purposes provide orientation in times of complexity and uncertainty. This basic orientation allows to be flexible in day-to-day business.

### The difference between the icing and the cake

If your purpose defines a higher goal, it is much more than just marketing or communication. It is an essential part of the business goals. To not end up as nicely written but impact-less words, the purpose can only come true if it provides an action-guiding impact to every part of the company so that everyone is enabled to live up and contribute to the brand's purpose. This makes the difference between icing or cake.

## How to get it done?

### Less strategy, more doing

This is not the time to run a debate about the ideal brand strategy process which starts with a number of workshops, and finally leads via a several board presentations to a great launch events for employees.

It's a time where decisions need to be taken. Serious and existential decisions for the company. "The brand is the unwritten crisis management plan guiding how to behave, who to confide in, and what it is OK to feel." The CBO now has to help his board (and anyone else) to refer their decisions to what the brand is meant to be about and how its actions pay into its purpose.

### Strengthen identification internally

First and foremost, the employees have the strongest demand to be informed about how the business will proceed. With every decision being taken, its communication to your staff needs to explain the why and the why is based in the brand's purpose.

Employees want to know what kind of implication a decision has for their team, their unit and for them individually. Each decision linked to the brand's purpose has a higher probability of alignment. This alignment is the basis for keeping or even extending each individual's identification with the (company) brand.

Next to the content of your message, the tone is now more important than ever. Using the right and proper tone is a leadership task!

### Help identify each individual's contribution

By building awareness about how each discipline in the company contributes towards the brand's purpose it will be activated internally and employees are enabled to "live up to the brand".

There are organisations, that already went through such exercises. However, from time to time you need to refresh that break-down. And especially in challenging times the need for an update is bigger than ever.

### Check your tonality.

It's not the time for pushy motivation and sales speeches. Check your brand's tonality in all its communication, internally and externally: How do you reach out to your employees (see above), what about planned campaigns, newsletters, social media etc.? Take a specific look at automated communication such as e-mail marketing, chat bots etc. Continue communicating but adapt your tone in order to not appear ignorant.

Are your e-mails, check-out processes etc. written in a way that takes the current situation into account and is beneficial for the individual recipient? Evaluate each channel separately and adapt where necessary.

### Stop just selling stuff

In the early days of the lockdown lots of businesses sent out e-mails that most likely read like this:

1. „We're all struck by Corona. We hope you are well.“
2. „As many businesses are closed now, our online store is still there for you.“
3. „We've got a great discount for you.“
4. „Buy now!“

Don't get me wrong: It's more than okay to keep your business going. But don't use the pandemic for just another sales initiative.

*Corona is not Valentine's Day.*

### Allow for identification externally

In times of crisis, the main thing that counts is self-focus: How can I get out of this? Above we took a look at how to manage alignment and identification with your staff. This was about the staff's contribution towards the brand's purpose. For external stakeholders it's a bit different. Pre-Corona there was a strong focus about user centricity. Of course, that stays. But the pandemic has added another demand. Additionally, brands need to underline how their actions contribute towards common good.

Maybe it is the renaissance of the term „raison d'être“ that fits best in the age of Corona. Are the brand values reflected in how you act in times of crisis? Are you authentic? Do your actions in times of crisis raise the attitude-bar? Can you keep up with this afterwards? This is what your brand will be judged about in post-Corona times.

### Get homework done

While the game is on hold, there is of course less day-to-day business. Usually it appears to be the enemy of any long-term thinking or planning. Now there is room for it. Before sending themselves or their team into short-time work CBOs should make best use of the downtime:

#### Check brand strategy docs

- Are they up-to-date?
- Are they accessible for everyone who needs them?
- How do you rate their acceptance?
- Is there a need to help "translating" them into day-to-day business for your stakeholders?

#### Take a brand inventory

- How many projects, assets or campaigns did you approve in the last month, the last quarter year, the last year?
- What was good?
- What needs to be improved?
- Do you have an overview of your most valuable touchpoints?
- Are they up-to-date?
- Are they on-brand?
- How about your digital products?
- Are they on-brand?

#### Adjust guidelines style guides and asset libraries

- Are they up-to-date?
- Are they accessible for everyone who needs them?
- How do you rate their acceptance?
- Is there a need to simplify them?
- Do they need to be added with approved real-life examples?

#### Review past creation processes, derive your learnings

- How does the average creation process look like?
- At what stage of the process are you/is your team involved?
- Are you just the last step for (graphic design) approval?
- Are you involved from day 1 on?
- Who has the final say?
- Who owns the budget?
- How well does the agency perform?
- How would the ideal process look like?

#### Create new or adjust existing briefing templates

- Do you have existing templates for briefings?
- Are they accessible for everyone who needs them?
- Do they work for you?
- Are they accepted by all other project partners?
- Do they provide orientation throughout the whole process or are they worthless from week 2 on?

#### Stay in touch with your "brand community"

- Even though lots of projects might be on hold, reach out to them.
- Get to know their perspective and inputs for the questions above.
- Prepare your next brand training/roadshow.
- Keep everyone in the loop to be best prepared for the restart.

## Prepare for the new normal

These days (in early May 2020) it appears that a number of lock-down restrictions will be eased. Authorities recently allowed the Bundesliga to become the first sports league globally to return. However, we will continue to live in an interim state. The old normal from late 2019 is far away. The pandemic has changed the world and our norms and standards.

### Re-evaluate your brand

Brands and their strategies, their behavior and their experiences are designed mirror the state of society. Once people change their behaviors, brands will react. And this will have an impact on brand behavior and appearance. Many brands will have to ask themselves if their values do still match with those of their audiences.

Post-Corona brands will have to confirm and continue with their attitude, messages and values they communicate now during the pandemic in order to not be seen as noncredible.

To be prepared for the Post-Corona age, brands will have to re-evaluate their brand positioning, their proposition and their values. This change process will be accelerated when a well-established brand management is already in place. If not, it's the perfect opportunity to do so. In addition to a re-evaluation, it will be vital to identify opportunities where a modified or newly created products, services or experiences will service future needs.

### Broaden the scope of brand management

Corona has broadened the scope of strategic brand management far beyond user centricity. From a context of differentiation in the competitive environment to a broader macro economical and ethical one.

CBOs will question themselves and their CEOs in the near future:

- What is my brand's solution for problems of the Post-Corona world?
- What do my brand's values mean in practice in the Post-Corona world?
- What is my brand's contribution to common welfare?
- What is my brand's contribution to sustainability?
- What is my brand's contribution to society?
- Does my brand's existence help secure our planet's existence?

### Enhance brand-driven innovation

In the early days of the lock-down the main requirement was to adapt quickly to the new circumstances. We've seen companies and their employees organizing work from their home offices. In some cases, this seemed impossible before the pandemic. Authorities conclude rules and regulations in a speed we never thought was possible. Suddenly change and innovation was possible.

Changes to society and economy will affect professional football as well. The industry has been disrupted and there will be more long-term changes. Just two examples:

#### How will the future stadium experience be like?

- Is there one?
- Will it be like Borussia Mönchengladbach's "Pappkameraden"?
- Will temporary elements be added to the seats to allow to keep distance?
- Will stadiums be rebuilt to have more visitor boxes (a.k.a. VIP boxes)?
- Will there be public screenings being watched from the car on the stadium's parking area while a match takes place?
- Will there be easier and cheaper access to pay TV and OTT offerings? Will football find its way back to free TV?
- Will the rules of the game be changed into a contactless version of the football?

#### How will clubs and leagues adapt their individual cashflow to survive longer than a couple of weeks in case of another lock-down or similar impact?

- Will they?
- Will there be a salary cap?
- Will the distribution of revenues from broadcasters and confederations be changed within the system?
- Will new regulations be applied to (re-) gain a more competitive industry?

Keeping or even enhancing the spirit of making things possible (as we've experienced it in the early days of the pandemic) will help to give new ideas and things a try. We were forced to leave the comfort zone and to be open for new solutions (of course, under new limitations). Allowing for more entrepreneurial attitude combined with a strong identification with the brand will be key for brand-driven innovation.

## The brand is your friend

The Corona pandemic marks a new era in the history. We experience a lot of signs that this is just the beginning of a new order of economics and society. These changes will also change professional football. Domestically, continentally, globally. Leaders and decision makers have to deal with even more uncertainty than ever before as too many future variables are still unknown.

If we understand brand management as more than getting logos and graphics right, it will provide orientation in times of crisis. This orientation prepares the ground for better and easier decision making under the pressure of an ever-rising complexity. It's not only about the race for differentiation for the sake of differentiation and better sales. Brand management is about creating value in the context of its contribution to common good. In other words: The brand is your friend.

# Chapter 2

## Using Social Marketing & CSR

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Quang T. Pham is a football business enthusiast who has finished his Master's degree in Global Sales and Marketing at the University of Applied Science Upper Austria. He accomplished his Master Thesis about Football Di-

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sing round. Experiencing 5 years of living and studying in the U.S as a business student, he found his love for content marketing creation and ingenious copywriting. He hopes to bring original content and expert viewpoints about Marketing & Communication, especially in Sport & Entertainment industry to readers.

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## Why CSR?

### Basic needs come first

The pandemic crisis has manifested a new purchasing pattern shifting from big-ticket items and leisure activities to basic consumable goods, especially survival and sanity products. For example, in the U.S. 74% are purchasing more food & beverage whereas approximately 50% are stocking more personal care & household hygiene items. Evidently, brands that can address the bottom and middle of Maslow's "hierarchy of needs" pyramid should go first and boldly while others should take cautious steps. As the matter of fact, football industry is truly a show business and obviously belongs to the upper part of this hierarchy. Their consumers – the fans, are just ordinary individuals with basic physiological and safety needs, and at this twist of fate, survival take precedence over leisure and entertainment.

### Sponsorship on the verge of mass termination

Besides huge losses in broadcasting and match-day revenue, clubs are on the brink of losing valuable sponsorship deals if fail to fulfil commercial terms and obligations. More intriguingly, some leading football sponsors are industries suffering the most from Covid-19, namely airline, hospitality, retail and betting companies. Though many of these sponsors are putting the agreements on hold, contract termination is seemingly a fair and inevitable scenario. For instance, Bordeaux's

main sponsor Bistro Regent has legally suspended its contract with the French Ligue 1's club to secure its financial well-being. The contract was worth roughly 1.5 million Euro per year and supposedly could have lasted until 2023. In Germany, Frostrkrone Food Group activated its right of termination with the third-tier football club SpVgg Unterhaching at the end of June 2020. Frostrkrone has sponsored the German side more than 1 million Euro in the past two and a half years, and the club would have received another 450,000 Euro by the end of this season.

### The special role in community engagement

However, on the bright side, football is no ordinary business. Interestingly, many football clubs historically have a special organic relationship with their local communities. Clubs which are rich in tradition are considered the pride of the towns and received support from local communities and businesses. In modern days, the perceived success of a club is not only the performance on the pitch, but also influential and instrumental engagement with local communities and other stakeholders. Hence, in the midst of this adversity, it is high time for football clubs to show their fans and sponsors who are the true friends.

### CSR is the key but how?

Societal marketing or CSR could be the most satisfactory approach for all three sides. In fact, many CSR campaigns, if well-executed, can result in highly positive PR & viral effects which eventually increase fan engagement to a significant extent, and this is also beneficial for raising sponsors' brand awareness. The idea here is that football clubs should involve their commercial partners/sponsors in purposeful CSR campaigns that bring mutual benefits. Nevertheless, it is easier said than done and the missing piece of the puzzle is how football clubs and their sponsors come together and put this idea into execution.



## Teamwork makes the Dream work: Why and How?

Currently, football industry has two probable approaches for a successful CSR strategy. The first approach is through typical philanthropic activities while the other is intelligent and innovative financial aid campaigns.

### Current Charitable Activities

Many elite football clubs all over Europe with strong financial position have launched different charitable activities for local communities and the Covid-19 's victims. In England, Chelsea, Tottenham, Manchester City are the first teams who offered the National Health Service (NHS) staffs their stadiums for accommodation, storage and training purposes. Fundraising and donation to local food banks are also common and much appreciated endeavours from other clubs. In Germany, Bayern Munich, Borussia Dortmund, Bayer Leverkusen and RB Leipzig have pledged 20 million Euro to back their German fellow clubs in the Bundesliga and 2. Bundesliga. Particularly, 12.5 million Euro from their annual share of domestic media revenue with the governing German Football League (DFL) while the other 7.5 million Euro will derive from their own resources. Across Europe, players and coaching staff have voluntarily agreed on wage cuts to assist their non-playing colleagues. Capital isn't the only way to support the community. The current Austrian's Bundesliga leader – LASK, has come up with an uncommon approach by sending their medical staff to the Austrian Red Cross Organization (Österreichisches Rotes Kreuz) instead of a short-time working mode. LASK's staffs with their expertise and commitment will serve at the telephone service for the Red Cross while still being fully paid by the club. This is an impactful movement to overcome the lack of manpower amid the outbreak in Austria.

### The current problem: One-Sided Efforts

It is undeniable that CSR campaigns create meaningful values for community which in return strengthen the club's brand image via positive PR and viral effects. However, most of these actions (activities) still seem to be taken one-sidedly by the clubs. More importantly, the bitter truth is that these campaigns, businesswise, have not resolved the revenue-loss issue, especially fulfilling contract terms with sponsors and commercial partners.

### Working together

To fulfill certain extends of the sponsoring commercial terms, it is suggested that clubs should involve their sponsors in these CSR campaigns. In fact, the best solution is to implement campaigns related to that sponsor's product or service.

For instance, if the sponsors are fast-moving-consumer-goods (FMCG) enterprises, football clubs can collaborate with them on food and necessities donation campaigns. In Italy, AS Roma delivered its „Roma Cares“ emergency package to their elderly season ticketholders, which include most essential items like food, face masks, protective gloves and hand sanitizer. Other clubs should take initiatives to call upon their sponsors, who are the producers of in-demand products to run similar campaigns.

Likewise, if the commercial partners are in garment/apparel industries, it is feasible for clubs to co-produce high-demand items like protective face masks and gloves with them. In Austria, two capital's long-life rivals SK Rapid Wien and FK Austria Wien have started producing their own lines of protective face masks for their fans. Within just one and a half week, SK Rapid received around 21,500 orders and the first 3,000 club-design masks had been dispatched.

This idea was also rapidly adopted by other clubs in Austria. Hence, not only has this concept allows clubs and apparel partners to show social conscious, but also might generate sufficient short-term income.

Co-promotion could also be an effective tactic. Capelli Sport, a global fashion brand focusing on team sports, is running "Support your Team" promotion campaign to help lower-tier teams. Specifically, every 30% of customer purchase will be transferred directly to their favourite clubs. So far, there has been around 20 sport teams taking part in this program.

Undoubtedly, not every sponsors or commercial partners provide tangible & on-demand products. While this approach is feasible, some companies might find it cumbersome and there is an ever-present problem of backstage operation tasks, not to mention their own severe financial struggle in this difficult time. Additionally, social distancing is a stumbling block for any potential collaboration. However, challenges always come with opportunities.

**On the right** are some ideas on how football clubs can involve their sponsors and commercial partners in CSR campaigns, accordingly to different industries.

#### FMCG/Food & Beverage

- Branded emergency aid package/box for elderly's fan
- Cooking show by players/coaches with sponsors' products

#### Apparel/Garment

- Club's facemask & protective gloves

#### Internet Providers

- Promotional/Discount program for seasonal ticketholders

#### Betting Industry

- Discount/Voucher for Virtual Sport Betting

#### Technology & Electronic Devices

- Discount on tech gears such as VR goggles for seasonal ticketholders

## When the winds of change blow, some build walls, others windmills

### Golden time for investors

In most countries, there are unlikely any federal budget funds for sports at any club levels, even top professional. According to the DW, German sport clubs will only be supported by the Economic Ministry, but only in the forms of loans if they are registered as “commercial enterprises”.

According to Forbes, there is an uncommonly high tendency for sports-team investors to be selling their stakes at the moment. Usually, some sports club owners will make capital calls to their investors - limited partners (LPs) so as to meet short-term liquidity demands. For LPs who fail to fulfil the capital calls, their investment might be decreased to the amount not funded. Some LPs could forfeit their entire investment as their non-sport businesses are financially struggling as well. Subsequently, they are likely to be pressurized to sell their small stakes with a 20% -25 discount. Furthermore, the Covid-19 shutdown also led to the significant decline in sports stocks. In England, Manchester United's shares dropped 33% while the Italian's Juventus has witnessed its stock price plummet by 50%.

With that said, this is also a golden time for favourable investors who are not severely affected by the economic downturn. Firstly, they could, of course, buy a team for a lower price. More importantly, it is also a great opportunity to bring in the “fresh blood” to a club. Most football clubs are run with an “out-of-date” business model and organizational structure, so new investors can now convince the steering board to make impactful changes. In Austria, despite being in the most-suffered area by Covid-19 – Tirol, FC Wacker Innsbruck still success-

fully found their new investor from Germany. The 10-time Austrian champion stated that their new relationship is way more than just a traditional investment but more like a business angel to a start-up or even a dedicated partner.

*„We now have a partner who is well-experienced in this area. We want to develop Wacker from a football club into a sports company. This may sound unsexy for the fan, but we want to set up the back office in a way that people can work and think entrepreneurially: stable organization, stable job description, low fluctuation, clear personal development”*

**Felix Kozubek**

**FC Wacker Innsbruck's Club Manager**

### Crowdfunding to the rescue

Crowdfunding is no longer a new concept and increasingly more popular in football industry over the past decade. Football clubs now can easily apply this modern financing method thanks to digitalization and social media. More importantly, unlike any other businesses, football clubs already have the most crucial ingredient to make this concept succeed – their devoted fans. As government is tightening social distancing rules, crowdfunding is seemingly a safe and achievable solution for clubs' financial rescue, at least in the short run.

On March 14th, Italy's FC Inter Milan launched the global crowdfunding campaign on Facebook for the Department of Biomedical Sciences and Clinical Sciences of the Luigi Sacco Hospital in Milan. The purpose is backing the research activities of the Milanese hospital, which is carry-

## Rethink football business

ing out a mandate to develop a vaccine for Covid-19. The first 500,000 Euro has already been donated by first-team players, technical staffs and employees. The remaining goal is to raise another 500,000 Euro from the fans all around the globe. The club's online fan base is estimated around 30 million across all social media platforms. Following this footstep, the French Ligue 1's Paris Saint-Germain also began its crowdfunding platform on April 8th to support caregivers and the most vulnerable people.

Crowdfunding has also been applied by lower-tier clubs in Europe. Scottish League 1's Raith Rovers FC has started its rescue mission via the global leading online fundraising site, JustGiving. In Germany, the well-known football magazine Kicker together with the sport crowdfunding firm called Fairplaid have co-founded kickerCrowd years ago. Their most recent campaign “United” (#Vereint) was initiated to support both the German Red Cross (DRK) and regional amateur sport clubs. Particularly, 50% will go directly to the Corona Emergency Aid Fund and the other half will be used for clubs in need. In short, crowdfunding could be a cost-effective and time-saving financial solution for football clubs amid the Covid-19 crisis. Furthermore, it ensures the safety of every individual as the campaign can be executed via multiple digital online platforms. More intriguingly, the concept is proven to bring many positive viral effects and increase fan engagement.

*„Whether it's €5, €10, €15, €50 or more - each donation is important”*

**Fonds de dotation Paris Saint-Germain**

Whether we like it or not, Covid-19 will certainly leave a permanent scar for football industry. There will be post-pandemic reconstruction efforts involving wage cut and mass lay-off. The sad but inevitable reality is that many lower-tier or amateur clubs are likely to face bankruptcy. From an economic and business perspective, football, even though the world's undisputed no.1 sport, is still just an emerging industry that is certainly not ready for such a catastrophe like this pandemic. In the popular book of Simon Kuper và Stefen Szymanski – Soccernomics, football is described as „not merely a small business. It has historically been a bad one“. These two authors explained that most football clubs simply are not run like a business. Their biggest priority is eyeing for glory and winning trophies, not the bottom line. Apparently, there are some criticisms that sport or football cannot be run like a pure enterprise, but with the „heart“ and common interests of the community. This debate seems to remain as a forever dilemma, at least in near future. However, if football industry is not open for new changes after the Covid-19, we will be just simply not ready for the next big strike.

The word crisis comes from the Greek „to separate, to shift“ which means to evaluate and to keep only what is worthwhile. This crisis of gigantic proportions seen by some as the „perfect storm“ should help us at least to see better, to see more clearly. Making ready for the change in society's behaviours, Football industry must rethink its business with openness to innovation and sustainable business model. As the industry hopes to revive like a phoenix from the ashes, implementing CSR & digitalization into the business is perhaps the right first step to take.



## Rapid Vienna's CEO Christoph Peschek about coping with Covid-19

*Like any football club in the world, the most decorative Austrian's team must face inevitable damages due to Covid-19. Despite the challenges, SK Rapid has proven itself as a capital's pride through several relentless efforts, many of which applied a CSR approach.*

**The pandemic has surely emerged as colossal threat for sport industry. In Football's Business, there are three key revenue streams include: matchday revenue; broadcasting and commercial/sponsoring. What are its impacts & consequences on SK Rapid's revenue stream?**

As a club with the highest average attendance in the country, the cancellation of matches means a great economic loss - not only due to ticket sales, but also many other factors. This also led to several consequences including European competition, transfer market, TV/media revenue and commercial partnerships as well as a huge lack of income. All of these aspects hover over us like a sword of Damocles. We are also a company and bears great responsibilities. Overall, not only do we generate a gross value added for our home city of Vienna of around 48 million Euro a year, but also secure almost 700 jobs in the region, which is both directly & indirectly attributable to Rapid and its fans.

**What are the obligations with commercial partners and sponsors? Are there any modifications in the contract terms during this crisis?**

Our intention is to compensate our commercial obligations by offering alternative channels to promote our partners and their products. Additionally, we initiated a new temporary business platform where partners can offer their services. In some cases, we still need to find solutions with the affected partners to satisfy their needs and wishes. Luckily, we have good relations with all of them and strive to emerge from this crisis even stronger and better connected.

**CSR could be a great approach during the pandemic. In this tough time, keeping up fan engagement seems much more of a challenge. So, what are current activities that your club has implemented to cope with this trial of fire?**

We have offered many activities for kids to spend their days at home: coloring pages, quizzes and even some educational material - eve-

rything in the theme of SK Rapid. In addition, we launched a new app called „SK Rapid Coach Buddy“ where Rapid's young fans can find innovative 360-degree tutorial videos of our players' best tricks. They can learn these techniques from their idols and improve their football skills at home. In fact, they can also upload videos of their best moves as well. Our key partner „Wien Energie“, the main power supplier of Vienna, had 53 of their employees moved into voluntary isolation to safeguard the power supply of Vienna. In order to show our appreciation, we sent them a package of several merchandising articles as well as invited them to one of our next games whenever fans are allowed to participate in football matches again.

**How your football club involve their commercial partners/sponsors in CSR Campaigns?**

Exceptional situations call for exceptional measures and an extra amount of creativity. There are several options how a partner can be involved. It depends on the campaign as well as on the service or product our partner is offering. The simplest method is to involve our partners' brand. In fact, we try to find customized solutions that fit the interests of both sides such as developing new media formats for our TV and social media channels. The content is not only for the entertainment of our fans, but also related to our partner's products/services. For example, we started a cooking show at our player's homes which promote our partners that work in the field of food and beverages.

**How did SK Rapid come up with the good idea of producing the club-design protective face masks?**

Our club-design protective mask campaign is a huge success story that we did not expect! The idea already came up in February when Covid-19 reached Italy. However, since anti-masking law in Austria had previously been active, we did not start to order the masks. As soon as the Austrian government announced that

wearing a face mask is compulsory under certain conditions, we proceeded the production immediately and started selling them via our online shop.

**What are the objectives and the current result so far?**

Our initial objective was to sell 1.000 masks, which was quickly accomplished within minutes. After just two weeks, we already received 25.000 orders. To fulfil this large production, we are working with 20 sewers for our own exclusive masks. It was crucial for us to find a partner within Europe to ensure the flexibility and product quality. Meanwhile, we continue to extend our product line with many additional designs. Most importantly, our priority is to provide our masks at reasonable prices so all of our fans can afford them.

**Apparently, the campaign is for the community first, but do you think it can generate a small income for the short-term?**

Our main goal was to offer certified, high quality and affordable masks to safeguard our fans and prevent the spread of Covid-19. Yet, thanks to the great sales figures, we are happy to say that this campaign not only contributed to our club financially, but also secured jobs for many people.

**Are there any challenges in the operation process during the quarantine? How did SK Rapid overcome it?**

All of our employees are currently in short-term work or working from home, except those who are working in our warehouse. So far, the collaboration and communication among our colleagues and partners are working very well.

# Chapter 3

## Digital Revenue Streams



Author  
Florian Lüft

Florian Lüft has been active in the field of marketing, sales and digital business concepts for more than 20 years. With the Commerce Innovation Group, he provides advice on the analysis and optimization of existing business concepts as well as on the development of new business opportunities. Oftentimes these opportunities and concepts are developed in direct cooperation with the affiliate company Best IT including customized technology. His passion for sports has been part of Florian Lüft's career since the very beginning including jobs in sponsoring, the foundation of his start-up company sport-auktion.de as well as his activities as member of the advisory board at Sportnex, the current partner of the UEFA for the operation of the official online shop for the UEFA Champions League, the UEFA Europa League and the UEFA Euro 2020.

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**Disruption into the wrong direction.  
Inspiration to transform this trend  
into something positive.**

Corona. A word that has been associated with beer only for a very long time is now a symbol for a state of shock for people around the world. And not only people, but the global economy. Or to adapt the topic to the world of football: when the opponent scores three goals during extra time, turns the game and the imaginary award is suddenly handed to an opponent that you haven't really noticed during the game.

What is so shocking about Corona? Well, obviously the sudden appearance and the extent to which this virus affects us surprised everyone. This is a scenario that for sure hardly any risk management test was considering. A scenario that, at least temporarily, questions everything that we have taken for granted. Including industries and sectors of professional sports that we would have never assumed to be vulnerable or dangerously close to the edge.



## The economic situation of football clubs exemplified by the German Football League

To get a better picture of the situation, let's have a look at the „Economic report 2020“ of the German Football League (Deutsche Fußball Liga, DFL), including a review of the season 2018/2019 with quite a number of impressive records:

- 4.02 billion Euro of turnover were generated by the clubs of the national league (Bundesliga) – record
- 0.78 billion Euro of turnover were generated by the second national league (2. Bundesliga) – record
- 42,738 = average attendance per game, highest attendance worldwide.

*„The total turnover of the German professional football in the amount of 4.8 billion euros is an all-time high“*

**Christian Seifert,  
CEO, DFL**

Next to the turnover, it can be considered a huge success that 14 out of the 18 clubs of the 1st Bundesliga or their corporations have been profitable. The return on sales reached 3.2%.

### What is the secret of the above-mentioned figures and the success story of the Bundesliga?

The report mentions the tremendous popularity and acceptance of the Bundesliga. Part of this appeal is for sure caused by the many goals scored during the games. Another reason for this success story is the continuous increase in the selling of media exploitation rights both on a national as well as an international level. With nearly 1.5 billion Euro, this turnover is important for the planning efficiency and an essential basis for the budgets of each club. The more importance we see based on the latest discussions in public media: liquidity of many clubs does only cover a couple of months in extreme scenarios.

But, if we have a closer look at the income-mix of the Bundesliga, we can see that „only“ 36.9% of Bundesliga's income comes from selling media rights. According to the DFL report, the remaining 63.1% are generated from additional sources as explained in the **table below** for the first and second Bundesliga.

With all due respect and all euphoria – that is of course legitimate – for the excellent job that is done by the DFL and the clubs one has to note that these figures serve as a great basis to look into several scenarios for rather difficult times and special challenges that may now become reality. Or which may become an issue to solve in weaker football markets a lot sooner.

	Bundesliga		2. Bundesliga	
	Revenues (mio. Euro)	Percentage	Revenues (mio. Euro)	Percentage
Game-Days	520,1	12,9%	131,3	16,8%
Sponsoring	845,4	21,0%	158,1	20,2%
Media rights	1.483,0	36,9%	250,5	32,0%
Transfer	675,1	16,8%	96,3	12,3%
Merchandising	176,0	4,4%	38,3	4,9%
Others	320,0	8,0%	107,5	13,8%
<b>Total</b>	<b>4.019,6</b>	<b>100%</b>	<b>782,0</b>	<b>100%</b>

Source: DFL Economic Report 2020

### Possible changes required following an exceptional situation like „Corona“

First consequences of the current situation can already be seen and are experienced by each club at first hand. The topic of television rights and payments made by TV channels have already been discussed sufficiently over the course of the past few weeks. This includes the consequences for some clubs, should the next instalment not be paid by the TV channels, which means a financial problem zone: bankruptcy. Let's ignore the source „Transfer“ for our following evaluation, but still think one step further. When we „lock out“ the audience, another 12.9% or 16.8% of the turnover is at risk. With a decrease in contacts due to no games or games without audiences, additional turnover generated from advertising and sponsoring can be at risk, too. How much of the 21.0% of the turnover remains to be seen if sponsoring partners do not get the expected value in currency of reach, visibility and simply the execution of the activities they paid for? When it comes to „Merchandise“ it is realistic that only small parts of the usual revenue can be generated online and, fans may rather be reluctant to buy merchandise in such uncertain times. Therefore, it can be expected that the already tough times during the last years of consolidation may continue. Eventually, parts of the 8% share of „Others“ may be at risk, too. To conclude these thoughts: Yes, a scenario as described above comes close to a collapse as it affects each and every source of income. However, taking the current situation into account, time to think about potential options and solutions is well spent. Especially, since we hear from several clubs out there that the first decision was to postpone investments. Is this the right decision? Or would it be better to invest if the case behind these investments predict a return on in the future.

### How can I tackle these challenges?

To be honest, the extent of events and its direct consequences are to be attributed solely to the current pandemic and the crisis following the outbreak. However, if we observe the situation precisely, it will also offer an enormous potential to re-evaluate the overall positioning of the sports business – for the time being as well as for the time after the Corona crisis.

In this context, better positioning refers to a detailed evaluation of all revenue streams and the investment and development of solutions that not only have a positive effect on tomorrow's business, but also on future business – for a time when our world returns to a „new normal“. However this looks like.

The following thoughts shall serve as food for thought. No more and no less. It would not be right and also not serious business to deliver finalized concepts, but some of these ideas may encourage new thoughts or approaches.

## Strategic Thought 1 Optimize and Innovate

A pragmatic analysis as basis for a reasonable optimization and innovation. This is the daily business of our colleagues with a focus on commerce. Including the clear target that this analysis shall also serve as some sort of sparring with useful results for first measures. We choose this approach on the one hand to not lose precious time, and on the other hand to start working on the obvious right away. This analysis can also be followed by a fact-based suggestion of a mid-term optimization and innovation roadmap.

This approach can easily be adapted to the needs of football clubs and their business. Of course, including the aforementioned sparring during the analysis phase to identify first measures for optimization right away. It is not about a long and expensive consulting period, it is about an external view and sparring with internals to produce immediate take-aways and quick-wins as well as optimization potentials.

In general, we found that there is a massive trend towards eco systems which enable new ways and extents of commercial success, when being created with comprehensively designed concepts. With outside-in view at the world of football, there seems to be quite some need to catch up, and – according to our opinion – with great potential for success. This assumption is based on the simple fact that the brand of a club and the loyalty of its fans create a fantastic match enabling a sustainable eco system. The important part of this concept is to keep it authentic, to ensure that this is not set up as a clumsy community approach which interprets the balance between give and take to the detriment of the fans. If a club makes sure to keep a good balance, invites its fans to participate in an emotional journey and creates a living, breathing brand experience, this crisis is not only a great chance but also a complete game changer. However, it needs the will to change. And unfortunately also some investments.

## Strategic Thought 2 CRM as raw material for future turnover

The paradigm shift in the area of sponsorships and corresponding services for partners has already been in full swing for many years. While panel advertising on TV was the ultimate of each sponsoring package in the past, today, working with CRM data of clubs and their fans is on top of sponsors' wishlists. At the same time, however, we see that the setup and concepts of many clubs are not yet meeting the expectations of this paradigm shift. And the crisis is increasing the problems since there are currently no matches taking place. There is no reach to be generated via TV and also not in the stadium. Available concepts are not thought through well enough or only partially implemented. It is undisputed that data is the fuel for each business. And this is not only true for the sponsoring concepts, but also for merchandising, travel, ticketing and digital offers for fans. Data is the core of each business. And this precious raw material needs to be usable for each individual stakeholder in the club – while ensuring that the use of data is meaningful and sustainable, and protected against misuse at any time. The answer to the question of how to do this can only be "digital", combined with a high level of automatization and machine learning. The answer cannot be to outsource everything and give away the key asset of each club – the data of their fans. Therefore, transformation of the business into a data- and customer-centric business with the right concept, driven by the club - This will be the key to happiness for fans, sponsors and other partners. And to steer the club in the right direction.

## Strategic Thought 3 Collaboration & Efficiency increase - and a close eye on costs instead of expecting new revenue records

We are well aware that the comparison of European and North American professional leagues is rather misleading as North American structures are set up as top-down franchise systems. However, and we are not taking television rights into account, there are some approaches that are worth considering. NFL, NBA, NHL and more have soon realized that there is no use in developing and implementing individual technical solutions for e.g. e-commerce for each franchise.

This is also true for the European market. With certain limitations. Solutions would have to ensure an individual usage of user data per club as well as options to comply with corporate identity guidelines of each club. Using synergies shall not result in a loss of identities. Neither shall the central asset of each club – customer data – be lost or handed over completely to outsourcing partners. But once these integral factors are taken care of – aren't the use cases and requirements of most clubs more or less similar? Why not develop a central and useful basic infrastructure and individualize only certain components? Why not share budgets for a well-developed basis and try to jointly accomplish more than one club can on its own? And use an even closer cooperation for the internationalization of business? Won't the central negotiation for individual add-on tools enable way better deals for everyone involved? Investments could be kept lower. And this would certainly help each club to get closer to stay profitable – even in times of declining sales.

This example refers to the technology of an online shop. But it could also be extended to the area of ticketing, purchasing and further use cases for which at least some clubs – there is no need for all clubs to participate – agree on a certain type of collaboration to save costs and increase efficiency.

## Strategic Thought 4 Thinking outside the box

Times of crisis are times for experiments. This includes the chance to do things you would never take into consideration otherwise. The end does not always justify the means, that's for sure. However, there are some methods and ideas worth giving a try in order to generate cash.

The German fourth-tier-club Lok Leipzig's ghost derby is a wonderful example for such an idea. They announced a game against an invisible opponent that took place on May 8, 2020 and sold 182,612 tickets for it at 1 Euro each. This does not only mean a record in ticket sales for a football game in Europe, but also generates revenue.

Other clubs, e.g. Union Berlin, come up with similar ideas, such as a virtual arena sausage that is virtually sold to fans. We are convinced that there are many more options next to imaginary games or F&B to develop with and for the fans.

### These ideas may include:

- Special articles or offers for this extraordinary time
- Bundles with added value which now provide liquidity and can be redeemed later
- The creation of sales potentials not covered by the typical club business

Especially the last point on this list in form of a sustainable digital product. We need to bring the eco-system of the club directly to the device of the fan. But not with the classical app. We need an integration into a tool that everybody uses everyday. And combine this with an easy to use and acceptable way of doing business in an area that was never used by the clubs before. For the fans it is free of charge, for the clubs it provides several opportunities to communicate own content, sponsored content, branding or offers of their sponsors and generate additional revenue based on the surfing and shopping behavior of the fans. Think ahead, think around the corner and outside the box. It might be the key to the future.

# Strategies for Football Clubs



## Stuttgarter Kickers' CEO Marc-Nicolai Pfeifer about their „Ghost Derby“

**Special times call for special measures. Marc, how did you come up with the idea to organize a ghost derby?**

We thought about the current situation and brainstormed about potential chances and options these days offer. And then, one of our games was cancelled on game day. When we came together as a team and analyzed this further, we were one of the first clubs to come up with the idea of organizing a ghost derby. A creative idea, which received a lot of support during realization. The packages we offer our ticket owners stand out from other ghost games.

**What is special about your ghost derby? What can fans look forward to?**

Fans can look forward to a „blue“ afternoon with our Stuttgarter Kickers and a virtual visit of the GAZi-Stadion auf der Waldau! We will offer interviews, podcasts, an emotional locker room speech, background information, Kickers history, finds from the past and a few limited Kickers merch articles for the game that have never been sold before.

**How are chances for a „fully sold out stadium“ the coming weekend?**

We would be super happy if the stadium was sold out. It won't be easy, but it is possible, and we are optimistic. This morning, Convensis, another sponsor, bought tickets, which means we have now sold more than 10,000 tickets. We will do our best all week and already feel extremely supported. Together with former players we will publish a few videos to give the campaign another push.

**How much is one ticket?**

A single ticket costs 10 Euro and group tickets for sponsors and partners cost 5 Euro.

**How do you rate the response from the club, the fans and the media on this campaign?**

Positive. Everyone is aware of the fact that we initiate things to master the challenges ahead of us. At the same time, we are surprised. Because none of us was expecting so much positive feedback. The support of our fans is fantastic and reveals the strong bond of fans with this unique club. And, in addition, the amazing support of our sponsors is very much appreciated. Our main sponsor MHP – A Porsche Company, our important youth partner GAZi as well as further partners have just renewed their contracts. And the media feedback is great, too. The ghost derby provided for national awareness. I think that this campaign has brought the Kickers-family even closer. Former players, members, fans, employees and the team – there is a lot of goodwill!

### Conclusion

If not now, when? The answer to the current challenges cannot be to stick to the way we have always done things. Now is the time to be brave and try something different for a change. This crisis offers so many opportunities for growth. With this in mind – stay healthy.

And get up one more time than you fall. And never forget Steve Jobs: „Stay hungry, stay foolish“.

# Chapter 4

## Financial Planning

### Author Gábor Juhász

Gábor Juhász is currently working as a controller for DVTK, one of the biggest multi-sport clubs in Hungary with more than 2,600 athletes. Previously he worked for the Hungarian Football Federation as a financial monitoring expert for the Club Licensing Unit, therefore he is familiar with the financials and with the management of all Hungarian professional football clubs. He is also working on his PhD, doing a research on the connections of financials and on-the-pitch results in football.

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Football is a specific market. The main product is the game itself: all the experiences, feelings, spendings are related to the clubs and their matches. We can say that uncertainty of the outcome is one of the most important factor: eventhough fans (customers) want to have a successful team which wins the championship, nobody wants to watch boring games.

In this way, companies (clubs) compete against each other, but at the same time they have to cooperate too, eventhough they are concurrents on the same market. There is another important peculiarity of football compared to other industries: the loyalty of the customers. In other industries, companies and marketing experts constantly striving to earn customer loyalty.

In football, a Liverpool fan will never ever cheer for Manchester United, even if they lose five games in a row.



## Financials in CEE football

We can read several analyses about the financials in football: researchers and advisory companies publish a lot. For example, Deloitte publishes Money League in every year, KPMG has a Football Benchmarking Report, and CIES also publish a lot in this field. However, we can hardly contrast the biggest clubs and leagues with Central-Eastern Europe (CEE), as the economic environment, like the market size etc. are not comparable.

UEFA's Intelligent Centre publishes The European Club Footballing Landscape (Club Licensing Benchmarking Report) each year. Data on ownership, leagues, league structures, supporters are collected through national associations and are presented in this report. For example, the average club revenue was 272 million Euro in England, 17.7 million Euro in Austria, and 3.6 million Euro in Slovakia in 2018. The share of top five leagues (England, Spain, Germany, Italy and France) from the whole European club revenues has risen from 69% to 75% between 2009 and 2018. We have to note, that these revenues do not include transfers, as those are reported separately for accounting reasons.

If we focus on CEE countries and leagues, we can see that the aggregate revenue of the first league clubs was the highest in Austria (177 million Euro), followed by Hungary (134), Poland (125), Czech Republic (81) and Romania (59).

### UEFA defined six kinds of revenues based on the origin:

- 1) Revenues from UEFA
- 2) Broadcasting
- 3) Commercial
- 4) Sponsorship
- 5) Gate receipts
- 6) Other revenues

If we compare the revenue breakdown of CEE countries, we can see big differences. However, we have to note that some segments can change rapidly based on the performance, for example UEFA revenues. Gross transfer earnings – which are not part of the above-mentioned revenues - are also very important.

Hungary is the only CEE country where this ratio was very low (6% gross transfer earnings as a % of total revenue), in Poland, Slovakia, Czech Republic and Romania it was significant (28-41%), in Slovenia (66%) and Serbia (76%) it was very important, and in Croatia it was extremely high (141%).

All in all, we can say that every country in the CEE region had different proportions in the sources of income. At the same time, an outlier player transfer (i.e. Olmo ) or an outstanding performance (i.e. qualification to Champions League group stages) can cause a significant difference in these proportions. Nonetheless, in each CEE country fast and unexpected changes of the market can cause a lot of difficulties for the clubs.

## Short-term effects of the pandemic

Normally, spring and the beginning of summer is the time for planning in professional football. At this time, each participant of the football business (players, sport directors, club owners, managers, agencies etc.) make their plans for the upcoming season. This spring, the Covid-19 pandemic made the planning process different and also difficult, as the only thing that is for sure is that nothing is for sure. The pandemic can be considered as an external circumstance affecting every stakeholder in professional football – we can also call it a vis major.

Championships are postponed, some are cancelled - like in the Netherlands or France - and some continue, like Germany, Hungary or Poland. It is official that football European Championship and Copa América is going to be organized in 2021 instead of 2020, Summer Olympic Games are postponed to 2021, etc. All these events seriously affect clubs in many aspects, from which first we need to determine the short-term financial effects.

The first and most important effect of the pandemic is the fact that games are postponed, stadiums and training centres are closed. Players need to stay at home, they can only train individually, and at this moment it is still uncertain what will happen in the following months. Will we be able to finish the championships and national cups (even without spectators)? Or will the rest of the season be cancelled? The main thing, which we already know and which we have to plan for, is that our incomes is going to fall close to zero in the next months. This fact can cause a lot of difficulties, eventually lead to hard decisions. The only thing, that clubs and managements can do, is planning and acting based on these plans. We need to have plan A, B, C, D etc. In the next chapter I will address financial planning, illustrated with an example.

## Financial planning and the cash flow during pandemic

We have to know the basics of the financial statements. We have the Balance Sheet, the Profit and Loss Statement (P&L), and the Cash Flow Statement. The Balance Sheet is a statement, which shows our assets, our liabilities and our capital at a particular point of time (usually this date is the last day of the year). The Profit and Loss Statement summarizes the revenues, costs and expenses incurred during a specified period, usually for one year. The Cash Flow statement summarizes the cash entering and leaving our company during a period. We have to note, that the cash which entering the company during a year is not equal to the revenues of the company, and the same holds for cash leaving the company, which is not equivalent with costs and expenses of the company. The reason is, that the Cash Flow has a direct approach, but the P&L reflects on the time when the revenue/cost occurred. An example: if we have a sponsorship agreement of EUR100 thousand for the 2019/20 season, which played between August 2019 and May 2020, and the sponsor transfers the whole amount in October 2019, then in the Cash Flow the whole amount will effect 2019, but in the P&L half of the amount will be shown as revenue in 2019, and other half will be shown in 2020.

During the pandemic, in the short-term we have to concentrate on the Cash Flow: the amount owned by, entering and leaving the company. At the same time, we have to know the balance of our current liabilities. We have to plan accordingly our revenues and our costs as well.

In the current situation of the pandemic, I would suggest the following steps:

1. Check the amount of money that can be spent (i.e. if there is 100 Euro on our bank account, but 20 Euro came from the local municipality to help the construction of the youth training facilities, we can count with 80 Euro).

2. Define the current liabilities: the amount that needs to be paid, with the exact timing.

3. Plan the costs for the upcoming months: the most significant items are salaries (wages and contributions), overhead costs (stadium, training facilities, offices), other operating costs etc.

4. Finally, plan the revenues: sponsorship fees, broadcasting fees, any contribution from the owner etc.

As we have to face with significant uncertainty, the best we can do is making plans for each scenarios that can happen with our club, and define the possible outcomes. See an example in the **table below**. Plan A depicts the financial plan we entered the season with. Due to

the pandemic, we need to consider Plan B, C and D. If we add exact numbers to any of the alternative plans, then the outcome can easily be determined. Suppose Plan B comes into play, for which the effect on incomes is minus 200,000 Euro and while on expenditures is minus 50.000 Euro, then our planned Cash Flow shows 150.000 Euro loss, compared to the original plan.

Using the methods shown in the table, we can define if we have a surplus or a deficit in the different cases. We should also define the chances of the scenarios mentioned above. We can communicate with other teams and with the national association. If we identify problems, for example we will lack money to settle all our liabilities, we have to find a solution. This is not simple in practice: we need to either increase our incomes or decrease our expenditures – the next chapter will show how to make a start.

	Championship	Effect on incomes	Effect on expenditures	Result
<b>Plan A</b>	Continues in normal way.	We are entitled to all fees from broadcasters and sponsors, and we also take in the gate receipts.	Our costs will be almost the same as before.	Similar to our normal business
<b>Plan B</b>	Continues without spectators.	We receive the broadcasting money, and entitled to the sponsorship fees, but no gate receipts.	Lower organizational costs; same cost on wages and premiums.	We lose the profit on home games and we have to compensate our season ticket holders.
<b>Plan C</b>	Continues, but finishes after June 30.	We have to negotiate with each stakeholder.	We have to negotiate with each stakeholder.	High uncertainty because of the contracts expiring on June 30.
<b>Plan D</b>	Remaining games are cancelled.	Probably we lose the remaining part of broadcasting and sponsorship fees. No gate receipts.	We will not have organizational costs, but we have to pay other wages, contributions etc.	This is the worst case scenario: we lose a lot of income, but majority of our expenditures are remaining.

## Negotiations with stakeholders

If we summarize the above-mentioned plans and factors, probably the decrease of our revenues will be greater than the decrease of our expenses. In the current business environment the prompt increase of revenues does not sound realistic (unless we have a rich owner who can invest or a bank which provides loan). If we do not have enough provision for 2-6 months, we have two options: 1) to decrease our expenses as soon as possible, or 2) prioritize and pay only the most important bills. In other words: we have to choose between reducing salaries accompanied by renegotiation our contracts and having overdue payables. These solutions can be painful for our stakeholders. Thus, after analysis of the situation and evaluation of the amount of money that needs to be saved, we have to negotiate with the main stakeholders, taking into account not only financial, but other aspects as well. Hereby, bankruptcy proceedings are not considered, due to their excessive legal aspects.

As we can see in the Benchmarking Report, the wages to revenue ratio is very high in whole Europe, as well as in CEE region. The ratio is extremely high in those countries, where transfers are very important part of the budget: in Croatia, Serbia and Slovenia clubs on average spend more on wages, than the revenues of the club without transfers. In football wages are the greatest part of the expenditures, possibly the highest compared to any other industry. Hence, I would suggest to start the negotiations with players and coaches (also with administrative staff) about the reduction of their wages. Two reasons support the success of this action: first, our own colleagues are probably engaged with our goals as well, and second, this step is fast and cause a significant decrease in our expenditures.

At the same time, it is necessary to negotiate with our suppliers and/or creditors to handle the situation. If possible, we should ask for facilitation or release of our obligations. We should convince them that this is a special and temporary situation. We can ask the stadium owner to reduce our rental cost, which is an acceptable request because of the postponed games.

Good relationship with our sponsors is also important in this situation. Some of our sponsors are affected heavily, but others might thrive. Probably some of them cannot settle all the agreed liabilities. In this situation, I would suggest maintaining our services. It is a good message not only for our sponsors, but also for the public: we accept that they cannot pay now, but we still help them, as in the long term we would like to keep the partnership. So we retain their logo on our jerseys, invite their representatives to the sky box, and keep in touch with them.

## An example

In this section, I will show a real-life example, how DVTK and its management is handling the situation caused by the pandemic. DVTK is one of the most popular football clubs in Hungary, playing in a new arena built in 2018.

Before the suspension of the championship, the team had very good results and a real chance to a Europa League qualification-spot at the end of the season. Meanwhile it is clear that the Hungarian championship will continue on the 30th of May without spectators. TV will broadcast all games. The league will be finished on the 27th of June. The 8 remaining rounds will be played on Tuesday and Wednesday (midweek games) and on Saturday and Sunday (weekend games).

Since the outbreak of the pandemic, the following steps were taken, considering not only financial, but other aspects as well.

Creating an operational unit, which is responsible for every step during the crisis situation. In this unit, there is a member from the management, from the team staff (e.g. the sports director), a representative of the club owner, a medical and an economic expert. The unit has an online meeting on a daily basis.

The first decision was to suspend ticket sales for the upcoming games. Result: While other teams sold hundreds of tickets that had to be refunded, DVTK did not have to do so when the government prohibited the games with spectators.

Based on the advices of the medical staff, special measures have taken effect in case of the first team, youth teams and administrative staff too.

Administrative staff could start working from home before the first Covid-19 case was published in Hungary.

In line with the measures by the government, training facilities have been closed.

Medical staff made a physical test with all the players from the first squad, then based on these information, all players got an individual training programme.

Youth players also received an individual training programme.

Based on the calculations, the management asked the first team and the staff of the first team to reduce their wages by 30% - which was recognised solidly, leading to significant savings.

Members of the management also reduced their own salaries by 30%.

The salaries of the administrative staff also decreased, between 5 to 25%, taking into account social aspects.

As a CSR activity, the club helped the fan groups: An imaginary game played between DVTK and Ferencváros. Spectators could buy tickets, and the whole income was sent to a local hospital. The head coach bought the first kick-off too. More than 15,000 Euro was transferred to the hospital.

The management negotiated with the main sponsors about the future.

The management also negotiated with other stakeholders about the situation.

The management also communicated with other teams, sharing the best practices.

Economic staff of the club made financial plan for every possible scenario.

## Conclusion

As the uncertainty is too high in the whole economy, it is impossible to define the long-term effects of the pandemic. In the short-term, the most important thing is to keep updated with the changes of our economic environment. We need plans for every possible scenario, and keep in touch with our main stakeholders: players, staff, employees, sponsors, spectators, as well as with other teams and federations. This situation requires adaptability from all participants of the football business.

We have to plan our Cash Flow accordingly, and define all the possibilities. Reducing salaries can be a fast and effective answer, but at the same time we also have to negotiate with other stakeholders. In the short-term, it is probable that our incomes will fall rapidly. Some of our sponsors will not be able to settle their liabilities, but we should be flexible with them too, and thinking for the future too. We have to make financial plans for the next season as well, taking into account that we might play without spectators.

Clubs with professional management may have a substantial advantage, as good financial decisions are more important than ever.

PR and Marketing team is keeping touch with fans: they replay a memorable game every Saturday on the official YouTube channel of the club.

Social Media activity is also strong: Players show on the official pages of the club how they train and live during the pandemic.

Everyone does their best, and prepares for the future.

With these steps mentioned above, the operation of the club is ensured. The whole club acted like a big family: the team, the young athletes, the management and all the employees have been working for the same goal, supported by the fans too. It is expected that the first open gate game will be played in front of a full house.

But until that strict rules have been introduced by the federation for the games without spectators. There will be one „sport zone“ and one „protocol zone“, strictly separated from each other, without any transit between the zones. Only the listed persons can enter each zone. In the sport zone everybody needs to have a fresh (24 to 36 hours before the game) negative Covid-19 test. Numbers of each participant are defined (e.g. for security staff: maximum 4 in the sport zone and 8 in the protocol zone; players: 20 from the home and 20 from the visiting team etc.), with the maximum of 125 persons in each zone.

At DVTK, medical staff tested the first team and the whole professional staff also before they could start the trainings in small groups. Everybody in the team and in the team staff will be tested twice in a week till the end of the championship, and they cannot meet with any other employee of the club. Extra rules have been introduced for players and staff for safety reasons.

# Chapter 5

## Legal Aspects

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Like virtually all football leagues worldwide, the German Bundesliga (DFL) has suspended the ongoing season until mid-May. In a video conference the relevant authorities on a federal and state level have given permission for conducting “ghost games” without spectators from mid-May. From the 16th of May the first and second German Bundesliga will continue the ongoing season under strict hygiene measures. For example, the DFL stipulates that each club must conduct a training camp under quarantine before continuing the season. Furthermore, the DFL is said to have reached an agreement with the broadcaster (such as Sky and DAZN) about receiving media right payments ahead of schedule. It said that a little less money will be payed than agreed, but nevertheless these measures help some clubs and could save them from insolvency. Other leagues are still in discussion or looking for the right date to return to the pitch. Some have even already ended the 2019/2020 season by breaking off.

The crisis has left parties on the backfoot, questioning how to deal with the situation. Football clubs are confronted with the legal and economic consequences of cancelled events, where missing even a single home game can have a devastating impact. This is especially true for smaller clubs, and in the lower divisions, where a greater proportion of total revenue comes from ticket sales. In addition to the lack of in-

come the clubs still have running expenses such as salaries and rent. Many clubs now fear for their very existence; according to a self-assessment form, 13 of 36 Bundesliga clubs are reportedly facing solvency problems, including 4 in the first division. To try to mitigate this, the representatives of the German Football League have taken several measures, including softening the consequences of insolvency and proposing changes to the league licensing regulations.

Considering this nightmare scenario, this article addresses several legal questions about sports events. It also gives a few practical tips on what the Football Clubs can or should be doing in these circumstances.

#### Specifically, it looks at:

- How should a Football Club behave towards its fans if matches must be cancelled or played behind closed doors?
- What impact do cancellations have on sponsorship agreements?
- What is the relationship between a football club and other service providers?
- What consequences does the Corona Crisis have on the relationship between club and player?
- What are the consequences with regard to (necessary) decisions of members, supervisory bodies or shareholders?



## The Football Club and its fans

Countless sports fans have purchased tickets for a football game that has now been cancelled or reorganized to be played as a ghost game. The ticket purchase is a legally binding contract: The ticket holder is owed entry to a football match involving specific teams and a seat or safe standing area whilst the sporting activity takes place.

When a game is prohibited by public authorities, the football club is not able to perform its owed duty. According to Section 275 (1) of the German Civil Code (BGB), the entitlement to the other party's service is excluded to the extent to which it is impossible for the club to perform the service. The football club is therefore freed from his obligation to organize the football match with spectators. In return, the spectator's obligation, the payment of the ticket fee, is void. This is a consequence provided for in Section 326 (1) BGB. In principle, this has the consequence that the football club is obliged to reimburse already paid ticket fees if the holder of an individual ticket so requests. Any exclusion of liability in general terms and conditions cannot change this result at law, at least not in relation to the ticket purchasers who are consumers in the sense of German civil law. Section 307 (1) and (2) BGB provides that any provision in general terms and conditions which deviates from the general underlying principles of a statutory provision (in this case, the distribution of risks laid out in Section 275 (1), 326 (1) BGB) is void.

Reimbursing prices for tens of thousands of tickets that have already been paid means a considerable outflow of liquidity for the football

clubs. Without substantial income and roughly the same expenses to bear, many football clubs are already facing a situation that threatens their existence. In order to prevent insolvencies of organizers and operators, the German Federal Government has endorsed a law to mitigate the consequences of the Covid-19-Pandemic in event law. The author expects this to be passed by parliament soon. Once in force, according to Art. 240 Sec. 5 (1) Introductory Law of the German Civil Code (EGBGB), football clubs, inter alia, will be entitled to give a voucher to holders of tickets who could claim reimbursement of the ticket price in accordance with the above. This can be redeemed for either a rearranged match or an alternative game. However, the law also provides the possibility that the holder of the voucher can demand payment of the voucher value due to his personal circumstances or if the voucher is not redeemed by 31 December 2021. Football clubs must know the value of the voucher has to cover the full ticket price including any advance booking fees and that no costs will be charged for the issuing and sending of the voucher. In addition, the voucher must show that it was issued because of the Covid-19-Pandemic and that the holder of the voucher can demand payment under the conditions specified in the law. Football clubs may only use this voucher solution for tickets purchased before the 8th of March.

The situation is similar as regards season tickets. In any event, the football club will be obliged to reimburse the ticket holder in respect of the share or proportion of the total price attributable to the games that are cancelled. However,

here too, the football clubs will have the option of issuing a voucher to the season ticket holder instead of a pro-rated refund of the price paid for the season ticket, once the aforementioned law is in force.

If a spectator has decided not to attend a football match for personal reasons, e.g. due to fear of being exposed to the virus, the football club is not obliged to refund the ticket price (provided the event is not prohibited by the authorities and is carried out by the organizer).

In any event, all parties are well advised to seek amicable solutions, wherever possible. Football clubs should provide information to fans on their websites about how to reverse the ticket purchase. It is up to the football club whether they make use of the voucher solution, once available, and to what extent they offer it. It is possible to offer a voucher as an option and to leave it up to the fan to decide whether he wants to support the club by this solution. On the other hand, the football club is also entitled to primarily issue vouchers and to make a payment only in the cases regulated by law.

In some cases, such as Borussia Mönchengladbach or VfB Stuttgart, the fans have already waived a refund of the ticket price on their own initiative in order to support their club. Football clubs can show their fans this option and in return, for example, offer vouchers for the fan shop for a small value or special fan accessories. Others offer their fans to donate the corresponding amount to the youth department or charity projects.

Furthermore, there is the possibility to organize virtual home games like RW Essen from the regional league does. Fans can buy tickets, beer and sausages to support their club. A variety of clubs have issued „solidarity tickets“ to generate some income

## How to deal with business or box seats?

Many football clubs also offer the possibility of purchasing a business seat or a box. As part of an agreement between a business customer and football club, business customers will receive, for example, an individually assigned business seat in the stadium or a box, as well as access to the VIP area including the consumption of food and beverages offered there.

Assuming that despite the additional benefits of the contract, the deal is still primarily for viewing the sports competition, the legal consequences that apply to single ticket holders and season ticket holders shall apply in the same way to ticket holders of business or box seats.

However, some legal scholars argue that the main obligation in this case is the renting of seats or rooms, and so the rights are instead governed by the sections of the German Civil Code that apply to rentals. In this respect, a rent reduction would be possible for the benefit of the customer. If the game is cancelled, the contractually agreed use is no longer possible. As a result, there is a rental shortage that makes a rent reduction possible. This is laid out in Section 536 BGB. Any exclusion of liability in the general terms and conditions relating to this will likely be void as this would impose an unreasonable disadvantage on the business customer (Section 307 (1) BGB). Like in the case of season tickets covered above, the amount of the rent reduction would have to be calculated in proportion to the contractually agreed payment for the games not played. However, it appears that currently there is a strong sense of solidarity between clubs, sponsors, and those that have purchased business or box seats.

A football club is well advised to approach the owners of the business or box seat and discuss with them options for amending existing agreements to ensure that football clubs can get through this crisis and continue to offer their products and services to business and box seat owners in the future, once the situation improves. The new law passed by the Federal Government is not applicable if the focus of the contractual relationship is the rental of seats or of the room. Nevertheless, football clubs should consider offering a similar solution to the business and box seat owners. It would be possible to create a kind of credit account for the next season.

## What happens if the football match is caught up?

Unlike concert events or shows, sports events can only be postponed to a limited extent given the continuous nature of competition scheduling. With the present uncertainty surrounding the duration of the Corona crisis, it is not possible at this moment to determine whether it will be safe to resume sport this calendar year.

If a football match is not cancelled but is rather postponed to another date, spectators are not automatically entitled to a refund of the ticket price. Instead, in most cases, the tickets remain valid and the organizer can perform his duties, just on another day. In return for the provision of its services the organizer retains the right to the full ticket fee. Contrary to the view of the Federal Government, in our opinion football matches do not represent absolute but only relative fixed transactions. The football club is in principle able to provide the duty owed.

That said, the football club can still offer to refund the ticket price or issue a voucher in this situation. It is certainly possible that the ticket holder is prevented from attending the new date. If, in such case, a football club is offering at least a voucher for an alternative match in its own initiative, they would certainly do justice to the interests of the fan.

## Reimbursement of additional expenses

The football club, in principle, does not have to bear additional expenses incurred by ticket buyers which are now frustrated costs due to the cancellation or postponement of the football match, for example for train tickets or hotel reservation. The football club may rely on the fact that, in the event of claims for damages from ticket buyers, that they are not responsible for the postponement due to force majeure. A claim for frustrated expenses is only possible if a football match is cancelled as a preventative measure even though there is no increased risk according to a risk assessment and no official prohibition has been issued.

## What happens to sponsors?

In addition to ticket sales, many clubs rely heavily on commercial sponsorship partners. The purpose of the underlying contracts is to grant a sponsorship package in return for financial support. Depending on the sponsorship agreement, the sponsor will have rights such as presenting themselves as official sponsors, being able to conduct advertising on screens in the arena etc. From the standpoint of the football club, the question arises whether there is still an entitlement to the urgently needed financial benefit. The answer will depend heavily on the individual facts each case and the actual, concrete obligations that are affected.

Which of the organizers services does the sponsorship agreement relate to? Are some services still possible despite the loss of the game? For example, even though games are cancelled and advertising exposure to spectators in the stadium and on television cannot be realized, there is still some value in being able to call oneself the “official sponsor” of a certain club or league. In addition, online and social media presence in a sponsoring environment is still possible.

Often overlooked, force majeure clauses in contracts, may now come in handy. Is there an exclusion of liability for circumstances outside the responsibility of the organizer? Is there a right to adapt the agreement to the new circumstances that neither party could have reasonably foreseen? In cases like these, it will – broadly speaking – usually not be reasonable for a sponsor to withhold all payment to a club and shift all risk to the club.

Clubs are advised to first have a look at the sponsoring agreement and to work out which obligations they have in context of sponsoring and which of these obligations they can still fulfill in the current situation. Depending on the complexity of the contract it is advisable to consult a lawyer. Furthermore, it will make sense to sit down with the sponsor and discuss which

services are still being provided and whether impossible services can be replaced by alternatives so that the clubs continue to receive financial contribution from the sponsor. In any event, all involved parties should realize that these are extraordinary times which call for amicable solutions instead of legal battles. For example, some football clubs report that their sponsors are waiving refunds and thus supporting the club in this crisis. In return, the clubs examine possibilities of compensating this support with adequate services. For example, many clubs participate in the “Bundesliga Home Challenge”, which was organized by the DFL and have dueled in the football simulation FIFA. These virtual games have been shown by Sky in a live stream, so that clubs were able to place advertisements of their sponsors in this context.

It is the authors’ personal impression from discussions with stakeholders that there is a common understanding that the current situation calls for amicable solutions rather than legal action. Some sponsors have even prematurely extended their sponsoring agreement with a club, such as telecoms company Congstar recently did regarding FC St. Pauli. „For Congstar, the cooperation is more than a traditional sponsorship arrangement, it is a genuine partnership. This is demonstrated by the decision to extend the agreement despite the exceptional circumstances surrounding the coronavirus – something that is anything but self-evident,“ said Bernd von Geldern, Director of Sales at FC St. Pauli.

Another challenge for the clubs in this context is the conclusion of new contracts for future seasons. If and how should the Covid-19 pandemic and the associated risks be correctly reflected in the contracts. In this respect, it is not only a matter of contractually processing the present but also of shaping the future of sponsoring agreements.

## What are the effects on other service providers?

The contractual relationship between the football club and other key service providers must also be taken into consideration. In the context of a football game, the football club not only concludes contracts with future guests, but also with service providers and suppliers, such as a stadium operator, caterers and security services providers. If the service provider or supplier has already provided his service, the organizer must in principle also pay for it. If on the other hand the service has not yet been performed, the football club may rely on a case of force majeure or any other case for which he is not responsible, provided that a corresponding condition is found in the contract or the general terms and conditions.

The same applies to the contractual relationship between the football club and the owner/operator of the sports facility (if they are different entities). The club will be exempt from paying the rent if the football match must be cancelled due to an official ban. If no „force majeure“ clause can be found in the respective contracts, there may be room for an adjustment to the contract. It may also be possible in individual cases to terminate the contract via the doctrine of frustration. The details of the respective contractual relationships will need to be considered. In the author’s experience, however, even large operators of several arenas in Germany have not included a corresponding contractual arrangement in their contracts.

Parties are advised to consult their respective contracts. They should examine whether there is a force majeure clause that can be invoked. If such a clause has not been agreed upon it should be urgently considered to consult a lawyer to check whether the doctrine of frustration of contract applies. For the future, care should be taken to ensure that a force majeure clause is agreed upon in all contracts.

A claim by the football club or other service providers for lost profits due to the cancellation of the event is not given in default of responsibility. In many cases, there will also be no claim against an insurance company, as damage due to epidemics are usually contractually excluded. Parties are advised to check their insurance contracts to see whether cancellations due to epidemics are also covered – which is usually not the case. Accordingly, parties should consider seeking extended insurance cover, where it is offered.

## The club and its football players

Furthermore, the question arises for football clubs as to how the Corona Crisis will affect their relationship with the players. Some clubs have been training in small group since the beginning of April in order to comply with the strict hygiene measures, but still remain fit for a possible continuation of the season. Some players, on the other hand, have been limited to the confines of their own homes. If a player is instructed to keep fit at home during this time and he complies with this request, the football club cannot unilaterally reduce the player's salary due to the loss of team training. In principle, the club is therefore obliged to continue to pay its players' salaries. This reinforces the negative economic consequences of the Corona Crisis for the clubs. From a club perspective, the possibility of short-time work, a tool provided by German law, could be considered. Football players are employees, so that the club can individually agree with its players to work reduced hours. It should be noted, however, that short-time work is only possible for the entire team, not just individual players. Short-time work is more likely to be an option only for lower leagues, as the short-time work allowance is limited to 4623 Euro per month and cannot keep up with the high wages paid to professionals. As an alternative to agreeing to short-time work, the football club should consider the option of amicable contract adjustments in order to reduce salary costs. For example, it can be agreed that salary payments are deferred and become due later. It is also possible that the football player waives part of his salary. In the German Bundesliga, entire teams have already declared that they will forego parts of their salary. This example was also followed by some officials of the clubs. As the ultima ratio for mitigating the economic consequences, compulsory redundancies can be made. This will probably be an option for smaller clubs.

Some players criticize the lack of a say in the continuation of the season with regard to the protection of their own health. If a player refu-

ses to participate in team training or a football match because of the risk of infection, the club must consider how to deal with this. In principle, the player is obliged to perform his work as an employee, unless quarantine is ordered. Only in exceptional cases is it possible for the employee to refuse certain activities based on an objective risk situation.

It is planned that the season will run until the 28th of June. But it is possible that the current schedule will be shifted due to infections within the club. If the leagues are continued after the 30th of June 2020, it should be noted that some players contracts expire by the 30th of June 2020. FIFA has published a recommendation paper on this subject. In this respect, they encourage clubs to extend expiring contracts until the end of the season and to carry out transfers already completed only after the end of the season. They also authorise the member associations to adjust the transfer windows. The idea of FIFA is, to open a third transfer window besides the usual change windows at the end (1 July to 31 August) and in the middle (2 January to 1 February) of the season. However, the total time of 16 weeks must not be exceeded, emphasises James Kitching, FIFA Director of Football Regulatory. In a video, he also says that these are only recommendations, as the length and form of the contracts are ultimately subject to national labour law and are a matter of negotiation between the club and the player. If the football club wishes to release the player whose contract expires on the 30th of June 2020, they should negotiate with him about a temporary extension of his employment contract until the end of the season. However, this situation also offers the club the opportunity to save on salary costs and let the contract expire as planned, so that it is possible that a player may become unemployed in the first place.

## The clubs and their members, supervisory bodies and shareholders

Clubs are required to hold regular meetings of their supervisory boards, members and/or investors, for example the annual members' or general meetings. As with other commercial companies, additional meetings may be required in the course of the Covid-19 pandemic, e.g. to take rescue measures, to adopt resolutions on capital increases or – with regard to supervisory bodies – to legitimize extraordinary business.

Such large gatherings – especially with a view to general meetings – are currently opposed to the considerable restrictions on personal contacts and events. Regardless of the actual size of the event, there are also considerable challenges when individual regions are sealed off or e.g. Supervisory Board members or partners live abroad.

The German legislator has reacted to these special challenges and created opportunities that, regardless of the statutes of the club, also enable resolutions to be passed in virtual assemblies or in circulation. This means that the meetings can currently often be held in digital form. In addition, deadline regulations have been expanded to give more scope for holding annual general meetings and resolve on the annual accounts. This time scope has also been expanded with a view to implementing conversion measures (e.g. Outsourcing/Spin-off), which can also be relevant for clubs, particularly in connection with the financial challenges of the Covid-19 pandemic.

Other jurisdictions, e.g. Austria, have responded to these challenges and expanded the scope for virtual meetings or extended deadlines, too.

Furthermore, additional flexibility has been created in some countries in the area of insolvency law to facilitate the continuation of clubs and companies.

These legislative measures are designed to help clubs, as well as businesses, get through these difficult times from a corporate and insolvency law perspective.

## Conclusion

The sports industry, like most other industries, is being hit very hard during this ongoing crisis. The current situation brings with it a lot of uncertainty. Can the season end as planned? Above all, the question arises as to whether it will actually be possible to complete the season before the 30th of June. Thus, some legal issues could be avoided, especially with regard to the transfer of players. From an economic point of view, there are questions about the actual economic damage. And will partnerships with sponsors and service providers survive the current crisis?

In the author's experience, all parties involved should try to achieve amicable solutions, wherever possible, and abide by the principles of solidarity instead of escalating matters and taking legal action where other measures would be more appropriate. It is gratifying that apparently many of those involved are already following this path and supporting their football club during the crisis. In addition, use should be made of state aids and governmental measures, wherever possible.



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