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STRATEGIC FOOTBALL MANAGEMENT

Financial analysis of the "Big Three" Portuguese football clubs with a focus on strategy development and implementation plan for the financially most robust club.

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Abstract Page

This work combines a financial ratio analysis of the "Big Three" Portuguese clubs with the primary objective to develop and implement a strategy for the financially most robust Portuguese Club. Furthermore, the paper aims to identify if the Balanced Scorecard is a useful strategic tool for Club Managers to make well-founded decisions striving for competitive advantage among European Top Clubs. According to the analysis of the financial data and the inclusion of strategic frameworks as well as the existing literature there are indications that the Balanced Scorecard meets the requirements in this industry.

Strategic Management, Football Management, Financial Management, Strategy Formulation, Strategy Implementation, Balanced Scorecard

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1. **Introduction & Research Question**

"A football team is nothing more than a business. The forwards are the men from marketing, and they must sell the show. In the midfield are the managers, and the defenders are the accountants who have to make sure we're not too much in debt" (Fabio Capello as citated in Hahn 2017).

The introductory quotation indicates that there are actual overlaps between sport and economy. While Capello only refers to the playing positions, the comparison also applies to the entire organization of a football club. From a strategic management perspective, today's challenge is to combine sporting and financial success. As a result, clubs face the difficult challenge of moving from short-term strategies based almost exclusively on the pursuit of sporting success to long-term strategies (Kalashyan 2021). However, a good infrastructure, state-of-the-art technologies, as well as competent internal teams are critical to compete on the long-term with the Top European Clubs. One tool used in strategic management, especially for strategy implementation, is the Balanced Scorecard (BSC). For companies that have not yet managed according to a uniform strategy, it can also help with strategy development (Horváth & Partners 2007).

The following questions must be answered in this paper:

- *From a strategic point of view, how could one of the three major Portuguese football clubs achieve financial rentability while improving their international competitive position?*
- *Is the Balanced Scorecard a useful strategic tool for strategy implementation in a Portuguese football club, considering the specifics discussed?*

By answering these questions, a strategy for the financially most robust Portuguese Football club will be developed and implemented utilizing the concept of the Balanced Scorecard.

2. Literature Review

2.1 A contemporary perspective on Strategic Football Management

The concept of competitive advantage has been associated with football on several occasions, but rarely in the context of strategic challenges faced by football clubs. Soderman (2012) discussed how football clubs could benefit from businesses by transferring practices from profit-oriented businesses to the football industry. For example, intending to analyze competitive advantage in professional team sports, Dolles & Soderman (2012) developed a "value capture network" framework for football clubs in which they analyzed a football club's customer relationships and associated value-creating activities (Dolles and Söderman 2012). Bar-Eli et al. (2008) take an inside-out approach and examine how two successful football clubs have historically gained a competitive advantage in the UEFA football industry (Bar-Eli, Tenenbaum, and Geister 2006). Although competitive advantage has already been applied to football, there are few best practice examples of strategy development and implementation methods. Thus, there seems to be a gap that needs to be filled in the field of strategic football management to create a deeper understanding of how to create a competitive advantage from a club management perspective in the modern football industry.

2.2 The European Football market and the Big Five Leagues

According to the Annual Review of Football Finance (2021) conducted by Deloitte, the total value of the European football market in 2018/2019 was EUR 28.9 billion. Approximately 60% of the total (EUR 15.1 billion) is accounted for by the cumulative revenues of just five of the most vital internal competitors, referred to by experts in the field as the "Big Five"(Deloitte 2021a). The Big Five European football leagues are the German Bundesliga, the English Premier League, Spain's La Liga, Italy's Serie A, and France's Ligue 1 (Zeppenfeld 2021).

Figure 1 reflects the 2019/2020 revenues of the European Big Five leagues in million euros. For all five leagues, broadcasting revenues account for the largest share of total revenues. In summary, the leaders England and Germany represent the best average values in club revenue, match attendance, and stadium utilization. In terms of total revenues, Spain (55%) and Italy (58%) have the highest broadcasting revenues in percentage terms (Deloitte 2021a)

In contrast, Figure 2 illustrates the revenues of the professional leagues in Europe have risen continuously since the 2006 season. However, Covid19 placed and enormous burden to all football clubs. In the 2019/2020 season, the total revenues have been €25.2 billion, a significant decline compared to the previous season when revenues were still at €28.9 billion. The European football market shrank by 13% (B. Zeppenfeld 2021).

2.3 The International Federations FIFA and UEFA

The Fédération Internationale de Football Association (FIFA) is the world governing body of the sport of football. FIFA organizes and coordinates the interests of football worldwide. It now has over two hundred national associations as members, and membership is granted to only one association per country. FIFA's most important tasks include the general promotion and development of football, the definition of football rules, and the control of whether these rules are observed by the national associations (Erning 2000). The Union des Associations Européennes de Football (UEFA) is the European football association. It was founded in 1954 and had its headquarters in Nyon, Switzerland. UEFA counts over 55 national football federations across Europe. The UEFA's tasks are organizing the European Championships and the European Cup competitions at the club level and the implementation of FIFA regulations (Dima 2015).

2.4 Primeira Liga and the dominance of the Portuguese Big Three Clubs

The Primeira Liga is the highest division in Portuguese professional football and is run by the Liga Portuguesa de Futebol Profissional (LPFP) and the Federação Portuguesa de Futebol (FPF). Since 2021, the league has officially borne the sponsorship name Liga Portugal Bwin (Liga Portugal 2021). Moreover, the league is ranked sixth directly after the Big Five by the UEFA (UEFA 2021b).

In collaboration with Ernst & Young Portugal, five new strategic axes of action have been defined for the 2019-2023 cycle to strengthen and enhance Portuguese professional football from a commercial, economic, and sporting perspective. The strategy includes greater international awareness of the Portuguese league, more transparency, and better regulation. It also aims to achieve greater digitalization in Portuguese football to reduce costs. As can be seen in Figure 3, the Portuguese League in the fifth consecutive year has shown positive net results. In addition, the 2019-2020 season was marked by the pandemic emergency. It has negatively impacted revenue results that were growing sustainably through commercial activities. In the future, the main challenge is the centralization of audio-visual rights for competitions (Ernst & Young 2020).

The "Big Three" clubs Futebol Clube do Porto (FC Porto), Sporting Clube de Portugal (Sporting CP), and Sport Lisboa e Benfica (LSB) are the dominant clubs in the country's football scene. More than 80% of the fans support one of the Big Three, and the same number of spectators falls on the three clubs. A Deloitte 2004 analysis of Portuguese clubs' membership figures determined that the Big Three account for 2/3 of the first division's memberships (Nuno Coelho and Clara Tiesler 2007).

Figure 4 provides a comparison of the overall market value trend from the years 2010 to 2021. SLB has the highest market value with 281 million euros, followed by FC Porto with 265.85

million and Sporting CP with 198.20 million. Considering the total value of all clubs, which is 1.17 billion euros, the monetary dominance of the big three also becomes apparent. The market value of the three clubs added reflects almost 64% of the total market value of all clubs (Transfermarkt 2021d). In an international comparison, SLB ranks only 34th in terms of total market value. Manchester City currently has the most valuable market value with a total of 1.08 billion euros (Transfermarkt 2021a). The most valuable player in the Portuguese League is FC Portos' Jesús Corona and has a market value of 30 million euros. According to the KPMG Football Benchmark (2021), the most valuable player worldwide is Erling Haaland who has a market value of €144.2 million in comparison (KPMG Football Benchmark 2021).

3. Financial Statement Analysis

3.1 Key indicators and methodology

This chapter focuses on comparing and analysing the financial figures of the Big Three with those of their three European peers, with calculation and interpretation notes found in Figures 6-8. The three Top European Clubs selected are Futbol Club Barcelona (FC Barcelona), Manchester United (ManU), and Ballspielverein Borussia 09 e. V. Dortmund (BVB). Figure 5 shows the most important information of the clubs in a condensed form. Additionally, the financials of all clubs under consideration can be found in Figures 18-23. All three clubs are among the top 12 worldwide in terms of revenue (Deloitte 2021b). BVB, the "lowest-revenue" of the three peers, was selected because, like the Portuguese clubs, it has generated high revenues in the past through an excellent transfer policy (Kundert 2017), which has allowed establishing itself among the top teams in Europe.

It should be noted here that the financial ratios considered are only a snapshot and that further ratios must be considered for a complete comparison. However, due to the scope of the study, this has been deliberately omitted. The dominant instrument of a financial statement analysis is the ratio analysis which is performed here (Coenenberg, Haller, and Schultze 2014). The financial indicators are grouped according to the areas of asset and capital, financial and liquidity, and earnings analysis. The aim is to assess the clubs net assets, financial position, and results of operations. The financial data were taken from the annual reports or wall street journal (Annual Reports) (WallStreet Journal 2021b; 2021a; 2021c).

A simplified scoring method was developed to enable an overall comparison and identify the financially strongest club in this study. A strategy development and -implementation will be done for this club in a later chapter.

Asset and capital analysis: The asset analysis examines the asset side of the balance sheet. How was the available capital used? Were investments made on a shorter- or longer-term basis, and what proportion of total assets do individual asset items such as property, plant and equipment, receivables, or cash and cash equivalents account for? The capital analysis focuses on the liabilities side of the balance sheet. The origin of capital and financing activities are examined. How high is the company's financing share, how significant is its dependence on creditors? Is debt capital available on a longer-term basis, or is there a risk of insolvency in the case of short-term repayment obligations (Hierl and Weiß 2016).

Financial and liquidity analysis: The closing cash balance can be seen in current assets. The cash flow shown is the balance sheet difference between cash and cash equivalents (including bank and cash) and the previous year's figure. Separate cash flow statements were only partially available, what makes it unnecessary to distinguish between operating, investing, and financing cash flows. The golden financing rule states long-term assets should be financed on a long-term basis and short-term assets on a short-term basis (Bonn 2021).

Profitability analysis: When analyzing the income statement, the first step is identifying the sources of profit and splitting the result into operating, financial, and tax results. In addition to absolute earnings values, the P&L result can also be used to establish relative references in profitability ratios (Corporate Finance Institute 2021).

The following aspects were relevant to the selection of key figures: First, it should be possible to calculate the key figure for all the football clubs examined for both fiscal years under review. Overall, a broad spectrum with a large number of key figures was to be shown, and no focus was to be placed on a few examples of application. The resulting redundancies in terms of informative value are in part deliberately accepted to strengthen the overall picture, but in some cases, key figures are also excluded from an evaluation.

3.2 Analysis of the results

Figures 9-1 provide an overview of the overall results. In the first part of the asset and capital analysis for 2020, the first surprise is the meager share of intangible assets in total assets at Sporting, which achieve the lowest relative share and thus the highest valuation result. The highest dependence shows BVB (40.27%) and FC Porto (46.4%). In the previous year's comparison, SLB has the best ratio with 7.1%. In terms of cash intensity, Barcelona led the ranking in 2020 and ManU in 2019. BVB has the lowest cash intensity in both years, with 0.8% in 2020 and 0.6% in 2019. Among the three Portuguese clubs, Sporting CP has the best result in 2020 and SLB in 2021. However, it should be noted that Sporting CP’s and FC Porto's total assets are significantly lower compared to SLB's. When including other current asset items and after deducting short-term debt, a high cash balance suggests a high working capital. However, this is negative for all analyzed clubs except SLB in the 2019 assessment period. In the second part of the asset and capital analysis, the clubs BVB, SLB, and ManU occupy the top positions in terms of equity ratio in 2020 and 2019. With an equity ratio of 2.1% at FC Barcelona in 2019, this results in a debt ratio of 97.9%, which is almost 48 times as high. For companies like Sporting CP, FC Porto, and FC Barcelona that have negative equity in 2020, this would mathematically result in a negative and thus de facto infinitely high static leverage ratio. BVB, ManU, and FC Barcelona's total capitalization are significantly higher than the Big Three, yet these clubs manage to generate the highest revenues in 2020 relative to each other, i.e., their capital turnover is the highest. In 2019, FC Porto achieved a higher value than ManU, with a capital turnover of 40.8%. The target value of 20% in cash ratio was reached only by ManU. Sporting CP in 2020 (10.5%) and SLB in 2019 (11%) had the best values among the Big Three. In the further part of the financial and liquidity analysis, the first thing that emerges is that none of the six football clubs studied, managed to finance their long-term assets with equity fully. All asset coverage ratios 1 are lower than 100%. With a negative equity value, no meaningful result can be determined. All six clubs are therefore without a chance of scoring points in this area. At least SLB and ManU succeeded in fulfilling the silver balance sheet rule (asset coverage ratio 2 ≥ 100%), i.e., their fixed assets are financed by equity and long-term debt capital.

In the next step, within the first part of the revenue analysis, key variables of the income statement are compared in the period under consideration. ManU and FC Barcelona are the only clubs that exceeded the limit of € 500 million in sales revenue. Among the Portuguese clubs, Porto (€173,891.8) had the highest sales in 2019 and SLB (€139,954) in 2020. The accurate overall performance benchmark among Portuguese clubs is SLB, with a net income of €41,705 in 2020 and €28,037 in 2019. Barcelona is the most surprising among the top clubs drawn for comparison, with a negative net income of 481.318€ in 2020. The profitability analysis ends with the three main return parameters return on sales, EBITDA margin, and return on investment. In each case, a calculation is only carried out if the net profit for the year and equity is positive, EBITDA is positive, the net profit for the year is positive, or the interest on borrowed capital in the amount offsets a negative net profit for the year. Thus, in 12 out of 36 cases, the respective calculation had to be dispensed due to the lack of an interpretable result. SLB's results are consistently positive except for EBITDA margin in 2020. At FC Porto, we can see that the return on sales has vehemently deteriorated from 2019 (57.2%) to 2020 (-133.6%). The temporary suspension by CoViD19 of the League and the final break of the last ten rounds of LigaPro in the 2019/20 season had an immediate impact on professional football. However, it should be noted that the actual performance of the sports companies exceeded the projections of Liga Portugal. When analyzing the impact on total revenues of portugese sports clubs in EY's Report 2020 , it is noted that revenues have decreased by 11% compared to last season (Ernst & Young 2020). With Porto's revenues declining by more than 50%, the club was hit much harder than the average . BVB's EBITDA margins are positive in both years. Among the Portuguese clubs, ROIs are consistently positive, except for FC Porto in 2020. This is remarkable, as all peers have a negative value in the period under review.

3.3 Scoring Method

In this analysis, the balance sheets, income statements of the Big Three Portuguese professional football clubs and three Top European Clubs were systematically prepared and evaluated as a comparison group. The evaluation period covered the 2019/2020 playing season, with the previous season also included in the study to assess selected development dynamics. Seventeen key performance indicators were defined as the object of the study, determined for each club, and compared for at least a majority of these indicators. The aim was to create a comprehensible ranking for each indicator and each evaluation area and to determine an overall winner at the end of the analysis especially among the portuguese clubs. Therefore, instead of defining result intervals, the following rules were defined for the allocation of points:

For each metric included in the scoring procedure, 12 points are awarded to the first-placed football club in the ranking. Points are then awarded in decreasing ranking order, with a degression factor of two points per rank. The last place still gets two points. The total score of a football club is the sum of the scores achieved in the two evaluation periods. In addition to the objective of determining rankings without considering the club's national origin, this study mainly examines which of the Portuguese Big Three has the best chances, from a financial point of view, of also being competitive at the European level in the future. Inductive conclusions regarding the economic situation of the other clubs in the respective leagues are not intended.

After summarizing the results of the fiscal year analysis and the previous year's comparative analysis, the overall scoring result shown in Figure 12 is obtained. In the end, 1st place in a national and international comparison is occupied by SLB. BVB and ManU follow at some distance and with solid scores. The surprise fourth-place finisher in this scoring is FC Barcelona. The club is still ahead of Sporting CP andFC Porto in the overall ranking, but it should be noted that catastrophic results in earnings were analyzed for FC Barcelona. It can therefore be seen that the club is at high risk of economic relegation. The two Portuguese clubs are ranked worse mainly due to the negative equity ratios in both fiscal years.

4. Strategy Development and Implementation

After examining the club's finances compared to the peers, this chapter develops a sustainable strategy for SLB and documents, measures, and manages it in a Balanced Scorecard. As first step, internal key resources and capabilities were identified.

4.1 Identifying the internal key resources and capabilities

Financials: As in the previous financial analysis already identified, SLB is the most economically robust club of the Portuguese Big Three. SLB has been able to post thoroughly positive results compared to its peers. The club is also based in a structurally solid and football-loving region. The most significant sponsorship revenues are generated through partnerships with well-known companies such as Emirates, ADIDAS, and Sagres (Anshuman 2021). Deloitte Football Money League lists SLB as No. 23 among European Clubs with the highest revenues (Deloitte 2021b). Net revenues are divided into revenues from the sale of audiovisual rights (62.4%); commercial revenues (15.8%), i.e., from the sale of sponsorships, advertising space, royalties, and sports-related revenues (21.8%) from the sale of match tickets, the organization of sports events and player transfers (MarketScreener 2021). In recent years, SLB has always managed to report profits. Those have allowed internal financing to take place. Therefore the club is financed over approximately 1/3 with Equity and 2/3 by debt capital.

Sports: Since the beginning of the portuguese League, SLB has been playing in it and has been the most successful Portuguese club since then. SLB has won the Portuguese championship 37 times, the League Cup 26 times, and the European Cup twice (Transfermarkt 2021c). Furthermore, Benfica is also among the top 30 clubs in the UEFA rankings (UEFA 2021a).

Fans/Customers: The national fan potential of SLB is very high. Traditionally, there is a high enthusiasm for football in the region, but it mainly focuses on the Big Three teams as previously mentioned. In 1952, the concept of "Casas do Benfica" was created to gather fans who were not present at every match. In recent decades, SLB has invested in expanding the network of "Casas do Benfica." As a result, there are now more than 150 facilities worldwide. As expected, most of them are in Portugal, but the number of Casas do Benfica in Europe is also considerable (SL Benfica 2021a)(Brand 2017). High fan loyalty is also reflected in the fact that the club has the second most members of any sports club in the world (Pereira 2021). Furthermore, the stadium's capacity averages 53,000 spectators per game. This places SLB among the top 10 clubs with the highest stadium attendance. In addition, the club can boast more than 1 million TV viewers per game, 3.7 million Facebook fans, 1.6 million Instagram followers, and 11 million website visitors per year (SL Benfica 2021b).

Transfers/Youth Development: The transfer policy is outstanding. In the last ten years, 167 international transfers have been made. Furthermore, the club is under the top 30 in terms of income from transfer fees and among the top 3 clubs worldwide with a positive net balance from transfer fees (FIFA 2020). The most expensive additions from the last seasons were Darwin Núñez (€24 million), Raúl Jiménez (€22 million), Julian Weigl, and Éverton (€20 million each) (Transfermarkt 2021b). In contrast, SLB would receive €127.2 million for João Félix, €68 million for Rúben Dias and €40 million for goalkeeper Ederson. The current positive transfer balance is €24 million (Transfermarkt 2021a). Moreover, SLB is internationally ranked second among the clubs from which the major 5-league clubs have recruited the players who will be in their squad in March 2020 and are regulars in the European Cup. Ajax tops the list with 22 players who played their last game there before debuting in the Big 5 league. SLB is second here with 21 players (Poli, Ravenel, and Besson 2020). In 2021, however, rival Sporting CP was awarded the prize for the best youth academy (Sporting CP 2021). An aim in the strategy is to regain this top position in the long term.

4.2 SWOT-Analysis

To consider the overall position of the club, a SWOT analysis is performed. The analysis has established itself as the basis for strategy development and in-depth analysis of a company and its market environment. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats (Leigh 2010). The first two terms refer to an internal investigation of the company, while the second pair of terms refers to external analysis. For strategic analysis, a matrix is drawn up in Figure 13 containing the four components mentioned. In the next step, the analysis characteristics are compared with those of the environmental analysis. The combinations were found to form the basis for developing strategic options. There are four possible strategy types:

SO - strategies realize external opportunities through internal strengths.

WO - strategies strive to reduce internal weaknesses to take advantage of external opportunities.

ST - strategies leverage internal strengths to avert impending threats.

WT - strategies reduce internal weaknesses in order to avoid threats.

For SLB, the following SWOT analysis was created from the described capabilities and resources of the club and further information on opportunities and risks. It results in the following factual, logical combinations or strategic options:

S1/O2: SLB has already established itself in La Liga; with targeted investments through UEFA prize money, the conditions should be created for the club to be able to club with a promising team to regularly compete even in the final rounds of financially lucrative European competition.

S2/S5/O5: The high level of emotional loyalty among fans, the steadily increasing interest in football, and the high number of members should be used to continue to present itself as the "number 1 club in Portugal" in the future.

S4/O8: The club's well-trafficked website and social media accounts provide a basis to install additional features that drive digital sales.

S6/T2/T3: Leveraging the club's youth work can only succeed if the amateur team serves as a stepping stone to professional football, thus ensuring a transition from the youth to the senior level is guaranteed. In addition, the young people should be shown the sporting and personal prospects. If many good players from the region are thus trained for the first team, the fans' identification with the club tends to increase. Thus, the club tends to increase and customer loyalty so that minor sporting setbacks are more likely to be forgiven. By getting the major sponsors investing in the youth center, the club should leave its rival sporting behind in the longer term.

W2/O3: The high Debt quota leads to a strong dependence on lenders. Furthermore, it tends to lead to a poorer rating with banks. Although SLB is in a good position in an international comparison of football teams, it should continue to work on its self-financing capacity. The declining debt level and the rising Portuguese economy are of help here. The steady recruitment of professionals in the commercial areas and the establishment of business management instruments (e.g., BSC, CRM) are prerequisites for ensuring the professionalism expected by investors. The determination of the target group, the assurance of customer orientation, and, above all, the precise positioning of one's brand are essential aspects that must also play a decisive role in strategy formulation.

4.3 Porters Five Forces Framework

Porter's Five Forces is an industry structure analysis model developed by Michael E. Porter. Five competitive forces are used to examine how a market environment affects an industry (Porter 2008). Based on this, an overall assessment is made of how attractive the market environment is for the industry (cf. Figure 14).

Bargaining power of suppliers - High -

The bargaining power of suppliers is significant in the football industry. Clubs from which future players can be acquired and sponsors represent the leading suppliers. The three main sponsors mentioned are significant revenue sources and essential for international awareness and media exposure, Sagres is crucial for the national reference.

Bargaining power of buyers - Low -

The fans and other clubs that poach players are the two central buyers for the club. However, since the club sets its admission fees and merchandising prices, the buyers generally have little influence. In addition, outgoing transfers of players are considered individually, and transfer fees are set contractually. In addition, the club presents itself as a strong negotiating partner due to the already mentioned past transfers..

The Threat from new entrants - Low -

The threat of new clubs nationally is shallow. The Big Three are too well established in this country to get in a competitive situation soon.

The threat of Substitution - Low -

This threat is considered here from the point of view of the departure of fans to other football clubs. SLB has the most members among all Portuguese clubs. In addition, its international profile is also very high. Through “Casas do Benfica”, there are fans all over the world. Due to these regional and international networks of fans and supporters, the risk of substitution is low.

Competition in the industry - high -

The competition arises among the Big Three Portuguese teams at the national level. SLB may be the club that has won the most nationally and internationally, but the title contests for the La Liga championship are contentious. At the international level, the threat is also high, as the top 5 European leagues provide the best teams in terms of sporting success. In addition, more and more wealthy investors invest in clubs that have not yet achieved great success at the European level. The most recent example of this is Newcastle (Hellier 2021). This general trend should be treated with caution, at least for the future, even from a national perspective.

4.4 Vision and strategy formulation

The systematic development of a strategy provides football companies with the opportunity to find an answer to how they can use existing or procurable resources to realize their potential for success. Strategic analyses and the development of a vision form the basis for strategy formulation (Horváth & Partners 2007). The following vision shall serve as a mission statement for SLB: The goal is, to establish SLB among the top clubs in Europe, through professional management with the available resources, the attractiveness of the game, and further increasement of the supporter’s loyalty. Therefore, four essential themes will the strategy: value creation (i.e., increasing revenues), cost-reducing activities (process optimization), sport-enhancing (optimal team creation) and customer driven (marketing activities) aspects (Hinterhuber 2004).

After identifying the internal resources and the results of the SWOT analysis for the club, the final step is the formulation and implementation of a long-term strategy. This is additionally supported by the conducted industry analysis with Porter's Five Forces, which was adapted to the realities of the football industry. With the help of a balanced scorecard, a concrete strategy is formulated and implemented to achieve the aspects mentioned above.

4.5 Development of a Balanced Scorecard

First, the BSC translates the vision into concrete strategic goals. The basic architecture for this is the division of strategic topics into corresponding perspectives. Then, within these perspectives, strategic goals are defined from the SWOT- and the industry analysis results, and their interrelationships are represented through a strategy map. Subsequently, the strategic goals are concretized by measured variables. With the help of target values, their achievement can be monitored. Finally, strategic measures are developed to support the achievement of the strategic goals. Figure 15 provides a graphical representation of the BSC:

4.5.1 Defining the basic architecture

The BSC consists of four perspectives: sports, finance, processes, and customers. The most important is the sports perspective, which contains the sporting goals. It revolves thematically around the question: "How can the attractiveness of the game and sporting success be achieved?" The strategic goals of all other perspectives are ultimately based on this overriding question. From the financial perspective, the question here is: "How does SLB achieve the best operating results and additionally grow club financially?". Customers get their own perspective.

However, there is the unique feature that in addition to customer relationships shaped by business, there are also relationships shaped by emotions with fans and members. Thematically, the question here is: "How can the club's attractiveness for members and outsiders grow?". While Kaplan and Norton assume two different perspectives for processes and potentials, both are combined here (Kaplan and Norton 2000). At Benfica, these processes and potentials are not directly related to the sporting domain. Therefore, the question is: "Which internal processes and potentials are responsible for long-term success?".

4.5.2 Representation of cause-effect chains through a strategy map

A central component of the BSC is the illustration of cause-and effect relationships between the strategic goals of a company. The basic idea is that strategic goals are not independent of one another, but rather, they are interlinked and influence each other (Horváth & Partners 2007). There can be a positive influence on each other, but there may also be conflicts of objectives. An example of such a conflict can be seen between the financial and the sports perspective: an undifferentiated reduction in personnel expenses to achieve the national goal of reducing expenses leads c.p. to the club losing its attractiveness for high-quality players. This reduces the quality of the team in the medium term and the likelihood of achieving the goal of realizing sporting success. Such conflicts can lead to the abandonment of one of the goals, but often both have high strategic importance. In the above example, both goals will be strategically relevant to most clubs in this or a similar form, and neither can be waived. One of the essential considerations of the BSC is a solution: there is also a balance between conflicting goals, controlled by setting the target values. Strategy maps offer one way of depicting cause/effect chains: the objectives are structured graphically based on perspectives, and strategically relevant relationships are shown utilizing arrows (Kaplan and Norton 2000). The strategically relevant cause/effect chains result are shown in Figure 16: For many investors, professionalized management is a fundamental prerequisite for an investment. In addition, professional planning, and increased awareness of business management within the company mean that the available funds are used in a more targeted manner, and the expenditure tends to decrease. Increased online sales tend to reduce personnel costs. More fans have access to the merchandising articles, which can lead to increases in revenues. In addition, targeted diversification can also lead to rising revenues. Professional youth work offers tactical and technical training at the highest level and enables players to play attractive football. Furthermore, for the best youth development, what the rival Sporting is doing more efficiently has to be analysed to outperform it in the future.

Selecting a good team is essential for sporting success at the top European level. Many high-quality players with great technical potential also make it possible to establish an attractive style of play. Reduced costs lead c.p. (constant revenues) to an increased surplus. This can be used as internal financing to increase the equity ratio and thus stabilize the financing structure.

4.5.3 Definition of metrics, target values and strategic measures

Since strategic goals are, for the most part, formulated in very general terms, two to three metrics are defined in each case to make them more concrete. They serve to express the objectives unambiguously. In conjunction with defined target values, the degree of target achievement can be better monitored. It is crucial to achieve a certain balance in the selection of key performance indicators (strategic vs. operational, monetary vs. non-monetary, long-term vs. short-term, cost vs. performance drivers, complicated vs. soft factors, past vs. future performance). The associated target values should be demanding and ambitious but also realistic (Horváth & Partners 2007). Therefore, another aspect of the BSC is the formulation of strategic actions that support the fulfilment of the target values. These actions can be very detailed and describe operational activities. For the example of SLB, measured variables, target values, and strategic actions are defined in detail for one target per perspective for reasons of space (cf. Figure 17). In the design, care is taken to ensure a certain balance; a complete balance concerning the above aspects can only be achieved by using all the indicators of a BSC.

Drive online sales: In addition to the technical basis, the fundamental prerequisite for online-based sales is appropriate awareness and frequency of the homepage. Therefore, the number of visitors to the homepage can be defined as a short-term indicator. Currently, around 11 million users visit the homepage each year; the goal is to increase this number to 12 million users per year. To achieve this, the services offered on the homepage can be expanded as a measure, e.g., by adding additional functions (voting, web TV match reports, chats with players) can be implemented. The monthly revenue to be realized in the online fan store in the coming season serves as a medium-term metric. Since no precise data has been published on this, 10% of current merchandising sales growth is very ambitious. To implement this target, measures of the sales promotion like marketing campaigns on match days, prize promotions during home victories, and online mailing campaigns to club and fan club members can be implemented.

Establish the best youth sector throughout Europe: Targeted investments are needed in the youth sectors. Although this would harm the economic result in the short term, it will improve the club's basis and generate long-term success. In addition to financial arguments, non-financial arguments should also convince youth players to stay at the club. In many cases, youth players face an uncertain future if they suffer a severe injury or, contrary to expectations, do not make it to the professional level. Therefore, in addition to providing intensive personal support (accommodation, insurance, tax advice), the strategy is to offer a certain percentage of the youth players the high school diploma or vocational training. Here, SLB could take a pioneering role and target a value of 95% of the youth players. This high quota can be achieved through cooperation with sponsors who act as training centres, personal career support, and increased cooperation with schools. The primary focus in the youth sector is on recruiting and training future professional players. The success of this task can be measured by the number of professional players who come from the club's youth. The professional coach's sifting of youth and amateur games can be intensified, giving talented players the chance to draw attention to themselves to ensure this. Another measure is the regular participation of talented youth players in professional training. Metrics such as the number of players selected for national under-23 teams are also suitable for measuring the quality of youth work (Bellon et al. 2005).

Increase proportion of variable salary, reduce costs adequately: This objective of the financial perspective consists of two sub-objectives, but their content is closely linked. Personnel costs make up the most considerable portion of total costs, so an across-the-board reduction would call into question essential sporting objectives, so the focus here is on targeted reductions (KPMG Football Benchmark 2017). One metric is the personnel cost ratio (= PC/revenue). The target is a PC ratio lower than 2.5% among the Big Three clubs in Portugal. Another option would be to reduce the size of the squad to a certain extent. The targeted replacement of high-earning supplementary players with players from the club's junior squad is also a medium-term management option in line with sporting objectives. However, players are often keen to receive a high proportion of their salary on a fixed basis, so the above objective cannot be achieved quickly without quality across the board. One option would be to focus on young and less renowned players, but whose development involves risks and whose future playing strength is not yet clear. Therefore, incentives must be created for renowned players to retain, especially those football players who do not automatically assume that they will be part of the first eleven and benefit more than average from performance-based compensation. Follow-up contracts after the end of their career with sponsors or at the club and targeted support (housing, childcare, financial, insurance, tax issues) can be just as important for players as monetary incentives.

In addition to personnel costs, other costs should also be scrutinized (Lima et al. 2018). Those are costs that are already influenced by almost all the strategic measures outlined. They will increase in the short term; for example, increased support for the youth and amateur sectors can save transfer fees and hand money for players and consultants in the long term. Therefore, one goal could be implementing the strategic restructuring cost-neutral in the long term. Financial advantages would then result from the fact that, from a long-term perspective, the potential for success created would pay off. The financing of the strategic measures could be refinanced with savings elsewhere or through medium-term returns. Cost-cutting programs can serve as a measure in this area, which is different at football companies than at other companies.

5. Implications for strategic football management and evaluation of the BSC

The result of the work is a strategic framework, which can serve as a possible addition to strategic football management. By modifying the BSC based on Horvath, the sports perspective is placed above the other perspectives. Goals and metrics can be linked within this strategic framework, derived from vision and strategy. The goal for the clubs' management is then to link the corporate strategy with the day-to-day operational business.

The final evaluation shows whether the BSC created in the present model of SLB meets the requirements of football companies for strategic management tools. Of course, the instrument's suitability must be shown in practice in each case. However, initial conclusions can already provide this work. The BSC in the application developed by Horváth & Partners can be used for the strategy development, its implementation and performance measurement for SLB and in general for football clubs (Horváth & Partners 2007). In this respect, it meets the criterion of being an integrative component of the complete strategic management process. The presentation of a differentiated target system is one of the strengths of the BSC, both financial and non-financial and tangible and intangible values can be recorded. Furthermore, when creating a strategy map, all areas of the football club can make a decisive contribution to identifying strategic goals.

Despite a restriction to 20 goals and two to three key performance indicators per goal, the wealth of information could be three key figures per goal, the abundance of information could be problematic. The BSC can be used for the critical planning of the team. The team can be put together based on success-critical factors, and corresponding key figures can be used to check the team selection constantly and in the transfer phases, appropriate measures (player purchases or sales) can be made. The development of a BSC and the constant review of whether it still meets the requirements of the football company or whether appropriate changes need to be made, requires a high level of business expertise. In this respect, many clubs will be forced to engage specialist staff. Strategy development can occur on a project-by-project basis with appropriate consultants, but the club's employees can only ensure sustainable use.

In summary, the BSC meets the needs of football companies to implement and improve strategies to achieve competitive advantage. To take up the quotation from the beginning of the paper, the following can be stated in conclusion: If a football team is nothing other than a company, then the playing philosophy and the tactics of this team are nothing other than the corporate strategy. It can be assumed that in modern football, no team competes without a playing philosophy or even enters a game without tactics, and the tactics board is an indispensable tool for every coach in the world.

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Appendix

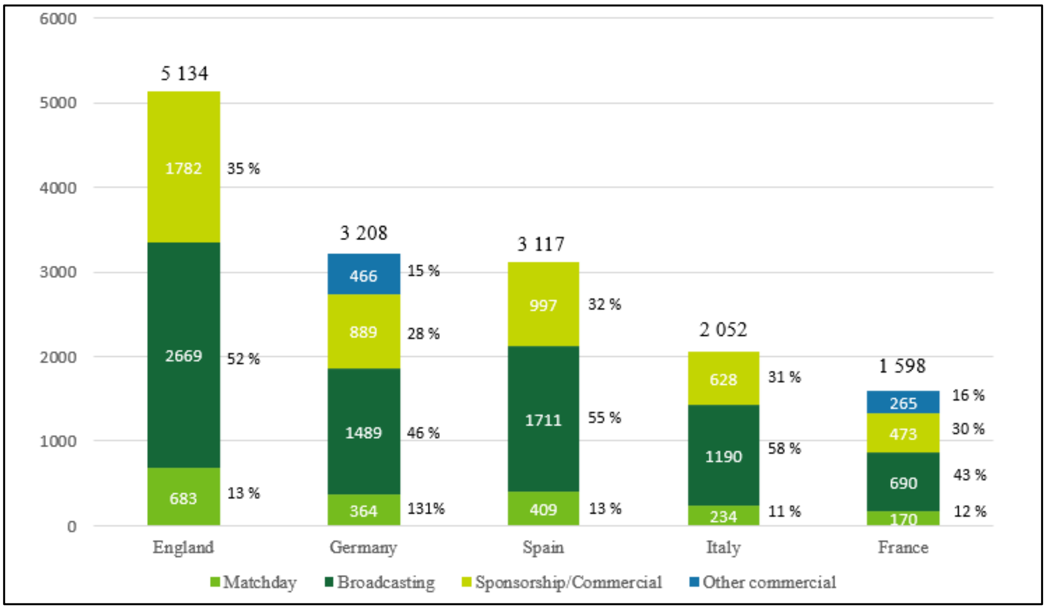

Figure 1 Big Five European League Clubs' Revenue - 2019/20 (€m); Source: Deloitte (Own Design, 2021)

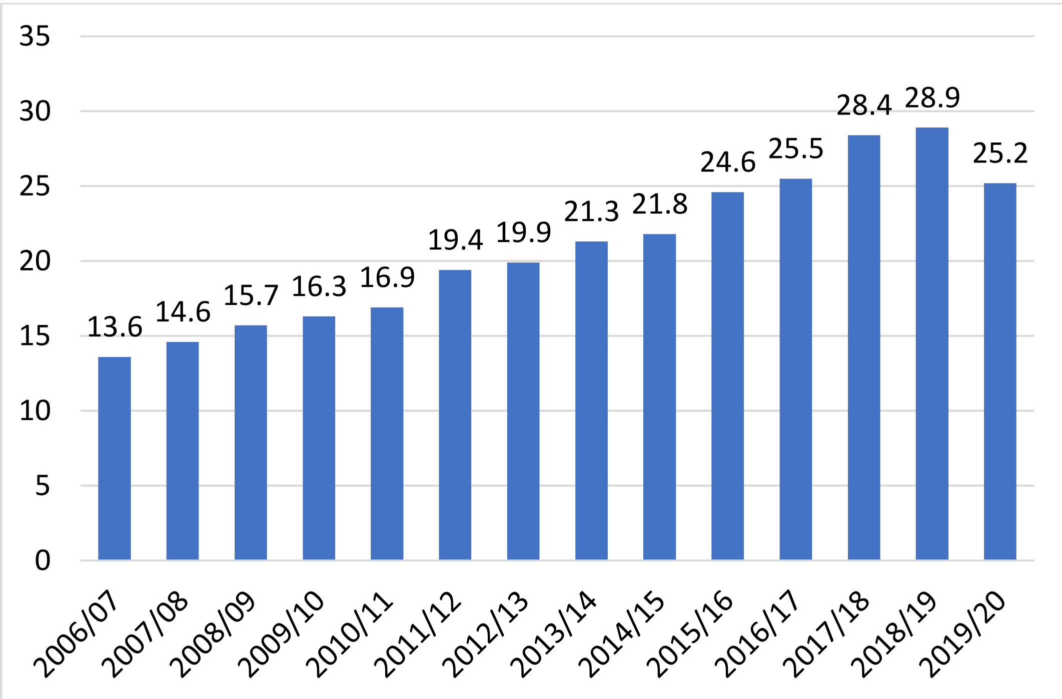

Figure 2 European Professional Leagues Revenue in billion €; Source: Statista (Own Design, 2021)

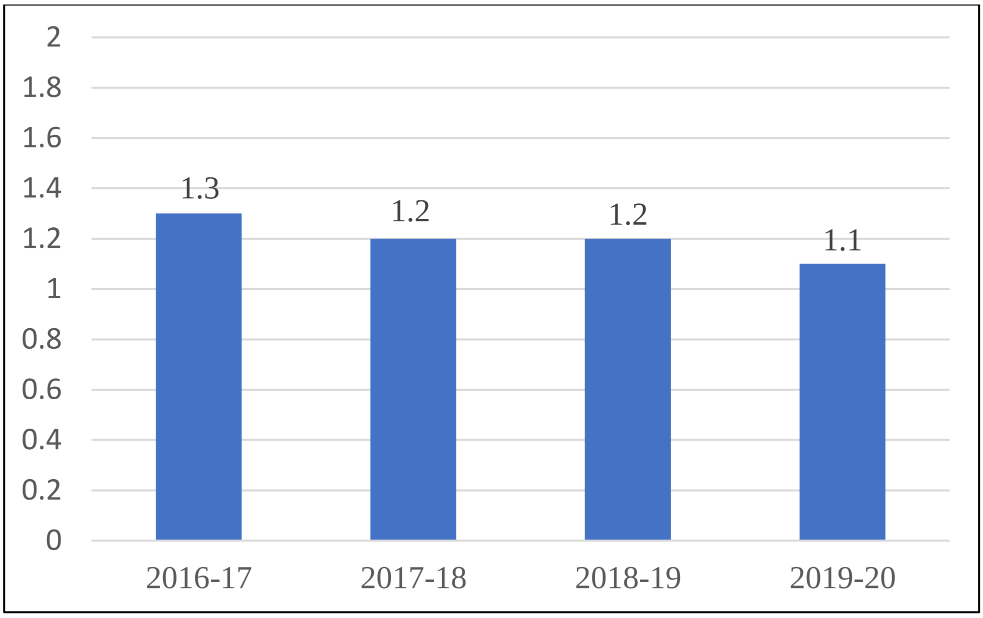

Figure 3 Portugal's La Liga Net Result in million €; Source: Ernst & Young (Own Design, 2021)

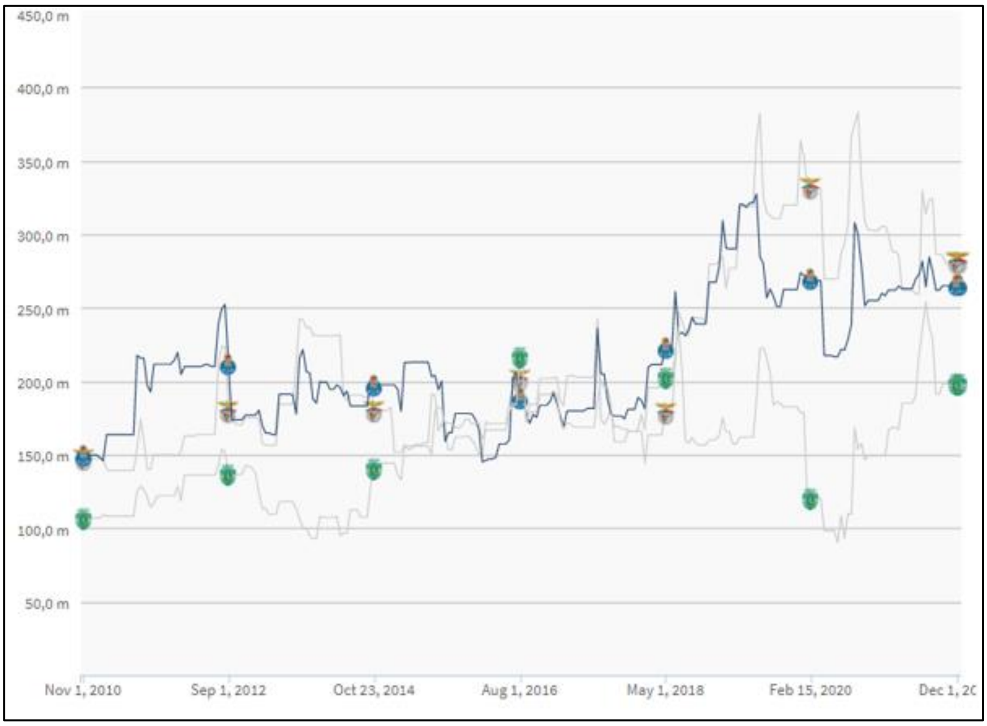

Figure 4 Comparison Of The Overall Market Value Trend; Source: (Transfermarkt, 2021)

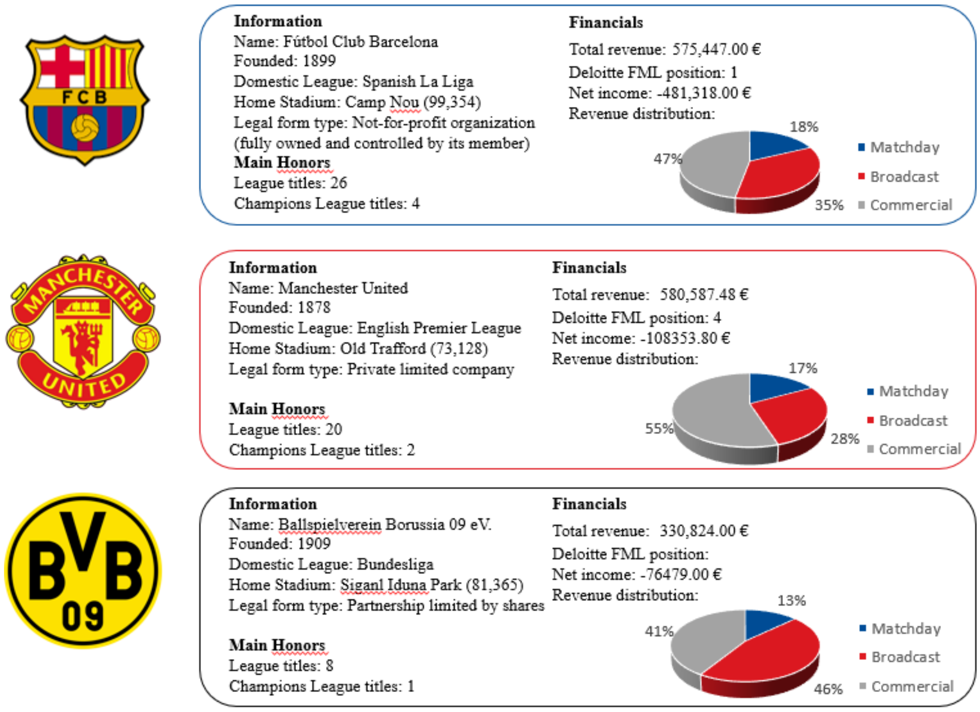

Figure 5 General Information Peer Clubs; Source: Annual Reports (Own Design, 2021)

Formula	Asset & Capital Analysis
$\frac{\textit{Fixed Assets}}{\textit{Total Assets}}$	**Investment Intensity** The greater the share of fixed assets in total assets, the more assets are tied up in the company in the long term. The level of fixed assets at football clubs is primarily determined by the transfer payments made and capitalized for players and the investments made in sports facilities such as training grounds and venues.
$\frac{\textit{Liquid Assets}}{\textit{Total Assets}}$	**Cash Intensity** This ratio indicates how high the proportion of liquid assets (bank and cash) is in relation to total assets.
Current Assets − Current Liabilities	**Working Capital** Current assets should be financed in the short term. Current assets should therefore exceed current liabilities in any case. Working capital is also an important indicator of liquidity and security, and therefore the higher the working capital, the better a club is rated.
$\frac{\textit{Equity}}{\textit{Total Capital}}$	**Equity Ratio** This ratio indicates how high the share of equity in total capital is. The greater this value, the more independently the company can act from providers of outside capital.
$\frac{\textit{Revenues}}{\textit{Total Capital}}$	**Capital Turnover** Indicates how often the total capital available at the beginning of the fiscal year was turned over. A capital turnover of 300% means that a company generates three euros in sales for every euro in capital. The aim is to generate sales with the lowest possible capital requirement. The higher, the better a club is rated.

Figure 6 Asset & Capital Analysis - Formulas and Interpretation; Source: Coenenberg (Own Design, 2014)

Formula	Financial & Liquidity Analysis
$\frac{Equity}{Fixed\ Assets}$	**Asset coverage ratio 1** In a narrower version of the matching maturities consideration, the Golden Balance Sheet Rule postulates the financing of fixed assets with equity capital. Furthermore, it thus specifies 100% as the target value for the asset coverage ratio 1. Therefore, the higher this value, the better a football club is rated.
$\frac{Equity + Current\ Liabilities}{Assets}$	**Asset coverage ratio 2** In another version of the matching maturities analysis, the Silver Balance Sheet Rule postulates the financing of fixed assets with equity and long-term debt. If the long-term debt is included in addition to equity in the numerator, fixed assets should at least be financed with it, and the value should be ≥100%. The higher this value, the better a football club is rated.
$\frac{Cash + Cash\ equivalents}{Current\ Liabilities}$	**Cash Ratio** This ratio indicates the extent to which immediately available cash and cash equivalents are sufficient to cover short-term liabilities. The greater this value, the lower the risk of insolvency. A target value of around 20% is often considered sufficient since cash on hand cannot generally generate a return. The higher this value is, the better a club is rated.
$\frac{Current\ Assets}{Current\ Liabilities}$	**Current Ratio** All current assets are included. The target value, which serves as a rough guide, is approximately 200%
$\frac{Cash + Cash\ Equivalents + Accounts\ Receivable}{Current\ Liabilities}$	**Quick Ratio** A liquidity ratio that measures a company's ability to immediately extinguish or retire its short-term debt with cash or quick assets.

Figure 7 Financial & Liquidity Analysis - Formulas and Interpretation; Source: Coenenberg (Own Design, 2014)

Formula	Profitabiity analysis
$\frac{\text{EBITDA}}{\text{Revenue}}$	**EBITDA Margin** If the numerator is positive, it is possible to see how many cents of EBITDA are generated with each euro sold. The advantage of the EBITDA margin over the return on sales is that it is not distorted by financing, tax location, or depreciation and amortization effects. The higher this value, the better a football club is rated.
$\frac{\textit{Net income}}{\textit{Sales}}$	**Return on Sales** If the numerator is positive, it is possible to see how many cents of annual profit were generated with one euro of sales. The higher this value is, the better a footballclub is rated.
$\frac{\textit{Net income} + \textit{interest expenses}}{\textit{Total capital}}$	**Return in Investment** The ROI looks at the financial performance of the company from the perspective of all providers of capital. It shows many cents in earnings were generated for equity and debt capital providers with one invested euro. From the lenders' point of view, the interest earned on debt capital represents the return on investment.

Figure 8 Profitability Analysis - Formulas and Interpretation; Source: Coenenberg (Own Design, 2014)

Investment Intensity (in %)		Cash Intensity (in %)		Working Capital (in T €)	
2020	**2019**	**2020**	**2019**	**2020**	**2019**
46.4%	35.6%	1.8%	2.4%	- 185,572.60 €	- 73,486.40 €
10.3%	11.7%	5.3%	1.2%	- 80,391.00 €	- 95,023.00 €
22.3%	7.1%	1.1%	3.4%	- 52,906.00 €	56,122.00 €
18.7%	16.4%	3.7%	20.6%	- 173,538.00 €	- 40,521.00 €
22.4%	15.4%	5.9%	11.0%	- 553,435.00 €	- 607,627.00 €
40.27%	36.77%	0.8%	0.6%	- 60,690.00 €	- 80,725.00 €

Equity Ratio (in %)		Capital Turnover (in %)	
2020	**2019**	**2020**	**2019**
-40.5%	-8.2%	23.3%	40.8%
-45.8%	-41.0%	22.2%	20.2%
33.3%	24.6%	28.9%	30.0%
23.5%	26.8%	33.0%	32.9%
-30.5%	2.3%	39.0%	52.1%
49.7%	65.1%	63.77%	87.84%

Figure 9 Results Asset & Capital Analysis (Own Design)

Cash Flow in T €		Asset Coverage Ratio 1 (in %)		Asset Coverage Ratio 2 (in %)	
2020	2019	2020	2019	2020	2019
- 3,612.20 €	- 40,749.00 €	-	-	34.9%	59.3%
11,878.00 €	1,755.00 €	-	-	35.5%	31.7%
- 10,969.00 €	8,756.00 €	95.5%	70.7%	117.0%	125.7%
- 256,097.00 €	65,614.00 €	57.3%	70.0%	126.3%	135.4%
- 101,795.00 €	3,844.00 €	-	3.6%	35.1%	68.2%
309.00 €	- 48,963.00 €	64.6%	74.1%	82.3%	93.0%

Cash Ratio (in %)		Current Ratio (in %)		Quick Ratio (in %)	
2020	2019	2020	2019	2020	2019
4.0%	2.0%	46.0%	28.0%	44.0%	26.0%
10.5%	1.2%	45.1%	32.5%	45.4%	34.3%
3.6%	11.0%	64.0%	136.0%	64.0%	136.0%
22.9%	71.7%	56.4%	90.6%	56.1%	90.5%
7.4%	16.6%	31.9%	37.8%	11.36%	23.08%
3.0%	2.1%	47.5%	45.5%	45.23%	42.89%

Figure 10 Results Financial & Liquidity Analysis (Own Design)

Sales Revenue (in T €)		Net Income (in T. €)		EBITDA (in T €)	
2020	2019	2020	2019	2020	2019
86,810.00 €	173,891.80 €	- 115,939.60 €	9,316.20 €	- 44,295.30 €	31,111.90 €
66,956.00 €	74,676.00 €	12,521.00 €	- 7,877.00 €	- 22,846.00 €	- 25,715.00 €
139,954.00 €	145,470.00 €	41,705.00 €	28,037.00 €	- 21,337.00 €	3,374.00 €
494,117.00 €	509,041.00 €	- 92,216.00 €	- 23,233.00 €	- 65,632.30 €	3,374.00 €
575,447.00 €	708,257.00 €	- 481,318.00 €	- 101,239.00 €	- 330,155.00 €	87,037.00 €
330,824.00 €	451,261.00 €	- 76,479.00 €	- 49,622.00 €	33,557.00 €	54,264.00 €

Return on Sales (in %)		EBITDA Margin (in %)		Return on Investment (in %)	
2020	2019	2020	2019	2020	2019
-133.6%	57.2%	-51.0%	17.9%	-25.9%	7.0%
18.7%	-10.5%	-34.1%	-34.4%	8.9%	0.4%
29.8%	19.3%	-15.2%	2.3%	11.4%	8.8%
-18.7%	-4.6%	-13.3%	0.7%	-4.81%	-0.07%
-83.6%	-14.3%	-57.4%	12.3%	-29.8%	-5.3%
-23.1%	-11.0%	10.1%	12.0%	-14.6%	-9.1%

Figure 11 Results Profitabilityl Analysis (Own Design)

Total Ranking	Football Club	Total Score
1	**Benfica**	**300**
2	Dortmund	266
3	ManU	266
4	**Porto**	**192**
4	Barca	188
6	**Sporting**	**180**

Figure 12 Scoring Results (Own Design)

Strengths

- Established in Portugal's top division
- High emotional bond with fans
- Modern stadium with high capacity utilisation
- Well-frequented homepage,
- Second most members worldwide
- Well-known sponsors

Weaknesses

- Lack of sporting success even in national competitions due to high competition with Porto and Sporting
- High dependence on outside capital providers
- Dependence on high transfer income

Opportunities

- Portuguese economy
- Increasing of the UEFA prices
- Decreasing Debt level
- Getting back to the status of best Portuguese club

Threats

- Ranking of the Portuguese La Liga at UEFA
- Sporting CPs youth academy
- Investment by wealthy investors in rival clubs

Figure 12 SWOT Analysis SL Benfica (Own Design)

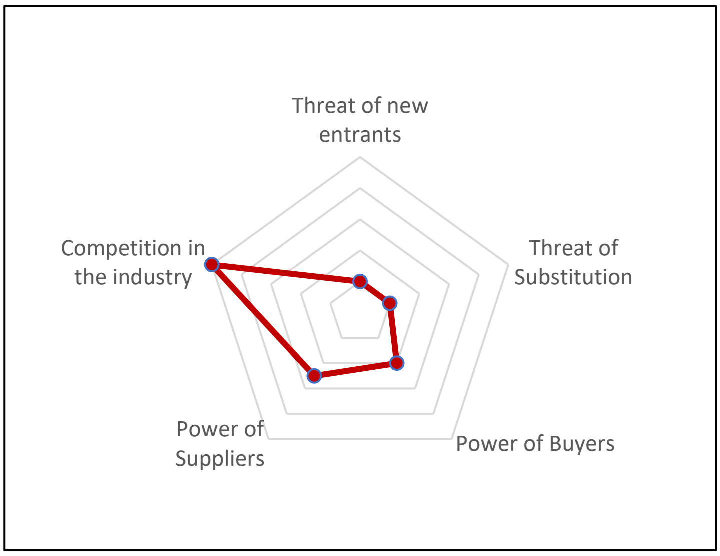

Figure 13 Porter's Five Forces SL Benfica

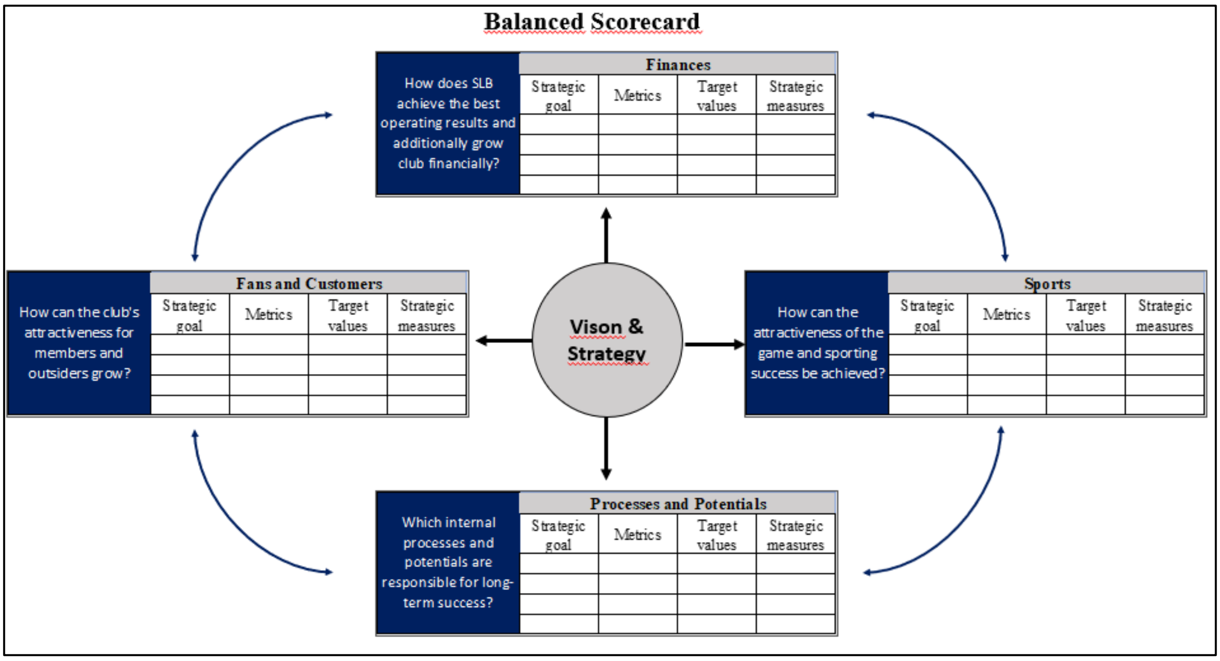

Figure 14 Model Of A Balanced Scorecard For SL Benfica Based On Horváth & Partners (Own Design)

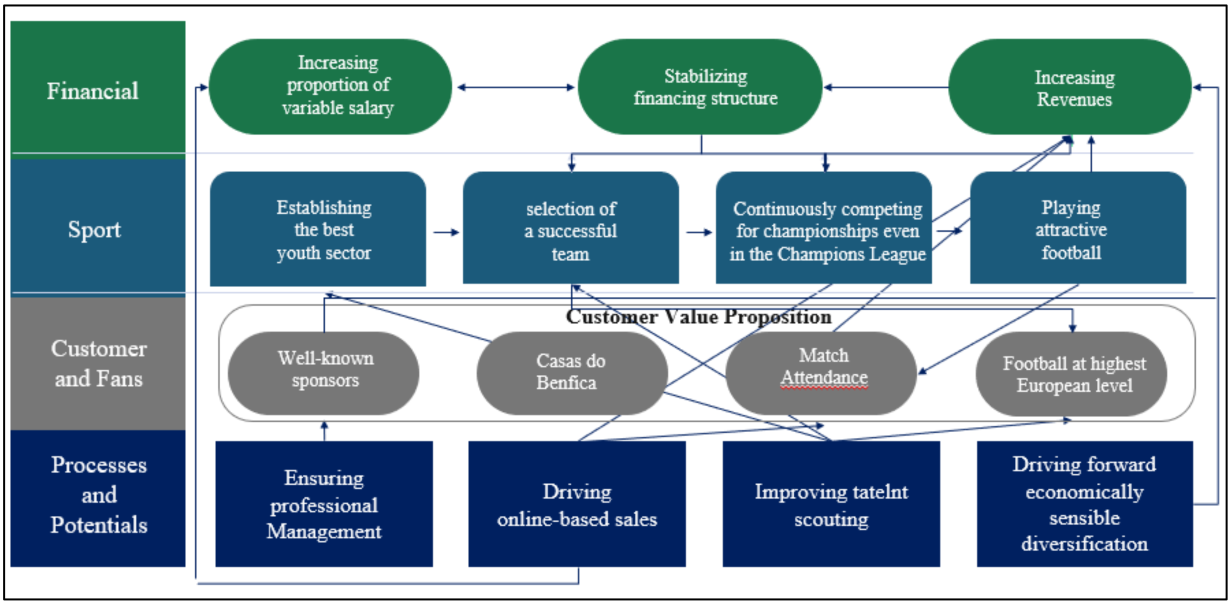

Figure 15 Strategy Map SL Benfica (Own Design)

Processes and Potentials

Driving online-based sales

Metrics	Target-Values	Measures	Deadline
Homepage visitors per year or per month	Target-Value: 12 Mio.	• Offering additional functions • Organizing contests • Engagement with the club management	Short-term: end of 2022
Monthly revenue in the fan shop	10% growth of the current sales	• Marketing promotions on matchdays • Price promotions on matchdays	Medium-term: end of 2023
Proportion of tickets sold per matchday	10 % increase	• Competitions for online ticket buyers • Social media marketing • Optimize price categories	Long-term: end of 2027

Financial

Increasing proportion of variable salary and reducing costs adequately

Metrics	Target-Values	Measures	Deadline
Personnel cost ratio	lower than 2.5% among the Big Three clubs in Portugal	• reduction of the team • supplementation by junior players	Short-term: end of 2022
Increasing proportion of variable	20% of total compensation	• Designing expiring contracts accordingly • Creating non-monetary incentives	Medium-term: end of 2025
Other costs	Shaping strategic restructuring in a cost-neutral way	• Zero-Base-Budgeting • Measures of the other strategic goals	Long-term: end of 2027

Sport

→ **Establishing the best youth sector**

Metrics	Target-Values	Measures	Deadline
Professional player from own youth department	Among the top 3 worldwide	• Intensification of scouting • Participation of youth players with the professionals	Long-term: end of 2027
percentage of youth players with apprenticeships or high school diplomas	95%	• Cooperation with sponsors and schools • tutoring and career planning	Medium-term: end of 2025
Change from amateur to professional team	championship in the second league	• Commit youth players for the long term • Targeted commitments for the amateur team	Medium-term: end of 2025

Customers / Fans

→ **Increase of the Clubs attractiveness**

Metrics	Target-Values	Measures	Deadline
Increasing Fan Engagement	10% increase on Social Media platforms	• Communication with Fans • Organization of activities through Social Media	Medium-term: end of 2023
Increase international awareness	10% increase in search rankings	• targeted test matches in specific regions • taking deserving • players as representatives	Medium-term: end of 2025

Figure 16 Selected Strategic Goals of SL Benfica (Own Design)

Manchester United

Standardized financial statements - Income statement and Balance sheet
Thousand €

Income Statement	**2020**	**2019**	**2018**
Revenues	580,587.48 €	598,123.18 €	736,868.35 €
Operating expenses (excluding depreciation and amortization cost)	631,621.25 €	610,098.78 €	684,189.58 €
Gross profit	**- 51,033.77 €**	**- 11,975.60 €**	**52,678.77 €**
SG&A expenses	64,478.13 €	12,646.53 €	2,656.68 €
Depreciation and Amortization cost	163,744.48 €	166,276.60 €	165,534.00 €
Gains on intangible sporting assets	274,777.00 €	192,479.00 €	173,402.99 €
EBIT	- 4,479.10 €	1,579.20 €	57,891.08 €
Interest expense	23,752.63 €	26,040.35 €	25,606.78 €
Other non operating expense/income	- €	3,158.40 €	- €
EBT	**- 28,231.73 €**	**- 24,461.15 €**	**32,284.30 €**
Provisions for taxes	80,122.08 €	2,837.63 €	10,099.13 €
Profits after tax (continuing operations)	**- 108,353.81 €**	**- 27,298.78 €**	**22,185.17 €**
Income/loss from discontinued operations (net of taxes)	- €	- €	- €
Consolidated net income	**- 108,353.80 €**	**- 27,297.78 €**	**22,185.18 €**
EBITDA	159,265.38 €	167,855.80 €	223,425.08 €

Balance Sheet - Assets	**2020**	**2019**	**2018**
Cash	60,558.33 €	361,472.30 €	284,375.85 €
Accounts Receivables	191,999.70 €	76,626.45 €	197,470.50 €
Inventory	2,568.55 €	2,502.75 €	-
Other current assets	9,020.47 €	15,678.03 €	3,965.63 €
Current assets of discontinued operations	-	-	-
Total current assets	**264,147.05 €**	**456,279.53 €**	**485,811.98 €**
Plant and Machinery	304,322.65 €	289,087.60 €	288,346.18 €
Intangible assets	415,617.48 €	408,199.70 €	444,369.73 €
Other long term assets	641,485.37 €	604,850.05 €	598,475.66 €
Total assets	**1,625,572.55 €**	**1,758,416.88 €**	**1,817,003.55 €**

Balance Sheet - Liabilities and equity	**2020**	**2019**	**2018**
Short term debt	6,587.05 €	6,407.28 €	10,661.95 €
Accounts payable	220,700.25 €	257,783.25 €	319,447.25 €
Other short term liabilities	240,766.90 €	239,701.17 €	215,691.23 €
Total current liabilities	**468,054.20 €**	**503,891.70 €**	**545,800.43 €**
Long term debt	611,011.75 €	594,290.33 €	571,865.45 €
Other long term liabilities	133,809.00 €	172,372.50 €	199,650.13 €
Total liabilities	1,212,874.95 €	1,270,554.53 €	1,317,316.01 €
Common equity	412,697.60 €	487,862.35 €	499,687.55 €
Total liabilities and equity	**1,625,572.55 €**	**1,758,416.88 €**	**1,817,003.55 €**

Figure 17 Balance Sheet & Income Statement Manchester United; Source: Annual Report (Own Design 2020)

FC Barcelona

Standardized financial statements - Income statement and Balance sheet

Thousand €

Income Statement	**2020**	**2019**	**2018**
Revenues	575,447.00 €	708,257.00 €	836,730.00 €
Operating expenses (excluding depreciation and amortization cost)	665,349.00 €	518,408.00 €	559,068.00 €
Gross profit	**- 89,902.00 €**	**189,849.00 €**	**277,662.00 €**
SG&A expenses	240,253.00 €	192,790.00 €	206,945.00 €
Depreciation and Amortization cost	174,844.00 €	192,032.00 €	159,869.00 €
Gains on intangible sporting assets	-	89,978.00 €	106,694.00 €
EBIT	- 504,999.00 €	- 104,995.00 €	17,542.00 €
Interest expense	54,417.00 €	30,242.00 €	17,018.00 €
Other non operating expense/income	4,055.00 €	2,016.00 €	3,032.00 €
EBT	**- 555,361.00 €**	**- 133,221.00 €**	**3,556.00 €**
Provisions for taxes	- 74,043.00 €	- 31,982.00 €	- 971.00 €
Profits after tax (continuing operations)	**- 481,318.00 €**	**- 101,239.00 €**	**4,527.00 €**
Income/loss from discontinued operations (net of taxes)	- €	- €	- €
Consolidated net income	**- 481,318.00 €**	**- 101,239.00 €**	**4,527.00 €**
EBITDA	- 330,155.00 €	87,037.00 €	177,411.00 €

Balance Sheet - Assets	**2020**	**2019**	**2018**
Cash	60,411.00 €	162,206.00 €	158,362.00 €
Accounts Receivables	25,778.00 €	59,357.00 €	233,207.00 €
Inventory	5,834.00 €	3,206.00 €	2,484.00 €
Other current assets	172,996.00 €	146,959.00 €	11,122.00 €
Current assets of discontinued operations	-	-	-
Total current assets	**259,185.00 €**	**368,522.00 €**	**402,691.00 €**
Plant and Machinery	231,078.00 €	227,815.00 €	205,561.00 €
Intangible assets	335,557.00 €	620,799.00 €	542,418.00 €
Other long term assets	205,128.00 €	258,342.00 €	208,328.00 €
Total assets	**1,030,948.00 €**	**1,475,478.00 €**	**1,358,998.00 €**

Balance Sheet - Liabilities and equity	**2020**	**2019**	**2018**
Short term debt	188,181.00 €	268,483.00 €	11,944.00 €
Accounts payable	407,776.00 €	467,996.00 €	493,634.00 €
Other short term liabilities	216,663.00 €	239,670.00 €	181,587.00 €
Total current liabilities	**812,620.00 €**	**976,149.00 €**	**687,165.00 €**
Long term debt	553,681.00 €	442,542.00 €	511,737.00 €
Other long term liabilities	115,379.00 €	25,949.00 €	27,489.00 €
Total liabilities	1,481,680.00 €	1,444,640.00 €	1,226,391.00 €
Common equity	- 450,732.00 €	30,838.00 €	132,607.00 €
Total liabilities and equity	**1,030,948.00 €**	**1,475,478.00 €**	**1,358,998.00 €**

Figure 18 Balance Sheet & Income Statement FC Barcelona; Source: Annual Report (Own Design 2020)

Borussia Dortmund

Standardized financial statements - Income statement and Balance sheet

Thousand €

Income Statement	**2020**	**2019**	**2018**
Revenues	330,824.00 €	451,261.00 €	461,965.00 €
Operating expenses (excluding depreciation and amortization cost)	205,604.00 €	203,523.00 €	193,686.00 €
Gross profit	**125,220.00 €**	**247,738.00 €**	**268,279.00 €**
SG&A expenses	91,663.00 €	193,474.00 €	153,288.00 €
Depreciation and Amortization cost	110,137.00 €	105,547.00 €	90,638.00 €
EBIT	- 76,580.00 €	- 51,283.00 €	24,353.00 €
Interest expense	642.00 €	2,934.00 €	2,716.00 €
Other non operating expense/income	380.00 €	4,849.00 €	6,019.00 €
EBT	**- 76,842.00 €**	**- 49,368.00 €**	**27,656.00 €**
Provisions for taxes	342.00 €	50.00 €	1,502.00 €
Profits after tax (continuing operations)	**- 77,184.00 €**	**- 49,418.00 €**	**26,154.00 €**
Income/loss from discontinued operations (net of taxes)	705.00 €	- 204.00 €	- 310.00 €
Consolidated net income	**- 76,479.00 €**	**- 49,622.00 €**	**25,844.00 €**
EBITDA	33,557.00 €	54,264.00 €	114,991.00 €

Balance Sheet - Assets	**2020**	**2019**	**2018**
Cash	3,466.00 €	3,157.00 €	52,120.00 €
Accounts Receivables	36,613.00 €	48,590.00 €	40,984.00 €
Inventory	67.00 €	46.00 €	46.00 €
Other current assets	14,763.00 €	15,555.00 €	28,848.00 €
Current assets of discontinued operations	-	-	-
Total current assets	**54,842.00 €**	**67,302.00 €**	**121,952.00 €**
Plant and Machinery	182,725.00 €	190,769.00 €	195,553.00 €
Intangible assets	204,003.00 €	248,948.00 €	184,458.00 €
Other long term assets	67,017.00 €	79,051.00 €	133,695.00 €
Total assets	**453,745.00 €**	**518,768.00 €**	**513,706.00 €**

Balance Sheet - Liabilities and equity	**2020**	**2019**	**2018**
Short term debt	7,367.00 €	4,719.00 €	461.00 €
Accounts payable	97,864.00 €	135,122.00 €	60,602.00 €
Other short term liabilities	10,301.00 €	8,186.00 €	12,972.00 €
Total current liabilities	**115,532.00 €**	**148,027.00 €**	**74,035.00 €**
Long term debt	58,792.00 €	8,031.00 €	-
Other long term liabilities	137,095.00 €	176,400.00 €	124,188.00 €
Total liabilities	195,887.00 €	184,431.00 €	124,188.00 €
Common equity	257,858.00 €	334,337.00 €	389,518.00 €
Total liabilities and equity	**453,745.00 €**	**518,768.00 €**	**513,706.00 €**

Figure 20 Balance Sheet & Income Statement Borussia Dortmund; Source: Annual Report (Own Design 2020)

SL Benfica

Standardized financial statements - Income statement and Balance sheet

Thousand €

Income Statement	2020	2019	2018
Revenues	139,954.00 €	145,470.00 €	121,541.00 €
Operating expenses (excluding depreciation and amortization cost)	126,198.00 €	125,831.00 €	101,030.00 €
Gross profit	**13,756.00 €**	**19,639.00 €**	**20,511.00 €**
SG&A expenses	7,581.00 €	2,817.00 €	2,817.00 €
Depreciation and Amortization cost	47,995.00 €	40,205.00 €	47,383.00 €
EBIT	- 69,332.00 €		- 29,689.00 €
Interest expense	13,603.00 €	14,574.00 €	18,488.00 €
Other non operating expense/income	129,428.00 €	36,435.00 €	69,052.00 €
EBT	**46,493.00 €**	**21,861.00 €**	**20,875.00 €**
Provisions for taxes	4,788.00 €	- 3,389.00 €	295.00 €
Profits after tax (continuing operations)	**41,705.00 €**	**25,250.00 €**	**20,580.00 €**
Income from discontinued operations (net of taxes)	- €	2,787.00 €	2.00 €
Consolidated net income	**41,705.00 €**	**28,037.00 €**	**20,582.00 €**
EBITDA	- 21,337.00 €	3,374.00 €	17,694.00 €

Balance Sheet - Assets	2020	2019	2018
Cash	5,326.00 €	16,295.00 €	7,539.00 €
Accounts Receivables	85,103.00 €	88,727.00 €	88,238.00 €
Inventory	-	-	-
Other current assets	4,215.00 €	105,631.00 €	-
Current assets of discontinued operations	-	-	-
Total current assets	**94,644.00 €**	**210,653.00 €**	**95,777.00 €**
Plant and Machinery	108,771.00 €	34,529.00 €	171,846.00 €
Intangible assets	155,050.00 €	134,200.00 €	169,131.00 €
Other long term assets	128,601.00 €	104,470.00 €	48,323.00 €
Total assets	**487,066.00 €**	**483,852.00 €**	**485,077.00 €**

Balance Sheet - Liabilities and equity	2020	2019	2018
Short term debt	30,785.00 €	2,674.00 €	97,121.00 €
Accounts payable	47,948.00 €	42,693.00 €	54,753.00 €
Other short term liabilities	68,817.00 €	109,164.00 €	63,400.00 €
Total current liabilities	**147,550.00 €**	**154,531.00 €**	**215,274.00 €**
Long term debt	66,177.00 €	92,940.00 €	71,344.00 €
Other long term liabilities	259,740.00 €	271,679.00 €	326,910.00 €
Total liabilities	325,917.00 €	364,619.00 €	398,254.00 €
Common equity	161,149.00 €	119,233.00 €	86,823.00 €
Total liabilities and equity	**487,066.00 €**	**483,852.00 €**	**485,077.00 €**

Figure 9 Balance Sheet & Income Statement SL Benfica; Source: WallStreet Journal (Own Design 2020)

Sporting CP

Standardized financial statements - Income statement and Balance sheet

Thousand €

Income Statement	2020	2019	2018
Revenues	66,956.00 €	74,676.00 €	65,000.00 €
Operating expenses (excluding depreciation and amortization cost)	83,752.00 €	93,258.00 €	94,260.00 €
Gross profit	**- 16,796.00 €**	**- 18,582.00 €**	**- 29,260.00 €**
SG&A expenses	6,050.00 €	7,133.00 €	5,471.00 €
Depreciation and Amortization cost	28,137.00 €	35,939.00 €	32,989.00 €
EBIT	**- 50,983.00 €**	**- 61,654.00 €**	**- 67,720.00 €**
Interest expense	14,323.00 €	9,450.00 €	6,525.00 €
Other non operating expense/income	77,122.00 €	64,759.00 €	51,980.00 €
EBT	**11,816.00 €**	**- 6,345.00 €**	**- 22,265.00 €**
Provisions for taxes	- 705.00 €	1,532.00 €	- 2,363.00 €
Profits after tax (continuing operations)	**11,111.00 €**	**- 4,813.00 €**	**- 24,628.00 €**
Income from discontinued operations (net of taxes)	1,410.00 €	- 3,064.00 €	4,726.00 €
Consolidated net income	**12,521.00 €**	**- 7,877.00 €**	**- 19,902.00 €**
EBITDA	- 22,846.00 €	- 25,715.00 €	- 34,731.00 €

Balance Sheet - Assets	2020	2019	2018
Cash	15,416.00 €	3,538.00 €	1,783.00 €
Accounts Receivables	47,787.00 €	38,807.00 €	24,076.00 €
Inventory	2,158.00 €	2,250.00 €	1,662.00 €
Other current assets	550.00 €	1,249.00 €	- €
Current assets of discontinued operations	- €	- €	- €
Total current assets	**65,911.00 €**	**45,844.00 €**	**27,521.00 €**
Plant and Machinery	21,054.00 €	20,081.00 €	20,498.00 €
Intangible assets	201,298.00 €	223,571.00 €	218,790.00 €
Other long term assets	464.00 €	11,705.00 €	2,417.00 €
Total assets	**288,727.00 €**	**301,201.00 €**	**269,226.00 €**

Balance Sheet - Liabilities and equity	2020	2019	2018
Short term debt	36,808.00 €	41,368.00 €	80,995.00 €
Accounts payable	55,957.00 €	47,967.00 €	44,029.00 €
Other short term liabilities	53,537.00 €	51,532.00 €	48,315.00 €
Total current liabilities	**146,302.00 €**	**140,867.00 €**	**173,339.00 €**
Long term debt	216,726.00 €	228,755.00 €	156,621.00 €
Other long term liabilities			
Total liabilities	426,549.00 €	452,730.00 €	410,475.00 €
Common equity	- 137,822.00 €	- 151,529.00 €	- 141,249.00 €
Total liabilities and equity	**288,727.00 €**	**301,201.00 €**	**269,226.00 €**

Figure 10 Balance Sheet & Income Statement Sporting CP; Source: WallStreet Journal (Own Design 2020)

FC Porto

Standardized financial statements - Income statement and Balance sheet

Thousand €

Income Statement	**2020**	**2019**	**2018**
Revenues	86,810.70 €	173,891.80 €	104,378.90 €
Operating expenses (excluding depreciation and amortization cost)	117,186.60 €	125,741.50 €	106,431.30 €
Gross profit	**- 30,375.90 €**	**48,150.30 €**	**- 2,052.40 €**
SG&A expenses	13,919.40 €	17,038.40 €	21,323.90 €
Depreciation and Amortization cost	51,631.60 €	41,199.90 €	40,140.00 €
EBIT	**- 95,926.90 €**	**- 10,088.00 €**	**- 63,516.30 €**
Interest expense	76,027.90 €	334.90 €	42,768.00 €
Other operating income/expense	56,359.00 €	21,345.00 €	78,259.00 €
EBT	**- 115,596.30 €**	**10,922.10 €**	**- 28,025.30 €**
Provisions for taxes	563.40 €	1,675.40 €	930.00 €
Profits after tax (continuing operations)	**- 116,159.70 €**	**9,246.70 €**	**- 28,955.30 €**
Income from discontinued operations (net of taxes)	0.10 €	69.50 €	0.50 €
Consolidated net income	**- 116,159.60 €**	**9,316.20 €**	**- 28,954.80 €**
EBITDA	- 44,295.30 €	31,111.90 €	- 23,376.30 €

Balance Sheet - Assets	**2020**	**2019**	**2018**
Cash	5,528.20 €	9,140.40 €	49,889.40 €
Accounts Receivables	60,273.30 €	122,740.00 €	111,154.10 €
Inventory	3,456.60 €	2,894.70 €	3,037.80 €
Other current assets	- €	- €	- €
Current assets of discontinued operations	1,200.00 €	1,646.00 €	2,172.40 €
Total current assets	**70,458.10 €**	**136,421.10 €**	**166,253.70 €**
Plant and Machinery	139,579.20 €	132,758.90 €	166,253.70 €
Intangible assets	82,181.90 €	81,057.30 €	88,706.30 €
Other long term assets	8,420.60 €	23,064.30 €	4,839.30 €
Total assets	**300,639.80 €**	**373,301.60 €**	**426,053.00 €**

Balance Sheet - Liabilities and equity	**2020**	**2019**	**2018**
Short term debt	37,210.00 €	80,421.30 €	97,703.60 €
Accounts payable	60,135.20 €	56,836.80 €	58,681.40 €
Other short term liabilities	158,685.50 €	72,649.70 €	57,109.70 €
Total current liabilities	**256,030.70 €**	**209,907.80 €**	**213,494.70 €**
Long term debt	131,321.30 €	127,034.10 €	181,159.20 €
Other long term liabilities	64,499.80 €	71,162.90 €	69,519.20 €
Total liabilities	451,851.80 €	408,104.80 €	464,173.10 €
Common equity	- 151,212.00 €	- 34,803.20 €	- 38,120.10 €
Total liabilities and equity	**300,639.80 €**	**373,301.60 €**	**426,053.00 €**

Figure 11 Balance Sheet & Income Statement FC Porto; Source: WallStreet Journal (Own Design 2020)