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CORPORATE REPORT FOR SPORT LISBOA E BENFICA'S BOARD ANALYSIS – FINANCIAL PERFORMANCE AND INFRASTRUCTURES

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Abstract

This thesis is a proposal for a corporate report for SL Benfica's board analysis. It is a tool adjusted to the reality of SL Benfica which allows the club to self-evaluate its Financial Performance and Infrastructures. The methodology involved benchmarking and the use of radar charts for visual representation. The document underlines the SL Benfica Group's dedication to Financial Performance and Infrastructures using a list of key performance indicators (KPIs).

Keywords: SL Benfica, Corporate Report, Financial Performance, Infrastructures, Sports Industry, KPI

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1. Introduction

As part of our master's thesis in the Sports Management Field Lab, our group had the pleasure of being assigned to a project for SL Benfica. The aim is to create a Corporate Report, which will serve as tool for the SL Benfica Group – Sport Lisboa e Benfica Clube; Sport Lisboa e Benfica - Futebol, SAD; SL Benfica TV, S.A.; SL Benfica Estádio - Construção e Gestão de Estádios, S.A.; Clínica do SLB, Unipessoal, Lda.; Sport Lisboa e Benfica - Seguros, Mediação de Seguros; Fundação SL Benfica – to analyse its performance in various areas of action. Finally, the presentation of the Report to the Board of the SL Benfica Group, which is necessary and essential for the Board to have a global vision of the group. This vision allows the Board to make better and more informed decisions.

The Benfica Group is made up of several companies, which although connected to each other and have the same goal, the success of the Benfica Group, have differences in terms of staff, departments, and information sharing. The problem associated with the business group is how to quantify performance, since quantification depends on a large amount of information that is dispersed.

In addition to the scattered information, the disparity and inconsistency that SL Benfica presents regarding the set of indicators that can quantify the Group's performance is an added problem. As well as being able to improve the existing KPIs in an impartial manner, Benfica does not present any evaluative indicators for some of its sectors/companies. This formalises the research question of this thesis: “What is the best way to quantify the performance of the SL Benfica Group in its various performance areas?”

A corporate report, a meticulous encapsulation of the club's performance, strategies, and aspirations, serves as more than a mere compilation of data; it is a strategic tool with far-reaching implications. According to (Stanton, P. and Stanton, J. 2002) a corporate report is a “formal public document produced by public companies largely as a response to the mandatory corporate reporting requirements existing in most Western economies”, nowadays these reports have become “a highly sophisticated product of the corporate design environment” and are more related to the following

definition “a proactive document seeking outcomes that advance the corporation’s or management’s objectives”.

The sports industry is no different, and as an industry that involves more and more information, people, resources and money, there is a great need for communication and analysis of the different departments and their links. This is important for the investors/stakeholders/boards to have a big picture view of the organisation. This vision allows the board to make better and more informed decisions, to understand whether the objectives are being met and to set new goals (short and long term) and also to have an idea of the performance of the different departments.

In order to better understand where the SL Benfica Group is positioned in the European football industry, along with its strengths, weaknesses, opportunities and threats we have drawn up a Porter's 5 Forces Analysis and a SWOT analysis of the Group (see frameworks 1 and 2, respectively). More specifically, in relation to the Porter’s 5 Forces Analysis, it shows that the model of selling and valuing assets (players) is in line with the industry, since the power of suppliers is high (especially when it comes to talent), something that SL Benfica supplies regularly.

This report strives to offer an incisive analysis of the most relevant facets of SL Benfica's multifaceted operations. It underlines the imperative nature of this analysis and underscores the significance of the chosen areas of evaluation. It provides an intricate framework of KPIs for each area, creating a compass that will guide the organization in navigating the challenges and seizing the opportunities that lie ahead.

This tool is instrumental in conveying “information which is useful to those who have an active interest in the organizations concerned, mainly the stakeholders (Zairi & Letza 1994). It helps to share the true performance of the company with stakeholders. It is a platform to communicate long-term plans and the measures taken to fortify the club and make it a formidable, resilient competitor in the long term.

The intrinsic importance of this corporate report lies in its capacity to inform strategic decision-making, allocate resources efficiently, and fortify relationships with stakeholders. It is a guiding light for the club, elucidating its path to success, pointing out areas for growth and optimization, and igniting the spark of strategic innovation. It becomes the mirror that reflects what is paramount concerning employees, fans, strategic partners, sustainability measures, sporting prowess, financial resilience, commercial endeavours, and infrastructural advancement.

The SL Benfica Group's corporate report therefore has the following objectives: information dissemination, communication of progress and goals, strategic decision-making, performance evaluation and improvement, risk assessment and management, investor and stakeholder confidence, resource allocation and optimization, long-term planning, and goal setting.

The decision to adopt a corporate report structure for evaluating the SL Benfica group is well-founded and serves several important purposes. Dividing the report into three essential parts, "What do we do? - KPIs for Operational Dimension", "Who are we? - KPIs for Functional Dimension" and "Where are we going" - Forward-Looking KPIs", provides a clear framework for presenting information, ensuring that each dimension has a distinct focus. This approach facilitates navigation and understanding for board members, and maintain cohesion throughout the report, preventing disjointed or fragmented insights. (Indeed Editorial Team 2023).

What do we do? - KPIs for Operational Dimension

Addressing "What do we do?" allows for outlining the core functions services, aligning with the strategic goals and mission of SL Benfica group. For the case of the Club, we have subdivided this part into sports and operational activities. **Sports Performance** is the Club's primary priority and focus, alongside the **Youth Academy**, which is the genesis and investment in the future. Then, we have operational activities, namely **Commercial & Marketing** and **Matchday & Fan Engagement**. These operations sustain and expand SL Benfica's image and impact. *Our report must be able to analyse the main objective of the company, both on and off the pitch.*

Who are we? - KPIs for Functional Dimension

The second part, titled “Who are we?” delves into the identity, culture and values of the group, emphasizing the human element. It explains how within the framework of any value creation process, a variety of essential resources assumes distinct roles in the pursuit of goals and objectives. At the core of this resource ecosystem are the **Human Resources**. They are the embodiment of the institution's vision, ethics, and values. Their collective commitment and shared sense of purpose transform them into the driving force behind the institution's growth. **Financial Resources** serve as the lifeline for all projects, ideas, and initiatives. But they are not just the currency of commerce; they are the enablers of transformation and the catalysts for forward progress. They ensure that the institution remains financially stable and well-equipped to bring its strategic visions to fruition. Tangible assets, particularly **Infrastructures**, constitute the operational backbone of the institution. Infrastructures provide the necessary support, space, and facilities for the day-to-day activities, enabling the seamless operation of the value creation process. *Our report must have the ability to analyse resource management to achieve the company’s main objective, both on and off the pitch.*

Where are we going? - Forward-Looking KPIs

The third part, titled "Where are we going?", focuses on future direction, growth prospects, and strategic initiatives, enabling stakeholders to assess the group’s vision and long-term objectives. Having already established a solid understanding of the institution's functions and its identity, the next crucial step is to define its direction and mission. This element is nothing short of pivotal, for it provides the compass that guides the institution towards its intended destination.

At the heart of this forward-looking endeavour lies the concept of **Environmental, Social, and Governance (ESG) Responsibility**. Operating in a manner that upholds ethical and sustainable principles is not only a moral imperative but also an astute business decision. Such a commitment not only resonates with existing stakeholders but consistently attracts new investors who are increasingly

conscious of the environmental and social impact of their investments. The institution's adherence to ESG principles serves as a beacon, attracting those who share its values and vision for a better, more sustainable future.

Innovative Projects represent the dynamic engine of growth and transformation, fostering adaptability and creativity in a rapidly evolving world. These projects are the tangible manifestations of the institution's commitment to progress and its resolve to be at the forefront of change. *Our report must have the ability to analyse resource management to achieve the company's main objective, both on and off the pitch, today and in the future.*

The Corporate Report serves as a strategic tool, presenting an internally focused overview of SL Benfica's various companies and activities. To steer the organization towards sustainability and competitiveness, a framework KPIs is utilized for performance measurement. This well-structured report meets board members' requirements by delivering pertinent, unbiased, and clear information, adhering to industry standards. The adopted structure enhances communication and decision-making, ensuring a well-balanced combination of clear information, comprehensive content, and strategic significance across all group companies.

2. Literature Review

Financial Resources

In any context, whether in a sports organisation or not, careful, and responsible financial management is essential for an organisation's sustainability and growth. The finance department thus becomes the backbone of any organisation, which means that financial control and stability are central to the survival of any entity.

From a broader organisational perspective, the analysis of financial resources acts as the lifeblood, not only facilitating day-to-day operations (such as investments and long-term planning) but also playing a key role in strategic decision-making, resource allocation and the assessment of financial performance. Effective financial analysis gives us insight into an entity's fiscal health, allowing us to make informed decisions, thus maximising opportunities and mitigating risks.

In the case of sports organisations, whether they are non-profit or for-profit, this "exercise" is also extremely important. In addition to controlling day-to-day activities and preparing the usual annual reports, it is crucial to monitor the organisation's financial activity throughout the year, comparing it with previous years and thus assessing the club's financial success. It is also important to emphasise that sporting success is closely linked to financial performance.

In the specific case of the SL Benfica Group, made up of seven large companies, the finance department, through a joint approach, plays an essential role in steering the group towards sustainable success. As discussed above, financial resources and their analysis play a fundamental role in the organisation of any institution.

Despite the explicit importance and daily use of the term, it is necessary, for the sake of cohesion, to define financial performance. We will use the following definition: “Financial performance reflects the capacity of an organization to use available and limited resources in achieving results (in monetary terms) according to the set goals, taking into account their relevance

for the stakeholders" (Tudose and Avasilcai 2020, 240) Still on the subject of financial performance, it is important to note that this "is variable and requires judgment using a causal model which reflects the way in which current actions might influence future results" (Tudose and Avasilcai 2020, 231).

The financial performance of companies is the key to ensuring not only their survival but also their growth. Furthermore, the concept of performance is a complex construct that has many variables or a controversial issue, due to its multidimensional characteristics. It is also important to bear in mind that financial performance is usually approached from the perspective of the degree to which an organisation's financial objectives are achieved, and therefore results are measured in monetary terms (Tudose and Avasilcai 2020).

It is also important to define what Consolidated Financial Statements are and their importance, according to Lessambo, "Consolidated financial statements present the financial position and results of operations for a parent (controlling entity) and one or more subsidiaries (controlled entities) as if the individual entities actually were a single company or entity" (Lessambo 2018, 270). Lessambo also states that "Consolidated financial statements often represent the only means of obtaining a clear picture of the total resources of the combined entity that are under the control of the parent company" (Lessambo 2018, 270) thus demonstrating the importance of their existence for a correct understanding of the financial performance of a group of companies.

For a better and more complete financial analysis, it is necessary to evaluate and/or compare current data with data from previous years. This method of working is extremely important because no decision can be made with certainty without consulting financial statements, which show relevant data such as: income, costs, profits, cash flow, expenses, the position of assets and liabilities, etc. (Lessambo 2018).

Only after analysing the financial statements and related data is it possible/desirable to reach a conclusion as to whether the company is profitable and sustainable, or whether it is overburdened

with debt and lacks liquidity. A complete analysis and rigorously available information not only directly influences share prices and valuations, but also gives investors the confidence to invest in the organisation (Lessambo 2018).

In the case of corporate groups, which is the case of the SL Benfica Group, a broad approach is required, taking into account the Group's various financial statements, and for this it is necessary to "combined financial statements of a company and all of its subsidiaries, divisions, or sub-organizations. Consolidated Financial Statements provide a comprehensive overview of a company's operations. In the absence of consolidated statement, investors would not be able to properly assess the performance of a business as a group" (Lessambo 2018, 260).

In order to go further in our analysis of financial performance and to be able to analyse the data present in the financial statements, we must use KPIs. KPI's "When it comes to investing, analyzing financial statement information (...) is one of, if not, the most important elements in the fundamental analysis process. At the same time, the massive amount of numbers in a company's financial statements can be bewildering and intimidating to many investors" (Lessambo 2018, 207).

Analysing financial KPIs provides an overview of a company's current and past situation. Furthermore, a KPI is not usually a significant or insightful number on its own. It must be accompanied by other KPIs that complement it and must be compared in order to reach relevant conclusions. This comparison can be made either in relation to the company's previous performance or in relation to other comparable companies in the same sector.

Based on the fact that it is important to have a KPI matrix that analyses the SL Benfica Group's financial performance for presentation to the Board, we looked into which areas would be the most important to analyse. The book "Financial Statements" covers various KPIs. We will present some of the areas into which they are divided:

Liquidity Measurement Ratios: "Liquidity ratios analyze the ability of a company to pay off both its current liabilities as they become due and their long-term liabilities as they become current. In other words, these ratios show the cash levels of a company and the ability to turn other assets into cash to pay off liabilities and other current obligations" (Lessambo 2018, 207). Presenting the following KPIs: Current Ratio, Quick Ratio, Cash Ratio, Cash Conversion Cycle and Working Capital Ratio.

Solvency Ratios: "Solvency ratios, also called leverage ratios, measure a company's ability to sustain operations indefinitely by comparing debt levels with equity, assets, and earnings. In other words, solvency ratios identify going concern issues and a firm's ability to pay its bills in the long term" (Lessambo 2018, 214). Presenting the following KPIs: Debt-to-equity ratio, Equity Ratio and Debt Ratio.

Profitability Indicator Ratios: "Profitability ratios compare income statement accounts and categories to show a company's ability to generate profits from its operations. Profitability ratios focus on a company's return on investment in inventory and other assets. These ratios basically show how well companies can achieve profits from their operations" (Lessambo 2018, 217). Presenting the following KPIs: Profit Margin Analysis, Effective Tax Rate, Return on assets, Return on sales, Return on operating expenses, Return on total costs, Return on Equity and Return on Capital Emproyed.

Effiency Ratios: "Efficiency ratios also called activity ratios measure how well companies utilize their assets to generate income. Efficiency ratios often look at the time it takes companies to collect cash from customer or the time it takes companies to convert inventory into cash—in other words, make sales" (Lessambo 2018, 223). Presenting the following KPIs: Account Receivable Turnover Ratio, Working Capital Ratio, Asset Turnover Ratio, Inventory Turnover Ratio and Days Sale to Inventory.

Debt Ratios: "Debt ratio is a solvency ratio that measures a firm's total liabilities as a percentage of its total assets" (Lessambo 2018, 227). Presenting the following KPIs: Debt Ratio, Debt-to-Equity Ratio, Capitalization Ratio, Interest Coverage Ratio and Cash Flow to Debt Ratio.

Operating Performance Ratios: "Operational performance ratios measure how different aspects of a company's finances are performing" (Lessambo 2018, 229). Presenting the following KPIs: Fixed-Asset Turnover, Sales/Revenue per Employee and Operating Cycle.

Cash flow Indicator ratios: "These ratios can give users another look at the financial health and performance of a company" (Lessambo 2018, 232). Presenting the following KPIs: Operating Cash Flow/Sales Ratio, Free Cash Flow/Operating Cash Flow (FCF/OCF) Ratio, Cash Flow Coverage Ratio and Dividend Payout Ratios.

In addition to this study, which gives us a list of KPI's for any organisation, regardless of sector, we also explored relevant literature for financial performance analysis within the sports industry, especially the football industry. We then considered two studies, the first being "Creating sustainable future for football" by Lane Clark and Peacok (LCP) and the second "Assessing the Financial Sustainability of Football" de Christina Philippou e Kieran Maguire.

The LCP report aims to create a matrix of indicators to assess sustainable management in the football industry. It was therefore stipulated that the indicators would be divided into two types: financial performance and sporting performance. In this case, the indicators are divided into two types: financial performance (again emphasising the importance of the financial component for sporting success) and sporting performance (Huby et al. 2023).

Some of the financial KPIs that the report analyses are as follows: Net assets / (liabilities), Current ratio, Wages as % of revenue, Profit / (Loss) before tax, Owner debt, Short-term loans measure, Current loans as % of revenue, Football net debt.

Philippou and Maguire, on the other hand, aim to understand what the "key metrics that should be used to evaluate the financial health of football clubs and the game as a whole" (Philippou and Maguire 2022, 2). The same study concludes that the following KPIs (financial performance indicators) are the key to assessing the financial health of football clubs:

Income based metrics: "Considering reliance on a particular income stream is important when assessing financial risk. Too much reliance on a single source can create increased pressure when that source is affected" (Philippou and Maguire 2022, 3).

Wage control: "These are the most common metrics used in terms of determining the affordability of wages. Often referred to as wage-to-turnover or wage-to-income ratios, these show how much of club income goes to pay player wages and give an indication of whether cost controls in a club are robust" (Philippou and Maguire 2022, 3).

Operating cash flow: "This is a measure of liquidity of the club as operating cash flow measures the cash generated from day-to-day trading activities of the club" (Philippou and Maguire 2022, 3).

Net owner funding: "Dependence on ownership funds puts clubs at risk, especially if the funding is in the form of loans from related parties" (Philippou and Maguire 2022, 3).

Current ratio: "This commonly used financial analysis ratio measures liquidity in organisations i.e. ability to repay short-term debts. Although industry dependent, a current ratio of well below 1 normally indicates potential cash-flow issues" (Philippou, Maguire 2022, 3).

Football Net Debt: "The industry-specific metric Football Net Debt (…) looks at debt owed to lenders and other football clubs. (…) The metric was used in order to assess the risk to clubs' sustainability. The higher the ratio, the higher the perceived risk of the business" (Philippou and Maguire 2022, 4).

In conclusion, the literature review underscores the paramount importance of meticulous financial management for the sustainable growth of organizations, whether in sports or other sectors.

The SL Benfica Group serves as a compelling example, illustrating how a collaborative approach within the financial department, backed by consolidated financial statements, plays a pivotal role in steering the organization towards enduring success. Emphasizing the multifaceted nature of financial performance, the review highlights the need for comprehensive analyses and the application of key performance indicators (KPIs) across liquidity, solvency, profitability, efficiency, debt, operating performance, and cash flow. Drawing insights from studies specific to the football industry further reinforces the notion that success in sports organizations is intricately linked with financial stability. In navigating the complex landscape of financial metrics, the literature underscores the necessity of informed decision-making, leveraging financial statements and KPIs to maximize opportunities and mitigate risks.

Infrastructures

This chapter aims to assess the "physical resources" which, in the case of the SL Benfica Group, will be all the infrastructures that the group owns. Some examples of the extensive list of infrastructures are the Sport Lisboa e Benfica Stadium, the Benfica Campus and all the Training Centres throughout Portugal.

In the context of a Group Corporate Report aimed at the management of SL Benfica, it is essential to focus at least one of the chapters on infrastructures and their management. The infrastructures of any organisation represent its physical space, and in SL Benfica's case, as a sports club, these are extremely important, not only for the fans (representing an emotional link with the club and a point of contact with it). In the Board's view, infrastructures represent one of the club's greatest assets and also one of the biggest sources of revenue for Sport Lisboa e Benfica's activities.

If we look at the traditional three biggest sources of revenue for a sports club, all of them are directly or indirectly connected to the main infrastructure belonging to any sports club - the stadium. This is where the matches take place (Matchday) and, in addition, there are also several places on the stadium premises where official club products are sold (indirectly linked to the second source of revenue), and in this space there can/should also be various activations that can boost sales and thus indirectly contribute to Commercial, a topic we've already covered. Finally, the Broadcast is the biggest source of income for the vast majority of football clubs (if we put player transactions to one side) and it is also at the stadium where this broadcast takes place.

According to Asad “Sports infrastructure facilities are all facilities that include all sports fields and buildings and their equipment to carry out sports activity programs” (Asad 2020, cited in Setiawan et al. 2022, 4).

Sports infrastructures play a key role in the sports organisations they are part of. Their importance can be seen in the impact that infrastructure has on both the financial and non-financial impact of sports organisations.

A study by Ragas concluded that "the public's investment in that facility was well worth the costs, with a benefit-cost ratio of over twelve dollars in benefit for every one dollar in the public's cost" (Ragas 1987, cited in Chapin 2002,3). Although there are positive examples, the existing literature also sometimes associates sports infrastructures with a negative impact. Rosentraub, a well-known critic of public spending on sports facilities, has investigated the impacts of these projects on suburban areas such as in the city of Indianapolis, and in other cities throughout the United States and Canada. In all cases, Rosentraub concludes that sports facilities simply do not offer economic benefits that outweigh the economic costs of these projects (Chapin 2002).

In addition to the fact that there is a wide range of literature on the economic/financial impact of sports infrastructures, and that the conclusions of these are ambiguous, it is necessary to realise that many of these studies only relate to public investment.

The non-economic impact is often ignored by managers and literature, despite "The ultimate value of a sports facility or event is more or less than its net economic impact (…) sports facilities have noneconomic impacts and that these impacts are important to any evaluation of these projects" (Chapin 2002,10). According to the same study these non-economic impacts can be categorised into the following dimensions: social/psychic impacts, image impacts, political impacts, and development impacts (Chapin, 2002:10).

From this it can be concluded that sports infrastructures can have both positive economic and non-economic impacts. This impact/performance must be evaluated, and this importance can be seen in the following sentence "Evaluating a facility's performance is critical for tracking its contribution towards accomplishing organizational goals and for making future decisions regarding facilities

management" (Lavy et al. 2014, 1183). This performance evaluation includes "reviewing past and current conditions to compare its performance within similar and across different organizations" (Lavy et al. 2014, 1184). This process evaluates the "contribution of a facility to achieving organizational goals, and therefore is vital to establishing future facility management strategies" (Lavy et al. 2014, 1184).

To summarise, "facility performance means assessing a facility's efficiency and effectiveness in providing services for organizational business activities" (Lavy et al. 2014, 1184). Performance evaluation "helps in understanding the impacts of management decisions on success and failure of the facility portfolio and in suggesting possible improvements" (Lavy et al. 2014, 1184).

There are various methods for assessing performance, but the most common is through KPIs, as mentioned in the 2010 study by the same author "range of measurement approaches have been proposed in the literature, such as benchmarking, balanced scorecard, critical success factor, and key performance indicator (KPI) method (…) with a preference for the KPI method being emphasized" (Lavy et al. 2010, cited in Lavy et al. 2014, 1183).

It is also important that this matrix of indicators is not a random list, but rather an "extensive list of KPI's exists that includes indicators that are either not quantifiable, not measurable, or provide redundant measurements" (Shohet 2006, cited in Lavy et al. 2014, 1183). There is therefore a great need to eliminate unnecessary indicators and create a concise list/matrix of essential indicators.

It should also be noted that "The core KPIs must also be measurable and quantifiable on the basis of readily available information in the industry in order to make genuine comparisons" (Gumbus 2005, cited in Lavy et al.2014, 1185).

Realising that the best way to assess infrastructure performance is through KPIs and knowing that it is necessary to have a concise list of KPIs that are relevant to that specific organisation, we tried

to understand which areas of KPIs would be relevant to assessing the performance of a sports infrastructure.

The first study analysed lists 172 KPIs and divides them into the following eight categories: business benefits, equipment, space, environment, change, maintenance/services, consultancy, and general (Hinks and McNay 1999, cited in Lavy et al. 2014, 1185).

The second study analysed suggests that it would be best to "establishing concise lists of no more than 4–6 and 7–12 KPIs, respectively" (Slateret et al. 1997, cited in Lavy et al., 2014: 1185). He also states that "Literature also recommends identifying the core KPIs that not only cover financial aspects but also focus on aspects such as business, organization goals, and other non-financial qualitative aspects (user satisfaction and productivity)" (Slater et al. 1997, cited in Lavy et al. 2014, 1185).

In the following study "Designing a performance measurement framework for regional networks of national sports organizations: evidence from Russian Football" by Ilya Solntsev and Nikita Osokin. Two of the areas chosen for performance evaluation are Infrastructures and Grassroots, which are closely connected. The Infrastructures area "evaluates how well the means of football development are managed and utilized within a region" (Solntsev and Osokin 2018, 15). The Grassrots "look at the participation for all levels among footballers" (Solntsev and Osokin 2018, 15). In both areas, the importance of evaluating general participation and the participation of athletes who frequent the infrastructures is addressed.

Also, the other study "Analyzing the impact of sport infrastructure on sport participation using geo-coded data: Evidence from multi-level models" by Wicker P., Hallmann, K., & Breuer C. analyses the impact of sports infrastructure on participation, demonstrating not only the importance and dependent relationship between the two variables (Wicker et al. 2013).

In the study “Analysis of Facilities And Infrastructure Management Government Sports Institutions”, it is analysed that “division of tasks and responsibilities is carried out by 3 heads under the head of the Main Manager” (Setiawan et al. 2022, 6). These three areas are: Development and Improvement of Youth Facilities and Infrastructure, Head of Development and Improvement of Sports Facilities and Infrastructure, and Head of Control and Reporting. With this division it is possible to see the importance of looking to the future for infrastructure development and improvement, which confirms that it is important to be aware of market trends and take advantage of the use of new technologies for future improvement.

It is also possible to realise the importance of the "control and reporting" area, which is closely connected to infrastructure maintenance and security. The same study also highlights the importance of the following four phases for the optimal management of sports infrastructures: planning, organising, implementing, and supervising.

In conclusion, sports infrastructures have several economic and non-economic impacts and are important assets for the sports organisations that own them. They are important in terms of management for the revenue that can be associated with them, for the athletes who use the facilities to play sport, and there is a relationship between quality and satisfaction, as well as for the fans in terms of social and service quality.

3. Methodology

To establish a comprehensive analysis of SL Benfica's performance, we embraced a multi-faceted methodological approach. This approach involved a strategic progression from a broad understanding of industry trends and best practices through benchmarking, to a detailed evaluation of crucial areas of interest through KPIs, and lastly using a comparison tool as a visual representation of each chapter's results through radar chart. This progression enabled us to identify areas of strength, unveil potential shortcomings, and establish actionable insights for the board's strategic considerations.

The process of benchmarking is defined measurement of the quality of an organization's policies, products, programs, strategies etc., and their comparison with standard measurements, or similar measurements of its peers (Schaad and Hofer 2020).

For this report, we used the process of Benchmarking to gauge how SL Benfica's products, services, or processes performance measures against other companies. To do this, we understood it was best to analyse companies in all sorts of different settings and so, we defined the following four target scenarios: direct competitors, industries' bests, similar companies in different industries and overall successful companies.

These four are, in fact, four different types of benchmarking known as **Competitive Benchmarking**, **Industry Benchmarking, Functional Benchmarking** and lastly **Strategic Benchmarking.**

Competitive Benchmarking is the comparison of SL Benfica to its direct competitors. For this, we opted to scrutinize the corporate reports of SL Benfica's three primary competitors in the Portuguese sports industry: Sporting CP, FC Porto, and SC Braga. The objective of analysing the annual reports of these organizations was to inform our structure and devise meaningful KPIs for inclusion in our Corporate Report. However, upon completing this analysis, we observed that these

annual reports were notably underdeveloped in comparison to industry leaders. Furthermore, the content included in these reports largely overlapped with that of SL Benfica's annual report. Consequently, while this benchmarking exercise was essential to undertake, its impact on the development of our corporate report was limited.

Industry Benchmarking is the comparison of SL Benfica with the best performers of the industry. Here, we analysed the top European clubs as they are the best in both the financial and sporting perspectives. So, we chose Real Madrid, Barcelona, Liverpool, Manchester City, Manchester United and examined their corporate or annual reports format, content and conclusions. This gave us a very clear direction in which to steer our own work but still lacked the target point of what would become our report: KPIs. Most of these reports had an extensive form with little to no numerical data. They focused more on the qualitative than quantitative interpretations of performance with only the Sports Performance and Financial chapters presenting any emphasis on quantitative interpretation of data like KPIs.

Functional Benchmarking is the comparison of similar processes within different industries. This process allowed us to expand our horizons to industries where the focus is not the same. This means that there might be a much bigger emphasis on innovation or perhaps just different ways of perceiving similar concepts or processes. For functional benchmarking, we chose to examine the annual reports of companies in the entertainment sector, namely ESPN, Nike, Inc. and The Walt Disney Company. The aim of analysing the annual reports of these organisations was to provide us with a broader perspective than we could cover in our corporate report, and to provide initial insights into KPIs not directly related to sport. This process allowed us to adapt and generate original, out of the box ideas.

Lastly, Strategic Benchmarking is the comparison of SL Benfica with extremely successful companies no matter in which industry they operate. Understanding these long-term approaches and strategies is what allowed us to understand how these already successful companies continuously

improve their overall performance. In pursuit of this goal, an in-depth examination of reports from a diverse array of sectors was conducted, with a particular focus on industry titans such as Microsoft, Apple, Tesla, Google, Amazon, and McDonald's. Microsoft's commitment to continuous innovation and integrated ecosystems, Apple's unwavering emphasis on design excellence and brand loyalty, Tesla's groundbreaking ventures into electric vehicles and cutting-edge technology, and the dominance of Google and Amazon in the tech realm through data-driven decision-making and customer-centric approaches—all provide valuable insights into strategic success.

These insights, gleaned from an eclectic mix of industry leaders, serve as a compass to guide SL Benfica in the formulation of effective, long-term strategies. By assimilating successful approaches from diverse sectors, SL Benfica can position itself for enduring success and heightened competitiveness in the dynamic landscape of football.

Throughout our work project, we adopted a comprehensive approach in selecting KPIs, primarily relying on two pivotal methodologies. First, our benchmarking process enabled us to identify and evaluate relevant KPIs by drawing insights from the practices and metrics employed by other notable organizations. By aligning ourselves with industry benchmarks, we sought to ensure that the KPIs chosen would be not only informative but also reflective of best practices in similar contexts.

Then, an in-depth examination of scholarly papers aligned with each facet outlined in the initial structure of our report. This analytical exploration is thoroughly detailed in the Literature Review section of this work project, providing a scholarly foundation for our KPI selection.

In addition to these methodologies, the influence of our partner, SL Benfica, played a significant role in shaping our KPI selection. Their specific areas of interest and strategic objectives guided our exploration, ensuring that the chosen KPIs would be tailored to address the unique needs and priorities of SL Benfica. Since the project's beginning, SL Benfica demonstrated a keen

enthusiasm for our team to devise KPIs that transcend the conventional, urging us to deliver metrics that are innovative, out-of-the box and capable of pushing the boundaries of their current perspectives. In response to this directive, a substantial proportion of the selected KPIs cannot be typically found in the annual reports of sports organisations and have, instead, its origin in other places like other industries' corporate reports or even in research academic papers.

These chosen KPIs aim to provide a fresh lens through which SL Benfica can gain insights into aspects that may not have been thoroughly explored previously. The distinctive and inventive nature of these KPIs aligns with the club's aspiration for a comprehensive overview that extends beyond the conventional metrics, fostering a deeper understanding of diverse dimensions within the organization.

The culmination of our KPI selection process will be elucidated in the Results section of this work project, structured into two primary categories. These categories provide a holistic view of each KPI, encompassing the Relevance, and Calculation and Implementation.

The Relevance segment delves into the essence of the KPI, providing a comprehensive understanding of its significance and outlining the impact it can have on the club, and how it can add value to the organization's objectives. The concluding element, Calculation and Implementation, is dedicated to the pragmatic facet of computing and evaluating the KPI. Within this segment, our emphasis lies in providing a lucid and comprehensive explanation of the methodology through which the company can effectively calculate the KPI.

Additionally, we expound on the procedural steps and analytical methods that SL Benfica can employ to gauge its performance in relation to the specified KPI. The Calculation and Implementation category acts as a strategic guide, allowing the club to navigate the evaluation process effectively and derive actionable insights from the KPI results.

Collectively, these categories within the Results section establish a robust framework for comprehending, calculating, and implementing the selected KPIs, offering SL Benfica a nuanced and strategic approach to evaluating its performance across various dimensions.

After selecting and calculating each KPI, an evaluation criterion was established to objectively assess the strengths of SL Benfica and identify areas for improvement. Except for ESG, we have chosen to create a scale ranging from 0 to 5 for all other KPIs. We have tailored this approach to meet our needs. To illustrate the concept, a radar chart is used, which tailors the number of KPIs. To exemplify, let's consider working on chapter X, comprising five KPIs, with the resulting representation (outlined in chart 1).

In general, level assignments were based on benchmarking to position SL Benfica on a scale by comparing it to both national and European competitors, both within and outside of the industry. We have decided to adopt interval scales as they are crucial in quantitative research, providing a unique measurement framework that facilitates meaningful comparisons (Lee 2023). Given the numerical scale, a score of 0 consistently signifies the urgent need for development in the metric, indicating a performance lag. Conversely, a rating of 5 indicates that SL Benfica is currently a market leader, with metrics being sufficiently monitored and tracked.

To wrap up, interval scales are crucial for research and data analysis. They provide a well-structured measurement framework that facilitates accurate and meaningful results. The significance of their utility in enabling accurate and meaningful comparisons cannot be overstated in numerous scientific disciplines, thus contributing to the foundation of rigorous and reliable research practices.

To demonstrate the findings, we utilised radar charts which are an effective data analysis tool for several reasons. They facilitate multivariate comparisons, thus enabling the concurrent evaluation of multiple variables. By plotting each variable along a radius, strengths and weaknesses in different dimensions can be easily observed (Hymes 2022). In sports analytics, for instance, radar charts assist

in visualising performance metrics within a single view. Examining the length of the graph, allow us to infer the relative importance of each variable.

For example, in chapter X, SL Benfica leads both KPI 1 and KPI 2. While they do not reach leadership status in KPI 4, the institution is making commendable progress. KPIs 3 and 5 require urgent attention, whereas KPI 5 is currently at level 1, confirming is as a top priority that demands immediate organisational intervention. This enables decision makers to compare options visually and prioritize them according to their preferences.

A personalised scale represented through a radar graph serves as a valuable tool for impartially assessing the status of institutions. When compared with its national and European counterparts, SL Benfica's position on this scale reveals its strengths and areas that require targeted development. This framework provides strategic insights and a focused plan for enhancing SL Benfica's long-term progress and competitive position in the evolving landscape of KPIs.

Nevertheless, in two of the chapters – Merchandise and ESG – we couldn't apply this rationale to get a concrete result. In the Merchandise sub-chapter this was not possible because it is focused on analyzing and comparing the market segmentation that is being done by SL Benfica. So, as no access to this strategy and no actual data was provided, to deliver a conclusion to the chapter the strategy used was to create a set of customer personas based on the metrics used. This way, SL Benfica would be able to fine tune its marketing strategy, focusing on the best performance possible of its market segments through a connection between its customer personas, usage situations and responses to stimuli (Becker and Jaakkola 2020).

Finally, it is essential to note that the methodology used in the ESG chapter did not include defining a scale from 0 to 5 or illustrating the results via radar chart. Instead, the MSCI website methodology was employed, which sets the scale from 1 to 10. A numeric conversion process to a

letter scale is applied later, rendering the graph unusable in comparison to other topics. The methodology will be explained in further detail, based on how the KPIs are presented.

4. Results

4.1 Financial Resources

As the main objective of this chapter is to evaluate the SL Benfica group from a financial perspective, based on our literature review, we concluded that the main areas for analysing financial performance should be: **Operational Efficiency** (evaluates how SL Benfica manages its daily operations, optimising production processes, and controlling costs contribute to healthy bottom line), **Financial Growth** (assesses the group's capability to expand its revenue streams and make strategic investments), **Asset and Liability Management** (evaluates how well the group manages its liquidity, ensuring that current assets cover short-term obligations), **Capital Structure** (essential for understanding how SL Benfica finances its operations), **Investment Return** (scrutinises the Group's ability to generate returns on assets, equity and capital investments). The division into the various areas is due to the different ways in which each one will impact the assessment of the SL Benfica Group's performance. We will present three KPIs for each of the aforementioned areas, detailing the calculation of one KPI per area, which will then serve as a basis/standard for the other KPIs.

In order to establish a solid, cross-sectional basis, we will use data on the champions of five European leagues (Premier League, La Liga, Bundesliga, Serie A, Eredivisie) in the 2021/2022 season. We will therefore take into account the years 2020, 2021 and 2022 and the following clubs: Real Madrid CF, Manchester City FC, FC Bayern Munich, AC Milan, AFC Ajax. The selection of these clubs was based on the fact that Benfica aims to be among the best in the industry, while the selection of seasons was due to the fact that the most recent financial information relates to 2021/2022.

Therefore, these are the proposed KPIs for this area:

1. Gross Profit Margin

- Relevance: The gross profit margin measures the efficiency of the organization in producing and selling its goods or services. For SL Benfica, it reflects how well the club manages its revenue generation from various sources, including matchday income, merchandise sales, and other commercial activities.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Gross Profit Margin = (Total Revenue – Cost of Good Solds) / Total Revenue × 100

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale.

2. Operating Profit Margin

- Relevance: The operating profit margin assesses the club's efficiency in managing its operating expenses. It reflects the portion of revenue that remains after covering the cost of running the club, excluding interest and taxes.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Operating Profit Margin = (Operating Profit / Total Revenue) × 100

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale. The demonstration of the calculation of the scale and the scale of this KPI are attached (see annexes 1 and 2).

3. Operating Cash Flow Ratio

- Relevance: This ratio assesses SL Benfica's ability to cover its short-term obligations with cash generated from its core business activities. It provides insights into the club's liquidity and short-term financial health. This ratio provides a percentage representation of how well SL Benfica can meet its short-term obligations using the cash generated from its day-to-day operations.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Operating Cash Flow Ratio = Operating Cash Flow / Current Liabilities

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale.

4. Revenue Growth Rate

- Relevance: Revenue growth rate assesses the increase in total revenue over a specified period, reflecting the club's ability to expand its income streams. It's crucial for SL Benfica to ensure financial sustainability and support ongoing operations and investments.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Revenue Growth Rate = [(Current Year Revenue - Previous Year's Revenue) / Previous Year's Revenue] × 100

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale.

5. Total Asset Growth Rate

- Relevance: Total asset growth rate evaluates how effectively SL Benfica is expanding its asset base. It's important for long-term financial stability and indicates the club's ability to make strategic investments and acquisitions.

- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Total Asset Growth Rate = [(Current Year Total Assets - Previous Year's Total Assets) / Previous Year's Total Assets] × 100

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale.

6. Broadcast Revenue Dependency

- Relevance: Revenue based on broadcasting reflects the club's reliance on TV rights and broadcasting deals. This KPI is crucial for SL Benfica, considering the significance of broadcasting revenue in modern football.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Broadcast Revenue Dependency = (Broadcast Revenue / Total Revenue) × 100

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale. The demonstration of the scale calculation and the scale for this KPI are attached (see annexes 3 and 4). Note that the literature recommends a limit of 75%, which we will apply.

7. Current Ratio

- Relevance: The current ratio assesses the club's short-term liquidity and its ability to cover short-term obligations with current assets. It's crucial for day-to-day financial operations and addressing immediate financial needs.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Current Ratio = Current Assets / Current Liabilities

Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale. The demonstration of the calculation of the scale and the scale of this KPI are attached (see annexes 5 and 6). Note that the literature recommends a limit of 0.6, which we will apply.

8. Working Capital Management

- Relevance: Working capital management evaluates SL Benfica's efficiency in managing its day-to-day operational liquidity. It ensures that the club can meet its short-term financial obligations and invest in growth opportunities.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Working Capital Management = Current Assets − Current Liabilities

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale.

9. Current loans as % of revenue

- Relevance: This KPI assesses the proportion of current loans relative to total revenue, providing insights into short-term debt management. It's essential for SL Benfica to maintain a healthy balance between debt and revenue.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Current Loans as % of Revenue = (Current Loans / Total Revenue) × 100

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale.

10. Debt-to-Equity Ratio

- Relevance: The debt-to-equity ratio assesses SL Benfica's capital structure and financial leverage. It's crucial for understanding the proportion of debt used to finance the club's operations compared to equity.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Debt-to-Equity Ratio = Total Debt / Total Equity

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale.

11. Football Net Debt

- Relevance: Football net debt evaluates SL Benfica's indebtedness specifically related to football operations. It provides insights into the club's financial risk and sustainability, considering the unique financial dynamics of football. UEFA notes that it is crucial to assess net debt in context, distinguishing between debt used for investment and debt for operating activities, which may pose sustainability issues.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Football Net Debt = Total Football-related Debt − Cash and Cash Equivalents

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. Note that when calculating this KPI, the 200M€ limit recommended in the literature should be taken into account in order to limit the scale. The result of SL Benfica will provide it a position on the scale.

12. Player Wage-to-Income Ratio

- Relevance: This KPI assesses the club's ability to manage player wages in proportion to its revenue. It's crucial for SL Benfica to maintain a balanced wage structure to ensure long-term financial sustainability.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Player Wage-to-Income Ratio = (Total Player Wages / Total Revenue) ×100

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale. The demonstration of the calculation of the scale and the scale of this KPI are attached (see annexes 7 and 8). It should be noted that UEFA standards recommend a limit of 70 per cent, which we will apply.

13. Return on Assets (ROA)

- Relevance: ROA evaluates SL Benfica's efficiency in generating returns from its total assets. It's crucial for assessing the overall effectiveness of the club's asset utilization and strategic investments.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  ROA = Net Income / Average Total Assets

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale.

14. Return on Equity (ROE)

- ROE assesses SL Benfica's ability to generate returns for its shareholders. It's crucial for understanding how well the club is utilizing equity capital to drive profitability.

- Calculation and Implementation: The following formula indicates how this metric is calculated:

  ROE = Net Income / Average Total Equity

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale.

15. ROI on Transfers

- Relevance: ROI (Return on Investment) on transfers assesses SL Benfica's effectiveness in generating returns from player transfers. It's crucial for evaluating the success of the club's transfer strategies and the overall financial impact of player transactions.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  ROI on Transfers = Profit from Player Transfers / Total Investment in Player Transfers

  Analyse the data from internal financial reports and compare it to the other clubs from the industry. The scale is based on the data provided by the other clubs and will be ranging from 0 to 5, with 20% intervals between 0 and 5. The result of SL Benfica will provide it a position on the scale. The demonstration of the calculation of the scale and the scale of this KPI are attached (see annexes 9 and 10).

Final Score

To obtain a final score for financial performance, it is necessary to make an average of the 3 KPIs allocated to each of the five areas, resulting in an average value for each, ensuring a holistic view of the Group's financial performance.

4.2 Infrastructures

For the SL Benfica Group, infrastructures are crucial, not only because they have a direct economic impact (from matchday), but also because they have a major indirect impact (on training and player sales). In addition, there is a positive relationship between the quality of infrastructure and the quality of player training.

It is important to specify the infrastructures in question when referring to the SL Benfica Group's infrastructures, which are as follows: Sport Lisboa e Benfica Stadium, Sports Complex (Pavilions and Swimming Pool Complex), Benfica Museum - Cosme Damião, Benfica Campus, Benfica Official Stores, Casas do Benfica - Houses, Branches and Delegations of SL Benfica, Training and Coaching Centres, Benfica Football Schools.

As the main objective of this chapter is to assess the performance of the SL Benfica Group's infrastructures, based on the literature review, we concluded that the main areas for analysing infrastructure performance should be: **Facilities and Physical Infrastructures** (evaluates the quality, efficiency and sustainability of SL Benfica's facilities and physical assets), **Technology and Digital Infrastructure** (evaluates the robustness and efficiency of SL Benfica's technological infrastructures), **Security** (evaluates the security of SLB's facilities and compliance with regulations and standards), **Maintenance and Operational Efficiency** (evaluates the maintenance of SL Benfica's facilities and assets to ensure that they operate efficiently and profitably), **Capacity and Future Scalability** (evaluates SL Benfica's capacity for expansion and future growth).

In order to analyse performance, we present a KPI for each area.

Therefore, these are the proposed KPIs for this area:

1. Facility Utilization Rate

- Relevance: The Facility Utilization Rate is a crucial metric for SL Benfica, providing insights into the efficiency of space utilization within the club's facilities. This KPI is essential for understanding whether available space is optimally utilized or if there's room for improvement, guiding strategic decisions related to facility management.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Facility Utilization Rate = (Space Used / Total Available Space) × 100

  Regularly monitor and assess the usage of different facilities within the organization. SL Benfica relies on advanced Facility Management Systems and Occupancy Tracking Systems. These systems serve as the backbone for obtaining real-time data on space utilization, ensuring accuracy in the calculation of the Facility Utilization Rate. To provide a more nuanced assessment, we introduced a scale from 0 to 5, using 20% intervals (See annex 11).

  The assessment on this scale means efficient space utilization with higher scores, while lower scores prompt consideration of areas for improvement. Positive results (e.g., scoring 4 or 5) indicate high efficiency and optimal use of available facilities, contributing to operational excellence. Conversely, negative results (e.g., scoring 0 to 2) suggest inefficient space use, highlighting potential areas for improvement or restructuring of space allocation.

2. Hardware and Software Update Rate

- Relevance: The Hardware and Software Update Rate is a pivotal KPI for SL Benfica, assessing the frequency of updates to hardware and software components. This KPI holds relevance in ensuring that the technological infrastructure remains current, secure, and efficient.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Hardware/Software Update Rate = (Assets Updated / Total Assets) × 100

Regularly track and document updates to hardware and software components. Set benchmarks for update frequency to ensure alignment with industry standards and technological best practices. This is achieved through regular monitoring and documentation practices that form the backbone of the club's technology management. To offer a nuanced assessment, we introduced a scale from 0 to 5, utilizing 20% intervals (See annex 12).

Positive results (e.g., scoring 4 or 5) signify frequent updates, contributing to the club's technological prowess and ensuring alignment with industry standards. In contrast, negative results (e.g., scoring 0 to 2) may indicate risks associated with infrequent updates.

3. Security Incident Rate

- Relevance: The Security Incident Rate is a critical Key Performance Indicator (KPI) for SL Benfica, measuring the effectiveness of security measures by monitoring the number of security incidents in relation to total monitored events. This KPI holds significant relevance as it provides a quantitative measure of the club's security posture.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Security Incident Rate = (Number of Security Incidents / Total Monitored Events) × 100

  Monitor and analyse security incidents to identify patterns or weaknesses. This involves a systematic process of data collection and analysis to understand the nature and frequency of security incidents, forming the basis for informed decision-making in enhancing security measures. To offer a nuanced assessment, we introduced a scale from 0 to 5, utilizing 20% intervals (See annex 13).

  Positive results (e.g., scoring 4 or 5) signify an effective security posture, with a low incidence of security incidents, reflecting a robust security infrastructure. Conversely, negative results (e.g., scoring 0 to 2) may indicate areas for improvement in security measures, prompting the need for adjustments to mitigate potential risks.

4. Preventive Maintenance Rate

- Relevance: The Preventive Maintenance Rate stands as a pivotal KPI for SL Benfica Infrastructures, measuring how well preventive maintenance activities are executed. This KPI holds significant relevance as it aims to minimize unexpected breakdowns and extend the lifespan of facilities, contributing to overall operational efficiency.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Preventive Maintenance Rate = (Planned Preventive Maintenance Activities Completed / Total Planned Activities) × 100

  Regularly schedule and perform preventive maintenance activities. Analyse the rate to identify areas for improvement in maintenance processes. This involves the systematic planning and execution of maintenance tasks designed to identify and address potential issues before they escalate, ensuring the longevity and optimal functioning of facilities. To offer a nuanced assessment, we introduced a scale from 0 to 5, utilizing 20% intervals (See annex 14).

  Positive results (e.g., scoring 4 or 5) signify effective preventive maintenance practices, minimizing unexpected breakdowns, reducing repair costs, and contributing to the overall efficiency of the club's operations. Conversely, negative results (e.g., scoring 0 to 2) may indicate potential areas for improvement in preventive maintenance processes, prompting a reassessment of the maintenance strategy.

5. Infrastructure Scalability Index

- Relevance: The Infrastructure Scalability Index is a pivotal KPI for SL Benfica, measuring the scalability of the club's infrastructure by comparing current capacity to projected future demand. This KPI holds significant relevance as it ensures the organization is well-prepared for growth, contributing to strategic planning and preparation for the future.
- Calculation and Implementation: The following formula indicates how this metric is calculated:

  Scalability Index = (Current Infrastructure Capacity / Projected Future Demand) × 100

In its implementation, SL Benfica have to adopt a forward-thinking approach to continuously assess both current and projected demand. This involves a dynamic process of monitoring and analysing factors that influence infrastructure demand, allowing the club to proactively adjust infrastructure capacity to accommodate future growth. To offer a nuanced assessment, we introduced a scale from 0 to 5, utilizing 20% intervals (See annex 15).

Positive results (e.g., scoring 4 or 5) signify effective strategic planning and proactive infrastructure adjustments, ensuring SL Benfica is well-prepared for future growth. Conversely, negative results (e.g., scoring 0 to 2) may indicate potential challenges in accommodating future demand, prompting a reassessment of strategic planning and infrastructure capacity.

5. Conclusion

To conclude, the corporate report is providing to be a vital strategic tool, enabling SL Benfica to comprehensively assess its current position, performance and areas for improvement, and to chart a clear path towards sustainable development. As a tool for strategic decision-making, the report facilitates the wise allocation of resources. In addition, its contribution to transparency, accountability and strategic insight shapes the group's identity and sets the way for a prosperous and sustainable future. In particular, the main technical tool used in this process is the benchmarking technique, which has been instrumental in formulating a comprehensive list of KPIs and in establishing scales that accurately mirror real-world scenarios. This methodological approach ensures a rigorous and formal evaluation process, thereby enhancing the robustness of the corporate reporting framework.

All in all, the bundle of KPIs presented throughput the work project represents what we consider to be a vital and indispensable toolkit for Benfica. These metrics stand poised to serve as a critical instrument, empowering the club to perpetually assess and refine its performance. Throughout this work project, we introduced various KPIs that can profoundly impact how SL Benfica assesses its performance and devises future strategies for organizational success.

6. Limitations

However, it's crucial to acknowledge certain limitations. Foremost among these is the lack of access to internal data of our partner, SL Benfica, due to confidentiality reasons. Additionally, there were substantial constraints in obtaining data from relevant competitors concerning the topics under analysis, as this information was not publicly accessible. This significantly influenced the Results section of our work project, compelling us to make assumptions and personal decisions, when crafting the evaluation scales for each KPI, more specifically, the intervals within these scales.

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Appendix

Framework 1: Example of a radar graph

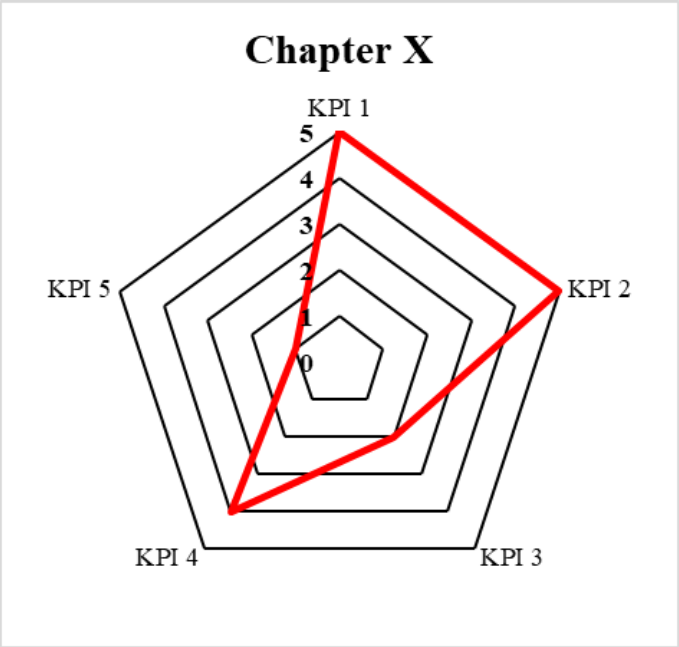
Force	Description
Competition in the industry	High: Many football clubs competing for the same resources and audience
Potential of new entrants into the industry	Low: High entry barriers due to the need for significant resources to compete at a high level
Power of suppliers	High: Suppliers can have significant power, especially if they represent top talent
Power of customers	High: Fans have a lot of influence over clubs
Threat of substitute products	Medium: Other sports and entertainment options available

Framework 2: Example of a radar graph

Strengths	Weaknesses	Opportunities	Threats
Investment in its academy (Benfica Campus)	Limited brand recognition overseas	Continue to develop and profit from its football academy expertise and brand	Establishment of a Superleague like competition with "elite" clubs only would have the effect of depriving smaller teams of their own revenue
Successful player development and trading	The Primeira Liga receives scant coverage outside of Portugal	Develop more 'sports tourism'-type activities	Continued declining of the Primeira Liga in European Competitions could mean a decrease of revenue and development for SL Benfica

Majority local fan base and its own media platform	Relies on qualification for European competitions	Provide coaching insights from its academy philosophy and associate an accredited coaching qualification	
Departments active in 11 other sports	Communities typically do not perceive football clubs with the same seriousness as other businesses.	Room for Benfica to grow in other markets, namely some parts of Asia and Africa in particular	

Chart 1: Example of a radar graph



Annex 1: KPI Scale Calculation: **Operating Profit Margin**

	Real Madrid			Manchester City			Bayern Munich			AC Milan			Ajax		
Year	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
KPI	25,6	28,1	28,4	-2,5	13,5	16,3	12,7	13,6	16	-58,4	-45,8	-35,8	-36,3	-86,7	-35,1
Average	27,36			9,09			14,11			-46,71			-52,71		

Annex 2: Evaluation Scale for KPI: **Operating Profit Margin**

0	≤ –52,71%
1	]–52,71%, -32,54%]
2	]–32,54%; -12,52%]
3	]–12,52%; 7,5%]
4	]7,5%; 27,36%]
5	≥ 27,36

Annex 3: KPI Scale Calculation: **Broadcast Revenue Dependency**

	Real Madrid			Manchester City			Bayern Munich			AC Milan			Ajax		
Year	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
KPI	31%	49%	43%	39%	52%	40%	32%	42%	32%	43%	68%	55%	45%	46%	39%
Average	41%			44%			35%			55%			43%		

Annex 4: Evaluation Scale for KPI: **Broadcast Revenue Dependency**

0	≥ 75%
1	]75%, 65%]
2	]65%, 55%]
3	]55%, 45%]
4	]45%, 35%]
5	≤ 35%

Annex 5: KPI Scale Calculation: **Current Ratio**

	Real Madrid			Manchester City			Bayern Munich			AC Milan			Ajax		
Year	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
KPI	0,77	1,21	1,57	-1,64	-4,74	-7,01	5,21	3,74	3,72	1,48	3,23	2,60	1,33	1,33	1,30
Average	1,18			-4,46			4,23			2,44			1,32		

Annex 6: Evaluation Scale for KPI: **Current Ratio**

0	≤ 0,6
1	]0,6; 1,51]
2	]1,51; 2,42]
3	]2,42; 3,32]
4	]3,32, 4,23]
5	≥ 4,23

Annex 7: KPI Scale Calculation: **Player Wage-to-Income Ratio**

	Real Madrid			Manchester City			Bayern Munich			AC Milan			Ajax		
Year	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
KPI	59%	63%	73%	73%	62%	57%	54%	61%	53%	108%	78%	64%	59%	68%	60%
Average	65%			64%			56%			83%			62%		

Annex 8: Evaluation Scale for KPI: **Player Wage-to-Income Ratio**

0	≥ 70%
1	]70%; 66,5%]
2	]66,5%; 63%]

3	]63%: 59,5%]
4	]59,5%; 56%]
5	≤ 56%

Annex 9: KPI Scale Calculation: **ROI on Transfers**

	Real Madrid			Manchester City			Bayern Munich			AC Milan			Ajax		
Year	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
KPI (%)	-61,5	142,1	151,6	-58,2	-63,1	-27,2	-61,3	-66,4	-96	-58,9	63,2	-94,5	268,4	73,3	148,6
Average	77,4%			-49,5%			-74,6%			-30,1%			163,4%		

Annex 10: Evaluation Scale for KPI: **ROI on Transfers**

0	≤ -74,6%
1	]-74,6%; -15,1%]
2	]-15,1%; 44,4%]
3	]44,4%: 103,9%]
4	]103,9%; 163,4%]
5	≥ 163,4%

Annex 11: Evaluation Scale for KPI: **Facility Utilization Rate**

0	0%
1	]0%; 20% [
2	[20%; 40% [
3	[40%; 60% [
4	[60%; 80% [

5	[80%; 100% [

Annex 12: Evaluation Scale for KPI: **Hardware and Software Update Rate**

0	0%
1	]0%; 20% [
2	[20%; 40% [
3	[40%; 60% [
4	[60%; 80% [
5	[80%; 100% [

Annex 13: Evaluation Scale for KPI: **Security Incident Rate**

0	0%
1	]0%; 20% [
2	[20%; 40% [
3	[40%; 60% [
4	[60%; 80% [
5	[80%; 100% [

Annex 14: Evaluation Scale for KPI: **Preventive Maintenance Rate**

0	0%
1	]0%; 20% [
2	[20%; 40% [
3	[40%; 60% [
4	[60%; 80% [

5	[80%; 100% [

Annex 15: Evaluation Scale for KPI: **Infrastructure Scalability Index**

0	0%
1	]0%; 20% [
2	[20%; 40% [
3	[40%; 60% [
4	[60%; 80% [
5	[80%; 100% [