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Winning is still better than money for English football clubs
New research shows that football club strategy is all about being the champions

Football traditionalists can all breathe a sigh of relief as new research* proves the strategy of English football clubs is still focused on winning rather than making a profit. This study of football clubs in England and Spain by researchers at Cass Business School, London, and Universitat International de Catalunya, Barcelona, shows that any team which put profit ahead of winning would most likely be relegated, leading to a significant loss of future profit opportunities as a consequence.

There is an old football cliché that says ‘attack is the best form of defence’ and on the eve of the Champions League final it is comforting to see that two of the most successful teams of the modern era, Barcelona and Manchester United, endorse this ethos and value the size of their trophy cabinet over the size of their bank balance. Indeed, despite their fans worst fears Manchester United have regained their domestic dominance, winning the last three premier league titles after a three year gap, since the supposedly profit hungry Glazer family took over in 2005.

While it is imperative for clubs to keep their finances in the black so as to avoid bankruptcy, it is clear that the capitalist attitude has not overtaken the traditionalist win-at-all-costs approach. Even Manchester United with a turnover of £256.2m and having just won their third consecutive Premiership confirmed a loss in the last financial year of £44.8m, taking their overall debt to an eye-watering £649.4m. This further supports the theory that even the most successful teams in the world value winning over profits.

Key statistics show that the period of 1994 to 2004 has been one of significant change for football finance with income and expenditure increasing around five-fold in the top divisions over the decade. This was due mainly to the emergence of competition in broadcasting and increased demand due to media exposure. As this period was quite unusual from a financial sense, it is assumed that clubs pursued a win maximising strategy during this period with a view to obtaining a dominant position and higher profits in the longer term.

If clubs were truly profit maximisers, however, they might be expected to collude in order to reduce competition, which has not been evidenced in either the English Premier League or La Liga.

Co-author of the study, Cass Business School Professor Stefan Szymanski, says: “Few people doubt that the owners of sports franchises in the USA are driven by the bottom line, but thus far the new American owners of English football clubs seem to have adopted British practices and are pursuing success at all costs. This season we have seen not just the Glazers at Manchester United, but also Hicks and Gillett at Liverpool and Randy Lerner at Aston Villa show a significant commitment to winning rather than taking out profits. As long as the promotion and relegation system remains to inject pressure from the bottom to the top, this situation is unlikely to change.”

* Pedro Garcia-del-Barrio and Stefan Szymanski, 2009, "Goal! Profit maximization and win maximization in football leagues", Review of Industrial Organization, 34, 45-68

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