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Between Profit Maximization And Wins Maximization

Case of Study of Palermo Fc

Grecomoro Giuseppe

Master in Management of Services and Technology

ISCTE Supervisor:

Prof. João Carlos Menezes, Associate Professor with aggregation,
Marketing, Operations and General Management Department (DMOG)

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Prof. Ing. Bruccoleri Manfredi, Ordinary Professor,
Engineering Department

October, 2021

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BUSINESS
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Abstrato

Nunca podemos esquecer que o jogo de futebol é o produto principal. Quando a equipa ganha, pontua e dá tudo o que é possível, ofusca quase tudo o resto, mas um fundo muito mais complexo que não pode passar despercebido acompanha tudo. É por isso que o meu trabalho se concentra no estudo de tudo o que está por detrás de um jogo de futebol ou de uma liga e sobre o que é baseado num clube de futebol. O objectivo deste trabalho é dar a conhecer o modelo de negócio mais próximo do de qualquer equipa de futebol e é assim que uma equipa de futebol cria, fornece e adquire valor; além disso, o estudo é enriquecido pela análise de dois modelos diferentes de maximização, um destinado a maximizar o lucro e outro a maximizar as vitórias. O trabalho está estruturalmente dividido em duas partes, a primeira parte é o resultado de uma cuidadosa selecção e revisão crítica da literatura existente em ambos os campos; enquanto, a segunda parte traz algumas noções, para completar o quadro, de um caso prático, conduzido com uma entrevista dupla com o CEO do Palermo FC.

No final do meu trabalho cheguei a uma imagem completa do trabalho realizado, com a determinação de um quadro de tela capaz de mostrar o modelo de negócio e uma análise precisa dos dois modelos de maximização com a introdução de um terceiro modelo que é o resultado da intersecção dos dois que acabam de ser mencionados.

Palavras-chave: Futebol; Modelo de negócio de lona; Maximização

Sistema de Classificação JEL: L21; L25; L53.

Abstract

We can never forget that the football game is the main product. When the team wins, scores and gives everything possible it overshadows almost everything else, but a much more complex background that cannot go unnoticed accompanies everything. This is why my work focuses on studying everything behind a football match or a league and on what is based a football club. The aim of this work is to make known which business model is closest to that of any football team and that is how a football team creates, supplies and acquires value; furthermore, the study is enriched by the analysis of two different maximization models, one aimed at maximizing profit and one at maximizing wins.

The work is structurally divided into two parts, the first part is the result of a careful selection and critical review of the existing literature on both fields; while, the second part brings some notions, to complete the picture, from a practical case, conducted with a double interview with the CEO of Palermo FC, in the figure of Rinaldo Sagramola.

At the end of my work I reached a complete picture of the work done, with the determination of a Canvas framework capable of showing the business model and an accurate analysis of the two maximization models with the introduction of a third model which is the result of the intersection of the two just mentioned.

Key Words: Football; Canvas Business Model; Maximization

JEL Classification System: L21; L25; L53.

INDEX

- 1. Introduction: The Power Of Football 1**
- 2. Literature Review 4**
 - 2.1. Business models and Canvas business model framework..... 4
 - 2.2. Business Model approach of a generic football team..... 6
 - Media Rights 8
 - Sponsorship & Merchandising 9
 - Stadium Income..... 10
 - Supporters and Connections..... 11
 - Social Networks 12
 - 2.3. Profit Maximization Versus Win Maximization 12
- 3. Methodology 18**
- 4. The Case of Study 20**
 - 4.1. Palermo Football Club..... 20
 - 4.2. The Interview..... 21
- 5. Findings Discussion..... 35**
- 6. Conclusion 42**
- References 43**

Figure Index

Figure 1: Deloitte football money League Top 20 combined revenue (€bn).....	1
Figure 2: Revenues Growth of top 20 clubs (€m).....	1
Figure 3: Canvas Business Model.....	5
Figure 4: Revenues – Talent.....	14
Figure 5: Canvas Business Model of a Football Team	35
Figure 6: Characteristics of the Two Maximization Strategies	37

Table Index

Tab.1: Source of revenues: Profit Maximization vs Win Maximization	16
Tab.2: Club Ownership: Profit Maximization vs Win Maximization.....	17

1. Introduction: The Power of Football

Counting the millions of players and billions of fans, football is one of the most important sports in the world, moving thousands of people and millions of euros. Because of its popularity, professional football teams generate enormous revenues, so we could say that they are no longer just clubs but companies with shareholders and managers, sales and profits, and customers rather than fans (Müller et al., 2017). European Football has significantly changed especially over the last 20 years, following an intense process of trading and marketing, a process that has brought important sums of money (Dima, 2015). In fact, as we can see from the following graph, extracted from *Deloitte Football Money League 2019*, from the 1996/97 season to the 2017/18 season the revenues of the top 20 world clubs increased by about 700%, setting the record of € 8bn in the last season. (Ross et al., 2019)

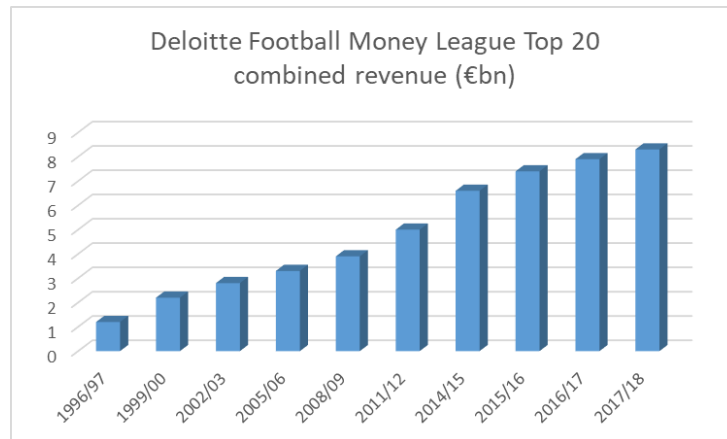


Figure 1: Deloitte football money League Top 20 combined revenue (€bn)

Instead, from *Deloitte Football Money League 2020*, an interesting figure indicates how individual clubs have been able to increase revenue at multiples of their respective countries' GDP growth. Furthermore, the following graph allows us to see the growth in terms of millions of euros of the three main sources of revenue. (Ajadi et al., 2020)

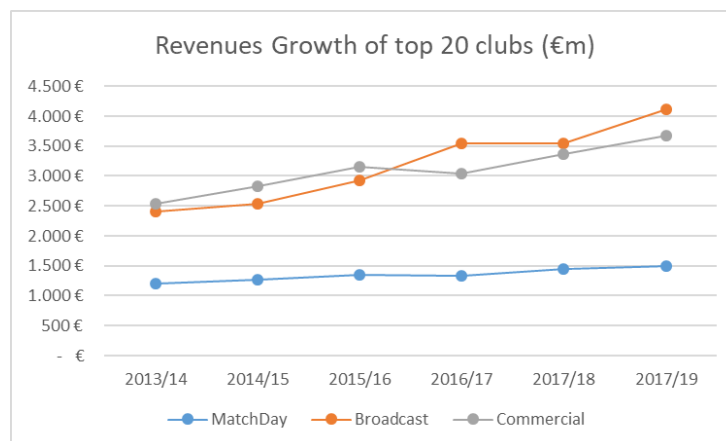


Figure 2: Revenues Growth of top 20 clubs (€m)

Mid90's was the moment when the European Football started to become a great business. Moving to a new format Champion League, achieving a proper environment for the huge potential of this market, the growing interest from media companies, increasing football investments from all over the world, all these have transformed a niche industry into a global business. **(Dima, 2015)**

Sport has now become globalized, moving from being a national culture to real internationalization. Several million people attend matches each season, and many millions more watch football on television and follow its fortunes through coverage in the media. **(Floros, 2014)**. Therefore, European football club became a business with more and more attractive numbers for investors, shareholders or partners from everywhere in the planet. Some clubs have been taken over by owners with great financial power, owners who spent huge sums of money in order to create a powerful team. **(Dima, 2015)**. To avoid disproportionate investments and large cash flows, and to ensure the future well-being and health of professional football, in September 2009, the Executive Committee of UEFA has introduced Financial Fair Play regulations. Effective from season 2013/14, Financial Fair Play regulations apply to all clubs, which seek to participate in UEFA's, Europe-wide, transnational club competitions subject to a minimum financial threshold **(Gazzola & Amelio, 2016)**.

We can say that football is not just a game. Although this quote seems to be a very famous cliché, it is real that professional football has developed into a huge industry, becoming a business more than entertainment. It is not all about winning the game but also earning money, so that sometimes acquisition of a club by a financially powerful investor or a new sponsorship contract becomes much more important. New stadiums, broadcasting networks, new materials, efficiency of players, success of the technical team, rapidly changing supporter requirements and expectations including transfers of popular players, cup glories and more commercialized products makes the football industry an attractive one, and football the most popular sport in the world **(Sener, & Karapolatgil, 2015)**.

Based on what has been said above, my work will be aimed at studying the business model of football teams, so using the Canvas framework I will conduct a study that will allow me to fill in all nine blocks that compose it. Hence, this tool will allow us to understand the logic of how a football team creates, delivers and acquires value. Furthermore, dwelling on some statements given by some authors, where they combine a football team with a real company and therefore football with a real industry, I wonder if a football team aims, like any company, to maximize the profit or, as the logic of the game wants, aims at maximizing wins.

As such, my thesis work sets out to answer two research questions:

- *How does a football team create, deliver and acquire value?*
- *Does a football team maximise profit or maximise wins?*

Moreover, it would be interesting to understand Understanding whether only these two opposite poles, profit or victories, are present in the management of the strategy of the teams, or the teams try to balance one and the other and therefore we could find ourselves analysing what we could call a shade of grey. Then, if the choice of one or the other strategy to what it is due, this can belong to the history of the company, to the background of the president, to favourable or unfavourable economic situations, for example. In addition, find out if there are differences in the management of the two different corporate models, different ways of acting on a specific topic or, for example, how one approaches the management of commercial income or staff.

The work will be conducted initially with a literal revision that will give me a first theoretical framework and then integrated with a practical case study that will allow me to draw conclusions. The practical case will be carried out with the Palermo FC football club thanks to the collaboration of the CEO, Rinaldo Sagramola.

2. Literature Review

2.1. Business models and Canvas business model framework

The term business model originated in the late 1990s, particularly with the emergence of the internet and its massive adoption for e-commerce. The concept essentially refers to the description of the articulation between different components to produce a proposal that can generate value for consumers and therefore for the organization. **(Demil & Lecocq, 2010)**

From **Christensen et al. (2008)**, a business model consist in four element that linked together allow to create and deliver value: customer value proposition, profit formula, key resources and key processes. The first two define value for the customer and the company, respectively; while the last two describe how that value will be delivered to both the customer and the company.

The main element is the Customer Value Proposition, a good one find a way to create value for customers; that is, a way to help customers get an important job done, where, for “job” is meant a fundamental problem in a given situation that needs a solution.

The Profit Formula defines how the company creates value for itself while providing value to the customer. It is composed by four voices:

- Revenue model: price x volume;
- Cost structure: direct costs, indirect costs, economies of scale;
- Margin model: given the expected volume and cost structure, the contribution needed from each transaction to achieve desired profits;
- Resource velocity: answers to two questions: how fast do we need to turn over inventory, fixed assets, and other assets? How well do we need to utilize resources to support our expected volume and achieve our anticipated profits?

Key resources are assets such as the people, technology, products, facilities, equipment, channels, and brand required to deliver the value proposition to the targeted customer.

Key processes are operational and managerial processes that allow the company to deliver value in a way they can successfully repeat and increase in scale.

Consulting other literatures, **Arend (2013)** defines the business model as a useful representation of how the organization creates value through the transformation and transfer of matter, drawing on available factors, powered by an identifiable economic engine. Gross social and economic value is embodied in matter that can be digital (e.g. information), analogue (e.g. material goods), private, public or other categories of goods. Then, I says that the factors involved include resources, capabilities, partners, and facilities.

According to **Chesbrough (2010)**, a business model respects various actions, including: articulating the value proposition, identifying a market segment and specifying the revenue generation mechanism; define the structure of the value chain necessary to create and distribute the offer and the complementary assets necessary to support the position in the chain. More, estimate the cost structure and profit potential, describe the firm's position within the network of values linking suppliers and customers, and formulate the competitive strategy by which the innovative firm will gain and maintain an advantage over rivals.

Osterwalder et al. in 2010 introduced a model that answers to the following questions: How do I present my idea or business model? Which parts do I need to tell so that the basic story is told but the boring needs are left out? How can I give enough information so we can discuss the potential of the idea?

Therefore, they built the Business Model Canvas (MBC), a framework that everybody can understand, facilitating descriptions and discussion.

BMC consists of nine basic components of a business model. They are put on a canvas so the visualization of the different issues' relation is improved. That helps the user to map, discuss, design and invent new business models.

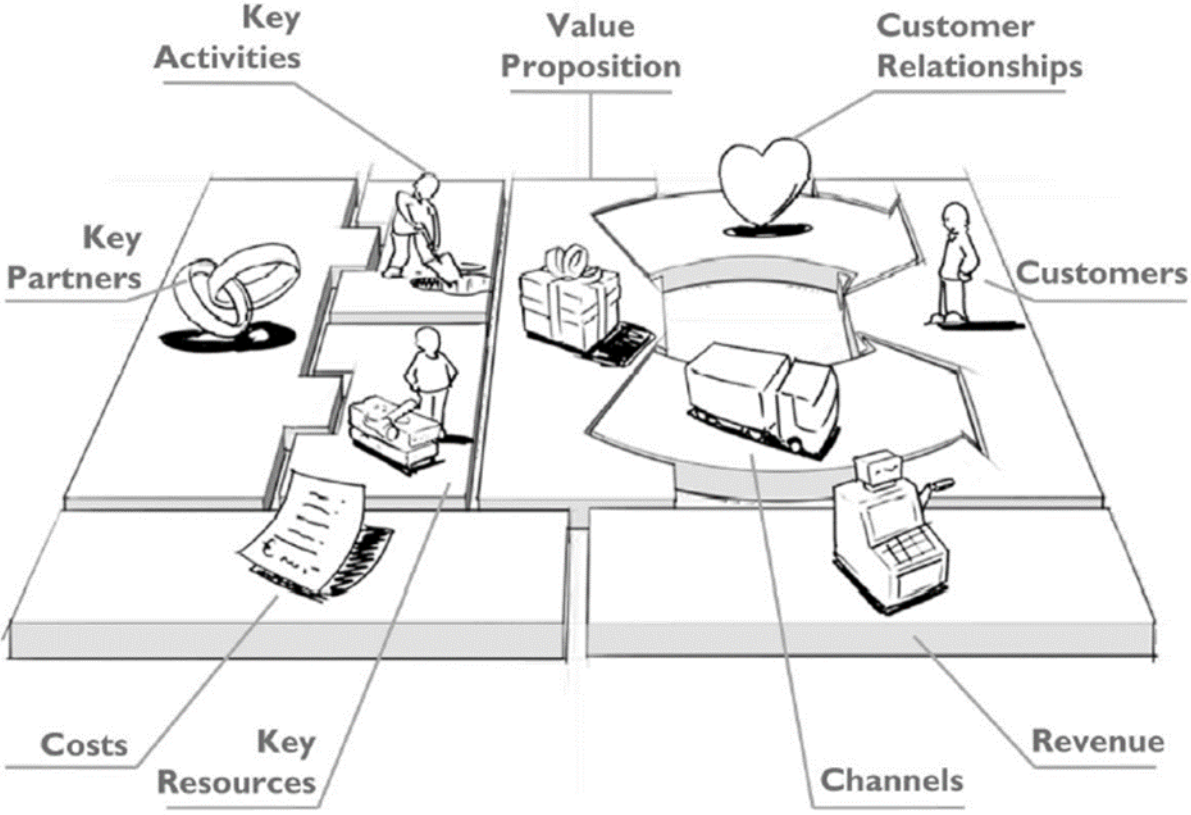


Figure 3: Canvas Business Model

(Osterwalder, & Pigneur, 2010)

It is divided in Front-end and Back-end;

Front-end is composed by:

- Customer Segments: all the people or organizations for which the company is creating value, including simple users as well as paying customers;
- Value Proposition: all the bundles of products and services that create value for your customers;
- Channels: describes through which touch points you are interacting with your customers and delivering value;
- Customer Relationships: outlines the type of relationship you are establishing with your customer;
- Revenue Streams: makes clear how and through which pricing mechanisms your business model is capturing value.

Back-end is composed by:

- Key Resources: are the most important asset required to make the business model to work;
- Key Activities: are the most important things a company must do to make its business model to work;
- Key Partners: are all those who help you leveraging your business model, since you will not own all key resources nor perform all key activities yourself;
- Cost Structure: describes all the cost incurred to operate the company's business model.

The simple visual structure of the BMC and the limited number of descriptions (9 in total) make the BMC visually appealing. Furthermore, the usefulness of the BMC in mapping and innovating business systems makes it valuable. (Hong et al., 2013)

2.2. Business Model approach of a generic football team

In the case of a football team, the business model should specifically consider the entire set of its stakeholders and, in this system, build reputation as the first element of attraction, and consequently the creation of economic value. (Rodriguez-Pomeda et al., 2014)

Football teams are not that different from any other company: a legal entity formed by a group of individuals to engage in and operate a business—commercial or industrial—enterprise. In fact, Football teams are made up of tangible, financial and intangible assets, professionally managed and marketed.

Football can create values for its external stakeholders and position itself as a highly relevant and influential social, economic and political agent. The creation of value can take place in four different areas (**Breitbarth & Harris, 2008**) where football acts as:

- An agent for creating human value;
- A business agent that creates financial value for other sectors;
- A social agent that promotes cultural value;
- A functional agent to create reassurance value and above all the ability of the game to act as a means of connecting commercial or political actors with people.

Traditional football club literature has always been about their ability to provide entertainment, using footballers as an attraction to increase their fan base (**Regoliosi, 2016**), so a fundamental rationale is to win the 'war of talents' in order to meet the needs of customers about players, and thus to create more value for them. (**McNamara et al., 2013**)

This business model essentially includes the football business medium (clubs and associations), the structure of the sources of income (media, globalization, trade, society, capital, spectators and players) and the structure of expenditure (competitors, groups of interest, suppliers and infrastructures). These elements combined with the club's vision and strategy make the football network gains value.

This whole network also includes the six elements of what is called a "football package" (team, sport competition, club, event and stadium, players and merchandise) with the five elements of the "customer / consumer" group (fan base, members club, media, sponsors and local communities). Finally, to make the most of the above, it is necessary to implement a series of value factors (the brand, the loyalty of the fans or the effectiveness of the team's playing performance). (**Rodriguez-Pomeda et al., 2014**)

Garcia-del-Barrio & Szymanski (2009) say that exist a well-established relationship between team success and player spending, and between team success and team revenues. While, as **Rodríguez (2012)** points out, a company or team cannot generate revenue or generate profits by itself, but must have the collaboration of a second company to "produce" the game and many other companies to produce the league and others external effects.

Hence, the constitution of football associations / leagues, which organize sports activities and also represent the interests of football clubs, forming a sort of cooperative bond. These cooperative links are implemented by organizing the football league, which is the basis for the production of the final product in the corporate football system.

From these two types of competitors are identified (**Karpavicius & Jucevicius, 2009**), internal and external:

- The internal competitors are other football clubs participating in the same league;
- The external competitors are different forms of sport and also different ways of spending free time.

In the case of football clubs among the major costs we find the salaries and wages of players and coaches, the financial charges, the extraordinary costs (**Baroncelli & Lago, 2006**) and, as **Markham (2013)** adds, the tangible property (e.g. stadium or training ground) and intangible player registrations (which allow clubs to 'own' players).

The business model of football teams is based on three important income-generating factors:

1. Media rights – the value paid by media companies in order to broadcast the sport events;
2. Commercial income – cumulates sponsorships (mainly from placing the brands on t-shirts, around the stadium, media broadcasting) and merchandising;
3. Matchday revenues – money from ticket sales (including season tickets subscriptions) and supporters' expenses inside the stadium (promotional items, services). (**Dima, 2015**)

Other sources of revenue are from the transfer market of the Players, who can be regarded as a valuable asset or human resource of the football club (**Karpavicius & Jucevicius, 2009**) and from the seasonal awards as for the won title, the qualification in UEFA Champions League, UEFA Europa League and other prizes due to other competitions. (**Bond & Addesa, 2019**). According to **Andreff (2012)**, if a team qualified for the Champions League, its revenues will increase by 20% to 40%, while a relegation in a lower division, will determine a plunge by 75-80% of the own revenues, moreover, the promotion should increase its revenues five times or so.

Media Rights

Following *23rd edition of the Deloitte Football Money League*, the growth of revenue for football clubs over the past two decades has been driven by a surge in broadcast rights values, for both domestic and international competitions. Individual clubs have been able to increase revenue at multiples of their respective countries' GDP growth. The primary source of revenue for the clubs placed 16 to 20 where 65% of their revenue comes from broadcast. (**Ajadi et al., 2020**)

About how the TV rights are sold we face two different sales systems: one individual and one collective. With the individual system, each club owns and sells the rights to its home games;

while under the collective system, the league monopolizes all the rights, sells them as a package and subsequently distributes the revenues among the clubs. In this second case, the European Commission (2007) recognized that it might be an important tool for achieving solidarity and maintaining competitive balance, yet possibly at the expense of reduced competition. In certain cases, some of the individually selling clubs have voluntarily opted to pool their rights without forcing the other teams to participate in the collective agreement. This has led to a third “mixed” regime. **(Peeters, 2011)**. Over the years, the streaming platforms (or whoever owned the TV rights) have acquired such importance that they have a strong imprint on the weekly schedule of matches, according to television needs. In fact, they induced the league to broadcast the matches over several days. The traditional Sunday afternoon appointment was accompanied by the postponement of Sunday evening, the advances of Saturday afternoon, Saturday evening, Sunday lunch, up to those of Friday evening for the teams involved in the European cups, and that of Monday evening. **(Caruso & Di Domizio, 2015)**. However, still according with the *23rd edition of the Deloitte Football Money League*, the competition is changing with the inclusion of telecommunications companies. Amazon acquired one of the packages for the current cycle of Premier League broadcast rights and it may be the FAANGs (Facebook, Amazon, Apple, Netflix and Google) that drive future growth. Alternatively, the competitive dynamics of some markets may lead leagues to experiment with their own direct-to-fan offerings through Over the Top (OTT) platforms where they directly control broadcast revenue but are also responsible for the production and distribution of content. **(Ajadi et al., 2020)**

Sponsorship & Merchandising

As football clubs enjoy great popularity, regularly attracting millions of fans to stadiums, they attract various sponsorship sources that face extensive competition with each other. Global brands have integrated sports sponsorship into their strategic marketing programs because it represents a long-term investment in creating dynamic relationships between brands and consumers. In the realm of professional football, sponsorship is defined as a business partnership between a sponsor and a football team based on reciprocity and commercial motivation. That is, the club receives money and / or other dues in kind, while the sponsor gets the tangible and intangible benefits of being associated with the team. This trading relationship is essential for both teams and companies, as both organizations want to acquire assets owned and controlled by the other. The growth of sponsorship in football is such that, today, it is almost

inconceivable to think of professional football teams without sponsorship. **(Biscaia, Correia et al., 2014)**

According to *23rd edition of the Deloitte Football Money League*, the primary source of revenue for the top five clubs is commercial (sponsorship and merchandising), 49% of the total. **(Ajadi et al., 2020)** One of the main attractions of football sponsorship is the ability to display a company name or symbol on the team's shirts. Additionally, stadium-naming rights, match day schedule advertising, corporate logos appearing on club literature, provision of corporate hospitality facilities, stadium perimeter advertising and club website visibility are important elements for companies engaged in sponsorship agreements. **(Biscaia et al., 2014)**

Merchandising is a link between people and their teams. Sports organizations license their logos and brands to support product lines outside of sports as a way to increase revenue. Sports merchandising generally covers two situations: the sale of merchandise with reference to a particular event or team property and the sale of the product in reference to a person's name and image. Licensing has proven to be one of the most contemporary forms of marketing and brand extension. Through the marketing of shirts, scarves and other products, football teams can secure high sales, while enhancing professional brand building and emotional loyalty of fans. **(Trasso et al., 2012)**

To understand how the world of football merchandising is evolving, just look at the PSG that appeared at Paris Fashion Week in an attempt to reach new markets and people. In addition, Manchester City, which launched its OTT platform and is part of a global network of clubs aimed at offering unrivalled exposure to business partners to develop new relationships with fans. **(Ajadi et al., 2020)**

Stadium Income

Long-term ownership or leasing of a stadium is an important opportunity to diversify sources of income (adjustments in ticket prices based on the age of the buyer, the importance of the matches and the performance of the team over the course of the season) and also an important asset capable of facilitating the listing of football clubs on the stock exchange. **(Baroncelli & Lago, 2006)**

The models to follow are the English plants or that of Basel, that structures are not only stadiums, but also cinemas, shops, meeting places, where the fans go, see football, visit a museum, maybe get married, and inflate the club turnover. A stadium that opens up to the territory, which "dialogues" with the city, is a structure that manages to sustain itself

economically, within which it also promotes its own merchandising, avoiding the phenomenon of counterfeiting. **(Pierini, 2011)**

So also, to enlarge the number of visitors and not stop at three groups of customers: season ticket holders, paid supporters of the home team and paid supporters of the visiting team. **(Baroncelli & Caruso, 2011)**

Supporters and Connections

Underlying the future growth of soccer clubs is a deep understanding of who their supporters are; they want to interact with their club in a way that provides them, with easy and seamless access, interactions to everything the club has to offer. **(Ajadi et al., 2020)** Fans, defined as "social owners" by **Solberg and Haugen (2010)**, generate revenues, and they are typically attracted by the success of a team **(Garcia-del-Barrio & Szymanski, 2009)**, hence, dominant clubs above all develop new spectator-based business models. Full stadiums attract more people who consume both the matches and many other associated goods and services. In an experience economy, leverage is the exploitation of one's emotions through an increasingly sophisticated value proposition. When they passionately latch onto their club, they get intangible benefits (in the form of emotions) as well as tangible benefits (in the form of merchandise). **(Rodríguez-Pomeda et al., 2014)**

We can differentiate two type of supporters:

- Committed fans: are loyal and even though the success of the teams that they support is always desirable, display a much greater propensity to attend games featuring their own teams regardless of their on-field performances or the closeness of the competition.
- Uncommitted fans: have low levels of loyalty and may decide to attend a game due to recent or regular successful on-field performances of the teams that they support or the uncertainty of the outcome. **(Caruso, Addesa & Di Domizio, 2017)**

In Italy, in 2007, after the murder of a police officer before the match between Catania and Palermo, was introduced the fan's identity card. This fan's identity card identifies supporters and is mandatory for the purchase of season tickets and tickets for away matches; in addition, the possession of the fan card is necessary to attend matches considered potentially dangerous due to the rivalry between the supporters of the two teams. **(Bond & Addesa, 2019)**

However, fans are not the only consumers of the sport. There are other types of industries that depend to a great extent on the existence of sports, such as: large companies that manufacture sportswear, sports media, sports betting, sports equipment auctions, etc. **(Rodríguez, 2012)**

Social Networks

Another purpose of clubs is to improve both the strength and density of their social networks. Through them, clubs channel the emotions of spectators into certain behavioural patterns (**Rodriguez-Pomeda et al., 2014**). FC Barcelona is leading this segment with over 77.3 million Facebook likes and over 11 million Twitter followers (**Dima, 2015**), Real Madrid ideated a loyalty scheme through the “Real Madrid Fan Card” (Carnet Madridista) (**Callejo & Forcadell, 2006**), Liverpool have publicly stated they will invest £16 millions in technology and have recently offered a subscription based YouTube channel, available globally, while Atlético de Madrid and Borussia Dortmund are innovating through the use of digital/ dynamic pitch-side advertising and others looking to social media to gain new fans and followers. (**Ajadi et al., 2020**).

2.3.Profit Maximization versus Win Maximization

Karpavicius & Jucevicius (2009) emphasize that the sporting aspect is only part of the structure of the football club, while the other important part that is often missing in public considerations is that of football as an industry. The same topic is treated and undertaken by **Breitbarth & Harris (2008)**, who in fact says that football teams are not that different from any other company; being that they are powered of tangible, financial and intangible assets, professionally managed and marketed.

On the other hand, unlike any conventional industry, clubs must come together to produce, thus having an interest in supporting the economic health of their rivals. Such a philosophy differs from the underlying principles of other industries in which companies at each level along the value chain would prefer to be the only supplier (monopolist) or buyer (monopolist) (**Solberg & Haugen, 2010**). Indeed, according to **Regoliosi (2016)** a common misconception about professional football teams is that their existence is largely explained by their efforts to win competitions and championships. This is where the difficulty in trying to consider professional football clubs as real business.

This view of football as an industry implies that a football team's goals are for-profit, but is a football team a profit maximise or a win maximise?

According to **Solberg & Haugen (2010)** the goal of a football team will influence its player recruitment policy and thus also its revenues and costs. He highlights those two alternative objectives that are distinguished from the literature in Sports Economics: profit maximization and win maximization.

It is defined as Type A, a football team based on win maximization through sporting success, that its activity can be described as follow:

1. Identify established top players;
2. Pay a large amount for their registration rights (PRRs) and their wages;
3. Hold them for the period they attract entertainment revenues (through sporting success);
4. Free them at the end of their career or when they want to leave, receiving a small or nil amount in return.

The other, it's defined as Type B, a football team based on profit maximization through development of players and sale of their enhanced PRRs, in this case, the activities are the follows:

1. Identify young potentially top players;
2. Pay small amounts for their PRRs and for their wages;
3. Develop them until they become professionally mature;
4. Sell their PRRs just before the moment they want their agreements and wages to be increased. **(Regoliosi, 2016)**

Of considerable importance, for what has been said before, is therefore the research of the player, called "talent war" in **McNamara et al., (2013)**, where it distinguishes teams that aim to invest in highly talented players (top players) and teams that invest in less talented players. In fact, in this research, he says that a fundamental logic for the creation of value is to win the war of talents, so as to satisfy the needs of his customers, then create more value for them and, by extension, capture it.

A player with much talent is more productive in terms of generating points and earnings than one who is less talented; this will award higher salaries to the most talented players. Thanks to this, the club will improve its sporting performance, hire more talents, and thus also increase its revenues. Furthermore, this study, with the confirmation of **Késenne (2004)**, shows that a profit-maximizing club hires talent until its marginal revenues are equal to the unit cost, which is $Lx1$, in the following graph (Figure 4). Whereas, a win maximizing club will operate in "tie", which is at the $Lx0$ point (even if, some winning maximizing clubs sometimes hire more talent than $Lx0$). So, here it is confirmed that the club that hires the most talent is the one that maximizes the wins. However, it is underlined that the point ($Lx0$) has no safety margin. Therefore, unexpected reductions in revenues or increases in costs will cause a deficit if it is impossible to unload talent. **(Solberg & Haugen, 2010)**

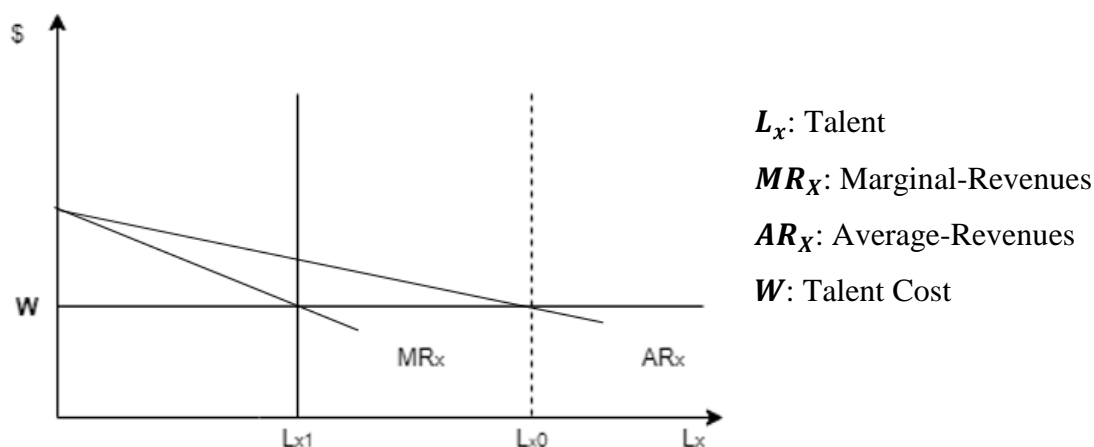


Figure 4: Revenues – Talent (Solberg & Haugen, 2010)

However, **Késenne (2006)** tends to point out that the winning maximization model does not completely ignore profits or losses. A certain rate of profit may be needed to satisfy the owners or shareholders of the club, or to invest in a new stadium, furthermore, in European football, club losses must remain within certain limits, to comply with national or international rules, such as the Financial Fair Play. While in terms of profit maximization, **Regoliosi (2016)** intervenes, saying that the only meaning of this model is not just earning but could be for a reason of reducing their indebtedness.

Solberg & Haugen (2010) conclude by saying that a professional football team will earn more revenue the more successful it will be. In addition, if that club's goal is always to achieve better results than the previous season, it must necessarily to require more talent. To override the unwritten rule of "zero-sum nature of play", where if one club goes up the ladder, then another club must go down the same ladder.

On the same line of thinking **Késenne (2004, 2006)**, that confirms what has been said previously, namely that the main results of the win maximization model continue to be valid, compared to the maximization of profit, as a greater demand for talent, a higher salary level. Furthermore, he adds to what has been said before, that the presence of win maximisers creates an unbalanced competition.

Team managers pay higher salaries to attract the best players or to prevent good players from leaving the club. However, the percentage of victories does not depend only on the talent of the same but above all, on the effort they put into the field. Their underperformance would lead to a team crisis, so that efficiency wages, bonus-based wages for achieving seasonal goals, were introduced. Then the player will be willing to put an extra effort to reach that salary bonus while the team can enjoy a reward on the pitch. **Késenne (2006)**

In the study by **Garcia-del-Barrio & Szymanski (2009)** on maximization, the above is still confirmed, namely that teams with the goal of maximizing wins spend more to attract talent

and their salaries. The same author, however, is keen to point out the team that spends the most does not always win, several factors such as injuries to key players, loss of form, unexpectedly strong performances by rivals can influence the goal, including a factor beyond the control of the team, luck. Precisely on this, **Késenne (2006)** introduces a criticism of the win maximization model, because it is not an operational goal, as clubs cannot control their win rate. Clubs can only maximize the team's talents.

Instead, regarding television rights, as mentioned in the previous paragraphs by **Peeters (2011)**, being that they are sold through two different systems: one individual, the other collective. Where the individual system allows each club to own and sell the rights to their home matches, and for the collective system, the league monopolizes all the rights, sells them as a package, and then distributes the proceeds among the clubs. Then, distinguishing two types of fans, those involved who watch the games of their favourite team regardless of the expected final result, and those who are not committed who follow a team only if they perform well and / or are more likely to win. Furthermore, the amount of talent present in a game and the relevance of the game itself are factors that potentially influence the demand for sports; Sports fans looking for entertainment may be more drawn to matches involving teams with top-tier players or teams fighting for the title. (**Caruso et al., 2017**) It is possible, therefore, to deduce that in the case of competitions where the distribution of TV rights is according to the individual system, the win maximisers enjoy greater profits, while in the event of a collective system the disparity between the two models decreases, being that 40% of the total revenue is equally distributed among the participating teams; 30% of total revenue is allocated based on historical performance; and 30% of total revenue is allocated based on potential demand calculated based on the number of fans (25%) and the population of cities (5%). (**Baroncelli & Caruso, 2011**)

While, about the stadium revenues, referring back to what was previously said by **Caruso et al. (2017)** and continuing on what **Garcia-del-Barrio & Szymanski (2009)** affirms, namely that the fans who generate revenue are generally attracted to the success of a team; it is easy to deduce that the win-maximization model collects more profits from Matchday.

Then, about the commercial income, the win-maximization model is fully in line with the goal of a potential sponsorship or merchandising agreement, because competitive success always attracts the attention of fans and the media. While the profit-maximization model does not reflect the sponsor's goals and thus hinders high commercial income. The only, albeit rare, exception to this logic occurs if the sponsor is simultaneously the owner. This is the case of

Zenit St. Petersburg, where the Russian oil and gas company Gazprom acts as both owner and sponsor at the same time. (M. Dietl & Weingaertner, 2011)

		Profit Maximization	Win Maximization
Media Rights Income	Individual Sale	Lower Income	Higher Income
	Collective Sale	Approximately Same Income	Approximately Same Income
Commercial Income		Lower Income	Higher Income
Matchday Revenues		Lower Income	Higher Income
Football Players Market		Big Surplus	No or Very Small Surplus

Tab.1: Source of revenues: Profit Maximization vs Win Maximization

Later, Garcia-del-Barrio & Szymanski (2009) goes on to say that second division teams are less likely to spend a lot on talent, thus closer to maximizing profit than winning compared to first division teams. He also found that teams facing relegation risk tend to increase their spending relative to the profit-maximizing position, so as to follow the same line as those struggling for promotion. This demonstrates a natural ordering of teams by ambition or budget constraint, as well as identifying another aspect, which is also the one identified by Regoliosi (2016), who says that a team can move from a profit maximization model to a win maximization model and vice versa. At the end of his studies, he focuses on the English league (Premier League) and the Spanish league (La Liga); discovering that in both leagues the choices seem to be very close to maximizing wins, further defining that teams that maximize profit are very likely to be relegated, with a decisive loss of future profit opportunities

Other authors, on this point, are in agreement (except for a few voices from out the chorus Brower 1796) indicating that most teams tend to maximize victories (Sloane 1971, Dabscheck 1975).

While, Sloane (1971) proposed a compromise, for the clubs, that aims at maximizing a function that depends mainly on the achievement of certain sporting successes and that should have at least one restriction aimed at establishing positive or null benefits for the club under consideration; and something it suffers losses, these must be temporary, in order not to compromise the vitality of the club in the medium or long term.

It is interesting to end this Literature Review with a curious research done by M. Dietl & Weingaertner (2014) on the relationship between club ownership and the choice on

maximization. By identifying three types of properties, such as private firm, public company and members' association, he says that:

- The owner of a club organized as a **private firm** derives his utility from financial as well as competitive success. As an investor in the club, the owner aims at maximizing profit. As the leader of a football club under public scrutiny, he can benefit from maximizing wins through a possible spin-off of the club's success in other activities and / or through increased social and political acceptance. Depending on the owner's personal situation, the indifference curve for a club organized as a private company lies somewhere between maximizing profit and winning;
- In a club with diversified holdings, **public company** (listed on the stock exchange market), the typical shareholder remains anonymous and does not strive for a position in the club other than that of a passive investor. As an investor, he is only interested in profit maximization and compares his investment in a football club with other possible investment opportunities, including other sectors. As management is concerned with meeting shareholder needs, maximizing profit is the club's only goal. If there is a majority holder, it faces a situation similar to that of private companies. In addition to the profit, he can benefit from positive effects due to the success of the team. However, as he has to satisfy the remaining shareholders as well, maximizing profit remains the primary goal.
- The non-profit status of pure **members' association** discourages investors from getting involved. Without the ability to distribute profits or benefit from rising stock prices, utility can only be derived from maximizing winnings. This fulfils the utility function of the members as holders of the residual control rights. Fans are interested in maximizing the fame and competitive success of their favourite club, but without risking club failure due to repeated overspending. While there may be investors in a club dominated by an association of members, the residual control of the fans ensures that the primary goal remains the maximization of victory.

	Private firm		Public company		Members' association	
	Single Ownership	Multiple Ownership	Stocks Widely Spread	Majority Owner	Pure	Dominated By
Resulting incentive/target	Between profit and win maximization	Between profit and win maximization	Profit maximization	Profit maximization	Win maximization	Win maximization

Tab.2: Club Ownership: Profit Maximization vs Win Maximization

3. Methodology

The second part of the thesis aims to fill the gap introduced in the previous chapter through the introduction of a practical case that sees as the protagonist the team of my city, "Palermo FC". From the aforementioned team, I met Mr. Rinaldo Sagramola, current CEO of "Palermo FC". Mr. Rinaldo Sagramola already was the CEO of the best 8 years in Palermo's football history, all in the top flight, with various qualifications in European competitions and a final of the Italian Cup. A mirrored and transparent experience of over forty years in high-level football management. Among other things, he has had experience of administration in teams such as "Lodigiani", "Vicenza", "Sampdoria" and finally, before returning to Palermo, "Brescia" where he also held the role of sports director. The knowledge of Mr. Sagramola and his experience will allow me to clarify the points left open in the Literature Review.

The interview took place in two meetings of about 60 minutes each, thus dividing the two topics to be explored. In the first interview we talked about everything that interested the business model; while in the second, the pivotal topic was centred on the two strategies of maximizing wins or profits.

I structured the guides for the two interviews in a deductive way following systematically what was analysed in the Literature Review and the various citations of the different authors. The intent was that of a thematic analysis with the aim of identifying the predetermined central themes developed in a deductive way from the theoretical framework. The analysis then continued inductively by adapting questions according to the answers I received from Mr. Sagramola. Extrapolating in this way, an interview, which comes out of the combination of the deductive model and the inductive model (**Meyer & Wenger, 1998; Patton, 2002**).

I recorded both interviews, with the consent of the interviewed, then I transcribed them both and then elaborated them as we will see in the next chapter. I set out the next chapter by starting each topic I deal with a quote from Mr. Sagramola.

I therefore tried to gradually analyse all the points identified in the paragraph called " Gap and Aim of the Thesis ", starting from the analysis of the "Palermo FC" Business Model, going into details in terms of numbers and percentages of costs and revenues; see which, among the different voices, has more or less impact. Being that "Palermo FC" plays in the third division of the Italian league (Lega Pro), it will lead me to make the necessary considerations and comparisons on what has been analysed previously. Furthermore, the previous experiences of the CEO allowed me to compare different realities and different categories. The questions asked at this stage allowed me to complete the picture regarding the business model, all the items that

make it up and above all the importance and centrality of the fan. Therefore, thanks to them I was able to complete the Canvas framework and have a broad and clear picture in which it is based on a business model of a football team.

What said above took place during the first interview, subsequently, in the second interview we focused on the theme of maximization in all its nuances.

The first topic addressed made it clear to me what, mainly, conditions the choice of one or the other strategy. Moreover, from this we analysed the past experiences of Mr. Sagramola to be able to extract from each of them as much useful information as possible. Initially I asked to make a comparison between the old Palermo (where he too was CEO) and the current one to find out which strategy was and is being pursued; I then asked to focus on other examples lived directly by him and not. At this point, after a series of inductive questions, we have already clarified whether the teams only fully apply one of the two strategies or simply seek a balance. Later the questions focused on the management of the team and how this changes according to one or the other strategic approach. To end with an argument, introduced by Mr. Sagramola, that opens up to many reflections, namely the structural loss that involves almost all the teams.

4. The Case of Study

4.1. Palermo Football Club

Palermo Football Club is an Italian football club, located on the largest island in the Mediterranean Sea, Sicily, in the city of Palermo.

It was founded on November 1, 1900 with the name "Anglo-Palermitan Athletic and Foot-Ball Club" at the behest of Ignazio Majo Pagano, a young man who had known football in England and who had decided to import this new sport into his native Palermo, with the intention of promoting the development of football, lawn tennis, cricket and possibly other sports.

Palermo played and won its first federal championship in 1920, "Sicilian Federal Cup", and then the following year took part in its first national federal championship.

In the 1931/1932 season the new stadium, called Littorio, today's Renzo Barbera was inaugurated and subsequently, in the 1932/1933 season, Palermo landed for the first time in Serie A.

Over the years, Palermo has experienced moments of difficulties and since 1970, the President is Renzo Barbera, who opens a new page in the history of Palermo society. In 1986 in the first of two failures in the history of Palermo. On 8 September 1986, the company was expelled from the FIGC for the failure to remedy its debt situation. In 1986-1987 Palermo therefore had time to play only their own elimination round of the Italian Cup, which was played until the day before the radiation and the club disappeared, without practicing its official football activity for a year. On 7 January 1987 a group of local industrialists and entrepreneurs re-founded the company with the name "Unione Sportiva Palermo". Thanks to an exemption granted by the FIGC and to a place vacated by the merger between Venice and Mestre, the newborn Palermo was admitted directly to Serie C2. Later, in the summer of 1994 the company name was changed to Unione Sportiva Città di Palermo.

However, 2000 was a turning point, given that on 3 March the president of Rome Franco Sensi bought the club and on the following 20 June a new company logo was also made official.

On 21 July of the summer of 2002, Sensi sold the Palermo to Maurizio Zamparini, for 15 million euros to be paid in three years. The former owner of Venezia bought numerous players, making a real "transfer" from his old club. Meanwhile, on 18 September 2002, the La Favorita stadium was named after Renzo Barbera, who died on the previous 20 May.

On 29 May 2004, Palermo returned to Serie A with a 3-1 win against Triestina between friendly walls, 31 years after their last appearance in the top flight. Over the years, Palermo was a launching point for many champions, just think that the squad of the Italian national team, world

champion in 2006, had four Palermo players. One of the greatest results was achieved in 2011 with the Italian Cup final played against Inter Milan but lost 3-1.

After five participations in European cups and an Italian cup final in nine years, in the 2012/2013 season, Palermo relegated to Serie B. The “rosanero” dominate the Serie B championship and immediately return to Serie A, where they will remain until the 2016 season / 2017 and then back down again.

On 4 July 2019 Palermo was excluded from Covisoc from the cadet championship in which it should have participated: the supervisory body contested the failure to present the surety necessary for registration in the B, the failure to pay the last three months to the players, the failure payment of various sporting debts and a recapitalization of more than 8 million with undocumented credits. The exclusion was confirmed with the dismissal of the appeal on 12 July. Three months later, on October 18, the company "U.S. Città di Palermo" will be declared bankrupt by the court of Palermo and Maurizio Zamparini will be investigated for bankruptcy. On 12 July 2019 the mayor of Palermo, Leoluca Orlando, publishes a call for the reassignment of the sporting title of the “rosanero” club. Six proposals are presented and on the 24th, the winner is the one presented by the company Hera Hora, owned 40% by the Italian-American entrepreneur Tony Di Piazza, 50% by the advertising agency Damir di Dario Mirri (great-grandson of the former president Renzo Barbera) and to the 10% personally by Mirri himself, who will become the new president.

On 2 August, the new club is admitted to the Serie D championship, for the first time in its history in an amateur category, with the name of the Palermo Amateur Sports Society.

The 2019-2020 season is marked by the interruption of the championship due to the COVID-19 pandemic. With the persistence and worsening of the aforementioned crisis, CONI, on March 9, 2020, interrupts all sports competitions in progress. On 8 June, the Federal Council decides to promote the “rosanero” to Serie C, with the Sicilian club in first place in the standings before the interruption. With the return to a professional league, the club changes its name to Palermo Football Club.

4.2.The Interview

The two interviews will mainly concern the Palermo FC business model and its maximization model, but Mr. Sagromola will also use his past experiences to bring more value and content to work, so as to generalize the concept as much as possible.

First meeting - Business Model:

“The objectives are defined at the beginning of the season, according to what are the availabilities”

Before the start of a season or the beginning of a project like that of Palermo, the objectives are defined and following these, the next year or years are planned. If we talk about long-term goals, for example, in the case of the Palermo SSD, born in 2019 after the failure of the U.S. City of Palermo, which has now become Palermo FC, the goal set by the club in agreement with the municipality of Palermo was to bring Palermo to the top flight in the shortest possible time. Instead, short-term goals mean the goals of a single season and these are planned according to the availability and the means available to the football club. A forecast is made on what the revenues and costs will be and the risks are calculated; sometimes not easy to understand, such as the Covid-19 pandemic that has brought many teams to the brink. From these the technical team is formed, the purchasing / sales campaign is planned and all the human resources necessary to face the championship. The greater the economic resources, the more will be spent on the purchase of new players with experience and skills, who can give an edge to the team; vice versa, the club will rely on a much younger team with little experience where the salary will be lower.

"The main sources of revenue come from the box office and commercial"

From the point of view of Palermo FC, militant in Lega Pro, revenues from TV rights are almost zero. In Italy, like almost all European championships, the distribution of TV rights takes place collectively, i.e. they are sold by the federation and this subdivides them into categories; while in Serie A 10% is divided between 20 teams, only 2% arrives in Lega Pro and will be divided into 60 teams. Therefore, if we talk about the top flight, TV rights form an important slice of revenue, especially if European competitions and other national competitions join together in addition to Serie A.

The Covid-19 pandemic has somewhat changed the dynamics of revenues, creating great damage in the coffers of companies. One of the major sources of revenue was precisely the box office, Palermo in the 2019/2020 season obtained about € 1,200,000 with 10,500 subscribers, despite the fact that the season has been tampered with since the beginning of the pandemic, which led to a total zeroing of these revenues. In addition, the presence of the public at the

stadium brings other revenues such as advertising on the sidelines of the football fields, the sale of drinks and food at the stadium or other services related to it. Finally, in the higher categories, the box office represents about 11% of the football club's takings, while in lower categories such as that of Palermo FC, the percentage increases to about 30%, therefore an essential item for the well-being of the team.

The commercial, consisting of sponsorship and merchandising, is of vital importance for the coffers of a team. Sponsorship proceeds depend on the objectives and bargaining power of the company (more on this topic later); merchandising, on the other hand, depends purely on the results of the team, on its notoriety and above all on targeted marketing strategies, such as the one carried out by Palermo FC with the celebratory jersey of the 120th anniversary, which has brought considerable revenues.

In addition, the teams collect other bonuses that come from seasonal performances, the winning of competitions or even, in the case of the Lega pro, linked to the enhancement of young people. Finally, a very important item of revenues could be that coming from the sale of players: it depends on the strategy adopted by the company; this could be an important item among the revenues in the club. As we will see later, the old Palermo adopted a policy of valorising the young player and then putting him on the market to keep the team's accounts in the balance.

"The main cost is human resources, that's what usually takes the biggest part"

Among the main costs that figure in the Business Model of a football team, those that take the largest share are the costs related to human resources, which include the salaries of the players, the technical and medical staff, management and employees for the operation of the company, staff necessary for the proper conduct of a home game and the costs for the purchase of a new player's card. These costs vary depending on the size of the team and where it plays, for example Palermo FC, the current one, has 5 employees, while the old Palermo, U.S. Città di Palermo had 28, simply because it was in a higher category and therefore the bigger a team, the more commitments increase and the more staff you will need. Precisely, because the commitments from an administrative point of view will increase, from the point of view of continuous control with the supervisory bodies and also from a commercial point of view for a greater presence of contracts to be closed and customers to follow. More precisely, in the 2020/2021 season, group C of Lega Pro (where Palermo FC plays) spent € 50,000,000 in salaries (just think that in Serie A only Juventus spends around € 30,000,000 to pay Cristiano Ronaldo) , about 2,500,000 per

club against very low revenues (Covid-19 fault); while group A, which is the one that uses more young people (less competitive squares and low pressure from the city they represent), spends € 30,000,000 in salaries, about € 1,500,000 per team; they therefore aim at reducing costs and enhancing young people who could bring revenues in the future, to make up for the losses due to the pandemic. Other costs are related to services, business operations, the organization of home matches, business trips and travel, and the use of third party assets. For example, Palermo FC pays the rent of the stadium to the municipality, also supporting the management costs. Cost for the use of third party assets that involves most of the Italian teams, just think that in Italy there are 105 stadiums with more than 5,000-seat installations and only five are private (Juventus, Udinese, Sassuolo, Frosinone and Atalanta). At Palermo FC each match played behind closed doors, therefore without any collection, costs about € 20,000 (not considering the rent), to support expenses such as that of the stewards (in a number defined and requested by the police headquarters), red cross, firefighters and facility services such as boilers and elevators. For Palermo FC, the construction of a proprietary stadium would allow to obtain greater revenues, to involve as many people thanks to greater comfort and size. Instead, a new owned sports centre would allow us to work better on the development of young players.

In the case of Palermo FC, qualified personnel, organized in a technical team structured as follows, compose the staff referred to above, in compliance with the federal regulations in force: at the top the manager in charge, followed by the second manager, an athletic trainer, a goalkeeper coach and a medical staff. The team CEO in the person of Rinaldo Sagramola takes care of the composition of the staff, given his great experience, with the help of the Sporting Director in the person of Renzo Castagnini. This depends and varies depending on the organizational structure of the company, sometimes more or less authority is left to the SD and above all, there is the figure of the head of the technical area who personally takes care of the composition of the staff. A person of a certain calibration and experience, who takes on great responsibilities, because the fate of the entire season depends on him, too, always plays this role.

The medical staff of Palermo FC, on the other hand, reports to the social doctor specialized in sports medicine and with proven experience in the competitive sector, together with two physiotherapists and a nutrition specialist in collaboration with the Faculties of Medicine and Motor Sciences of the University of Palermo.

"The youth sector of the current Palermo, unlike the previous one, is absolutely oriented towards the enhancement of the *territory*."

Unlike the old Palermo that had a very low presence of local players in the youth sector, the new club is committed to enhancing a nursery of local talents, made up of promising young people from the area, selected, followed, trained and encouraged by highly qualified staff, specialized and leading professionals. Following a careful and reasoned analysis that highlights the very low, if any, presence of Palermo players in the top flight, despite Palermo being the fifth largest city in Italy, Palermo FC is developing a youth sector different from the traditional structure. The club does not have dormitories because it believes in healthy and guided growth under family guidance, especially because youth football is a very competitive environment where the success rate is very low; just think that there are about 1,200,000 youth playing football, 100 youth teams between the three major categories and only 300 Italians play in Serie A. The family question and the territorial question made Palermo focus on the city. This project has followed observers, managers, trainers, athletic trainers, entrepreneurs, all the professional skills needed to develop an entire virtuous football system that organically raises the level of the sports institution in the city. A strong commitment to grassroots activities and youth teams means training high-level players by optimizing investments.

Otherwise, the old Palermo had about 30 players from all parts of Italy and the world, so it had a dormitory and another structure. This project will also be useful to measure and weigh the differences between the two ways of acting.

In addition, the restructuring of the youth sector is accompanied by the launch of the women's sector with the establishment of four teams: a first team and three youth teams (students, very young, rookies). The entire women's division is headed by a technical manager who coordinates the work of the training sessions in charge of the individual teams. The staff is completed with an athletic trainer, a sports medicine doctor and a physiotherapist.

“Among the objectives of this Palermo there is a vision strongly oriented towards innovation and the future, capable of involving traditional fans but also of cultivating new ones, especially among the younger generations, opening up opportunities for commercial development never before explored.”

Palermo is committed to the creation of new exclusive reception areas for Sponsors and the Club, which will allow diversification of the match experience. For example, in the wake of large international clubs, a special experiential package, the Walkabout, will allow the

involvement of the fans and will lead them to experience the match up close as part of the team: from the visit to the dressing rooms before the match up to the path in the tunnel together with the starting team that takes the field or watching the game directly from a bench. Alternatively, like the project for the Palermo museum, planned inside the Barbera stadium.

Among the most substantial interventions there is also a new area with a special area reserved for disabled people who at the moment do not enjoy optimal visibility at the stadium.

In addition, in support of the fan, the company is committed to launching the Palermo Card Circuit: a network of commercial activities affiliated with the company, which, thanks to a special card and related digital app, allows you to take advantage of numerous advantages. A fidelity tool available to all fans, to allow them to accumulate points for prizes and benefits with each purchase at one of the affiliated businesses.

Palermo's football history will also be revived thanks to the creation of a "Legends" team, made up of old "rosanero" glories, gathered once or twice a year for special matches involving the first team, the youth sector, but also institutions and associations from Palermo, Sicily and Italy, or well-known personalities from the world of entertainment, art and culture. The opportunity will be given by charity matches to be played at the Barbera stadium, capable of involving a large audience around a noble cause.

For the first time, Palermo will make its entry into the virtual arena of E-sports, digital gaming platforms that involve players of all ages from all over the world. The company will immediately be able to equip itself with a team of gamers capable of representing the real team and the pink-black colours within the largest international competitions, between individual players and professional teams, especially on Fifa and Pro Evolution Soccer.

Finally, again in favour of the fan, the media coverage of the team's activities is amplified thanks to the agreement with the main national and local radio and television broadcasters. In addition to the agreement being defined with the main national broadcasters for the live broadcasting of league matches, agreements with local broadcasters are already envisaged. Radio Action and Radio Time, among the most listened to in the city, will collaborate for a radio news report on unified networks of the Palermo matches, to ensure maximum diffusion of the matches. An absolute novelty in the history of Palermo with the two main radios of the city that, for the first time, have agreed to work in synergy to support the team. At the same time, an agreement was reached with TRM - Tele Radio del Mediterraneo as the official television media partner for the deferred broadcasting of the matches, unencrypted and therefore accessible even without subscriptions.

“The audience at the stadium is something that Palermo needs and cannot do without; both for the economic contribution and for what it can give to the team, in terms of performance on the pitch, to achieve a result”

The presence of the public enriches, influences the team's performance and in addition triggers virtuous and commercial mechanisms, like an advertiser who takes an advertising space on LEDs because if there is an audience at the stadium. The full stages allow for an overall improvement of the product to be sold. Speaking of fans, in 1980 President Renzo Barbera wrote: "Remember, friends, which Palermo belongs above all to its fans, the real strength of the club". Fans who still remain at the centre of the Palermo FC project, in fact, the new company has opened up to sharing with the fans and with the municipal administration, through the establishment of a widespread shareholder structure for the control of 10% of the society, the appointment in favour of the municipal administration of a member of the board of statutory auditors, the constitution of a consultative committee composed of three members: one representing the fans themselves (starting from the owner of the shareholding), one representation of the Municipal Administration on the direct appointment of the Mayor of Palermo and one appointed by the company that owns the Palermo. This decision gives great importance to the figure of the fan since these elements are part of the statute of the new club and can never be eliminated or replaced, as they cannot be changed in fact. Whoever is, in the future, the owner of the Palermo, will be subject to control and verification in the management by the entire community, so that the Palermo represents forever a common heritage and not the mere property of an individual.

"The fans are therefore part of the social structure and can affect the future of the company, through a mechanism of representation that starts from public opinion and goes up to direct dialogue with the top management."

The presence of fans at the stadium is mainly due to three factors: the spectacle on the pitch, the sense of belonging and the relationship with the club. It is obvious that any team that plays in the top flight has an average presence of fans at the stadium, due to the enjoyment and quality of the show, and to the presence of players of a certain level. As the category falls more and more, the presence of fans decreases and only those who really want to show a sense of belonging remain. An example is Palermo in the 2019/2020 season that, despite playing in

Serie D, totalled 10,500 subscribers with peaks in attendance of up to 18,000 spectators; simply for the enthusiasm, the desire for rebirth, to start from scratch from a new adventure and to be able to say "I was there". Another factor, in fact, was the relationship with the company given by the President, Dario Mirri, (Palermitan and nephew of the historic President Renzo Barbera) and by the Vice-President, Tony Di Piazza, also Sicilian; in fact, the expression of the territory came out and the fans felt represented by someone who really feels they belong.

Furthermore, Palermo aims to involve the large number of fans already existing abroad, as a result of the large migratory flows that have brought thousands of Palermo and Sicilians overseas over the last century, with the aim of strengthening the sense identity otherwise destined to be lost.

Finally, to underline even more the closeness with the fans, the company makes sure to encourage the creation of cells of fans, fan clubs and supporters by organizing foreign tours, on and offline events, friendly matches and ad hoc expeditions in the countries where the "rosanero" football faith is more felt. But also, to tell the stories of fans abroad through media partnerships and radio and television projects linked to the team.

The fan therefore assumes a key role in corporate decisions and therefore essential for the proper functioning of the business model. As we have seen, this affects all revenue items, directly or indirectly. Therefore a club, in choosing the objectives, must have an interest in listening to the opinion of the fan and taking into consideration the square that he represents.

Second Meeting - The two maximization strategies:

"It all depends on the team's goal and the team's goal is influenced by the place it represents"

There are many factors that will determine the choice of the strategy that the company wants to apply, when it is represented important places and therefore with a big city or a team with a great history, it is difficult to choose a model that is purely aimed at valorisation of young people and therefore to the maximization of profits. When we talk about the fans as the twelfth man on the pitch it is also right to point out that they are among the most important stakeholders of a football club, they are the real soul of the team and those who, above all, give breath to the club's coffers. In this sense, when we talk about the place, we talk about the presence of the fans, what they want is what the club has a duty to show through their performances on the pitch. So the study of fans, moods and loves, is an important point of management and the good of the team. A team that tends to maximize profits is a team that has a square with low demands

and can afford (also due to the financial situation) to apply a model that points to the enhancement of young players and to propose the latter on the market, to give breath to the own coffers. The size of the city is necessarily, in most of the times, linked to a good financial situation of the company, which is essential to follow a model aimed at maximizing victories.

"I can affirm, given my long career, that we cannot speak only of the two opposite poles; of course, there are teams that strictly prefer the maximization of victories and teams that prefer the maximization of profits, but it is also true that many of them are in the middle and that is, they tend to find a balance between the two poles"

Starting to refer to Palermo, Mr. Sagramola states that for the city it represents (the fifth largest Italian city) it is difficult to think of setting up a model that aims solely and exclusively at the enhancement of young players without paying interest to the results in football terms, especially in the lower categories. In the top flight, Serie A, it is clear that facing teams with 4/5 times higher turnover and therefore with a much better formed team from the point of view of individuals ("they can have Ronaldo and we can't"), lowers expectations of the city and therefore if you fail to win the championship the supporters will accept it anyway.

"The old Palermo did not have the obligation to win the championship because there was the awareness of the presence of other teams with different equipment, but they still tried to compete to reach important goals such as qualification for the Champions League or how, in 2011, the final of the Italian Cup"

To reach medium-high goals, Palermo has set up a team with players of a certain level (Miccoli, Liverani, Nocerino, etc.), who earned a lot but who paid a lot. The presence in the squad of these players put the income statement in negative, and we tried to recover with the enhancement of some young players. Palermo succeeded very well in this, thanks above all to the team of observers, agents and talent scouts who over the years have brought players to the city who then left their great stamp in the history of football, many winners of the 2006 world cup and others ended up in great Italian and European teams. So investments were made in young people with a prospective still unknown, these grew as a team and in a few years they would have brought profits and therefore allowed to put the income statement in order. Of course, we must consider the hitch and therefore the failure of the investment.

So on the one hand, Palermo had players in the team who earned a lot, who gave a lot and allowed them to achieve results, while on the other hand they tried to enhance some young players who would allow them to stay in balance.

Mr. Sagramola highlights how it is necessary to focus on the development of a scouting team when the goal is to maximize profits, saying precisely that it is a corporate apparatus of fundamental importance to be able to find the right young people who can, in the future, bring revenue.

"I want to define Palermo FC as in the centre of a shade of grey"

The current Palermo who plays in Serie C, after a failure, has the obligation to try to win the championship; precisely in the program presented in 2019 to the municipality of Palermo, the goal was to try to reach Serie B at the end of the three-year period. In this sense, Mr. Sagramola defines Palermo FC at the centre of a shade of grey because he is trying to reconcile the need for victories by trying to set up a strong and competitive team and therefore aiming at what we have defined maximization of victories but not neglecting the enhancement of young talents who can be a strong source of revenues for the Palermo incomes. Some young players present in the team are already able to make an immediate contribution to the team and to grow in football to make it a value in the future from a patrimonial point of view. Precisely, on the development and support of the youth sector, the new club will aim to finance itself and create economic and patrimonial value, exactly as in the model of the most virtuous modern football clubs. Always remaining in the Lega Pro championship, the CEO gives me the example of teams such as Bari, Ternana, Avellino or Catanzaro that have been studied and trained purely with the aim of winning. Teams made up of players who have a curriculum that gives the possibility of being able to aim for coveted goals, of players who, net of injuries, are able to give you excellent performances throughout the course of the championship. Then always in the same championship we find teams that have not set themselves the goal of winning the title, because small teams or for financial disputes, so they use a greater number of young people and precisely shift the interest to the enhancement of it and to recover a point of financial balance through the market. So, basically, the difference depends on the objective of the team, if it has to win it goes to buy players who offer you a certain security, if it does not have this imperative then it shifts the interest to young people, with less experience of perspective and with a mountain much lower and therefore more sustainable wages.

"An opposite example, in my experience, is Lodigiani: it was for years the third team in Rome, starting from suburban fields, we arrived in C1 working only on young players."

In a situation like that of Lodigiani this is possible because the reality is small, the demands low and the fans just as few, so you have the possibility and freedom from a corporate and management point of view to bet everything on young players. In fact, Mr. Sagramola describes the management of that company as an annual cycle that is always the same and that is to start every year from a very young team and then at the end of the year sell those who had shown they can make the leap in quality and therefore derive revenues; the following year it was repeated with the same dynamics of the facts. In addition, thanks to an excellent job of scouting among the Italian fields, in those years, about 40 players of the highest calibre (Toni, Stellone, Di Michele, etc....) passed by the Lodigiani. The example of Lodigiani is also a warning to show that the maximization of profits and therefore the concentration on the growth of young players, especially in the lower categories, does not exclude the achievement of victories, the fact is the play-off with Salernitana to get to Serie B , starting from suburban fields. So, continues the CEO of Palermo FC, the more the company represents a small / medium-sized city or place, the more in theory you can risk a management aimed at maximizing profits and therefore orient the model as much as possible on the enhancement of young layers.

"There are few teams that orient the model only on the maximization of profits and the enhancement of young, necessarily they are expressions of niche, provincial, very small realities, where obviously there is no interest in filling the stadium every Sunday."

In this sense, the provincial reality that has succeeded despite its small dimension is Chievo Verona. Having no great demands on the part of the public, for years they pursued a policy that aimed at the enhancement of young players, managing to serve in the top flight for years. Once they established themselves in Serie A, however, the fear of not respecting the expectation that had been created around them came into play and therefore they changed their model, becoming the oldest team in Europe.

In fact, the change of model has worn them down until the relegation, over the years also leading to an increase in costs due to the presence of experienced players.

Living in a small reality, like Chievo Verona, an example to follow, according to Mr. Sagramola, is that of Empoli. Without any pretension on the part of the place, for years ago

what has been called the "lift", that is, continuously moving from Serie A to Serie B and vice versa, always focusing on young players; and in the meantime, instead of investing resources to remain clinging to the top flight, they made investments to capitalize the company, with the construction of the sports centre and the beginning of the design of the new stadium.

Therefore, when a team is represented by a city that does not have great demands and therefore does not create a lot of pressure, then it is much easier to focus a model based on maximizing profits. The company will therefore be able to concentrate on investing in scouting activities, in the formation of an excellent youth sector, with qualified structures and instructors, enhancing young in order to then put them on the market and derive revenues. While those who have big claims behind them tend to buy players of a certain calibration, experience or ability to achieve a certain result, paying little attention to profit. Sometimes they are also young, but of a certain level, with certain characteristics already developed and shown, and which therefore demand a lot from an economic point of view.

As for the creation of the staff, this is also influenced by the choice of one or the other strategy. A team that aims at the enhancement of young players will form a staff that will have the task of understanding and focusing on certain characteristics of the young person to premise his growth, so it will be a more technical staff. Unlike a club that aims at maximizing victories that will focus more on training a much more tactical staff, precisely to make the team grow as a whole and bring results to the total.

"But here, when I was in Brescia, for one simple reason, because there was a situation with rather compromised accounts to balance, we applied a strategy of maximizing profits"

Another case in which a profit maximization strategy is undertaken is to put the accounts of a company back on the balance sheet. When Mr. Sagromola arrived in Brescia, the company was in a situation with debts of around 35 million euros and revenues of 8/9 million a year, because he played in Serie B. So the action carried out was that of rejuvenating the team, investing in young people with low economic demands and letting go of the older players with large salaries; in fact, in the 2015/2016 season Brescia was the youngest team of all Italian professional tournaments. On that occasion, despite Brescia being a very "hot place", the fans were aware of the needs of the club, that the team needed that intervention and accepted that decision. After two years, the company was resold with a much lower debt of around 7 million, and therefore this allowed us to return to the old model aimed not purely for profit. Therefore, cuts on the

workforce, which is precisely the most consistent cost item (about 80% / 90% of revenues), are the cornerstone of the profit maximization strategy.

"The execution of one or the other strategy is in any case accompanied by support actions such as the careful search for the sponsor"

From the point of view of sponsorship, if a company is oriented towards maximizing profits and therefore enhancing young people, it must find a sponsor from which it can benefit, in which the products match well with the type of vision; therefore companies that are not very sensitive to sporting results and that offer products that perhaps aim at the growth of the individual. Indeed, it is the policy pursued by the team that influences the choice of one or the other sponsor. This will also depend on the company that will sponsor, which must be aware of the strategy that will be undertaken because it is worth its image. Surely, the research must be oriented and consistent with what are the institutional goals of the company, without any doubt, a team that aims to win the championship will earn more from a commercial point of view precisely because the brand will benefit from the point of view of image.

In a chain, merchandising is also linked to performance, obviously the higher the team is in the ranking, the more football fans, and not just the fans of that team, will buy the t-shirt or any other item related to merchandising; this, to the advantage of the company's incomes and the visibility of the sponsor.

On the other hand, with regard to revenues from TV rights, in lower categories such as that of Palermo, regardless of the strategy undertaken, the performances have little influence on the proceeds. The situation changes, however, if you move up in the category, where revenues from TV rights are also divided according to the team's ranking and therefore its performance.

"You must know that all football companies have a structural loss; they all, at least most them, lose"

This very important point must be emphasized, because whatever the strategy used, in almost all cases one goes to face an economic loss. This leads us to reflect on the fact that even a team aimed at maximizing profits does not derive any gains from it.

So why should an entrepreneur invest in buying a football club? Leaving aside the romantic side, where an entrepreneur can buy the team only for personal satisfaction, for love for the

team or simply for the pleasure of wanting to manage a football team. In most cases, however, the owner of a team, in the face of losses, enjoys other advantages that are reflected in his main business. Advantages from the point of view of personal visibility, internationalization and awareness of your brand and the birth of new channels of dialogue with other properties and institutions.

The risk is still high, because, unlike the American championships where there is no relegation, the European championships are open and therefore present the possibility of relegation that would entail, at the same costs, a huge collapse in revenues.

5. Findings Discussion

Having conducted the two studies, the first one based on literature research and the second one on the practical case, I am now going to illustrate in this chapter all the findings achieved, highlighting several propositions and discussing them.

Proposition 1 can be summarised and illustrated by the following Canvas Business Model (following the framework, I will proceed to the discussion of each block):

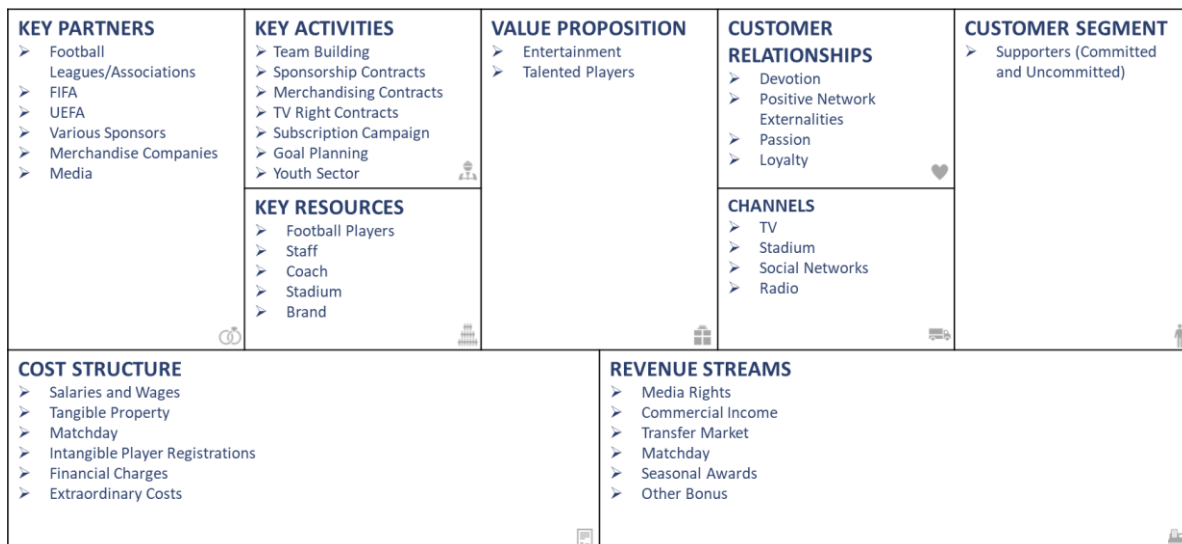


Figure 5: Canvas Business Model of a Football Team

The value that a football team offers to the customer segment, made up of committed and uncommitted fans, is fundamentally a focus on entertainment and therefore the spectacle of the match which, moreover, can only be supplemented by the presence of talented players. The more a team creates show and wins, the more it buys talented players and the more it will attract fans and therefore customers they will consume (this explains the positive network externalities). The bond that unites the fans, mainly committed, to their team is based on devotion, passion and loyalty; while the positive network externalities is linked to uncommitted supporters. The teams, to keep stable and increase the three points just highlighted, organize activities that go beyond the normal administration; for example, matches with the old glories of the team, loyalty cards with specific discounts and concessions, or, as in the case of Palermo, the creation of new jerseys for the celebration of an anniversary or something special. The channels used by the football clubs to reach the fans are basically the stadium and the various television broadcasters for watching the matches, the radios only for listening to the commentary and the social networks to maintain a certain relationship with the fans and to improve the communication.

The main sources of revenue come from stadiums and commercial income. Stadium entrances include box office, season ticket campaign and all the services offered inside the stadium such as bars or parking lots. Instead, commercial income is divided between sponsorship and merchandising; there are more or less strong sponsors and therefore more or less in sight, it means that the sponsor that gives the highest economic contribution is the one that will have the most visibility during the season, so maybe it will be on the team jersey. Particular attention must also be paid to revenues from market transfers, which are precisely the crux of the strategies that aim at profit, which we will analyse later. Revenues from Media Right have increased a lot over the past two decades and they can be sold in two different ways: individually and collectively. Individually it means that each team sells their television rights to broadcasters, while collectively it means that the league the team is a part of will sell the rights and then divide the profits among the participants in a more or less similar way between them. Two other sources of revenue are due to prizes from qualification or competition victories, which in some cases can be quite substantial, and revenues from other bonuses due to actions such as the presence of young people in the team.

Among the costs, the item of greatest interest is that relating to human resources, overall made up of salaries and wages and the intangible players' registration. This includes all the organizing bodies, the various staff (sports and medical) and the players. Another substantial cost is related to tangible properties such as the stadium or the training ground, costs which in most cases are related not only to maintenance and operation, but also to rent; being that in Italy there are 105 stadiums with more than 5000 seats and only 5 are private. Related to the stadium costs are the costs for organizing and implementing the Matchday such as, for example, the costs for security. Finally, we also have costs from financial charges due to financing requested by the company and extraordinary costs that can incur during a season.

I end this analysis of the business model with the three keys. The Key Partners are necessary for the conduct of the business, of what is the real game of football and also for the company's coffers. In fact, the Football Leagues / Associations, FIFA and UEFA allow the aggregation of several teams to be able to play the championship or in any case a tournament. It should be noted that, in a very rare case of competition, football clubs need their competitors to produce game and profit, the football business is unachievable as a monopolist. While, partnerships with various sponsors, merchandising companies and the media make it possible to attract revenues. The key activities for conducting the business are also, like the key partners, some aimed at gaming others at profit. In fact, goal planning, team building and the youth sector are activities that aim at play; while the contracts for sponsorship, for merchandising and for TV right, and

the subscription campaign aim at the well-being of the company's incomes. Finally, the key resources for the conduct of the business are the stadium, the players, the staff and the coach necessary for the development of the game (in the case of the stadium also for profit); while the growth of the brand, which occurs with the achievement of successes, is necessary to attract the attention of new fans and subsequent profits.

An aspect not highlighted in the Canvas framework, which however is interesting to integrate, is competition. We can distinguish internal and external competitors: the internal competitors are other football clubs participating in the same league; while the external competitors are different forms of sport and also different ways of spending free time. The interesting thing to note, in the football business, is that internal competitors are absolutely necessary to generate revenue or generate profits. A company or team needs the collaboration of a second company to "produce" the game and many other companies to produce the league and other external effects.

Having a total and specific vision of each block that constitutes the business model of a football team, I can now move on to the second part of the work that aims at studying the two maximization strategies.

Following the diagram, it is easy to understand which are the main characteristics of one and the other model:

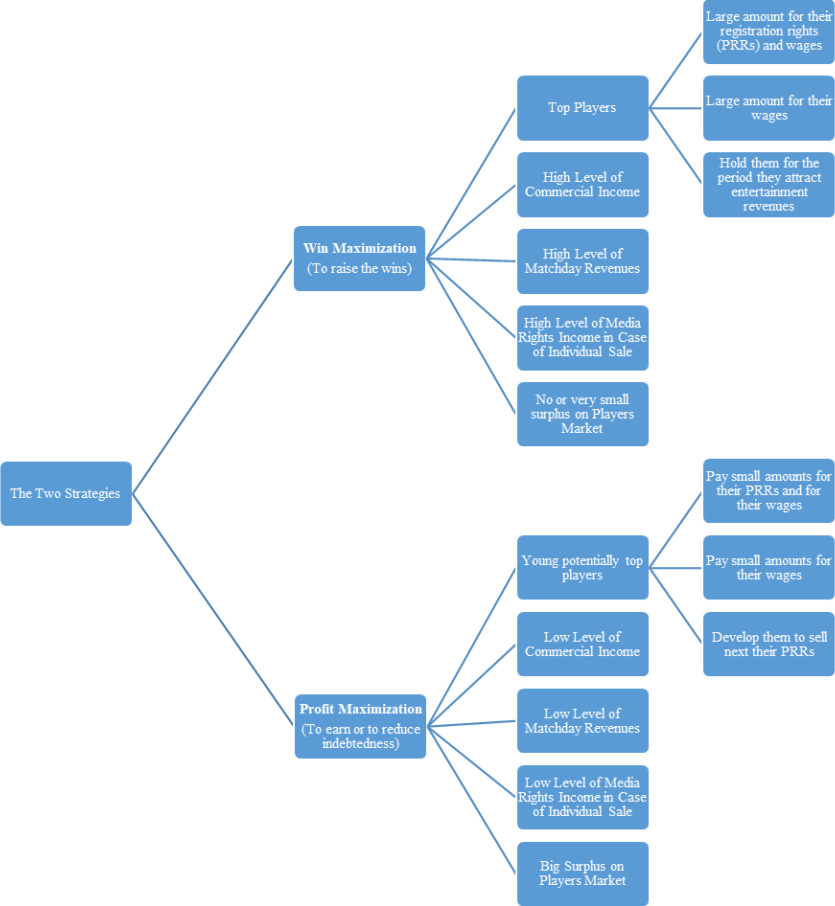


Figure 6: Characteristics of the Two Maximization Strategies

Proposition 2: Win Maximization Strategy aims to get already trained and experienced players. While, Profit Maximization Strategy aims to get young and prospective players.

The substantial and main difference between the two approaches lies in the management of the players, those who maximize the victories look for players already trained, with expertise and who make a substantial contribution to win, but who will have a very high purchase cost as well as the salary. While, those who maximize profits focus on young and prospective players, they will certainly have lower performances and also lower expenses, but above all they can take advantage of a large surplus on a possible future sale.

Now let's continue seeing the implementation of one or the other strategy to what results it leads, if there are differences in management, what the choice is due to and above all if there are only the two poles or if some team is in the middle.

Proposition 3: The revenue sources of those who want to maximize wins are primarily concentrated in sponsorship, merchandising, and stadium revenue. Whereas, those who aim to maximize profit will focus their revenue source in the very high surplus of the player market.

Underlying this, considering that most teams interface with a structural loss, is a difference that stems from the different revenue sources. In fact, those who maximize the victories will have the greatest income in terms of sponsorship, merchandising and stadium receipts. While, those who maximize the profit will have a very high surplus in the players' market, unlike those who maximize the wins where the surplus will be zero or very small. While as far as television rights are concerned, this depends on the method of sale: in the case of collective sales, the proceeds are roughly the same while in the individual sale, those who maximize the wins will have higher collections.

Proposition 4: Profit Maximization Strategy points to a scouting team specialized in the research of young players with great potential and still with a very low price tag and salary; then, a training staff that aims to help the player's personal growth, so it will be a more technical staff.

While Win Maximization Strategy aims to a scouting team specialized in the research of the most suitable player for the team; then, a training staff that aims to grow the team as a whole and bring results to the total, so a much more tactical staff.

The main difference in management lies in the team building and everything that revolves around it. Each team has its own scouting staff with a sports director who have the task of

forming the team according to the management guidelines, given by the objectives set at the beginning of each year or at the beginning of a project. Therefore, a team that aims to maximize profit will have an experienced and targeted scouting team looking for the youngster with great potential and still with a very low price tag and salary. Unlike those who aim to maximize the wins that will have a differently experienced scouting team who, on the other hand, will have the mission of looking for and buying the most suitable player for the team, already experienced, therefore with a very high salary and price tag, which, however, will immediately give its performance on the field. In addition, a team that aims at the development of young players will form a staff that will have the task of understanding and focusing on some characteristics of the young person to premise his growth, so it will be a more technical staff. Unlike a club that aims at maximizing victories that will focus more on the formation of a much more tactical staff, precisely to grow the team as a whole and bring results to the total.

Proposition 5: Teams that goal is to maximize profits are looking for a sponsor who does not have an image tied to wins but a mind-set and mission tied to youth growth. While, those who maximize wins are looking for a top sponsor that can give a big amount of money but in change wants to highlight your image through team visibility.

By moving, instead, in the part of the management close to the revenue we can affirm a difference approach in the choice and research of the sponsor. Sponsors pay large sums of money to get some visibility, and obviously, if a team does not win it loses its image, compromising that of the sponsor as well. So whoever maximizes profit, presumably does not have large win percentages, will go in search of a sponsor with a corporate mind-set that could be useful for the development of the young players. So this sponsor does not have the imperative for the team to win to highlight its name, but to have great visibility by linking its product and its brand name to the enhancement of young players, regardless of whether in the end this team wins or not.

Proposition 6: Big teams that represent big cities, with a big fan base and with a very rich ownership, most likely aim at victories more than profit. Instead, when a team represent a small reality, most likely aims to maximize the profit.

At the beginning of each season or of a project, the objectives are outlined, then the strategies to be applied; these are taken in accordance with the team budget but above all with the city they represent and therefore the expectations to be respected. While the curious study M. Dietl

& Weingaertner (2014) shows a correlation between the corporate asset and the choice to undertake one or the other strategy, from the practical case it emerges that regardless of the corporate mind-set or the background of the president, it is necessary following and respecting other variables which are the performance expectations of the market being represented and the economic situation. Therefore, if a team has a big city or pretender supporters behind it due to the winning history of the club, the club has a moral duty to maintain a certain standard of performance by guaranteeing players of a certain level and having certain technical characteristics. The exception occurs as in the cited case of Brescia which, despite having a very pretentious supporter behind it, due to a financial disaster found itself with a very high amount of debts that it had to recover with the implementation of a profit maximization strategy for a couple of years. On that occasion, both the city and the fans understood the need, identifying themselves and thus allowing the proper execution of that debt recovery operation. On the other hand, we have small realities, with very small supporters and equally small claims, so with little chance of filling the stadium every Sunday, in which case the club can concentrate entirely on maximizing profit. Buying young players, facing the championship and regardless of the final goal, reselling players who have developed a surplus and buying others who will be part of the exact same cycle as the previous year. Obviously it is necessary to consider variables that go beyond the control of company management and could lead to the failure of this project, namely the poor performance of the player, a bet (in terms of talent) gone wrong or the injuries that occur during the season. Moreover, on the other hand, we must take into consideration the factor that despite the fact that we are aiming at maximizing profits, that season, due to a series of technical and tactical factors, could lead to the victory of the title or to a qualification. There are several examples such as the one mentioned above by Lodigiani who touched a historic promotion in Serie B.

Proposition 7: We cannot see the football industry as the concentration of the different teams on the two opposite and extreme poles; but we see it as a shade of gray, where the different teams are positioned from the extreme poles toward the center.

Last but not least, we are making a mistake in considering the presence of only the two extreme poles and thus that the teams are positioned entirely on one side or the other. Instead, we should see it as a shade of grey in which the different teams are positioned throughout the shade, from the two poles to the centre, deviating more toward one or the other, or simply seeking balance. Therefore, we have, on the one hand, big teams that represented big cities, with a big fan base and above all with a very rich ownership that aim entirely for victories. On the opposite side,

small teams, representing small cities, with an equally small fan base and with not very rich ownership that aim entirely at the protection of profit. The rest of the teams are in the middle of the two, they have expectations to respect, fans and a city that want to have fun and therefore try to keep a team always competitive. From the example of Palermo, these teams have medium-high players that allow them to obtain results, integrating with young players to grow and sell when they are mature. In this case, we can talk about a kind of mutual respect, that is, the team always tries to provide a value proposition that is acceptable to the client (the fans) and works at the same time to protect the profit.

6. Conclusion

Having reached the conclusions, we are able to say that we have achieved what we set out to do.

First of all, we were able to have a complete picture of what is the business model of a football team, illustrated by the Canvas framework and explained systematically in the previous paragraph. From this comes out, mainly, the central role of the supporters and the club's need to keep their passion alive in order to continue to follow the team and therefore, from this, allow the realization of revenues. As a matter of fact, it is the Value Proposition that highlights the entertainment and the presence of talented players; but when these are lacking, as in the case of maximization of profits, the revenues coming from the fans are reduced to almost zero, referring those coming from the really fond supporters to the team with a deep passion.

Moving on to the part regarding the study of the two maximization strategies, we were able to analyse in detail the characteristics of one and the other, and then conclude that the two models are at opposite ends of the spectrum and that many teams operate in between. So as to theorize a model that would be a hybrid, in different percentages depending on the team, between the two strategies analysed. Therefore, we can say that most football clubs, unlike any other company, do not only aim at maximising profits.

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