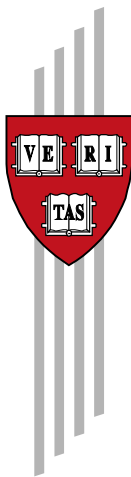


**Being Special:
The Rise of Super Clubs in European
Football**

Matt Andrews

CID Working Paper No. 299
January 2015

© Copyright 2015 Andrews, Matt; and the President and
Fellows of Harvard College



Working Papers

Center for International Development
at Harvard University

Being Special:

The Rise of Super Clubs in European Football

Matt Andrews

Harvard Kennedy School

January 2015

Research supported by the International Center for Sports Security (ICSS). All views and contents are those of the author alone and should not be seen to reflect the views of the ICSS.

Introduction

Professional football clubs are ubiquitous in Europe. Every small to medium sized city has one. But most cities do not have an F.C. Barcelona or Bayern Munich or Manchester United. These are among the ‘super clubs’ of Europe: they win more games, attract more supporters, and make more money than other clubs. These clubs were not always the juggernauts one sees today, however. This paper looks at how they emerged. It tells more of an economic story than a sporting one, recounting a narrative similar to that one might tell about the emergence of successful multinational companies. According to this narrative, super clubs rise by producing increasingly more complex products because of expanding productive capabilities, providing growing opportunities for economic spillovers in the process.

As indicated, this narrative focuses particularly on the ‘capabilities’ that have helped super clubs emerge. This focus draws on an emerging theory about economic complexity, which is used to frame the paper and is briefly introduced in section two (following an introduction to super clubs). The theory posits that production results from the creative combination of economic capabilities—or know-how. Some products require few common capabilities, are produced by everyone, and have relatively low value: like the average football club. Other products require many capabilities (including some that are rare), have high value, and are produced by a select group: like the super club. This theory is used to suggest two hypotheses about how football clubs become super:

- First, clubs do not become super by just producing better versions of the same products (a successful football team). Instead, over time, these clubs produce more complex, higher-value, globally consumed products.
- Second, clubs become super by accumulating new capabilities (or know-how) over time, manifest in new skills and people accessed through a range of ‘catalyst capabilities’ that source the skills. The catalyst capabilities include engagement mechanisms (through which skills are located and contracted), capital, infrastructure, and adaptive leadership.

These hypotheses are put to the test in this study. Section three discusses the method used in such analysis, which is a version of systematic process analysis. It involved tracking the rise of four (generally agreed) super clubs—F.C. Barcelona, Bayern Munich, Manchester United, and Real Madrid—and two clubs that are potentially rising into this group—Manchester City and Swansea City. The work centered on identifying and examining key moments in the histories of the clubs, flushing out the factors that influenced their rise, and translating evidence into common narratives about how super clubs emerge. The findings are contrasted with evidence from historical experience in clubs that enjoy close proximity to the focal clubs but are (arguably) not ‘super clubs’ (like Espanyol, TSV 1860 Munich, Stockport County and Bury, and Rayo Vallecano).

Section four offers findings from the analysis. It shows, first, that all of the super clubs have indeed seen a ‘complexification’ of their product lines—moving progressively towards a more complex and diverse set of services and products revolving around the club ‘brand’. Second, the changes in production are clearly facilitated by expanded capabilities. These include expanded skills and people and catalyst capabilities like engagement mechanisms, capital, infrastructure, and adaptive leadership, which have all been growing with time:

- For instance, all of the clubs started with generalist players and managers but gradually employed specialist players and managers. This has led to the clubs now having large and highly diversified playing and non-playing personnel. The catchment area of this talent has also grown, with skills increasingly sourced from other countries and professions and sectors (showing that skills needed to be super come from a broad community).
- The engagement mechanisms through which new ‘skills and people’ were found are impressive. They include factors outside of the clubs’ control—like economic and political and legal changes that fostered the mobility of skills and people. They also include club-specific global scouting mechanisms, internal football academies, and networks of feeder clubs. Commercial linkages have also helped engage new business skills.
- Capital matters in all cases, and is manifest in both direct contributions of money and in the more general support of paying customers and sponsors willing to contribute to club coffers. Capital sources have diversified and became more complex over time in all the super clubs.
- Infrastructure capabilities also matter a great deal. Super clubs started out with small, locally accessible stadiums where they met, trained, played, and did everything else. Over time, however, the stadiums grew in size, were connected to transportation infrastructure that allowed greater accessibility beyond the local community (through regional roads and trains and even international airports) and added properties to allow for separated match, training, development, and business activities.
- A set of supporting capabilities inside and outside the clubs has also proved vital to foster the emergence of the more complex production in these clubs. These are called ‘adaptive leadership’ capabilities and manifest in clear actions of people in club and local government leadership—to respond to threats and opportunities, learn from other experiences, promote new vision in the face of opposition, establish formal and informal negotiation mechanisms and partnerships, and more.

A conclusion summarizes the paper’s findings by suggesting a simple acronym describing capabilities that foster the rise of super clubs: *Special* (Skilled People, Engagement mechanisms, Capital, Infrastructure, and Adaptive leadership). It summarizes the story about how emergent and expanded capabilities have fostered production complexity in these clubs, and draws conclusions about the likely capability differences between today’s average and great clubs. The ending commentary discusses how this study adds to literature on sports economics and

the economics of complexity. It suggests ways in which future work can build on these contributions.

What are ‘Super Clubs’?

Football clubs are ubiquitous. According to the Federation of International Football Associations (FIFA), there are about 300,000 such clubs in the world.¹ Europe has about 900 professional clubs,² averaging nearly two in every city with more than 100,000 inhabitants.³ Over 200 professional or semi-professional clubs play in ten divisions in England alone (with 92 in the top leagues); in large cities like London (with thirteen fully professional clubs and over thirty semi-professional clubs) and in small towns like Lewes (population 15,000) and Witham (population 25,000).

These football clubs are a common focal point in the sports economics literature (Alexander & Kern 2004; Andreff & Staudohar 2000; Kuper & Szymanski 2012; Perkins 2013; Scelles et al. 2014; Söderman & Dolles 2013). Clubs have been portrayed as social and economic organizations, and even likened to more typical firms producing goods and services.⁴ Studies portray the vast majority of clubs as small and medium sized firms operating in local economies. Whereas these studies suggest the clubs often contribute significantly to community cohesion, they also find limited contributions to local economies (Siegfried and Zimbalist 2006, 420-421). These contributions come through small amounts of direct revenues raised and jobs created by the clubs, and through marginal amounts of spending by match-day supporters at local restaurants and retail outlets.

Economic impacts seem much more significant when looking at larger clubs like Liverpool, Manchester United, Bayern Munich, Real Madrid or Barcelona. Studies show that local economies benefit in numerous ways from the presence of these clubs, directly and indirectly (Cambridge Econometrics 2013; Davies; Hardy et al. 1996; Johnstone et al. 2000; Taylor 2013).⁵ The clubs tend to hire local people (typically employing hundreds of full time staff and thousands of part-time staff), buy goods and services from local suppliers, and are a major source of match day revenue (given large crowds that attend games and also fill restaurants, hotels and retail outlets). Local and regional economies also gain from the branding associated with such clubs, and various sectors enjoy spin-off benefits because of their presence (where tourism is the sector most commonly mentioned in this way).

¹ http://www.fifa.com/mm/document/fifafacts/bcoffsurv/emaga_9384_10704.pdf

² <http://www.epfl-europeanleagues.com>

³ There are about 450 cities with official populations of more than 100,000 (by author’s calculations).

⁴ Dobson and Goddard (1998, 764) suggest that the league as a whole could be considered the ‘firm’, because they hold that the product is league play.

⁵ For more detail, see the accompanying paper titled ‘Facilitating Special: How Governments help to create super football clubs’.

The large clubs have been likened to multi-national or trans-national corporations (Giulianotti and Robertson 2004). There are not many of them, but they dominate all others—on the field and off. In England, for instance, there are over 90 fully professional clubs in the football leagues but only five teams have won the Premier League title in its 22 years of existence (Manchester United, Arsenal, Chelsea, Manchester City, and Blackburn Rovers). Two of these clubs, Arsenal and Liverpool, won 12 of the 17 first division titles before the Premier League was created. Similarly, Barcelona and Real Madrid have accounted for 25 of the last 30 Spanish La Liga titles, and Bayern Munich and Borussia Dortmund have raised 20 of the last 25 league title trophies in Germany.

These two German teams also accounted for over 80% of the entire Bundesliga's €146m revenue increase in 2012/13.⁶ This was similar to the situation in France, where the top league's revenue gain of €161m was driven entirely by one club, Paris Saint-Germain (where revenue grew by €178m).⁷ Spain's experience is similar, with Real Madrid and Barcelona having joint revenue in excess of €1 billion in 2012/13, which was over half of the top league's revenues. The five English clubs who have dominated championships (Manchester United and Manchester City, Arsenal, Chelsea, and Liverpool) are also dominant economically. They made revenues of €1.57 billion in 2012/13, which was 56% of the total revenue in the 20 club Premier League and over 40% of takings in England's 92 league clubs.⁸

The key observation here is that football clubs may be ubiquitous, but some clubs stand apart from others. They have much higher revenues than the average clubs, win many more games and titles, and are more likely to contribute positively to their economies. They are the 'super clubs' investigated in this paper. The paper asks why they stand out so much and how they emerged to be so different.

Theorizing about the 'Super Clubs'

These are important and interesting questions to address, especially when one recognizes that all the super clubs have close neighbors that never achieved the same success. Manchester City and Manchester United are seven miles away from Stockport County and Bury, for instance, and although the four clubs emerged at similar times, the former two have either never played first tier football or last

⁶ According to the 2014 Deloitte Annual Review of Football Finance, which noted that, "Much of the revenue growth was driven by a limited number of eminent clubs, especially from commercial sources." <http://www2.deloitte.com/uk/en/pages/sports-business-group/articles/annual-review-of-football-finance.html>

⁷ According to the 2014 Deloitte Annual Review of Football Finance, the remaining 19 Ligue 1 clubs suffered an aggregate revenue decline of €17m.

⁸ Based on calculations using data from the 2014 Deloitte Annual Review of Football Finance. Data show that the Premier League commonly accounts for about 80% of all revenues in English soccer.

played such football 85 years ago.⁹ Similarly, the city of Barcelona's various clubs have failed to reach the heights of FC Barcelona (with 22 national titles): Espanyol plays first tier football but have never won the national title; CE Europa have not played first tier football since 1928; UE Sant Andreu have never played in the first tier. In the same vein, TSV Munich 1860 shares a stadium with Bayern Munich but have won only one national championship (which it raised nearly fifty years ago, in 1966, whereas Bayern Munich has 24 titles since that time).

Most ardent football fans would probably offer common explanations for the super clubs' successes. Many supporters in 2015 would simply point to Lionel Messi, Cristiano Ronaldo, Wayne Rooney and Thomas Muller (or other current leading players) as the keys to great success. "Maybe Stockport would have been super if Rooney played there?" Others may say that managers like Alex Ferguson or Pep Guardiola make the difference. "If Guardiola coached TSV Munich 1860, would it too be super?" Some may say it is all about money, and note that Manchester City's rise to prominence followed an injection of cash by new Abu Dhabi owners. "Would Bury be super if it had wealthy owners?" Others would point to the iconic stadiums as major reasons for success. "If UE Sant Andreu had FC Barcelona's Camp Nou property, perhaps they too would be super?"

These explanations seem to channel dominant ideas from economic theory about the factors of production needed to foster economic development. Labor, capital, and land are assumed to be vital in this theory, determining what a country can produce (shaping its 'comparative advantage'). In a simple explanation of economic welfare, the theory holds that wealthy countries have more of these factors than others, and can therefore produce a better product than others. (Which is like saying that F.C. Barcelona is a super club because it plays better football, given the fact that it has better players, more money, and a bigger stadium).

There are obvious weaknesses in this explanation:

- First, it must be recognized that very few of the named factors of production are exogenous. FC Barcelona plays in a larger stadium than UE Sant Andreu because of some additional factors enjoyed by the former; Abu Dhabi investors chose to buy into Manchester City and not Bury for some reason(s) that point to unidentified advantages of City; Thomas Muller (and many other leading players) turn out for Bayern Munich and not TSV Munich 1860 because of something Bayern has that TSV does not. The endogenous 'reasons' why clubs have these 'labor, capital and land' factor advantages are arguably more important than the factors themselves.
- Second, the labor, capital and land factors are dynamic, and changing over time. FC Barcelona did not always have Lionel Messi in its team, for instance, and started with a similar potential coterie of talent as Espanyol

⁹ Stockport County has never played first tier games. Bury played first division games last in 1928.

(in a similar place and at a similar time). Manchester City did not always play at the Etihad stadium, actually beginning in modest circumstances similar to those enjoyed by Stockport and Bury. The processes by which super clubs changed and improved their 'factors of production' are arguably more interesting than the starting factors themselves.

Can Scrabble explain the rise of the super clubs?

Such observations lie at the heart of theory on economic complexity, which offers new explanations about why some countries are wealthier than others (in a parallel with the question asked here about football clubs). The theory posits that countries become wealthy by producing different products over time—what might be called 'complexifying' their production—by moving from low value products like agricultural goods to high value products like machinery or advanced services.

This productive progression is facilitated by changes in what theorists call 'productive capabilities'. Low value products are seen to require only a few capabilities that are quite common—so everyone produces these products; like basic agricultural produce or the average, ubiquitous football club. Higher value products demand more capabilities and some that are rare, however, and can only be produced when one builds capabilities. These products are thus rare themselves; like high-tech electronics or football's super clubs.

This has been called the Scrabble theory of production, because the board game metaphor allows one to easily explain its core ideas about capability and production. The theory posits that all entities have capabilities (letters) that allow production (or spelling of words). Short, common, and low value words are possible with just a few common letters ('o' and 'n' spell 'on', for instance, which is worth 2 points in a Scrabble game). Many countries have capabilities representative of these common letters and produce these products, and most football clubs are the equivalent of this as well (simple combinations of common capabilities with low value that anyone can produce).

Additional letters can allow the spelling of different words, but not always, and not always with much added value (an extra 'o' does not allow a Scrabble player to improve 'on', for instance, but an 'e' allows the same player to produce the word 'one', worth 3 points). Adding a rare letter like 'z' may allow for the spelling of an even more different word, however, and one that has much more value (adding 'z' to 'one' leads to 'zone', and 13 points, for instance). If a player has a blend of both common and rare letters and the player's skill at creating and combining letters allows the spelling of one word with all the letters, the result can be special: 'hizzoner' is an eight letter word used to describe mayors in some United States cities, worth 29 points in Scrabble (and a 'super' word by any standard!).

Super Clubs=Complexified products via expanded capabilities

This theory offers a new way of thinking about why Europe's super clubs stand out from the pack and how they have emerged to be so different. First, it suggests that super clubs (like wealthy countries) do not just produce a better product (football team) than others. Rather, the theory suggests that super clubs stand out because they produce more complex, higher value products than average clubs (on top of a better footballing product). Using the Scrabble metaphor, the argument is that all clubs start with a limited Scrabble word like 'on'. Average clubs do not add to the value of this word, and keep producing more 'on' into perpetuity. Super clubs are different. They do build on the word, initially including a z to produce 'zone' and constantly adding more letters to get something like 'hizzoner'.

If this theory holds true, one would expect to see changes in what super clubs produce over time—with greater complexity in the product and service lines and the overall basket of production. One would also expect that new products introduced over time would offer higher value to the clubs; measured in both financial terms and on-field performance (such that the 'complexification' actually yields better profit *and* playing success). Furthermore, it is suggested that the new products and services will appeal to broader consumer bases and wealthier audiences, which will be reflected at least partially in a shift from local markets to broader regional, national and international markets over time. This thinking suggests a primary hypothesis of how super clubs emerge: *not by producing better versions of the same products over time, but rather by complexifying their production—graduating over time from locally produced and consumed, low value products to globally consumed, high value products.*

The theory would further posit that these more complex products emerge because the clubs are successful in adding new, higher value capabilities over time—like the letters in Scrabble. Whereas there is certainty about the letters that go into Scrabble words, however (and one can see the letters that make a difference between a low value word like 'on' and a higher value word like 'hizzoner'), it is not necessarily clear what capabilities set super clubs apart from others. This is not just a problem for the current study, given that complexity economics is still defining what 'productive capabilities' are. Some useful ideas do exist to lay a foundation for building hypotheses about this, however, including Ricardo Hausmann's recent work (Hausmann 2013, 14), which 'speculates' that capabilities center on the "productive knowledge or know-how" embedded in a product or service. (As he says, "To make things you need to know how to make them."). This knowledge or skill comes essentially from people, but Hausmann argues that more complex production cannot come from individuals working alone (given that each person has limited productive knowledge). There is thus something important about the processes by which people with knowledge (or skills) interact and share and mobilize their knowledge to create new things. Hausmann acknowledges that such mobilization and interaction is not something that happens in a vacuum, but is facilitated by processes of engagement, and through capital and finance,

infrastructure, and institutional mechanisms. Hausmann calls these processes and mechanisms ‘catalysts’ “that allow personbytes to interact” (Hausmann 2013, 15).

Hausmann’s ideas suggest two broad categories of ‘capabilities’ one should consider when thinking about how super clubs emerge to produce more complex products. First, one would expect to see changes to the skill and people capabilities in these clubs and support environments over time, with the changes bringing new productive capabilities to the fore. These capabilities could relate to the kinds of players hired (who play with different skill sets and appeal to different audiences), or managers (who introduce new playing systems or arrangements), or professional support people (who provide specialized skills to the team), or executives (who bring new ways of thinking about the club’s business) or even political leaders (who bring different ways of thinking about the club’s audience and brand).

Through time, the process of emergence would manifest in an expanded size and diversity of skills and people in these clubs and their support environments. The diversity would be revealed in various ways. For instance, one would expect to see people from different professions and places introduced into the clubs in periods preceding or coinciding with times of success and product adjustment (especially given the observation by Hausmann and others that migration contributes to the complexity of capabilities). This means that one would expect the super clubs to have a growing coterie of international players and staff members, and to hire more people from varied professions over time.

One would also expect to see adjustments in a second set of capabilities; what Hausmann calls the ‘catalysts’ that allow skills and people to interact. These are the processes and mechanisms and shifts in context that connect new skills and people to the clubs and that foster creative coordination between new and old skills and people. These ‘catalysts’ include institutional engagement mechanisms (that determine the rules of interaction), capital connections (that influence the affordability of interaction), and infrastructure considerations (that shape the places of interaction). If the economic complexity argument holds, one would expect to see the super clubs building their engagement mechanisms over time, finding new and more diverse sources of capital to foster interaction, and promoting new and more accessible places of interaction (through infrastructure modifications).

When combined, these ideas contribute to a second hypothesis about how super clubs emerge. *Put simply, it suggests that the process of becoming a super club will have involved an accumulation of new and rare capabilities (or know-how) over time, manifest in the form of new skills and people accessed through a range of catalysts that could also be considered ‘capabilities’ (like engagement mechanisms, capital access, and infrastructure). The catalyst capabilities will also have changed over time, facilitating progressively greater access to skills and people.*

Research Method

As already noted, there is a growing literature on football clubs, which includes studies focused on explaining why some clubs are more successful than others (including Bi 2013; Hoehn & Szymanski 1999; Johnstone, et al. 2000; Kuper & Szymanski 2012; Merkel 2012; Perkins 2013; Shobe 2008). These studies typically adopt a quantitative approach to the topic, testing whether key variables help explain the variation in club success (usually measured through a mixture of on-field results and financial value). These studies are a good reference point for the current work but are also limited because of the current emphasis on understanding the *historical process* by which clubs become great (not just explaining differences between clubs with different levels of success). A more historical, qualitative approach was required for the current research; called systematic process analysis.

As described by Hall (2006, 29), this method starts with the formulation of two theories explaining the issue under consideration. One is the theory to be tested (commonly about how factors work together in a chain to make an outcome happen, like the theory constructed above and presented in Table 1 as ‘A Scrabble Theory explanation’). The other is an accompanying account offering an alternative explanation, also presented in Table 1 (as the ‘conventional explanation’, which draws on the idea that super clubs do what other clubs do, just better).

Table 1. Competing theories of how clubs become great, in simple form

	A Scrabble Theory explanation	A conventional explanation
Production of super clubs	Super clubs are set apart because they produce more than the core ‘sports’ product, with many other dimensions of production evident	These clubs produce a better core sports product than others, and this is what sets them apart
Skills and people capabilities of super clubs	Super clubs have more diverse and complex sets of skills than other clubs	Super clubs have the same sets of skills as other clubs
Catalyst capabilities of super clubs	Super clubs have ways of mobilizing, connecting and coordinating capabilities that other clubs do not have	Super clubs have the same ways of mobilizing, connecting and coordinating capabilities as other clubs

Source: Author’s representation.

Having two theories against which to test facts helps to counter any tendency to ‘read’ facts narrowly or to use data to support hypotheses without safeguards on the interpretations being made. It is like having a ‘counter-theory’ that operates in the same way as a counter-factual might (keeping one honest in the analysis of historical evidence by forcing one to ask if a proposed explanation holds more explanatory power than an alternative). As proposed, the counter-theory here suggests that the ‘super clubs’ simply expanded their basic ‘factors’ of production to produce a better version of the same product they started with (a strong football team that wins games). If correct, one would not see the proposed change in production complexity over time in the super clubs or the change in key capabilities (especially the adjustment of skills and people). This would suggest that super clubs differ from other clubs on one dimension only: they play better football and are rewarded in increasing amounts for doing so. They would look similar to other clubs

in every other way, still producing a fairly static ‘football’ product like that offered by most other clubs—weekly games for a local audience. One would expect, further, that the super clubs will have skills and people bases that are similar to other clubs, but just populated by better versions of the same types of capabilities.

The competing explanations were tested with reference to historical evidence showing the emergence of the six clubs mentioned earlier and listed in Table 2. The table shows how the historical analysis began; by identifying why the clubs were considered ‘super’ and getting a sense of the time periods in which they emerged as such. This identification process centered on when the clubs won leagues and cups (not just weekly games but season long competitions). This winning record was not consistent for any club but ebbed and flowed in different periods. During what are classified as ‘bronze periods’, the clubs had winning regional records or one national title. ‘Silver periods’ saw the clubs winning multiple national titles in a five or ten year period. The ‘golden periods’ are those of most importance here, illustrating periods in which the clubs stood out as major achievers in the football world—winning multiple titles over long periods of time (from five to ten years), including European titles.

Table 2. Periods in which these clubs ‘stood out’ because of their winning records

	Bronze* periods	Silver** periods	Golden*** periods
Barcelona		1910-1915	1920-1929, 1948-1957, 1959-1968, 1971-1979, 1981-1985, 1988-1998, 2005-present
Bayern Munich	1925-1934 1955-1960		1966-1976, 1980-1990, 1994-2004, 2004-present
Manchester United		1908-1911, 1977-1985	1947-1957, 1963-1968, 1990-2000, 2000-2010, 2011-present
Real Madrid	1915-1920	1905-1910, 1930-1935, 1945-1950, 2005-2010	1954-1970, 1972-1982, 1985-1990, 1993-1998, 2000-2003, 2010-present
Manchester City	1900-1910, 1955-1960	1935-1940, 2010-2015	1965-1970
Swansea City	2010-present		

Notes: The designations bronze, silver and golden were constructed by the author to help identify periods of emergence and consolidation in the ‘super clubs’ legacies

* Regional winning period, or one national title (cup or league) per decade or half-decade.

**Two to four national titles (cup or league) per decade or half-decade.

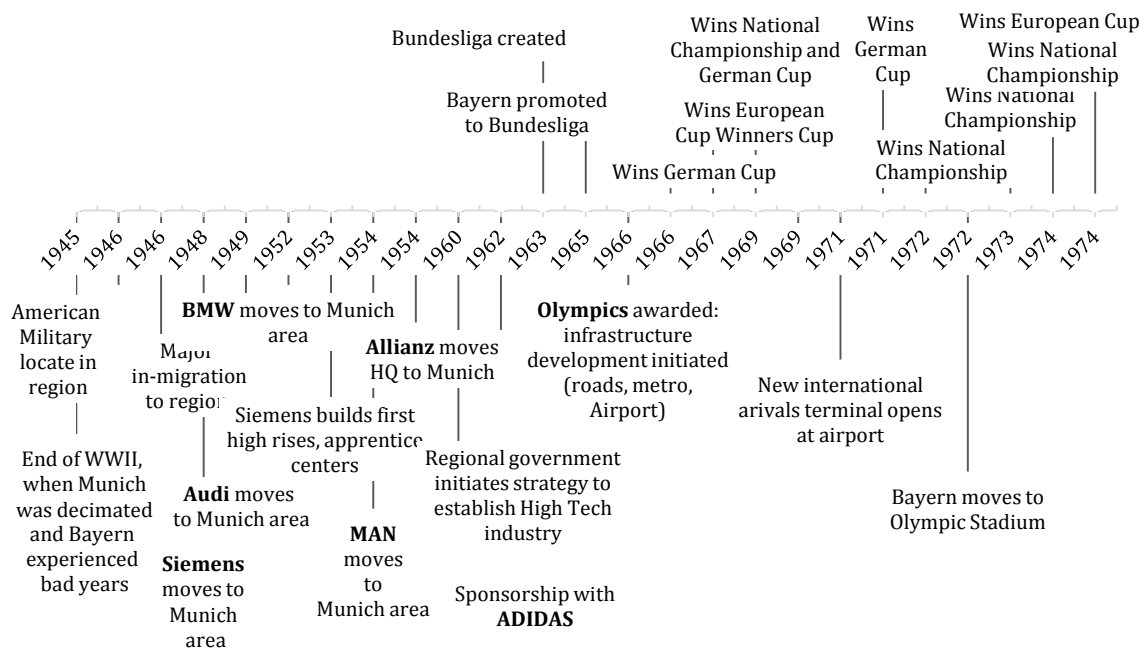
***More than four national titles (cup or league) per decade or half-decade, or one or more national titles with a European title.

There are various observations one can infer from the table. First, the six clubs are not equally ‘super’ (at least given the titles they have achieved). Barcelona, Bayern, Manchester United, and Real Madrid are far ahead of Manchester City, for instance, and Swansea City still does not really qualify as a super club. The latter two clubs are interesting for the purposes of this study, however, because they seem to be in process of emerging (Swansea has risen 70 places in ranking in the English league over the last decade and is now on the list of the world’s wealthiest clubs). Second, even the super clubs have not always been ‘super’. Barcelona was arguably the first club to have a golden period (in the 1920s), but this was interrupted by a

long period of under-achievement (until the 1950s). The club has maintained gold period performance for most of the time since the 1950s, however. Manchester United's first golden period was between 1947 and 1957, even though it had been in existence for over fifty years to that point. It struggled to maintain this level of achievement after 1957, however, and has only emerged as a perennially 'super' club since 1990. Real Madrid was limited to bronze and silver status until the early 1950s. This means it was a regional power and growing national achiever, but had not yet become a stand-out 'super' club until the 1950s. The club has been in an almost-consistent golden period since then, however, dominating other clubs for over half a century. Finally, Bayern Munich was the last of the super clubs to emerge as 'golden', standing out only from the mid-1960s.

Observing when clubs emerged as 'golden' helped to focus the historical analysis. It allowed a view, for instance, on why a club like Bayern Munich started achieving in the 1960s (having not achieved prior to that time). Figure 1 shows the kind of analysis such question provoked, and the way in which the historical analysis underpinning this research took shape.

Figure 1. Examining the economic factors influencing Munich in the 1960s



Notes: Illustrates the approach to building historical analysis; based on author's analysis.

The figure provides a simplified mapping of time that is intended to show how historical analysis was used in this study. The analysis began with what one sees in the top half of the time map: Bayern Munich's rapid rise as a title-winning club, from 1965 to 1974. This kind of map was created for all of the clubs, especially

focused on their golden periods (or the most recent emergence periods, for Manchester City and Swansea City). The second part of the analysis (shown partially in the lower half of the figure) plots important events that happened in the city and region before and during the golden period. These include economic events (like the arrival of Siemens into Bavaria) and social and political events (like 1972's Olympic Games) and events in the national football playing community (like the creation of the Bundesliga, actually shown on the top half) and other events showing the interaction of sports and the economy (like the sponsorship with Adidas).

These kinds of events have been incorporated into historical analysis of football clubs and leagues before. Elliott and Smith (2006), for instance, use an historical approach to investigate regulations on stadia in the English football league, identifying different periods of engagement and focusing on the interaction of politics, economics and safety events. Dobson and Goddard (1998) also adopt an historical approach to investigate revenue structures in the English Football League, tracing developments in the league alongside other economic factors. Studies like Merkel (2007) and Frick and Prinz (2006) take a historical approach to examine how football leagues have taken shape, showing the interaction of such leagues and the political and economic structures of the countries in which they emerged. Their work reminds one that football is a relatively new game, that rules around football as a game are new (and highly adaptive), and that club and league structures are relatively new (hence subject to many growing pains of any emerging industry). These are good reminders for this work, given that the super club is also a relatively new phenomenon: any historical study of such should thus be treated as dynamic.

Analysis and Findings: How do super clubs rise?

It is impossible to list all sources consulted in this study, or to provide the full detail of the historical analysis involved in the work. Sources range from the official documents of clubs themselves, to academic articles (including Bi 2013; Brandes et al. 2007; Frick and Prinz 2007; Scelles et al. 2014), formal historical reports and more popular historical pieces written by journalists and football followers (Ball 2011; Burns 2012; Conn 2012; Hesse 2003; White 2010). The confluence of these different sources is often messy and controversial, reflecting the subjective nature of historical analysis and the complexities of the stories about super clubs. These stories are full of deep and nuanced politics and human drama that cannot be fully captured in a paper of this kind. Therefore, the discussion here presents an overarching narrative of common elements in each story. The narrative reflects particularly on the rise of super clubs, and how the production and capabilities of these clubs changed during such rise (given hypotheses in Table 1).

The production of super clubs

The six clubs investigated here are all a century old or older. They were founded in

periods where football was emerging across their countries, and they share origins with other clubs in their contexts.¹⁰ As with other clubs, they started as highly localized entities that gave local men the chance to play a new sport. This product formalized quickly in most cases when the clubs collaborated with other clubs to form local and regional leagues (as early as the first decade of the twentieth century). In this period, clubs produced similar products in a collaborative manner, as described by Dobson and Goddard (1998, 764) who suggest that,

“[S]porting leagues are distinguished from other industries by the nature of their product. Teams must cooperate with each other in order to produce individual matches and a viable league (or cup) competition, and the ‘industry’ is characterized by joint production of a common product.”

The product of an average club in this scenario centers on individual match play and league competition. Revenues from such products were dominated by match-day takings (at the gate) until at least the 1960s across most of Europe. Progressively thereafter, however, these revenues have been augmented (at least in the top echelons) by proceeds from domestic television broadcasting, typically allocated by the leagues (showing that the clubs are indeed part of a broader production group). This means that average top tier teams in Europe producing the standard ‘football’ product should derive the bulk of their revenues from these two sources, with more money going to the winning teams because they produce a better product (and thus attract more spectators and appear on television more).

This is true for most clubs in Europe, but is not the full story. Increasingly, one sees all clubs deriving revenue from additional sources, including merchandise sales, advertising proceeds, and regional or global television rights. This is a reflection of ‘complexification’ discussed earlier and has resulted in clubs at all levels focusing on their commercial ‘brand’, not just their game day performance. In the case of England, for instance, Perkins (2013, 102) notes that clubs are now trying to “diversify and accumulate across a range of financial activities, in some cases incorporating new sporting interests, in others extensive merchandising operations, services and new businesses.”

The super clubs draw significantly more commercial revenues from this kind of brand-related production than other clubs in their leagues—in absolute and relative terms. Fourteen of the twenty Premier League clubs in England in 2011/12 earned less than 20% of their revenue from this source in 2012, for instance, whereas it accounted for nearly 40% of Manchester United’s revenues.¹¹ Furthermore, Manchester United’s commercial revenues in 2013/14 were about double those of one of the larger clubs, Liverpool, and nearly four times those of Tottenham Hotspur. Similarly, Real Madrid’s commercial revenues were five times

¹⁰ The origins are not the same across countries, however. For instance, the tie between club emergence and industrial development was very pronounced in England but less pronounced in Germany and Spain, where clubs were often started when foreigners (mostly English) sparked interest in social and sports entities (like the gymnasiums in Germany).

¹¹ This analysis is based on data drawn from the Deloitte Money League publications.

those of neighbors Atletico Madrid, with this source of revenue making up over a third of the super club's income. Bayern Munich draws 60% of its revenue from commercial sources, having raised nearly 300 million Euros from such in 2013.¹² Other high profile German clubs like Dortmund and Schalke also commonly draw significant portions of revenue from this source, but not nearly as much as Bayern (earning two to three times less than the super club).

Observers have been noting the rise of commercial revenue sources in football for two decades now, and relate it to the 'Americanization' or globalization of European football in this period (Hoehn and Szymanski 1999). Whatever label one chooses to attach, the commercial revenue source suggests a diversification of production on the part of clubs. Given that super clubs raise more of it than other clubs, it should also be clear that these clubs have diversified more than others, becoming commercial brands at a rate that far outpaces that of their neighbors. Some have roiled against commercialization like this, claiming that it is a post 1980s phenomenon that detracts from the game (Conn, 2012; Kennedy and Kennedy 2013). It should also be noted, however, that this process of commercialization or Americanization—or what this paper calls complexification—did not begin in the 1990s for super clubs. It did not happen overnight, either.

This is obvious when one considers a club like Bayern Munich, which drew 118 million Euros from sponsoring and marketing alone in 2013, with an extra 105 million Euros coming from merchandising. The money came from a variety of deals; including the strategic partnerships Bayern enjoys with German companies like Adidas, Allianz and Audi. All of these companies have long-standing relationships with the club, having emerged in the Bavaria region at a similar time (see Figure 1). Bayern's relationship with Adidas traces back to the 1960s, for instance, when the club was entering its foundational golden period. The business side of the club was increasingly important in this period as well, and blatant commercialization became an explicit focal point of club strategy in the late 1970s, when Uli Hoeness became General Manager. The team's branding operation has been famous since that time and is not just focused on the football team (with basketball also seen as a key element of the club, for instance, and the exploitation of the Allianz Stadium becoming a recent focal point of business strategy). The multi-focused business strategy is common for super clubs like Barcelona and Real Madrid as well.

Barcelona's branding arguably began in the early 1900s, when the founder Joan Gamper aligned the club with Catalan politics—ostensibly to garner financial support from regional politicians and financiers. This political identity has fed the creation of a more commercial brand for the club, which has also been important in branding events involving the club (especially the *classico*, where FC Barcelona plays Real Madrid). Similarly, Manchester's brand emerged over five decades ago and coincided with its first golden period, where a team identified as the 'Busby Babes' drew worldwide appeal. Whilst the story is an infinitely sad one, the Munich

¹² <http://swissramble.blogspot.com/2015/02/bayern-munich-model.html>

air disaster involving this team was central to establishing the club as a European and even global brand. As Bobby Charlton has noted, “Before Munich it was just Manchester’s club, but afterwards everyone owned a little bit of it.”¹³ Munich survivor Bill Foulkes commented similarly that, “The crash started the legend...It built the aura that surrounds the club.”¹⁴

Real Madrid is legendary for building on similar blends of historical legacy and brand identity, dating back to the nationalist identity with Franco’s Spain. Callejo and Forcadell (2006, 58-59) note that the club’s “priority is to promote the exploitation of its brand, transforming its supporters into customers of its products and services. The club considers that the brand is “its best asset, and so it has become [the club’s] best guarantee for the future.”” The authors note that,¹⁵

“Exploitation of the brand is carried out as part of a commercial strategy that has been carefully designed and developed, in which the following aspects stand out:

- *Signing of strategic alliances* to collaborate with leading firms in different sectors. This allows value and synergies to be transferred between the associated brands.
- *Exploitation of the brand in emerging soccer markets.* The main emerging soccer markets are regarded as south-east Asia (China, Japan, and South Korea), the Arab world, and India. These markets are still practically unexplored, so capturing supporters in these areas will conceivably translate into high loyalty levels. In order to get this objective, Real Madrid has developed preseason International Tours, particularly in Asia.
- *Use of a multichannel strategy to exploit the brand.* Real Madrid uses various channels, and it employs new technologies to help it carry out the exploitation of its brand.
- *Exploitation of soccer players’ image rights in the advertising market.* This trend is expected to strengthen in coming seasons.
- *Loyalty scheme through the “Real Madrid Fan Card” (Carnet Madridista).* The club sees this medium as a means to maintain contact with its supporters, both nationally and internationally.
- *Licensing and franchising program* to sell products with the “Real Madrid” brand.”

This description captures a flavor of the diversified—or complexified—set of products super clubs now offer, and have been cultivating for decades, typically on the basis of their brand. This product line includes synergistic partnerships, global engagements, new technology, players’ image rights and advertising, loyalty schemes, and licensing and franchising programs. It also includes merchandising (especially of clothing), elaborate world-wide branded training schemes, links with credit card companies, and more. These are now standard products of the super clubs, with other clubs lagging behind in focusing on such lines of businesses (some are much further behind than others, of course).

A key part of this highly diversified product line lies in the emphasis on internationalization. Whereas most European clubs are still predominantly local, this is not true of the super clubs. They are arguably better known now for their performances in international competitions like the Champions League (rather than local or even national leagues or cups). When Real Madrid played on this stage in

¹³ As quoted in ‘The Treasures of Manchester United’.

¹⁴ Ibid.

¹⁵ For a similar discussion of the product attributes associated with Manchester United’s brand, see Rosner and Shropshire (2011).

2014, for instance, it was watched by more than 165 million people in over 200 countries.¹⁶ One could argue that this kind of internationalization is not necessarily evidence of diversification for the super clubs, however. On a technical level, access to this stage and these competitions is just a reflection of the fact that these clubs play better football than others, and some neighbor clubs that are arguably not yet 'super' (like Atletico Madrid or even Espanyol) also play in such events. Other neighbors (like Stockport, Bury, UE Sant Andreu, or TSV 1860 Munich) have not had such opportunities, but it may just be because they are not as good at producing the core 'football' product. So, perhaps, clubs do become super by producing the same product, just 'better' than the others?

This would be too much of a simplification of the 'international' product offered by the super clubs, however. These clubs do not only play in international competitions accessed through 'better' performance. They also hold regular, highly profitable international tours across the globe; they operate merchandise stores in places like the United States; they partner with feeder clubs in Latin America, Africa, and China; they run training academies and large scale training opportunities across the world; and more.¹⁷ These kinds of products have led to large global consumer (fan) bases (measured, for instance, at about 490 million for Real Madrid (in 2004)).¹⁸ It is apparent that neighbor clubs are increasingly following the super clubs and trying to produce such international products. Clubs like Atletico hold international tours, for example,¹⁹ and even lower league clubs like Stockport County have tried to create affiliates in foreign locales like China.²⁰ Most of these clubs are still best described as local, however, with predominantly local and regional fan bases and highly localized organizational presence (few such clubs have a global presence with regard to merchandising, for instance). Brandes et al. (2007, 4) provide an empirical example of this, noting the different support bases of a super club like Bayern Munich and a more average club, Hansa Rostock:

"Only 29% of all Bayern fans actually live in Munich. Hansa Rostock, on the other hand, has strong local roots. 68% of their fan base lives in Rostock. Even though Bayern Munich had an average home match attendance of 54,882 in the 2003-2004 season, this only represents 9.1% of Munich's male population. In the case of Hansa Rostock, however, match attendance corresponds to 22.9% of the male population in the hometown."

This kind of example shows clearly that the super clubs enjoy a much more advanced national and international element to their product than other clubs. The super clubs have been developing these international product lines for decades, and have also been able to sustain and build them more successfully (which cannot be said for many other clubs that have tried to create international connections, where

¹⁶ <http://www.uefa.com/uefachampionsleague/news/newsid=2111684.html>

¹⁷ Chadwick (2010, 92-93).

¹⁸ <http://www.cabi.org/leisuretourism/news/5542>

¹⁹ <http://worldsoccertalk.com/2015/03/03/atletico-madrid-set-to-announce-summer-tour-of-china/>

²⁰ <http://www.theguardian.com/world/2004/jun/28/worlddispatch.china>

relationships prove difficult to sustain²¹). One finds clubs like Barcelona and Real Madrid starting with international tours to locales like Argentina and the United States in the 1920s and 1930s, for instance. They also motivated for the internationalization of football (Real Madrid, for instance, was a primary motivator behind the creation of European Cup competition (prior to winning it a record number of times in the 1950s and 1960s)). Manchester United and Bayern Munich started their engagements later than their Spanish counterparts (in the 1950s and 1960s, respectively) but have been consistently active in global engagements since they started, and their emergence as super clubs has been largely related to the growing internationalization of their presence.

This internationalization promotes and supports the complexification of both products and markets and seems a central part of the process through which super clubs emerge. This is reflected partly in the way in which Swansea City and Manchester City have ratcheted up their global activities in the past decade, with the former visiting the United States on various occasions and the latter creating connections to feeder clubs all over the world.

The diversification of the super club product is also reflected in the ‘celebrity’ dimension they bring to football. Many clubs have local heroes on their squads, who are inspirational in the way they play the game. Super clubs may have these local heroes as well, but they tend to build squads around a coterie of ‘international stars’ known as much for their marketable off-the-field qualities as their playing skill. Brandes et al. (2007, 4) reflect on this when noting the differences between squads from Bayern Munich and Hansa Rostock: In 2003/04 the former had “six superstars with a market value in the top 2% quantile of the league and six players...nominated for “Player of the Year”” whereas the latter “had none of these superstars.”

This is not a new observation. One can go back decades and see the super clubs engaging many superstars useful not only for their value on the pitch but also because of their appeal as entertainers and media personalities off of it. Bayern Munich’s first golden period team in the 1960s built itself around the trio of Franz Beckenbauer, Gerd Muller and Sepp Maier. The first two were among the first real personalities of German football and brought a star quality to a club that had previously lacked any presence outside of Bavaria. They played similar roles to key players in the narrative of Manchester United’s emergence, where the personality of Matt Busby and his media-defined ‘Busby Babes’ became a product in their own right in the 1940s. The club established both a strong footballing reputation and non-football ‘entertainment’ product with players like George Best in its second golden period (between 1963 and 1968), and did similarly with characters like the controversial Frenchman Eric Cantona and David Beckham in the 1990s. In reflecting on the former period, Rosner and Shropshire (2011, 216) comment that,

“[T]he club took advantage of the era’s Beatles, James Bond and Anglophile

²¹ Stockport’s Chinese engagement fell apart in the late 2000s, for instance, reflecting the difficulty of a smaller club managing international assets.

tendencies ... to enhance its reputation, garnering the European Cup in 1968 with charismatic Irishman George Best being voted European Player of the Year.”²²

The goalkeeper Ricardo Zamora is one of the first examples of these entertainers in Spanish football. Turning out for F.C. Barcelona and Real Madrid in the 1920s and 1930s, Zamora was known for heroics on the field and theatrics off it. He was a favorite target of the national media at the time because of his dress choices, drinking and smoking habits, and brushes with the law and tax authorities. He was a crucial part of the first golden period team in Barcelona and helped set Madrid up for future success afterwards. The Spanish historian Juan Moreno Luzon (2012, 159) described Zamora as the “principal star” of Spanish football at the time, and likens the two super clubs as “businesses” engaged in entertainment. Both clubs had similar ‘celebrity’ players on their squads when entering other gold periods: Hungary’s Ladislao Kubala was a superstar character who helped Barcelona reach the front page on and off the field in the 1950s, as was Johan Cruyff in the 1970s, and Ronaldinho in the 2000s. The controversially-hired and brilliant Argentine player Alfredo di Stefano was central to Real Madrid’s emergence in the 1950s and 1960s, with other stars regularly turning out since that time; including the more recent Galacticos of the 1990s and early 2000s. Callejo and Forcadell (2006, 56) reflect on the Galacticos period, emphasizing the way in which ‘star’ players added to the product mix of a super club like Madrid:

“[T]he club’s sports strategy involves signing up major soccer stars with a huge media impact. Real Madrid has been a pioneer in exploiting the advertising dimension of the image of its most emblematic players, by negotiating advertising contracts with commercial firms. The club receives a stipulated percentage of the total amount of these agreements, allowing it to finance the purchase and transfer of these players. (According to specialized press, Real Madrid could recover David Beckham’s transfer fee of \$42 million in just two or three years, and this only from the income of exploiting his image.)”

The fit of ‘stars’ into a new product line for super clubs is also obvious when one considers the value these players bring. This is evident in a study of Germany by Brandes et al. (2007, 1), which posits that, “superstars enhance attendance both at home and on the road, [whereas] the star attraction of local heroes is limited to home games.” The same study notes that, “teams with superstars have 50.7% more home attendance and 13.9% more attendance on the road than teams with a local hero. Although a local hero accounts for almost 3 times as many goals and assists” (Brandes et al. 2007, 9). This is an important

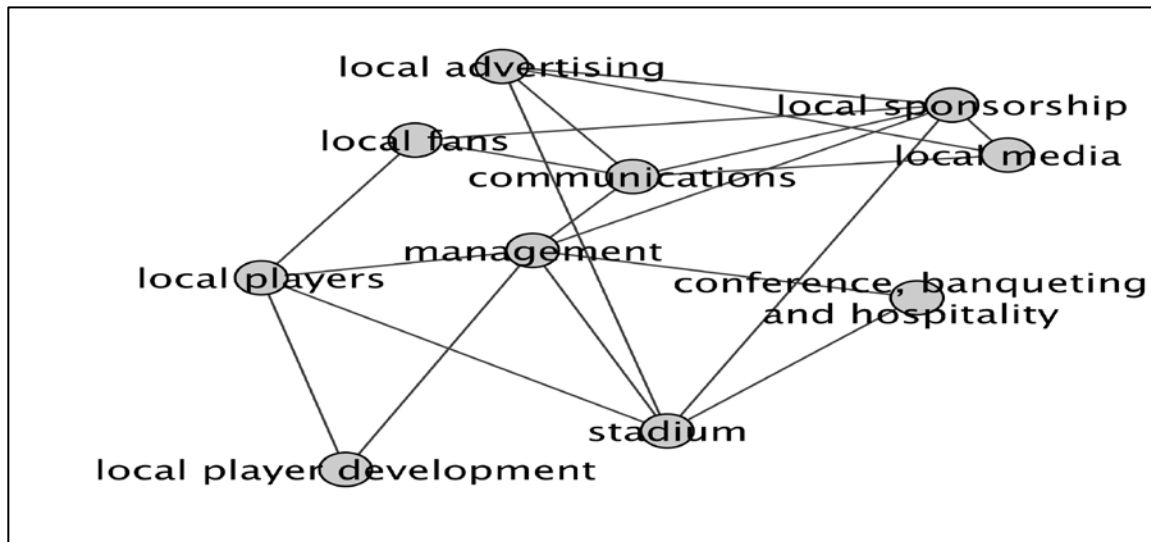
²² Rosner and Shropshire (2011, 241) also comment that, “While the Manchester United tradition of playing stylish, attacking football has brought in many fans worldwide, its players have also generated excitement off the field. Just as individual brands add sparks to corporate brand lines... , so player personalities add excitement to club images. In the 1950s it was teenager Duncan Edwards; in the 1960s, George Best, ably supported by Bobby Charlton and Denis Law, generated on-and off-the-field media coverage to maintain Manchester United’s high news profile. In the 1990s, the charismatic Eric Cantona provided headline sports news, until the crop of more recent stars, including news celebrity icon David Beckham, came on stream. Such talents exemplified and magnified the aura of the club.”

point to make, because it suggests that the choice of ‘stars’ is not simply about football and the contribution a star makes to a club’s on-field performance (where a local hero may be more effective). It is also about entertainment value, marketability, and brand—key factors to consider when thinking about the complexified product line of super clubs. This point is made clear in a recent article by Villemus and Gurău (2011, 10), who note that “The modern football clubs are much more than sport associations that compete to achieve national and international trophies: they are companies that produce and commercialize entertainment in a specifically regulated show environment.” Historical analysis suggests that the super clubs have been emerging into this kind of company for many decades.

Does this evidence support the complexity hypothesis?

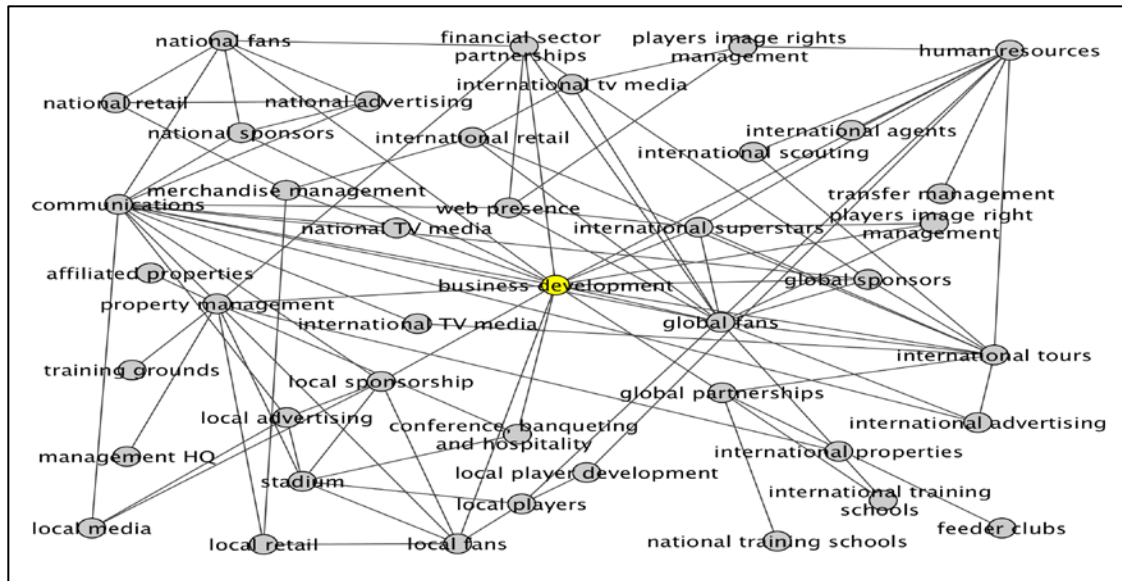
The discussion thus far has reflected on the production of super clubs. It has argued that these clubs produce a much more complex product than they did when they started, and that the diversification of production has been an important part of their rise as super clubs. These clubs look quite different from other clubs not just because they play better football (and achieve better results on the pitch) but also because they produce a range of other products that most other clubs do not. The progression of these clubs is shown (in highly stylized form) in Figures 2 and 3.

Figure 2. A stylized view of the starting productive complexity of super clubs



Source: Author’s representation.

Figure 3. A stylized view of the advanced productive complexity of super clubs



Source: Author's representation.

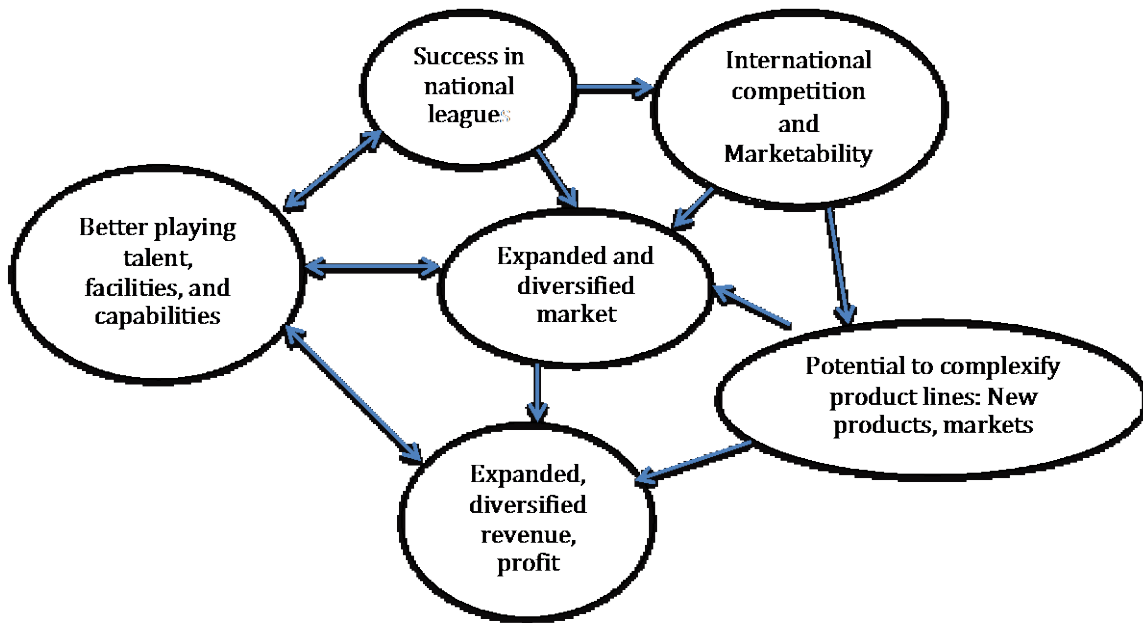
Figure 2 shows the original production complexity of these clubs—when they were purely local clubs playing weekly football games. It is a simple figure, given a focus on weekly games played at a local stadium with local players. All of the production happens in the locality and is centered on the stadium and football played in the stadium. In contrast, Figure 3 reveals some of the complexity of current super club production. There are multiple centers of engagement, around business development (sometimes called brand management) and communications, property management, human resources, and more. These engagements have a local, national and international focus. Such complexity is evident in the organizational description provided in the recent Initial Public Offering (IPO) for Manchester United, where the ‘club’ (Manchester United Limited Football Club) is only one of multiple subsidiaries (Red Football Junior Limited, MU Finance PLC, MU Interactive Limited, MUTV Limited, and Alderley Urban Investments, Limited).

Figures 2 and 3, and associated discussion, certainly support the hypothesis that the rise of super clubs happens through the production of new, diversified and complexified product lines—not just a better version of the starting offering. Other clubs may have also diversified, but not as thoroughly as the super clubs.

This is not to say that the super clubs have not also become more dominant at producing the foundational product—a winning football team. Indeed, there seems to be a direct, two-way interaction between the footballing success of these clubs and the diversification of their product lines. The interaction is much like that one sees in a Scrabble game; where initial words allow one to add new words, which then allow one to strengthen the value of the first words. In a footballing sense, one sees more club success on the pitch leading to more international connections, for

instance, which is fed by an active strategy to build the club’s brand, which leads to greater attractiveness on the field (with international stars), and an ability to pay for the stars, which leads to a stronger football team and even more international competition, and so forth. Building on Myrdal, DeJonghe et al. (2010) calls this cumulative causation, as illustrated in Figure 4. The figure shows that complexity feeds on itself and promotes future growth and expansion. This is a crucial part of the economic complexity theory discussed earlier and could suggest that super clubs will become even more super over time, further increasing the gaps between these clubs and others in the process.

Figure 4. Dynamic interactions between dimensions of the super club product



Source: Author’s work, building on De Jonghe, et al. (2010) and Krabbenbos (2013)

One should note that the historical narratives of the super clubs do not suggest a smooth or even consistent move from the scenario suggested in Figure 2 to that in Figure 3. Indeed, the rise of these clubs followed different trajectories in different periods. Barcelona started its progression towards being super in the early 1920s, for instance, with the Zamora-led team playing in the new, large bullring of the Les Corts Stadium. Their journey was thwarted in the 1930s and 1940s, however, because of political difficulties in Spain and a difficult Civil War. This journey continued in the 1950s and 1960s, however, and has been quite consistent since then. In contrast, Bayern Munich only really started in this direction in the mid-1960s and Manchester City’s journey took shape as late as the 2000s.

The different trajectories raise a number of questions as to how the super clubs did emerge and ‘complexify’ their products. The next section tackles this

question. Using the language introduced earlier, it asks what kinds of capabilities seem to underpin the rise of super clubs.

Capabilities underpinning the rise of super clubs

The complexity theory used to frame this study posits that countries and organizations grow because they produce new more complex things. They do this because they develop new capabilities, in the form of skills and people and ‘catalyst’ capabilities like engagement mechanisms, capital, and infrastructure. Table 1 presented two key hypotheses about the way such capabilities might have influenced the rise of Europe’s super clubs. These hypotheses suggested that one would see an expansion in the number and diversity of both types of capabilities as these clubs emerged. This section presents narratives of the relevant evidence.

Skills and people capabilities

Figures 2 and 3 are useful in reflecting on the skills and people capabilities underpinning the rise of super clubs. The figures are highly simplified but focus attention on the people-capabilities of these clubs at their origin a hundred years ago and today. The major differences between the pictures center on two key shifts in these clubs: First, the figures suggest that there has been growth in numbers of people and skills in these clubs; Second, the figures suggest the need for a growing division of labor and specialization of skills and people in these clubs.

The narrative behind these figures starts about a hundred years ago in all of the clubs. At the time, the clubs tended to be populated by small sets of locally sourced generalists. This was the case on both the playing and management sides of the club structure (Grant and Robertson 2011). Organizational and playing strategies on and off the pitch were still quite basic and did not vary that much from club to club (Wilson 2013). This meant that club managers (or secretaries, as they were called in England) did just about everything one could imagine.²³ They raised finances and secured local sponsorship, found suitable playing facilities, contracted players, and more. This is not dissimilar to what one finds in most clubs today, where the playing and back office staff is small and (predominantly) locally sourced, and has a common, generalist set of skills; and where individuals perform a wide variety of tasks.

Super clubs did not achieve their current status with this kind of structure, however. The points at which one sees these clubs separating from others all involved changes in their skills and people capabilities. Barcelona provides an early example. It began expanding its management structures in the decade before its first golden period in the 1920s. In this era, club founder and President Joan Gamper,

²³ Except, in many cases, managing team strategy on the field—which was often left to players themselves or to the team captain (Wilson 2013).

with his Board Secretary Joan Ragué, hired a strategy-oriented first team manager from England, Jack Greenwall, to handle the first team, as well as a Hungarian coach (Jesza Poszony) to take charge of the reserve and youth teams. These men had nothing to do with the planning and building of the new Les Corts Gound in 1922 or the international tours of the period. These tasks fell under the auspices of newly created, specialized committees and officials created within the club. The expansion and specialization of skills was crucial to the club's early success.

One sees similar expansion and specialization in Manchester United and Real Madrid leading up to their golden periods in the late 1940s and 1950s. In the late 1930s and 1940s (and under owner James Gibson) Manchester expanded its back office staff quite remarkably. It set up a youth program at a ground called 'The Cliffs' in 1938, with staff dedicated to promote younger squad players; It created a robust and specialized scouting system (including legendary figures like Jack O'Brien and Louis Rocca); And, ultimately, it hired first team manager Matt Busby and his assistant, Jimmy Murphy. Busby is credited with initiating a more professional style of management at United, and in creating the basis for the club's brand. His teams were young and aggressive, played free flowing football and scored lots of goals. He engaged personally on the strategies they adopted and on the players they purchased (establishing himself first and foremost as a manager of the team, which was not common at the time) (Grant and Robertson 2011). The club added to its organizational capabilities in this period as well, including medical services and specialized stadium management sections.

These kinds of additions were characteristic of Real Madrid at the same time, where Santiago Bernabeu Yeste built the most successful side of its time as well as the most modern organization in football to that date. Following the Spanish Civil War, he engaged a diverse set of Madristas to assist in rebuilding the club's training facilities, establish the training academy (called 'cantera', and operated under former player Miguel Malbo), strengthen the local, national and international scouting and recruitment mechanisms, and build a giant stadium that would carry his name.

One can see an international dimension to the expanded skill sets in these clubs, even in these early days. Six of Real Madrid's ten team managers in the 1940s were not Spanish, for instance. The club's playing staff also had an important international flavor, with Alfredo Di Stefano heading a list of foreigners that were found, lured and contracted by the club's growing network of specialized scouts that now reached across continents. Five of FC Barcelona's seven managers between 1948 and 1960 were also from other countries. The Hungarian Ferdinand Daučík was one of the most successful of these managers, and was also responsible for bringing superstars like Ladislao Kubalo to the club. As in the case of Real Madrid, the club sourced and engaged such individuals because of the specialized scouting structures and connections they enjoyed across Europe. Manchester United's investments in such skill sets also paid off handsomely, with Matt Busby's staff

finding players (and entertainers) like Duncan Edwards and George Best (who was a schoolboy in Ireland at the time).

Bayern Munich was only starting to expand its organizational structures in this period, under influential post-war president Kurt Landauer. He worked hard to establish Bayern as a functional and financially sound club and was crucially responsible for creating (and staffing) its youth program of the time. His replacement in 1962 was Wilhelm Neudecker, a building contractor who invested heavily in the club and hired a high profile foreign coach, Zlatko Čajkovski, and a full time business manager for the club, Robert Schwan (who was also to become Franz Beckenbauer's agent). These and other new staff members helped the club to quickly establish itself as a highly effective football and business operation. They set up the nascent structure that Uli Hoeness inherited in the late 1970s. Under Hoeness and other legends of the club (like Franz Beckenbauer and Karl Heinz-Rummenigge), Bayern has continued to grow its skills and people base and is now a large, multi-dimensional organization (with many different organizational units including a professional football section, medical unit, media and communications unit, New Media, Media Rights and IT section, Ticketing, Membership and internal services department, Finance, accounting and insurance and Legal affairs units, Merchandising/Outlets and Licensing section, Sponsorship and Event Marketing unit, Brand leadership group , Allianz Arena Marketing and Events unit, International relations department, Board of directors, and Club committee's secretariat). The club also created its first overseas subsidiary in 2014. FC Bayern Muenchen LLC is located thousands of miles from Bavaria, in New York, and is staffed by lawyers and business experts, not football stars.²⁴

All of the super clubs have created new business-oriented skill and people capabilities, often outside of the city in which the football team plays its weekly games. Manchester United started establishing this capacity in the early 1980s, when they hired marketing executives like Martin Edwards. Peter Kenyon and Peter Draper were added to the club from their posts in kit manufacturer Umbro in the late 1990s, and as Rosner and Shropshire (2011, 217) comment,

“The appropriate organizational structures were created. Kenyon put into place a new affiliate, MU International, in 1998 to replicate the Old Trafford experience in international markets. In 2000, advertising agency Cheetham Bell was charged with the creation of a global brand awareness campaign; and in 2003, One United launched as the club's global brand initiative.”

The club did not stop at that point, however. It located its commercial unit in London in 2008, with a dedicated staff numbering 45 in 2011 (which is larger than the full back-office staff of a neighboring club like Bury, including team managers).²⁵ It used to be located in the club's Old Trafford Stadium but is now closer to the

²⁴ <http://www.fcbayern.de/en/news/news/2014/bayern-open-new-york-office.php>

²⁵ Bury's web site lists football management, behind-the-scenes, and community trust staff at 45 in 2015 (http://www.buryfc.co.uk/club/whos_who/index.aspx#BljMgCzQRvuKzF6g.99).

grounds of Premier League foes like Chelsea and Tottenham Hotspur. The London location is partly intended to attract the kind of talent a super club commercial unit needs (lawyers, business managers, and the like, not footballers or local fans) and also to provide a “more practical base for overseas companies travelling to the UK for sponsorship talks.”²⁶

These new business skills have been cultivated in all of the super clubs assessed in this study. Real Madrid has aggressively established new business units, especially in the last fifteen years, for instance.²⁷ FC Barcelona’s current management structure shows just how much the club has shifted its skill set towards a business mindset. Its senior management structures have four director-level appointees responsible for various aspects of football, and fourteen responsible for other areas on the business side (including Communications, Institutional Relations and Protocol, Economics-Finance, Social Area, Area, Audiovisuals, Technologies, Legal Services, Social Area Projects, Digital and Innovation, Exploitation of Installations, and Marketing). Even though it is not yet a super-club, Swansea City’s recent rise has also been associated with the creation of a commercial capability. Manchester City has added this functionality much more aggressively, matching the steps of their city neighbors United. As the club’s most recent financial report states,

Commercial
Human Resources

“The Club is now supported by an expanded, experienced and multi-national commercial team working out of offices in London. This has included the appointment of account managers with specific industry experience relating to the partners with which they are working.”

The creation of decentralized commercial units staffed with individuals with business acumen is arguably not the greatest shift one sees in the skills and people capabilities of the super clubs, however. There is no doubt that on-field players are still the central human capital source of these clubs, influencing both their playing and branding success.²⁸ These clubs are thus well known for pursuing high profile players and investing heavily in such skills and people. These are seldom ‘generalist players’, however. Rather, they play the style of football for which the club is famous (whether it is an open and attacking game of 1950s Manchester United, or a version of the Hungarian approach in Barcelona at the time, or ‘Total Football’ in Barcelona under Johan Cruyff). Increasingly, the super clubs have sourced their players from a global talent pool as well. The two Spanish clubs began this internationalization of

²⁶<http://www.telegraph.co.uk/finance/newsbysector/constructionandproperty/8309651/Manchester-United-moves-to-Mayfair.html>

²⁷ As Callejo and Forcadell (2006, 51) note, “Under the recent presidency of Florentino Pérez, the Spanish football club Real Madrid presents a good example of the application of this expanded vision [of business interests]. One of the fundamental pillars of this model has involved designing and implementing a new marketing strategy aimed at strengthening the value of the club’s brand.”

²⁸ Morrow (1996) and Scelles et al. (2014) remind readers that players are key to the value of these teams, and therefore the skills and people dimension of player selection is vital to understand.

playing squads in earnest in the 1940s, with the other super clubs following in later decades. The dominance of international hiring is seen in the make up of the teams. For instance, Futterman (2012) observed that, in the 2011 season, “Of the core 15 players who receive the most playing time for Real Madrid, 11 are from foreign countries.” Similarly, over half of the first team squads in Real Madrid, Manchester United, Manchester City, Bayern Munich and Barcelona come from outside the borders of the home nation. This contrasts with other clubs: Only about 30% of TSV Munich 1860’s team is international, which is similar to the proportion of foreign players in the average Championship team in England (like Bolton Wanderers). Manchester United’s close neighbors Stockport County have only two non-english players in their squad (and both are from other British nations).

The on-field skills of these players are one reason they are hired. Another reason is their popularity and brand value, and another reason hinges on the connections they offer to people who support the clubs. Most of the super club players are skilled at engaging with supporters (directly or through their own coterie of agents and publicity staff), and enjoy huge support across the globe. A player like Barcelona’s Andres Iniesta has over ten million twitter followers, for instance, all over the world. This is about four times the number of twitter followers for the entire Espanyol team. Barcelona’s players altogether have over 70 million twitter followers. This is 5 times the number of followers the club itself has. This matters a lot when one considers that every twitter follower is a potential club supporter, jersey buyer, or viewer of a Barcelona game. Clubs are looking for players with the skills to assist these kinds of product lines, and appear to even train players in these skills when bringing them into the club structures.

Catalyst capabilities

It is important to remember that the super clubs had very different people and skills profiles a hundred years ago than they do today. This is not the same for most clubs today, where one finds staff profiles looking more like the super clubs of 100 years ago (Very few football clubs have as many staff as the super clubs or as diversified organizational structures and different skill sets). One has to wonder what caused the far-reaching personnel changes in super clubs. This section builds on the earlier theory (simplified in Table 1) that suggests an answer: the clubs built on catalyst capabilities that helped them attract, connect, and coordinate the new people and skills. Four types of catalyst capabilities are discussed here: Engagement mechanisms; Capital; Infrastructure; and Adaptive Leadership.

Engagement mechanisms

Every situation is full of contextual, institutional, and organizational factors that determine how, when, and who engages around what. These can be rule-like organizational arrangements that constrain or facilitate access to new markets or

people, or legal rules created by governments to shape interaction; or economic relationships impacted by the industries present in a given locale at a given time.

Economic and demographic factors have had a significant impact on the capabilities of super clubs, shaping key engagements at key times. Economics shaped the founding of clubs like Barcelona and Manchester United, for instance: Barcelona was started by a Swiss trader operating from the city; Manchester United was created as a local entertainment option for city workers (and enjoyed ties to both union workers and the business interests of the brewery located in the same industrial park as Old Trafford, the club's stadium) (White 2010). The economic situation of each city at the time created opportunities to create a club, with a growing engagement of supporters and people needed to support and produce such a product.

Social and economic factors transpired to facilitate the rise of all these clubs later on in the century as well. As cities, Madrid and Barcelona underwent significant population growth in the 1950s and 1960s,²⁹ right around the time that the super clubs in their borders experienced pivotal golden periods. The major immigration to both cities was a key factor influencing decisions to build the Santiago Bernabeu and Camp Nou stadia. Both cities, but Barcelona in particular, also benefited from growth in the post 1990s period (where the 1992 Olympics had a marked influence on the economic context and fostered new engagements, with the city becoming a global tourism destination). Similarly, Manchester United's 1950s and 1960s golden periods also followed a time in which the city grew in numbers and established a more sizeable middle class than had existed previously. Manchester also benefited after the 1980s because of growth in the region, which attracted new industries and middle class job seekers, and allowed new engagements conducive to creating a super club. (Interestingly, Manchester of the 1990s was well known for its creative industries, including advertising and music, which emerged and flourished at the same time as Manchester United cemented itself as a modern super club).

Probably the best example of this comes from Bavaria and Bayern Munich. The region grew significantly after the post war break-up of Germany. Munich attracted a range of companies from East Germany, including Siemens, and saw an expansion of economic activity because of the location of various firms in the area (including BMW, Audi, and others). The regional government followed an aggressive economic development strategy at the time, and many skilled people moved to the area. These people were re-building a nation and looking for new leisure and entertainment options, which meant a demand for culture and sports. Merkel (2007, 230) notes that this fostered a "context of changing consumption patterns, and the (re-) emergence of the leisure and entertainment industry in Germany." He writes,

"Germany of the 1960s and 1970s experienced the emergence and growth of a new

²⁹ Harrison (1978, 150) writes, for instance, that "since the spread of industrialization in the 1950s, Barcelona and Madrid received massive numbers of workers from the rest of Spain."

consumer culture. Consequently, the leisure industry with all its different branches boomed. Although professional football is economically and legally not a branch of the entertainment industry this sport started to compete with traditional forms of entertainment for new customers. Taylor observed with reference to the English game that this 'process involved a transformation of the stereotype of the football supporter. Where once the stereotypical supporter was a working-class man, living for Saturday and inextricably involved – in his own perception – with the fortunes of the club, now he was of undefined class membership'. This description is equally applicable to the German context. Subsequently, the social composition of the spectators in the football grounds became more complex and less homogenous."

This new sports-demanding class was rising across Europe and became more mobilized because of television (with prominent football shows starting in Germany in the 1960s, for instance (Baimbridge et al., 1996)). It is undoubted that the growing engagement of a new, mobilized and complex support base helped Bayern Munich cultivate a new and expansive following in its first golden period (from the mid-1960s to the late 1970s). By the 1970s the club was already becoming a nationally popular entity (not always liked, but followed), having won its first national title barely five years earlier. The growing support base did not just comprise fans, of course, but included corporate sponsors like Adidas and Siemens and Audi (all of whom still support the club today). The 1972 Olympics in Munich provided an event that further engaged people around the city and sports. Many engagements were made or strengthened in this event; between the government and sports (in the infrastructure produced for the games) and between private corporations and sports (in the sponsorship around the event). Bayern Munich arguably built on these engagements more than other clubs—benefiting directly in using the Olympic stadium and its associated infrastructure, for instance, and by leveraging the Munich name.

Legal changes have been another set of engagement mechanisms that contributed to the emergence of super clubs. In Germany, for instance, football professionalism was still emerging in the 1960s and 1970s and a number of rule changes allowed clubs to increase pay to players. This led to more mobility among players and fostered the emergence of a competitive labor market. Corporate sponsorship was also allowed from the 1970s as well, which proved crucial in fostering a commercial revenue base for German clubs. Similar changes were happening in Britain at the time, and all European clubs benefited from the Bosman Ruling in 1995—which banned restrictions on foreign European Union (EU) players within national leagues and allowed players in the EU to move to another club at the end of a contract without a transfer fee being paid.

All of these factors led to easier engagements between people in the football world; and freed the movement of skills across borders, between clubs and players, and between clubs, players and supporters. Engagement was also facilitated by television and then the internet, and other aspects of globalization. Arguably, all clubs benefited from such factors, which simply increased the football industry's capabilities to grow and complexify. Super clubs arguably had more to build on when this happened, however, and this led to them benefiting more from the

contextual and institutional shifts. Beyond this, the super clubs made their own organizational shifts in the period to allow even greater engagement advantages.

The super clubs had arguably started building their engagement capabilities many decades before the Bosman ruling and relaxation of television rights negotiations changed the game in the 1990s. As discussed, the more established clubs had been creating the basic foundations of business and commercial units for decades and could easily turn these into more formal, elaborate and professional mechanisms to engage sponsors, pursue new commercial ventures, and more. They also developed a greater network of supporter entities than other clubs.³⁰ Beyond this, the main four clubs had created youth development centers to foster talent and had established robust and far-reaching scouting mechanisms as well. This meant that they had the basis for building their own talent and creating talent that they could sell (which is vital in a more dynamic labor market).³¹

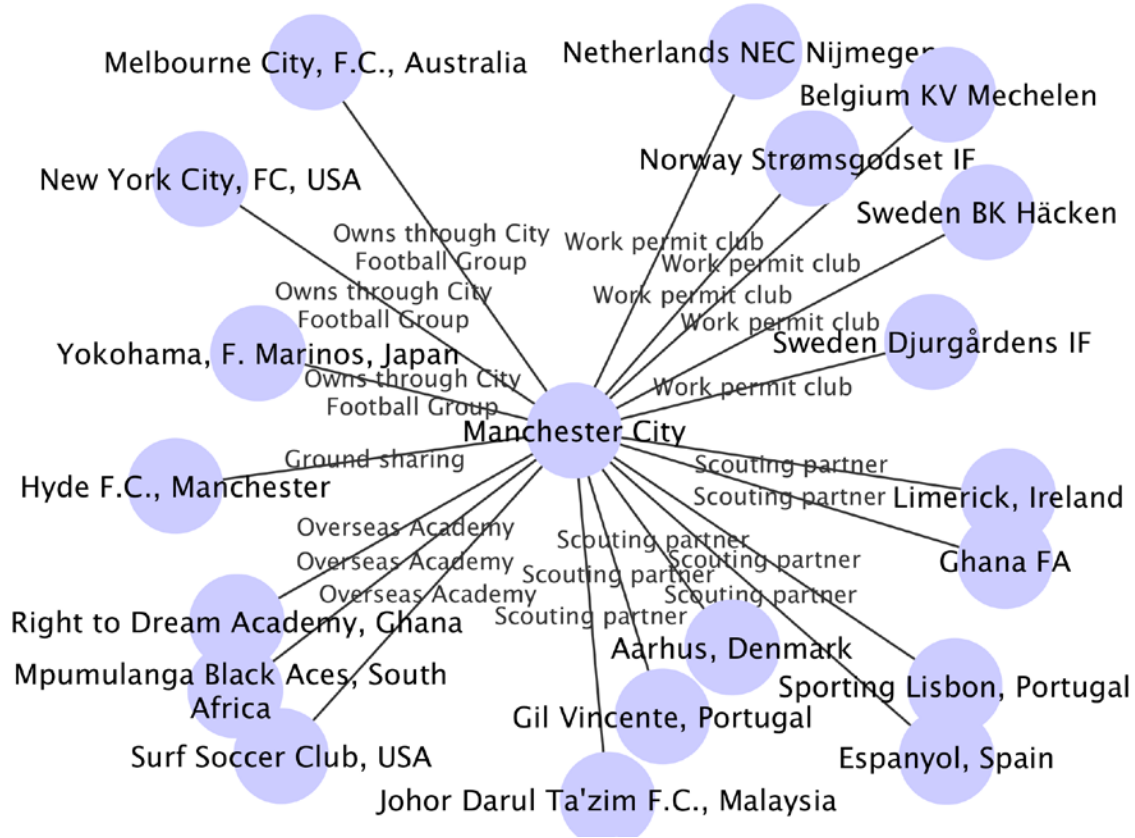
Barcelona, Real Madrid, and Manchester United had also established relationships and connections with clubs across the globe through international tours dating back to the 1920s (for the Spanish clubs). This meant that they were better poised to engage with global partners when legal arrangements allowed such engagement. The importance and complexity of these engagement mechanisms is evident in Manchester City's recent experience. The club has only recently started to emerge as a super club. Part of its metamorphosis has involved creating establishing its business unit in London (as discussed). This has proved vital in order to attract and nurture skills and people to promote the club brand. Another element of the club's metamorphosis has involved creating links across the globe to ensure it can access skilled players.

The engagement mechanisms it has created for this are elaborate and far-reaching, as shown in Figure 5. The club has ownership stakes in other clubs on three different continents (in Australia, Japan, and New York) where it can find and field talent and build its expanded brand. It also has a ground sharing relationship in Manchester with a local club, and a variety of overseas academies (in Africa and the United States). Seven foreign clubs act as scouting partners as well (in Portugal, Spain, Ghana, Ireland, Denmark, and Malaysia). Finally, five European partners act as 'work permit clubs' where new talent can establish a legal European residency before Manchester City actually commits to having them on the club.

³⁰ Frick and Prinz (2006, 69) note, for instance, that "Bayern Munich has more than 2,000 registered supporter clubs with 132,000 individual members, whereas Dortmund has about 600 clubs with 20,000 members and Schalke 1,200 clubs with 43,000 members."

³¹ All of the super clubs are well known as big buyers of talent in transfer markets. Real Madrid, in particular, has a reputation as a club that buys talent in from the outside. Interestingly, all of the clubs are also major suppliers of football talent and this is a key part of their rise. Real Madrid's training school (la Fabrica) has produced a host of global stars sold to other clubs, for instance (including Samuel Eto'o, Esteban Cambiasso, Juan Mata, Roberto Soldado, Alvaro Negredo). Barcelona's La Masia training program has also produced significant talent that has played for the club and been sold onwards.

Figure 5. Player engagement mechanisms in Manchester City



Source: Author's analysis, based on Manchester City official reports.

Capital

The engagement mechanisms shown in Figure 5 are detailed, and show the lengths to which super clubs go to ensure they find, court and contract skilled players. These mechanisms are expensive to establish and maintain. Clubs need capital to finance such mechanisms, among other capabilities. All of the super clubs have a history of locating and using capital to provide the capabilities needed to foster growth.

The role of private capital in Manchester City's recent emergence into a potential super club has attracted a lot of attention (Conn 2012). There is nothing new about the importance of capital in the rise of super clubs, however. All of the super clubs relied on raising capital at some time or another. As with other clubs, capital has been needed to bail the super clubs out of trouble at key points (in Manchester and Barcelona in the 1930s, for example, and in Bayern Munich in the 1980s). Capital has also been used to build new stadia and buy new players. This is similar to the role capital plays in other clubs: providing the basis to stay afloat and finance the core football product.

Super clubs are different from the norm in that they access more capital than

other clubs. This is certainly the case in recent decades, where capital has arguably become more important (given rising costs of player transfers and the cost of setting up and sustaining the physical and managerial structures required to be a super club, as reflected in Figures 3 and 4) (Dobson and Goddard 1998). The ability to raise capital is not new in most of these super clubs, however, and the historical study here suggests that capital raising capabilities are accumulated through learning. Manchester United has raised capital aggressively at various points in its history, for instance, and it would seem that the lessons of engaging with different capital sources has helped the club build strong capital-raising capabilities. The club first incorporated by issuing shares in 1892, for instance, and raised key capital to stay afloat in 1902 (via J.H. Davies) and in 1931 (via J.W. Gibson). It relied on private capital to build the Old Trafford Stadium (through Davies in 1910) and to establish the Cliffs training ground (through Gibson, in a rental agreement in 1938 and then a purchase of the land in 1951). It also raised money from banks and the government to make various adjustments and upgrades to its stadium and grounds (including rebuilding much of Old Trafford after World War II, using money obtained from the War Damage Commission). In more recent years, the club has again shown the capability to raise capital in public markets (floating on the stock market in 1991 and listing an initial public offering (IPO) in 2012), and from private sources (including current owners, the Glazers), and banks.

The other super clubs followed in this work have also shown a growing ability to raise capital through various sources. This is arguably a key difference between these clubs and average clubs. Interestingly, the mixture of sources differs across the clubs. This is because they have different ownership models.³² This suggests that super clubs do not need to have one type of ownership, and certainly would not support any view that a wealthy private owner is needed to bank role a super club. Rather, it seems clear that super clubs can have different ownership types but need capabilities to raise various types of capital, continuously, responsibly, and in growing amounts (Manchester United needed a few thousand pounds in 1892, for instance, but raised over \$2 billion dollars in its 2012 IPO³³). Furthermore, it seems increasingly important to be able to raise capital from foreign sources (through sponsorship deals for Barcelona or Madrid, or the New York stock market for Manchester United, or foreign owners for Manchester City) (Bi 2013; Conn 2012). This is another sign of the internationalization of the sport, and reinforces the importance of 'global capabilities' in the rise of super clubs.

A key part of the super clubs' capital capabilities center on the way they use their brand to leverage support. Research shows that access to capital is endogenous, and quite dependent on the past results, history, brand and connections a club enjoys (Scelles et al. 2014). In the case of Manchester City, for

³² Members (or 'socios') own Barcelona and Real Madrid, for instance, whereas the two Manchester clubs have been privately or publicly owned, and Bayern Munich is a blend of member and private ownership—where the private parties are large sponsoring corporations.

³³ As reported by Dominic Rushe in the Guardian on 10 August, 2012. ("Manchester United IPO: share prices cut before US stock market flotation". *The Guardian* (Guardian News and Media).

instance, the Abu Dhabi owners it now has were drawn to the club because of its history, new stadium, and potential for results. Barcelona has received support from regional banks partly because of its social and political importance as a symbol of the region. Real Madrid has received various kinds of capital support because of its political affiliations as well. In short, the ability to construct a brand narrative for potential funders seems key to the rise of super clubs.

It is also important to consider how capital is used. The lesson from super clubs seems clear: Capital matters because it allows connections and catalyzes creativity. This is achieved through timely building of stadia, and investment in youth development programs, and the establishment of scouting capabilities. Super clubs have a history of investing in these catalyst capabilities, especially since the 1990s. These investments are central to the success of the clubs, even though they often go unnoticed or are crowded out in the media by transfer fees for player acquisitions, which are also vital (for reasons discussed above) but are only part of the way in which money is invested.

Infrastructure

All of the super clubs have raised capital at some point to build infrastructure. Stadia are typically the main focal point of these clubs' investments, and it should be noted that all of the clubs have iconic home grounds associated with their brands (whether old or new): like Old Trafford in Manchester, the Camp Nou in Barcelona, and the Allianz Stadium in Munich. The clubs have invested growing amounts in other kinds of infrastructure over the decades as well. Examples have been mentioned throughout this paper, and include grounds for youth academies, large training facilities, management and business offices, and more. These investments are important to consider in reflecting on the rise of super clubs.

It is important to note that new infrastructure investments feature prominently in all of the stories of emergence. New stadia preceded golden periods in the 1950s and 1960s for Barcelona and Real Madrid, for instance, and the more recent emergence of both Swansea City and Manchester City happened after new stadia were erected. Similarly, Bayern Munich's rise in the late 1960s and 1970s coincided with the period in which its new Olympic Stadium was announced, built, and put into operation. Importantly, the stadium was part of a larger effort to prepare for the 1972 Olympic Games in Munich. This effort also included infrastructure investments in roads, rail, airports and other transportation. The new stadium was connected directly to this expanded transportation infrastructure, through on-site train stations and more. These kinds of connections have also characterized stadium developments in Manchester (both Old Trafford and the Etihad Stadium) and in Barcelona and Real Madrid.

The infrastructure of super clubs thus seems larger than that of typical clubs and more integrated into city and regional transportation structures. The stadiums of neighbor clubs like Stockport County do not commonly enjoy access to rail

stations that typify stadiums like Old Trafford, for instance. The infrastructure of these clubs also seems more varied than most other clubs. Training grounds of clubs like Manchester United, F.C. Barcelona and Real Madrid are much more elaborate than others, and these clubs also enjoy other kinds of development ability (Manchester City is currently building a major complex next to its stadium, for instance, that will include medical treatment facilities, a school, urban housing, retail stores, and more). These kinds of facilities have often been located in emerging green field areas of the home city and act as attractions to visitors of the club. Real Madrid's new training facility is an example. City infrastructure investments help to facilitate the connections between the training ground and city visitors, by providing transportation linkages to the city center and airport.

The infrastructure enjoyed by super clubs seems particularly important in their rise for four reasons. First, facilities have allowed the clubs to produce a quality football-first performance. Quality fields and training facilities are increasingly vital to facilitate the production of sports, and these clubs have the best facilities possible. Second, the stadiums, grounds, office buildings and more catalyze the kinds of engagements required to ensure the clubs find and fit necessary skills and people capabilities. These structures are key to attracting and engaging players, for instance, ensuring these players have all they need in terms of training facilities, medical treatments, and beyond. These structures are also where sponsors engage with fans, and where television cameras capture moving images of supporters brandishing team colors, jerseys and more. Third, the stadia in particular provide part of the branding narrative of the clubs. Old Trafford is called the 'Theater of Dreams',³⁴ for instance, and fans visit grounds like Camp Nou because of the history they represent. Finally, the infrastructure of the super clubs increasingly acts as another source of income for the super clubs. Bayern Munich manages the Allianz Stadium with a view to making additional profit, for instance, and Manchester City's new owners hope to draw income from housing and other developments next to the Etihad Stadium.

It is important to note, therefore, that super clubs seem to use infrastructure as both a catalyst to attract and retain key capabilities and as a productive attribute (part of an increasingly diverse product). It is also important to note that infrastructure enjoyed by these clubs is itself the product of catalyst capabilities. Capital is one obvious example: Clubs can only build infrastructure if they can raise money for big projects, which all of the super clubs have proved capable of doing. The supporting infrastructure of local and regional governments is another example: It is more profitable to build a 70,000 seater stadium or large training ground where home cities have infrastructure to transport paying fans to the locations, for instance. Mega events can also be catalysts for the super clubs. This has been the case in Munich (where the 1972 Olympics and 2006 World Cup led to public funding for stadium developments), Barcelona (with the 1992 Olympics greatly enhancing the city's infrastructure), and Manchester (where the 2002

³⁴ Barnes et al. 2001, 45.

Commonwealth Games led to construction of the Etihad Stadium and expansions to transportation infrastructure that both super clubs have benefited from).

Adaptive leadership

Leadership is another main catalyst capability needed to support big infrastructure projects. Manchester United's Old Trafford stadium was constructed in 1910 because of generous financing by local businessman John Henry Davies,³⁵ for instance, apparently under instigation of manager Ernest Mangnall. Leadership on the project also came from local politicians and architects. A similar story can be told when examining the stadium developments at FC Barcelona and Real Madrid, in the 1920s and the 1950s. Santiago Bernabeau's name is enshrined in Real Madrid's stadium largely because of the role he played in ensuring the structure was built.

Leadership was not only important for infrastructure development in these clubs, however. It is difficult to identify a key point of progress or change in any of these clubs that did not involve outstanding individuals working in groups to foster the change. Bayern Munich was kept going after the second world war because of the work of Kurt Landauer, for instance, and emerged in the 1960s under the influence of leaders named Neudecker, Schwann, Čajkovski, Beckenbauer, and more. These individuals, working together and playing particular roles, helped to foster changes in the way the club engaged with its environment and opportunities. They ensured the Bayern team of 1972 played in a different way and a different place and with different staff than the Bayern of 1965. Santiago Bernabeau and his team managed to do a similar thing in Real Madrid in the 1950s and 1960s, and Matt Busby achieved a similar feat in Manchester United in the 1950s.

The leadership one sees in these clubs goes well beyond common managerial and ownership capabilities in football clubs. It is a form of adaptive leadership that fosters continuous and structured adaptation, whereby the organizations affected constantly progress and grow. The change one sees is curiously grounded in the past (given the importance of history in the club brand) but also focused on modernization (and complexification, whereby the clubs alter their production mix and even their character). This kind of leadership is not overly dynamic or overly stable. Indeed, it manifests through the blend of both characteristics, where personalities with deep roots in the club emerge to foster change and then cement new characteristics on the old. The best case of this comes from Bayern Munich, where Uli Hoeness assumed leadership through a messy rebellion in the late 1970s and then became the mainstay of the club's stability over ensuing decades. His methods were not always popular, but he was considered part of the club and was granted space to try new things and take the club in new directions. This meant that the Bayern Munich of 2000 was not the same as the Bayern Munich of 1972.

³⁵ The large investment by Davies led to Manchester United being called "moneybags United" (Inglis 1996, 234).

This kind of leadership seems vital to the rise of super clubs. It is arguably the key catalyst capability promoting the rise of these clubs, as it influenced the other catalysts. Adaptive leadership underpinned decisions to build infrastructure, access capital, and create new engagement mechanisms in moments that preceded golden periods in the clubs' histories. This leadership did not just involve having one or other influential leader in place, however. Instead one sees groups of individuals interacting to make pivotal decisions at key times. These individuals blend new ideas with established legitimacy, to enable real change in organizations where tradition truly matters. This is evident in even modern day Manchester City, where some observers believe recent change is only about the influence of capital infusions from Abu Dhabi. In fact, the club has undergone significant change in the way it plays football, and in the way it engages with its supporters and the city. These changes have been facilitated by leadership in the city government (that helped ensure the building of the Etihad Stadium, also known as the City of Manchester stadium), and from the Abu Dhabi owners (whose links and connections have proved as vital as their capital), and from influential managers and players, as well as past club and community personalities like Tony Book (who have lent legitimacy to the change process).

Where other clubs may have one generation characterized by this kind of group-based adaptive leadership, the super clubs have repeated experiences of it. This is not to say that those exercising such leadership always prevailed and never made mistakes. Mistakes have in fact been common, but the clubs have proved quite resilient and capable of learning, adapting, responding, and even surviving mistakes (including corruption scandals that have followed leaders like Neudecker and Hoeness at Bayern, and financial difficulties in clubs like Manchester United). The story of these clubs shows that they can manage through difficult times and also achieve far-reaching change that many other clubs have not been able to realize. This points to an adaptive leadership capability that is intriguing because of its apparent in-built nature and propensity to repeat.

Does evidence support the capabilities hypotheses?

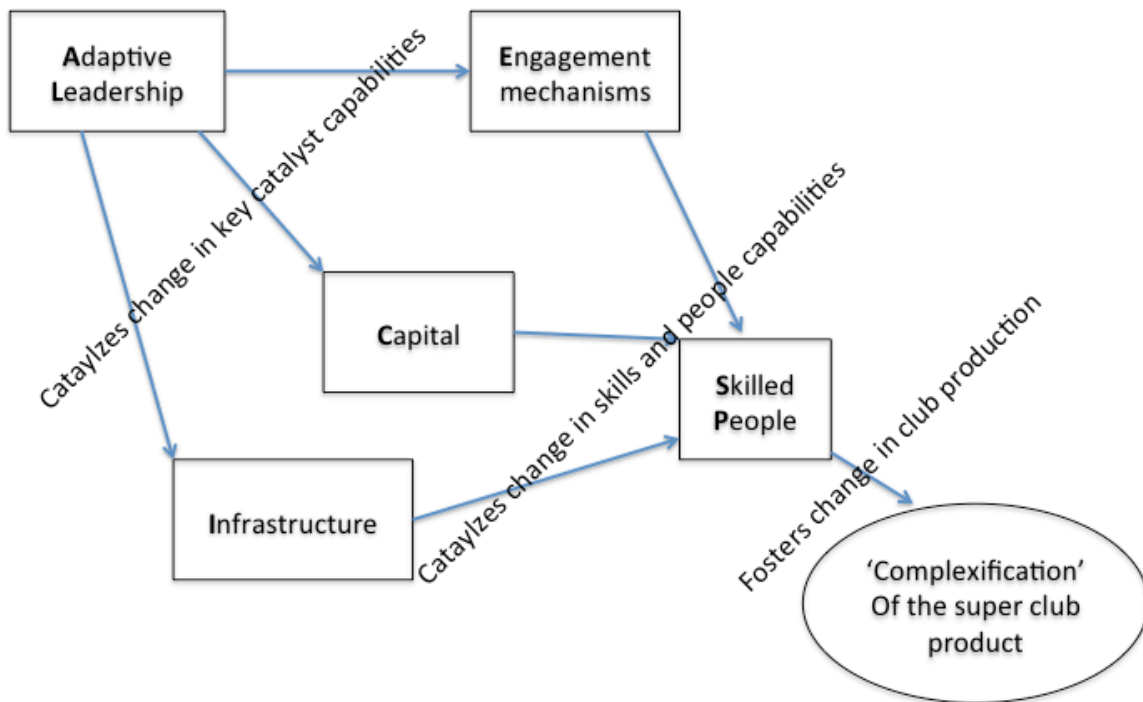
The theory presented earlier (in Table 1) posited that super clubs emerged as successful because they changed their production complexity in response to changes in key capabilities. The key capabilities identified included skills and people, and catalysts like engagement mechanisms, capital, and infrastructure. The analysis here suggests that all of these capabilities are indeed pivotal in explaining the rise of the super clubs. These clubs seem to have undergone decades of adjustment and adaptation in which these capabilities have grown and changed, fostering change in the productive characteristics of the clubs.

The capabilities have not emerged out of a void, however. This is especially the case with skills and people. The clubs have managed to find and field new skilled

players and business executives largely because of the mechanisms that have adopted to ensure broad engagement. Skills and people have also been drawn to the clubs through capital and infrastructure, which have given the clubs special capabilities to convene and attract. All of these capabilities have been catalyzed by adaptive leadership, which has proved to be recurring in these clubs over many decades. Other clubs have not had the same recurring leadership or been able to establish the same kinds of catalyst capabilities. As a result, other clubs have not been able to find and field the kinds of skills and people that work for, around, in and in-connection-with the super clubs.

Figure 6 simplifies the argument, summarizing the full theory explaining how super clubs rise. It suggests that adaptive leadership catalyzes changes to engagement mechanisms, capital and infrastructure, which then catalyze change in skills and people capabilities, which are then key to changes in club production and the ‘complexification’ of production—where clubs produce an expanded and more complex set of products over time, generating more value in the process.

Figure 6. The full theory explaining the rise of super clubs



Conclusion

There are many football clubs in Europe, but only a few of these clubs truly stand out. These are the super clubs of European football that have greater fan bases, financial strength, and on-field success than others. This paper asks why these clubs

stand out as different from others, and how they have emerged as ‘super’. It proposes an explanation that draws from complexity theory in economics based on two broad hypotheses:

- First, clubs do not become super by just producing better versions of the same products (a successful football team). Instead, over time, these clubs produce more complex, higher-value, globally consumed products.
- Second, clubs become super by accumulating new capabilities (or know-how) over time, manifest in new skills and people accessed through a range of ‘catalyst capabilities’ that source the skills. The catalyst capabilities include engagement mechanisms (through which skills are located and contracted), capital, infrastructure, and adaptive leadership.

The argument underlying these hypotheses stands in stark contrast with many who might argue that super clubs simply produce a better football product than other clubs, given more money and better players and stadia. This simple explanation reflects a view that “Football clubs are ostensibly uncomplicated organisations: they exist to facilitate participation in, and the spectating of, organised football” (Ward undated, 3). Those who view football as a simple product often find the idea of super clubs unappealing as well, suggesting that these clubs are dominating others and monopolizing the sport, violating tradition and undermining the competitiveness of leagues. These commentators decry globalization of the sport that seems to have accelerated since the 1990s and seem to harken for past periods in which there were no super clubs.

This paper uses historical narratives to suggest that evidence supports the hypotheses as they are presented and thus does not support common commentary. Evidence shows, for instance, that super clubs have increasingly diversified production and now have extremely complex sets of products in place (through what is called ‘complexification’ in this paper). Evidence shows further that these clubs complexified their production progressively over many decades, largely through the accumulation of more and diverse sets of capabilities. Evidence supports the idea that key capabilities center on skills and people, and that these are catalyzed by other capabilities—engagement mechanisms, capital, infrastructure, and adaptive leaderships. As summarized in Figure 6, these capabilities combine to foster progress and the progressive complexification of super club production. Building on this evidence, one can conclude that a simple but seemingly appropriate acronym describes the capabilities underpinning the rise of these super clubs: *Special* (Skilled People, Engagement mechanisms, Capital, Infrastructure, and Adaptive leadership).

The evidence indicates that super clubs are not just monopolizing entities that dominate other clubs producing similar products. Rather, the super clubs have become highly complex companies that produce a diversified set of products with an increasingly growing and diversified set of capabilities. The evidence shows further that there may in fact have never been periods in which some version of the

super club did not exist. Indeed, history reveals that at least four European clubs have been establishing themselves as 'super' for fifty to eighty years, gradually diversifying, expanding and internationalizing over many decades. The legacies of these super clubs are full or story lines like those we see today; Manchester United sold its first shares in the 1890s, for instance, long before the stock market adventures of the 1990s; Barcelona and Real Madrid had controversial player-entertainers drawing attention in the 1920s, way before the Maradona's and Ronaldo's of today; and more. Historical analysis shows that it is not accurate to say that these super clubs emerged in the 1990s alone, even if the pace at which they have risen since this time has been accelerating. History also shows that it is inaccurate to claim that modern day clubs have departed from tradition, in that all of these clubs seem to actively build their commercial and sporting businesses on brands that have a distinct historical foundation.

The analysis reflected on differences between these super clubs and their neighbors. One observation that comes from such comparison is that the world of football is not made up of super clubs and 'the rest'. There is a continuum of club complexity, ranging from the extremely localized semi-professional club (perhaps like UE Sant Andreu in Barcelona), to slightly complex clubs (like Stockport County in Manchester) and increasingly complex clubs (like Espanyol or Atletico Madrid in Spain), and finally the super clubs. The analysis does show that a large gap exists between the super clubs and those nearest to them on the continuum. This gap appears to have widened in the past twenty years. This is largely because the super clubs were able to build on decades of progress when football opened up internationally, new forms of revenue became available, and the game's popularity soared.

The paper's focus on the past does not preclude it from concluding with questions about the future. It is unclear, for instance, whether the super clubs will continue to diverge from other clubs and create a class of 'beyond super clubs' that continue to dominate the sport. This would seem a plausible forecast if one accepts the implied argument in Figure 4. This shows how the various productive dimensions of these clubs reinforce each other and foster multi-dimensional growth (where complexity feeds on complexity, allowing continued and even ramped up growth in clubs that are already complex, but limited growth in other clubs). It is also unclear if the stresses of being super will catch up to these clubs. Various commentators note the difficulty of managing growing complexity, in both production and relationships. The media commonly portrays these clubs as vulnerable to all sorts of calamity, especially given the rapid change and growth since the 1990s. The study here suggests that the clubs have been growing and changing for a much longer period, however, and that the foundations of their current success may be much firmer than many believe. Finally, one wonders whether other football clubs will be relegated to 'other' status in the future, and if football will never again be played on a level field. Controversially, the study here suggests that the field has not really ever been level, and it is hard to see how the future has a more level surface in store. This raises questions about the future of

many clubs in European football, given the lack of complexity in their products and capabilities. Reflecting such issue, Callejo and Forcadell (2006, 51-52) paint a bleak picture for clubs that cannot diversify in the direction of the super clubs,

“The football industry has traditionally been based on the exploitation of the sporting event. Currently, the generation of income from this source is very restricted, since on the one hand, the stadium capacities are limited in terms of the number of spectators and the VIP boxes, and on the other, the market for audio-visual and TV rights is in decline internationally.”

This kind of observation is common in economic writing about the differences between small businesses and multinational businesses. It seems appropriate to think of football clubs in a similar manner, and it is suggested that future research take such approach. Potential research is needed to delve more deeply into the many aspects of this study—exploring adaptive leadership issues in more detail, for instance. Research could also analyze the impacts of super clubs on their local and regional economies, given that the theory of economic complexity suggests many potential overlaps. Finally, research could examine the way in which governments could use public policy to support the rise of super clubs. Theory would suggest that public policy tools are like Scrabble letters and facilitate the construction of interesting and important words. It would be interesting and important to better understand which letters are in fact ‘government controlled’ and how and when they are employed to foster complexification in football and sports. This research will help texture the literature on economic complexity and on sports in general.

References

- Alexander, D., & Kern, W. 2004. The economic determinants of professional sports franchise values. *Journal of Sports Economics*, 5, 51–66.
- Andreff, W., & Staudohar, P. 2000. The evolving European model of professional sports finance. *Journal of Sports Economics*, 1, 257–276.
- Baimbridge, M., Cameron, S., & Dawson, P. 1996. Satellite television and the demand for football: A whole new ball game? *Scottish Journal of Political Economy*, 43, 317–333.
- Baldwin, R. (1997) The football business: the financial state of the national game, *Sports Law Administration and Practice*, 4(7), 9–12.
- Ball, P. 2011. *Morbo: The story of Spanish football*. London: WSC Books.

Barnes, J., Bostock, A., Butler, C., Ferguson, J., Meek, D., Mitten, A., Pilger, S., Taylor, F., & Tyrrell, T. 2001. *The Official Manchester United Illustrated Encyclopaedia*. London: Manchester United Books.

Bi, Y. 2013. Integration or resistance: The influx of foreign capital in British football in the transnational age. *Football & Society*.

Brandes, L., Franck, E., & Nüesch. 2007. Local Heroes and Superstars: An Empirical Analysis of Star Attraction in German Football. *Journal of Sports Economics*, June, 1-22.

Brown, A. 2008. 'Our Club, our rules': fan communities at FC United of Manchester, *Soccer & Society*, 9(3), 346-358.

Buraimo, B, Simmons, R and Szymanski, S. 2006. English Football, *Journal of Sports Economics*, 7 (1): 29 – 46.

Burns, J. 2012. *The Real Deal*. London: Endeavour Press.

Callejo, M., & Forcaell, F. 2006. Real Madrid Football Club: A New Model of Business Organization for Sports Clubs in Spain. *Global Business and Organizational Excellence* (November), 51-64.

Cambridge Econometrics (and the Sports Industry Research Centre at Sheffield Hallam University). 2013. *Analysing the Value of Football to Greater Manchester*. 11 April 2013.

Chadwick, S. 2010. *Managing Football*. London: Routledge

Conn, D. 2005. *The Beautiful Game? Searching for the soul of Football*, Yellow Jersey Press:London

Davies, T. 2013. Moneyball: The Finance of Sport. *Economia*, 5 June 2013. Available at: <http://economia.icaew.com/life/june2013/the-finance-of-sport>

Dobson, S., & Goddard, J. 1998. Performance, revenue, and cross subsidization in the Football League, 1927-1994. *Economic History Review*, LI(4), 763-785.

Elliot, D., & Smith, D. 2006. Cultural Readjustment After Crisis: Regulation and Learning from Crisis Within the UK Football Industry. *Journal of Management Studies* 43:2, 289-317.

Emery, R., and Weed, M. 2006. Fighting for Survival? The financial management of football clubs outside the 'top flight' in England, *Managing Leisure*, 11, 1-21.

Frick, B., & Prinz, J. 2006. Crisis? What Crisis? Football in Germany. *Journal of Sports*

Economics, 7(1), 60-75.

Grant, M., and Robertson, R. 2011. *The Management*. Edinburgh: Birlinn.

Hamil, S., Michie, J., and Oughton C. 1999. *The Business of Football*, Mainstream, Edinburgh.

Hamil, S., Michie, J., and Oughton C. 2000. *Football in the Digital Age*, Mainstream, Edinburgh.

Hamil, S., Michie, J. And Oughton C. 2001. *The Changing Faces of the Football Business*, Frank Cass, London.

Hamil, S., Holt, M., Michie, J., Oughton, C., and Shailer, L. 2004. The Corporate Governance of professional football clubs, *Corporate Governance*, 4(2), 44-51

Hardy, S., Malbon, B., & Taverner, V. 1996. *The Role of Art and Sport in Local and Regional Economic Development*. Regional Studies Association: London.

Harrison, J. 1978. *An Economic History of Modern Spain*. Manchester: Manchester University Press.

Hesse, U. 2003. *Tor! The Story of German Football*. London: WSC Books.

Hoehn, T., & Szymanski, S. 1999. The Americanization of European football. *Economic Policy*, 28, 202-240.

Inglis, S. 1996. *Football Grounds of Britain* (3rd ed.). London: Collins Willow.

Johnstone, S., Southern, A., & Taylor, R. 2000. The Midweek Match: Premiership Football and the Urban Economy. *Local Economy*, 15(3), 198-213.

Kennedy, P., & Kennedy, D. 2013. *Football Supporters and the Commercialization of Football*. London: Routledge.

Kuper, S., & Szymanski, S. 2012. *Soccernomics: Why transfers fail, why Spain rule the world and other curious football phenomena explained*. London, England: HarperCollins.

Lago, L, Simmons, R and Szymanski, S. 2006. The Financial Crisis in European Football. An Introduction, *Journal of Sports Economics*, 7 (1): 3-12

Luzon, J.M. 2012. *Modernizing the Nation: Spain During the Reign of Alfonso XIII, 1902-1931*. London: Sussex Academic Press.

Malcolm, D. 2000. *Football Business and Football Communities in the Twenty First*

Century. *Soccer and Society*, 1(3), 102-133.

Merkel, U. 2007. Milestones in the Development of Football Fandom in Germany: Global Impacts on Local Contests. *Football & Society*, 8 (2/3), 221–239.

Merkel, U. 2012. Football fans and clubs in Germany: conflicts, crises and compromises *Football & Society*, 13(3), 359–376.

Morrow, S. H. 1996. Football players as human assets measurement as the critical factor in asset recognition: A case study investigation. *Journal of Human Resource Costing and Accounting*, 1, 75–97.

Perkins, S. 2013. Exploring Future Relationships between Football Clubs and Local Government. In Garland, J., Malcolm, D., & Rowe, M. (Eds). *The Future of Football: Challenges for the Twenty-first Century*. London: Routledge, 102-113.

Rosner, S. & Shrophshire, K. 2011. *The Business of Sport*. London: Jones & Bartlett Publishers.

Scelles, N., Helleu, B., Durand, C., & Bonnal, L. 2014. Professional Sports Firm Values: Bringing New Determinants to the Foreground? A Study of European Football, 2005-2013. *Journal of Sports Economics* (June), 1-28.

Shobe, H. 2008. Football and the politics of place: Football Club Barcelona and Catalonia, 1975–2005. *Journal of Cultural Geography*, 25:1, 87-105.

Siegfried, A., & Zimbalist, J. 2006. The economic impact of sports facilities, teams and mega-events. *The Australian Economic Review*, 39(4), 420-427.

Söderman, S., & Dolles, H. (Eds.). 2013. *Handbook of Research on Sport and Business*. Boston: Edward Elgar Publishing.

Taylor, R. 2013. *Debate on 25 July: Contributions of the English Premier League Football to the United Kingdom*. House of Lords Library Note, 22 July 2013.

Ward, S. undated. *What Alternative Business Models Exist in the Organisation of Professional Football Clubs?* Research Institute for Business and Management Manchester Metropolitan University Business School

White, J. 2010. *Manchester United: The Biography: The Complete Story of the World's Greatest Football Club*. London: Little, Brown Book Group.

Wilson, J. 2013. *Inverting the Pyramid*. London: Orion.