



The first 100 days as an owner of a football club

An insight into club
transformation

THE FIRST 100 DAYS AS AN OWNER OF A FOOTBALL CLUB



Saudi Arabia is actively privatizing sports clubs, with a strong focus on football. Successful acquisitions have been made by the Public Investment Fund (PIF) of four Saudi Pro League clubs Al Hilal, Al Nassr, Al Ittihad and Al Ahli. More recently, Saudi Aramco acquired Al Qadisiyah Club, the Royal Commission for AlUla assumed ownership of AlUla Club, while Diriyah Gate Development Authority announced ownership of Diriyah Club and NEOM's reported takeover of NEOM Sports Club. The Saudi Council of Ministers has also provided the Supervisory Committee for Privatization in the Sports Sector authority to issue approvals for the privatization of a further 14 Saudi-based clubs, across various grades.

Owning a football club presents a myriad of opportunities. Not only to enter the elite world of sport, but also to contribute to a club's transformation, engage with the local community and create an international brand within the global sports ecosystem. From stadium renovations to city regeneration and from developing a local following to a global community, the ownership of a football club offers a dynamic platform to make a lasting impact and create a legacy that extends far beyond a pitch — but how do you get there?

The path to success relies on the ability of new ownership to carefully review operations and implement key transformative phases. This paper reflects on Deloitte's football club transformation experience and more specifically, regional experience working with clubs and new owners throughout their privatization journey. It also examines new custodianships, articulating both the anticipated challenges and success measures of sustainable club transformation, to outline what is possible for a new owner of a sports club to achieve in their first hundred days and how they can prepare for subsequent phases of the club's transformation.

OWNERSHIP OF A FOOTBALL CLUB OFFERS A DYNAMIC PLATFORM TO MAKE A LASTING IMPACT AND CREATE A LEGACY THAT EXTENDS FAR BEYOND A PITCH — BUT HOW DO YOU GET THERE?



THE OPPORTUNITY FOR INVESTORS

The global sports market has seen significant growth in size and value in recent years and trends show the Middle East sports industry is expected to grow by 8.7% by 2026, compared to the global industry's forecast growth of 3.3% over the same period.¹

Markedly, the Middle East sports market is projected to outpace this global growth rate. Saudi Arabia is leading the region, with significant, multi-faceted and large-scale investment in sporting assets within the Kingdom and beyond. According to the Saudi Arabian Ministry of Sports, the contribution of sports to Saudi Arabia's GDP grew from SAR2.4bn (US\$640m) in 2016 to SAR6.5bn (US\$1.7bn) in 2019. That figure is expected to grow to SAR18bn (US\$4.8bn) by 2030.²

The Kingdom's investment in sports infrastructure, the promotion of sports tourism through international events and mass participation in grassroots sports presents a multitude of opportunities for investors. These investors may also be drawn by Saudi Arabia's young population and potential fanbase for sport – 63% of Saudi Arabian nationals are under the age of 30, compared to 36% in Organization for Economic Co-operation and Development (OECD) countries.^{3,4}

SAR18bn
ESTIMATED
CONTRIBUTION OF
SPORTS TO SAUDI
ARABIA'S GDP BY 2030.²

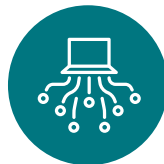
Opportunities that a young population presents to sports investors



Reach an untapped market of fans



Cultivate a loyal fan base to instill long-term support for the club



Engage with a digitally savvy audience through digital platforms



Explore gamification to create immersive and interactive fan experiences



Access a larger talent pool for youth academies and scouting programs

1 World Economic Forum (2023). How major sporting events are boosting Middle East economies. Accessed at World Economic Forum website.

2 US-Saudi Business Council (2021). Sports Sector Update, Economic Impact. Accessed at US-Saudi Business Council website.

3 General Authority of Statistics (2023). Kingdom's 2022 Census. Accessed at Saudi Press Agency Release.

4 OECD (2022). Youth at the Centre of Government Action: A Review of the Middle East and North Africa. Accessed at OECD website.





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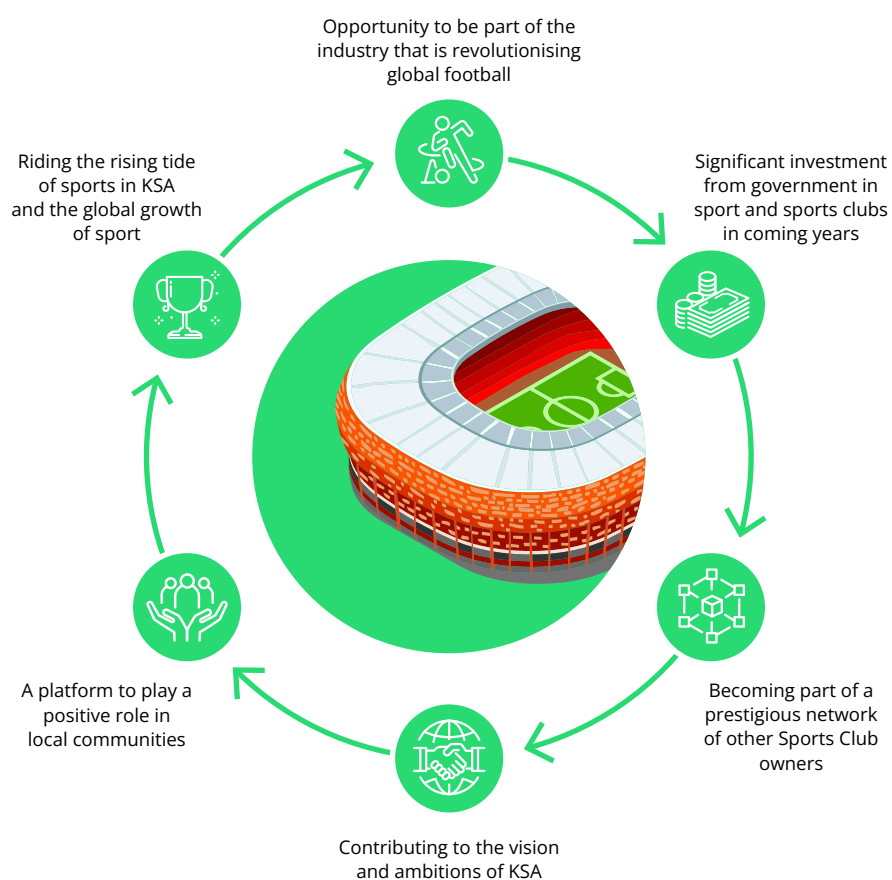


From planned state-of-the-art stadia to the Kingdom's ambitions to further professionalize and commercialize its leagues, the sports sector in Saudi Arabia is poised for further growth.

The approach taken by the Ministry of Sports, Saudi Arabian Football Federation and Saudi Pro League demonstrates the opportunities that can be achieved in the sector. Through a focused approach to improving the professionalization of clubs, attracting world-class talent and building a global fanbase, the Saudi Pro League secured a significant three-year broadcast deal in the 2022/23 season, valued at SAR 300m (US\$80m) and distributed in more than 130 territories.⁵

Coupled with investment in hosting sporting events (e.g., 2027 AFC Asian Cup, 2034 Men's Football World Cup, Women's Tennis Association Finals 2024-26), investment and growth in sport and its enabling infrastructure is likely to continue on an upward trajectory. This transformation and investment in sport has the potential to draw new interest from investors to enter the market.

Benefits of owning a sports club



SAR300m
VALUE OF THE THREE-YEAR
BROADCAST DEAL SECURED
BY SAUDI PRO LEAGUE
RUNNING FROM 2022/23
TO 2024/25.⁵

⁵ SportBusiness (2022). SSC acquires Saudi Professional League rights in nine-figure deal. Accessed at SportBusiness website.

THE CRITICAL INVESTMENT LEVERS FOR SUCCESSFUL TRANSFORMATION

There are significant potential upsides of owning a sports or football club. However, successfully transforming a club from an enterprise focused on the provision of sport to a commercially focused, profitable entity requires strong governance and controls, as well as a clearly thought-out plan and upfront investment. Key investment levers include, but are not limited to:

VISION, STRATEGY AND CULTURE	OPERATIONS AND GOVERNANCE	FINANCIAL
 Clear strategic direction.	 Enhancement of operational, financial and employee data reporting systems.	 Sustainable levels of investment, with a focus on reducing liabilities and/or accrued debt.
 Alignment of ownership, leadership and organization culture.	 Clear and easy to follow policies and procedures.	 Focus on improving cost controls and budget management.
 Focus on building collaborative relationships with supporters and key stakeholders.	 Defined and fit-for-purpose organization and governance structure.	 High quality financial reporting and full compliance with regulatory and tax requirements.

Clubs may have capability constraints, creating a challenge for new owners to implement their transformation plan. Examples of such challenges include abrupt changes in organizational culture and direction, unstructured decision-making processes, limited sporting operational expertise, high turnover rates of players and coaches caused by a focus on short-term fixes, untapped commercial potential and mounting external stakeholder pressures.

Therefore, an initial focus on governance, financial control, organizational design, talent attraction, upgrading processes, implementing systems, addressing productive working practices organizational culture are recommended best practice for new owners as they commence their transformation journey.

TIMELINE OF SPORTS INVESTMENT IN KSA



Golf:
PIF Saudi International
(multi-year)



Football:
Supercoppa Italiana
partnership (multi-year)



Motorsport:
Diriyah E-Prix
(multi-year)



Polo:
Richard Mille AlUla Desert
Polo (multi-year)



Motorsport:
F1 global partner



Golf:
Aramco Saudi Ladies
International (multi-year)



Motorsport:
Dakar Rally
(multi-year)

2018

2019

2020

2021



Handball:
IHF Men's Super Globe
(multi-year)



Tennis:
Diriyah Tennis Cup
(multi-year)



Wrestling / Entertainment:
WWE partnership
expansion



Motorsport:
Jeddah Grand Prix
(multi-year)



Golf:
Ladies European Tour



Football:
AFC global partner



Boat racing:
E1 Series
Partnership



Football:
Acquisition of
Newcastle United FC



Golf:
Creation of
LIV Golf



Football:
Supercopa de España
(multi-year)



Motorsport:
Acquisition of
McLaren (now sold)



Motorsport:
Aston Martin strategic partnership



Motorsport:
McLaren E-Team title sponsorship



Boxing:
Oleksandr Usyk vs Anthony Joshua II (Rage on the Red Sea)



Motorsport:
MoU with MotoGP cycle racing



Multi-sport:
NEOM Beach Games (multi-year)



Cricket:
ICC sponsorship (multi-year)



Tennis:
WTA Finals (multi-year)



Boxing:
Tyson Fury v Oleksandr Usyk (Ring of Fire)



Tennis:
ATP partnership (multi-year)

Key

● M&A

● Sponsorships

● Events

2022

2023

2024

2024+



Football:
PIF acquisition of majority stake in Al Hilal, Al Nassr, Al Ittihad and Al Ahli



Football:
Ownership transfer of Al Qadisiyah, Al Ula, Al Diriyah and NEOM Sports Club



Golf:
LIV Golf, PGA, DP World Tour merger



Mixed Martial Arts:
World Combat Games



Football:
2023 FIFA Club World Cup Saudi Arabia



Tennis:
Next Gen ATP Finals (multi-year)



Mixed Martial Arts:
Acquisition of Professional Fighters League (PFL)



Football:
2027 AFC Asian Cup



Multi-sport:
2029 Asian Winter Games



Football:
2034 FIFA World Cup Saudi Arabia



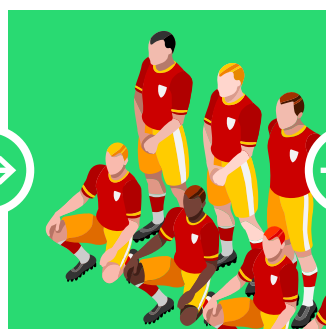
Football:
Privatization of 14 clubs

THE APPROACH

THE FIRST 100 DAYS OF CLUB TRANSFORMATION

A clear club transformation plan allows new owners to wholly assess the organization's current state, identify challenges and develop a tailored strategy and implementation plan. By undertaking this process, clubs may better adapt to changing circumstances, improve on-and-off-pitch performance and contribute to long-term sustainability and commercial success.

One model developed to support a successful football club transformation includes a four-phase investment cycle for a football club: 'Control', 'Build', 'Operate' and 'Transform'.



PHASE ONE: CONTROL

First 100 days

Implement immediate high priority changes with focus on enabling corporate governance and taking control.

PHASE TWO: BUILD

4-12 months

Execute a tailored strategy that meets clubs' aspiration backed by a solid operating model and a capable team.

PHASE THREE: OPERATE

12-24 months

Realize club potential while continuously learning and improving club performance.

PHASE FOUR: TRANSFORM

Indefinite

Re-evaluate and consider changes to strategy and direction to sustain success.



PHASE ONE: CONTROL

The 'Control' phase takes place within the first hundred days of new club ownership. This phase includes:



Governance

- Address primary governance gaps by appointing a top-tier leadership team and establishing Board and Board Committees, including an Executive Committee, Audit Committee, Remuneration and Sporting Committee.
- Develop delegation of authorities and implement controls over key decisions including spending and approval process.



Recruit key roles

- Conduct a rapid review of the club's organization and structure to identify gaps and areas requiring immediate intervention, (e.g., absence of key functions, lack of a central employee database and unclear responsibilities).
- Rectify gaps through appointing an experienced leadership team and consider initially outsourcing key functions such as Financial Controller, Human Relations (HR) and Procurement to ensure operational continuity while recruitment activities are underway.



Financial control

- Understanding club finances is critical to identify red flags, establishing financial control and implementing immediate remedial action to reduce the risk of increasing debt and making poor financial decisions.
- Understanding the club financial status, streamlining finance operations, standardizing approval process and tightening budget controls is key to effective cost control.



Regulatory processes financial reporting and tax filing

- Enhancement of accounting processes to IFRS compliance and development of reporting templates specific to football club needs.
- Development of Financial reporting close process that ensures compliance with stakeholders including MoS, SAF, AFC and FIFA.
- Strengthen the tax function by hiring staff (or outsourcing) with relevant KSA Zakat and VAT experience.



Unleash commercial potential

- Start monetizing commercial "quick wins" by focusing on sponsorship and monetizing club assets, naming rights and consider potential partnerships.
- Consider merchandise opportunities through online and potential physical outlets to promote the club's brand.



Upgrade necessary infrastructure

- Consider upgrading necessary infrastructure requirements including Head Office, sporting facilities and player care requirements.



Identify urgent sports operations decisions

- Depending on the time of acquisition, it may be necessary to accelerate key sporting decisions.
- For example, if the club is acquired just before the summer transfer window, creating an immediate assessment of the first team's transfer requirements is high priority to ensure the club is ready to enter the transfer window and make key acquisition decisions for the next season.



Driving transformation and building infrastructure

- To enable successful transformation, it is crucial to establish a responsive and agile command center or Transformation Management Office (TMO).
- The TMO plays a vital role in aligning stakeholders, developing a master milestones plan. Driving accountability, executing priorities, facilitating solutions for challenges and addressing urgent requirements such as game day or regulatory submissions.

Through implementing these foundational themes in the first hundred days of ownership, new owners will be able to establish control, understand the status of the club and build a winning team to develop and implement the transformation plan.

THE NEXT STAGE BEYOND THE FIRST 100 DAYS

The first 100 days of new club ownership sets the tone. The next phases 'Build', 'Operate' and, 'Transform' are just as vital, moving from organizational control to strategic planning and implementation.

An understanding of key trends in the sports industry – such as the growth of women's sport, new digital technologies and health and wellbeing – will be critical in setting up the club for long-term success.

Strategic vision and objectives will guide new owners into this next period of operations, where they can focus on various elements of the club, including areas such as on-pitch performance, academy and youth investment, commercial expansion, fan engagement, the use of digital technologies, infrastructure, stadia, real estate and even ground-breaking talent acquisition strategies.



PHASE ONE: CONTROL

First 100 days

- Governance
- Financial control
- Recruit key roles
- Drive transformation and build infrastructure
- Regulatory processes, financial reporting and tax filing
- Identify urgent sports operations decisions
- Unleash commercial potential
- Upgrade necessary infrastructure



PHASE TWO: BUILD

4-12 months

- Club operational review
- Leadership development
- Vision and strategy
- Business plan
- Organization structure design and people development
- Operating model design and implementation
- Commercial strategy
- Digital and data plan



PHASE THREE: OPERATE

12-24 months

- Implementing the plan
- Continuously review progress against set KPIs
- Update and enhance plans accordingly



PHASE FOUR: TRANSFORM

Indefinite

- Reassess your club's current state
- Reflect on transformation journey to date, considering what has gone well and what could be improved
- Consider new trends and how they may impact club strategy and operations




THE NEXT PHASES 'BUILD', 'OPERATE' AND, 'TRANSFORM' ARE JUST AS VITAL.

THE IMPACT OF SUCCESSFUL CLUB TRANSFORMATION


Successful club transformations can be assessed through improvements in:

1



CLUB VALUATION

2



ON-PITCH PERFORMANCE

3




ANNUAL REVENUE

4



ATTENDANCE

5



FAN FOLLOWING

NEW CLUB OWNERS HAVE THE POTENTIAL TO MAKE A TRANSFORMATIONAL IMPACT ON THE LOCAL AND GLOBAL SPORTS LANDSCAPE.

Saudi Arabia and the greater GCC region continue to pursue their sports club privatization objectives. One of the many privatization aims include attracting complementary investment that supports the professionalization and commercialization of sport – in particular football – with an ambition for the Saudi Pro League to rival the big five European leagues. This, coupled with the growth of the global sports sector, the Kingdom's young population and fast-growing economy, has created a favorable environment for Saudi Arabian sports to flourish.

New sports club owners have the chance to be part of this exciting growth, contributing to the development of world-class sports clubs and fostering a thriving sports culture within the region. With a long-term vision, clear strategy and capability to implement, new club owners have the potential to make a transformational impact on the local and global sports landscape.



CONTACT US

The Deloitte Sports Business Group is comprised of industry leading professionals advising governments, investors, sport governing bodies and organizations. To date we have advised clients in over 40 countries, across more than 30 sports, providing knowledge and insight to enable transformational change, resolve significant challenges, enhance value and fuel opportunities for growth.

We offer comprehensive support throughout the entire lifecycle of club transformation, ensuring a holistic approach to driving success and sustainable growth.

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