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FC Barcelona and Unicef: An Innovative Sponsorship Alliance in favor of the Development Millennium Goals

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Abstract:

In 2003, after the election of a new management team, and given a very delicate financial situation, the FC Barcelona's membership, who owned and ran the club, authorized to actively seek and sign a sponsorship deal for the football team's shirt. The case presents the history of FC Barcelona, the recent events that brought in a new management team and the strategic plan that was implemented to improve the results on sportive and financial bases. The case focuses on the process of deciding to establish a sponsorship contract for the football team's shirt and the process of selecting the partner. The case illustrates the reputational risk involving the election of a partner for an strategic alliance, and the innovative approach of the agreement between FC Barcelona and Unicef

September 12, 2006 was a special day for FC Barcelona. The football team was playing in its stadium against Levski Sofia the first game of the 2007 Champions League as current defender of the title. But this was not actually the main attraction of that night. For the first time in its history, the shirts of Barça players will wear the logo of the new sponsorship that Barça had recently signed.

Expectations were high. Not only to see how the current champion will start the new season, but also how the shirt will look like and how the Barça supporters will react to the fact that their shirt won' t be any more the only shirt without publicity among the main football clubs in the world, something that Barça supporters were very proud of.

FC Barcelona, "More than a club"

FC Barcelona is a mutual organization owned and run by its membership. Members have the right to vote in or out the club's management. It was Narcís de Carreras,

President of FC Barcelona who used for the first time the expression “more than a club” to describe it in the late 60s. Since then it has become a motto that defines what FC Barcelona is and how its members feel about their club.

The motto might refer to several facts that describe the particularities of FC Barcelona. On the one hand, Barça is not just a football club. In addition to the football team, Barcelona operates professional basketball, handball, and hockey teams and is involved in numerous other activities.

On the other hand, Barça has had a large relevance for the Catalan society, and due to the political and social events in the Spanish and Catalan history of the last Century, FC Barcelona has been one of the few places where Catalan people have had the chance to express their identity. During a large part of Franco’s dictatorship (1939-1975), the FC Barcelona stadium became the only gathering place where the Catalan culture was publicly supported at a time when even speaking Catalan was banned. As such, the club became a popular opposition stronghold against centralization and anti-Catalan policies. It also took the role of ambassador for Catalunya abroad. The various presidents had leveraged the club beyond its sporting presence to include social, cultural, and political dimensions.

FC Barcelona was founded on November 29 of 1899 by Hans Gamper, a Swiss businessman living in Barcelona. The year 1950 saw the arrival of the first crack in the history of the club, Ladislao Kubala. In 1957 the club opened the doors of its new stadium, the Nou Camp, with initial capacity for 80,000 spectators. During these 50 years the stadium has undergone several redesigns. Today it holds 98,000 people, all seated.

1973 marked another milestone for the club with the signing the Dutch player Johann Cruyff, the conquest of the Spanish league in 1973-1974, and even more important for the emotional memory of Barça supporters, the victory against its arch-rival, Real Madrid, by 0 to 5, at the Real’s stadium.

On May 6, 1978, Josep Lluís Núñez was voted as chairman of FC Barcelona. His term of office lasted 22 years. In the period 1990-1994 the so called “dream team” managed to win four Spanish League Championships in a row, together with the UEFA’s European cup, under Johann Cruyff as manager. In 1997 Barça was declared the best club in the world.

In 1992, the Spanish government forced clubs to become incorporated companies, as a way to get a stronger hold on the continuous financial crises they were involved. Only four main clubs avoided this fate, FC Barcelona, Real Madrid, Athletic de Bilbao and Atlético Osasuna. These teams kept the century-old governance structure of a “sporting organization”. Sporting organizations were not-for-profit and were owned by the members The Assembly of members (“socis” as they were called in Catalan). was the governing body that supervised the activities of the management team through periodic meetings and the annual meeting.

Nuñez’ leadership saw several ups and downs. When the “dream team” years came to their end, criticism against Núñez got worse. On the financial side, in March 1999 FC Barcelona had a debt of €90 million, whereas at the end of the 1995-96 season, the club

had €30 million on its cash account. In 2000, Josep Lluís Núñez resigned and there were called new elections for Barça chairman.

On July 23, 2000, with 54.81% of the votes, Joan Gaspart, who was vice-president under Núñez, became the new President of FC Barcelona. Gaspart was very well known for his fervent and passionate support of Barça, but his short presidency was characterized for an erratic management of the club.

In 2001, the club invested €92 million in signings. This amount was doubled in the following year, to reach €189 million. During this time, the club did not win any tittles. In 2002 the net debt had grown to €181 million. On February 2003, FC Barcelona was the football club with the biggest debts in Spain, totaling €230 million.

Besides finance, there were many other areas where problems awaited for Gaspart. In the sports management, a policy for signing players based on large payments to bring world-class players had deepened the economic crisis jeopardizing the future of the club and without solving the club's competitive performance. During the last three years the team had four different managers and no single title was won. In the organizational management, three vice-presidents questioned Gaspart's management and resigned, following the footsteps of other directors who were close to Josep Lluís Núñez. On the social side, fans were frustrated, the stadium grew increasingly empty with each passing game and Catalan society was disappointed. The image of the supporters booing and waving white handkerchiefs during many of the matches played by FC Barcelona in the Camp Nou became usual.

In a last move, on January 1, 2003 Gaspart presented a plan comprising 30 economic, social, and sports measures which would be applied during 2003. But, in view of the social pressure, Joan Gaspart finally resigned on February 12 , 2003, two and a half years after he had become President.

The three last seasons lead the club to a situation of deep crisis, break-up and social disappointment. The club finished in sixth place in La Liga, its lowest league position since 1987-88, and only qualified for the UEFA Cup on the final day of the season.

During the last season of Josep Lluís Núñez as chairman (1999-2000), the income totaled €118.7 million, which reached only €123.4 million at the end of the 2002-2003 season, less than half of Manchester United's. Expenses, however doubled and grew by 79.5% from €109 million in 2000 to 195.7 million in 2003, although the initial budget for the 2002-03 season was €154.2 million. In 1999-2000, salaries totaled €46 million, whereas in 2002-2003 player wages were €109.7 million, which meant 88% of turnover. There were 151 employees in 2000, notwithstanding the figure increased up to 188 in 2002 (24.5% more). The three financial years closed with a deficit in ordinary activity: €38 million in 2000-2001; €48 million in 2001-2002; and 71 million in 2002-2003. Barcelona was in the 13th position in the Deloitte's Football Money League ranking, which annually refers the 20 best European football clubs from a financial perspective.

Joan Laporta and the virtuous circle[1]

After Gaspart's resignation, elections were called for June 15, 2003. Six candidates stood up for election, with Lluis Bassat, President of Bassat & Ogilvy, as the clear favorite according to surveys.

Joan Laporta, who began his bid with less than 5% support in the early polls, brought with him a team of young professionals with solid business experience. The hard core of the candidate presented by Joan Laporta was made up of former affiliated supporters of Elefant Blau, a group that was very active during the last years of Núñez presidency. Joan Laporta attracted the hard core of the collective known as Els Pinyols (the fruit stones), a group with a very Catalonian root. Jordi Moix put Laporta in contact with Sandro Rosell, former director of Nike for Spain and South America, and son of Jaime Rosell, ex manager at the club. Rosell added another family to Elefant Blau and Els Pinyols, signing up Marc Ingla, a partner at "The Diamond Cluster" consultancy firm (formerly "Cluster Consulting"), a firm that had launched numerous telecommunications projects onto the market. In turn, Marc Ingla brought another partner from "Diamond Cluster" into the candidate, Ferran Soriano.

Laporta's campaign was based on changes in agenda aimed at implementing a radical programme to improve both the club's financial position and on pitch performance, while retaining the club's two key principles: spectacular football and social commitment. A well organized campaign, including some announcements in the last days that hit the headlines, like David Beckham signing, turned all the previous forecasts over.

On June 15, 2003, Laporta won the elections with 52.57% of the total (27,138 votes), beating Lluís Bassat by 21 points (31.80% and 16,412 votes). He also beat the record for the number of votes ever in Barça's history (25,441 votes for Josep Lluís Núñez in 1989). Laporta was to be the new chairman of Barça with a young team of directors (an average of 40 years of age) and with four years of office in front of them (until June 30, 2007).

During the campaign, Soriano and Ingla developed a strategy as if it were a consulting engagement. They developed a new business model based on three major views of the industry: (1) soccer was an industry, growing at 10-25 percent annually; (2) the business model had evolved from organizers of local events to global entertainment companies, so to say, from a circus to a more Walt Disney industry; (3) the industry was likely to be broken into two segments, big global clubs and smaller local clubs, and the space in the first group was scarce.

To bring the club back to the top of the industry, FC Barcelona's management team structured their strategy around what was named the "Virtuous Circle", based on three pillars that have mutual impact, creating positive or negative synergies among them: sporting, social and economic activities. The virtuous circle goes: hire the best players and win championships (sports side) will strengthen and increase enthusiasm among fans and raise media interest in Barça as a global phenomenon (social side); this will increase revenues that together with control of costs will keep the entity financially healthy, and provide resources for hiring the best players and thus initiates the circle again.

According to this rationale, and given the club critical situation, three were the main objectives: on sports activity, to recover the spectacle and to foster the winning spirit; on the social level, to recapture the passion of the social movement; and, on the financial level, to turn around business operations and target zero deficit.

The strategy plan, circumscribed in a 100-page document with a classic professional structure, included a package of 45 measures to adopt from the very first day. The first step was to discover the real situation of the club. The audit performed by the new management team revealed that FC Barcelona suffered the largest net losses in its history during the 2002-2003 season, €164 million, instead of the reported net debts of €98 million. Losses from the ordinary activity the amount of €72.3 million had increased up to €164 million as a result of various provisions of funds from the board of directors: one for a total of €29.5 million to pay a tax bill; and another totaling €63.8 million to compensate the losses resulting from the signing of footballers by previous directors.

The new management team start rectifying the situation in order to turn the club into a solvent entity based on an in-depth organizational change and on marking clear objectives and tackling to achieve each of these three goals.

Historically the board met regularly to advise the president, but its members did not invest much time. The new board was different. The new organizational model included a team of 14 directors who had compromised their assets by providing a guarantee for their management totaling €25 million. While they were not on payroll, board members left their companies to work full-time at the club and did so without pay for the first year of the change. To implement their revolutionary vision, seven of the nine managers from the previous management team were removed and Soriano became general manager. The plan was to temporarily maintain this structure, then move back to the traditional advisory role when the club's situation stabilized.

The sports area

Barça's management team had a strong business background, but it was aware of its poor understanding of soccer. Laporta named Sandro Rosell, son a former Barça executive, as vice-president of football, in charge of player recruitment and contracts. Rosell had experience at Nike, where he had worked closely with the Nike-sponsored Brazilian national team. Txiki Beguiristain, a former FC Barcelona player from the "dream team" era of the mid-1990s, was named managing director of soccer. Frank Rijkaard became the new coach. Their job was to build a competitive team –there was a certain urgency to win titles- with an attractive playing style. Although they were successful in their recruiting objectives, the management team was not without tensions, and Rosell, together with four aditional members of the management board, resigned in mid-2005.

Financial resources were the sports management team's major constraint, given the precarious financial position in 2003. Soccer had no salary cap; this free-market approach had created a structural economic problem where clubs spent beyond their means. Contrary to this, Soriano believed the industry rule-of-thumb that compensation (excluding amortization of signing and transfer fees) should not exceed 55 to 60 percent

of the revenues for a team to be economically viable. This threshold became the economic constraint in reconstructing the team.

In spite of this, an initial investment of €50 million was aimed, in principle and partially, at signing a big star in the world of football, as the first step to move the virtuous circle forward.

During the campaign there was hearsay of signing David Beckham, who finally signed for Real Madrid CF. The club decided to sign another player with similar characteristics, Ronaldinho Gaucho. The player signed for five seasons and for €27 million plus another €3 million linked to Barça results: the payment was spread over five years. Other seven players signed at the beginning of the 2003-2004 season. Despite the debt, Barça was the European club to invest the second-highest amount in signings during the 2003-2004 season, preceded only by Chelsea.

Player compensation was also a key factor. It had two variable components: The larger, which was based mainly on team performance (averaging 40 percent of compensation), and the smaller, based on individual performance (such as playing in more than 60 percent of the games). The team had a tier-based compensation scheme. Most of the initial contracts with players were for four seasons, but at the lower end of their market value with the promise of significant upside if the team performed on the field. By the end of the 2004-05 season, the most important players had had their contracts renegotiated.

The objective that the management team set for the first season was moderate: to be among the top four in the Spanish league and reaching the final of the UEFA cup.

The economic area

The basic guidelines for the management of the club's economic area were: refinancing the debt, reduced spending, and an increase in income.

As of June 2003, the balance sheet was loaded with short-term debt that the club could not repay on schedule. Management team's plans were to renegotiate the short-term debt into long-term. At the beginning of December 2003, FC Barcelona reached an agreement with La Caixa, a bank which was to front a syndicated credit for €150 million together with other entities. No principal repayment was scheduled until July 2005, and the last payment was due in 2008 or 2010 depending on TV contracts.

The new board of directors wanted to reduce expenditure from €195 million to the €165 million budgeted for 2004-2005. To do this, their objectives were clear: zero-deficit, with a deadline set for 30 June 2004. The board made sure that all the directors realized on a daily basis that this objective was fundamental for the development of the club's strategic project. The finance team scheduled bi-monthly follow-up sessions to make sure that the key goal on the economic side, zero-deficit, was achieved.

The cutback in spending would be divided into two large areas: the dismissal of top level executives who were being paid astronomical amounts of money and the reduction of the players' fixed salaries.

As for the first area, according to the new organization model, new directors carried out all their duties and obligations during a year without any remuneration. The new executives, as well as those who remained from earlier period, accepted a variable salary which was linked to the objectives achieved: 50% for posts with greater responsibility and 25% for the rest.

As for the second area, the new directors understood that the players' salaries were "too high". The imposition of a more rational salary policy involved an investment in signings of below €50 million, as well as renegotiating with those players that were already under contract. The final objective for all the squad was to receive a salary with a fixed part and a variable part, related to individual and team performance. The cost of the squad was reduced by €15-20 million per year.

Together with expenditures reduction, the new directors face the challenge of increasing income that would be enough to position Barça among the top four or five world clubs concerning its income. Barça was number 13 on the list of football clubs by income, although 10 years ago it was among the top three.

Generally speaking, sources for ordinary football clubs financing consist of three contributes: stadium tickets and membership; broadcasting and media; and sponsorship and merchandising. Speaking about FC Barcelona, each one of these constituents is essential and is esteemed as an equal one-third contribute into the total incomes.

Barça's management team worked on various initiatives to enhance the fan enthusiasm and enrich their experience, thereby increasing the average attendance at the stadium and ticket revenues. The new directors began to set up innovative projects, transforming match days at the stadium into spectacular shows. They put on shows before the matches, such as live music food tasting, etc.

The club designed a marketing campaign, "The Great Challenge", to increase the number of *socis*. This resulted in an increase from 110,000 in 2003 to more than 150,000 by June 2006, making it the largest soccer club in the world.

The management team raised season tickets prices by 20 to 40 percent to bring prices close to the market value. A comparative study made by the club's directors with information from the season of 2001-2002 showed that Manchester United received €1,149 per seat. Real Madrid received €749, whereas Arsenal received €639. FC Barcelona seat gave its club €413.

To fill the gap, the club promoted the "Seient Lliure" (Free Seat) service. The initiative consisted of the season ticket holders being able to sell their seat at matches they were unable to see, while the club keeping 50% of the ticket sale price. The money they could receive using this formula was limited to a maximum of 90% of the cost of the affiliation price per season.

The management team also designed new services to increase non-game revenues such as renting out the stadium and club spaces, such as the museum, for corporate functions and other corporate activities. Plans were made to expand corporate hospitality boxes. The club also created a product designed children: a cartoon series using Barça players –the Barçatoons- complete with merchandising and short films.

Barça's marketing team worked hard to redesign Barça's economic relationship with the media. FC Barcelona had previously sold its television rights for all Spanish competitions through the 2007-08 season to AudioVisual Sports, a joint venture between Sogecable (80 percent) and the Catalan television (20 percent). Under the current contract Barça received a fixed portion of €50 million per season, plus 20 percent of all the revenues from pay-per-view games. Television rights for UEFA tournaments through the 2007-08 season had been sold to Sogecable, for a fixed payment of €12 million and 50 percent of any revenues beyond €24 million.

In the 2003-04 season the club bought back the rights to Barça TV. The intention was to increase the number of subscribers from 10,000 to 30,000, making the channel self-financed. The opening of Canal Barça, with its new name Barça TV, took place on 15 February 2004. Barça TV also positioned the club as "content factory" and opened up new opportunities to broadcast internationally through new media technologies. FC Barcelona revamped its website. Income could come from friendlies, which were closely linked to the TV channel, the sponsors and the internationalization of the club, and could help to promote the image of the club beyond its frontiers.

The last third of the revenues came from leveraging the Barça brand and its players through marketing deals such as sponsorship and merchandising. Virtually all teams in Europe had sold the rights to put logos on the team's shirt, except Barça. This sponsorship seemed fundamental to achieve the objective of deficit-zero, since it was estimated that the club could receive income of around €10 million.

Therefore, on August 2003, during the Annual Assembly of socis, the management team asked for permission to use this source of income, and sign a convenient shirt sponsorship agreement. Although everybody was proud of being the only team without such sponsorship, the team management made clear that survival came first and finding a sponsor was a necessary move.

Besides the much debated shirt issue, there were other sponsorship opportunities. Sponsors could partner with the club at different levels. Nike, a "level one" sponsor, had a long-term contract with Barça to be the official supplier of sports equipment (although players could negotiate their sports shoe sponsors on an individual basis). Level one and certain level two sponsors were global brands interested in common growing with the club through international markets. These partners launched effectively their campaigns or enjoyed Barça's assets on a worldwide scale. The management team also created opportunities by defining new sponsorship categories such as "official club airline" and "official technology provider", as well as through regional sponsorship packages. The latter opened up opportunities for local brands to become official partners of the club, specifically in their particular region.

Barça's merchandising became another potential high-growth area. Compared to Real Madrid's annual €64.3 million (2.5 million shirts sold, 1.5 million outside Spain) and Manchester United's €39 million (1.9 million shirts), Barça revenues from this source was just €14.7 million (€0.76 million, or €0.35 million outside Spain). FCB Merchandising, a joint venture between Barça and Nike, controlled all merchandising and licensing businesses. Its largest operation was "FC Botiga" a retail store located in Camp Nou. Plans were in place to open new stores at top tourist attractions in Barcelona

and throughout Spain. FC Barcelona aimed at international markets through the stores where Nike showcased the four sponsored European teams (FC Barcelona, Manchester United, Juventus, and Paris Saint Germain).

Another opportunity was to further leverage players and their association with the Barça brand. The club managed image rights and negotiated individual sponsorship deals for a large portion of the players. Finally, new industries had emerged around sports and technology, from Internet betting to fantasy sports and video games.

The social area

The social area takes into account the role of the affiliated supporters and the supporters' clubs.

Surveys suggested that 60% of Catalonian were Barça supporters. However, Laporta and his management team had a clear idea that, since football was becoming a global industry, all the aspects of the "virtuous circle" should reflect this global dimension. On the social sphere, Barça couldn't remain only as a local phenomenon.

Historically, the "more than a club" philosophy was intended to reflect the social values embedded in the FC Barcelona: democracy and the Catalan identity, integration and solidarity, civility and universality, sportsmanship. With this new strategy, the "more than a club" motto should take a global perspective.

They took clear measures for zero-tolerance with violent supporters, banning some organized groups of hooligans to enter the stadium.

The club decided to devote 0.7 percent of revenues to social initiatives The FC Barcelona Foundation channeled the club's efforts to serve society. Internally, the former players had an independent foundation to serve retired Barça players.

Laporta's first mandate

The first months of Laporta's mandate were not easy for him and his team. On the playing field results were not as good as expected. Crisis unleashed at Christmas 2003, when FC Barcelona had 24 points, 18 less than the leader, Real Madrid. Some graffiti appeared threatening Joan Laporta. On January 12, 2004 Edgar Davids was presented as the second star of the club. Barça put together a string of nine victories by March 22, 2004. Finally, Barça came second in the Spanish football league –Real Madrid was third- and qualified to play in the UEFA's Champions League for the following season.

The strategy delivered an immediate and dramatic improvement in financial performance. In 2003-04 FC Barcelona managed to close its accounts with a surplus of €1.5 million, having reduced expenses from €195.7 million in 2003 to 162.5 million, and increased income from €123 million to 169.7 million. FC Barcelona progressed from 13th position to 7th in the Deloitte's ranking of clubs with the highest turnover.

Players' costs fell to €85.2M, returning the players wages to a turnover ratio of 50%. FC Barcelona began the first year of the change with 106,135 affiliated supporters and finished that year with 120,117 affiliated supporters.

The next two seasons were of high-achievements on and out the field. On the field, Barça won the Spanish league, the major national championship, by a wide margin in both 2005 and 2006. The most important achievement was winning the European Champions League in May 2006, its second title after the one they won in 1992.

In 2004-2005 season revenue increased by 23% to reach €207.9 million. It ranked 6th in the Europe Money League. 2005-06 season, revenues increased again by 25% to reach 259.1 million, which meant to be 2nd in the Money League ranking, after Real Madrid.

At the end of 2005-06 season, Barcelona had over 150,000 members, an increase of around 40,000 since 2003. Average attendances at the Nou Camp were 73,200, the highest average of any current Money League club, and matchday revenues totalled €76.6M, 30% of the club's total revenue. After the increase of prices the first season, during the other two seasons prices increased only by inflation.

In addition to the deal with Televisió de Catalunya for broadcasting rights that was reported to be minimum €54 million a season worth, the successful Champions League campaign generated a further €31.3 million in revenue. In June 2006, the club signed a new contract with Mediapro which saw the Spanish media agency take over the remaining two years of the current contract in a deal which will generate €210M for the club. From 2008-09 a further agreement with Mediapro will earn the club at least €750M over the duration of the agreement.

Some legal technicalities of the rules of the club regarding how to count the number of years of President's mandate, brought to an expected call for elections at the end of 2005-2006 season. In August 2006, Joan Laporta was re-elected as President of the club.

The beginning of the new mandate started with two announcements of two commercial deals. The first one, the contract with Nike, which began in 1998, was extended for a further five years until 2013, at a reported €30M a season. The second one, finally Barcelona was announcing a deal that will broke with the club's tradition of not wearing publicity on its shirt by signing its first shirt sponsorship deal. Although the deal was going to have a very interesting and innovative twist

The Global Alliance with Unicef[2]

When Joan Laporta and his team took over the management of FC Barcelona and realized its critical financial situation was clear to them that all possible actions should be taken into account. There was one of them especially delicate. During all Barça's history the shirt of its football first team had not had publicity, which for all Barça supporters was a sign of the distinctive character of the club. Somehow, the pragmatic mentality prevailed over other sentimental considerations, and everybody agreed that the first thing was to make sure the continuity of the club and improve its financial situation.

In the Annual Assembly of members, on August 2003, the management team asked for permission, and got the support, to start a process of negotiating a sponsorship deal involving to put publicity in the shirt of the football first team. The issue was at that time, not only important but also urgent, given the financial situation of the club. However, Barcelona managers made clear that the zero-deficit goal would be achieved with or without the income for the shirt sponsorship deal.

Initially there was no clear option, and months passed while negotiations with possible candidates were carried out. During this time, the financial situation of the club improved considerable, so that the urgency of reaching a deal decrease substantially, allowing more flexibility to try to conceal the emotional part involved in that issue with the economical impact of a possible deal. In any case, in September 2005, fifty-eight per cent of the voters renewed their approval to management's proposal to actively seek a sponsor.

During all that time, mainly two options were seriously considered. One was the option of the Beijing Olympic Games; the other, the offer of the internet betting company Betandwin.

The first months of 2005 were filled with speculations regarding an imminent announcement of a deal with the Beijing organising committee for the 2008 games. It was reported that the deal would mean for Barcelona an income between €95 million, at the minimum, and €150, at the maximum, for a five years contract. Since the International Olympic Committee was understood to have ruled out any direct reference to the Olympics, the final solution was expected to be to carry only the name "Beijing". As part of the deal, Barcelona would give technical advice for the construction of a sport centre, which would have the name of the club, built by the Chinese authorities.

During all this time, the Beijing organising committee denied any agreement. As it was reported by the local sports newspapers, some misunderstandings during the negotiation process, the fact that Barcelona's negotiators change during the conversations, and that some information leaked out into the media, created some uneasiness among the Chinese representatives. Finally the Beijing option was discarded.

The other option was the offer made by the internet betting company Betandwin. The offer was appealing, since FC Barcelona would received around €100 million during de next five years, based on a fix amount of €16 million per year plus other incentives of €4 million per year.

Positions among the members of the board were not unanimous. Some members were in favour, while other questioned the convenience to link the name of Barça to a name of an online betting company, since it was not supposed to be in clear alignment with the values that Barcelona was said to be promoting. By the end of 2005, some ideas come out to search for some alternative that would link the Barcelona name to a humanitarian project.

Barcelona presented a counteroffer to Betandwin with the proposal that the company would give financial support to wearing humanitarian messages or logos of humanitarian organization. Since Betandwin didn't accept the deal, its offer was

discarded, although the concept of a sponsorship was taken more and more into consideration.

Alternatives for this option were several. One possibility was to put together a "team" of sponsors that would give financial support to initiatives of solidarity, with the logos of these sponsors displayed together on the shirt. Another possibility was to change every certain name the name of the organization, giving the chance to benefit from the publicity to several initiatives. This alternative had some logistic problems, since the time required to manufacture and distribute the merchandising products was longer. A third option was to sign an agreement with a specific organization, although in this case the partner should be carefully chosen.

The process of finding a sponsorship deal for the football shirt was on a par with the idea to revamp the activity of FC Barcelona Foundation in such a manner that it would help with the objective to put the club on a global perspective and help the spread the social message of Barcelona throughout the world. Therefore, the activity of the Foundation was redefined based on three axes: the area of activity was global; the target was children; and the issues for its programs were education and health. The club decided to contribute 0.7 per cent of its ordinary income to the FC Barcelona Foundation in order to set up international cooperation programs for development, in support of the UN Millennium Development Goals and of the UN' humanitarian aid projects around the world.

On July 2006, news appeared about a sponsorship deal with Unicef. The official announcement of the alliance between FC Barcelona and Unicef was made on September 2006. The agreement was a five year global partnership to extend collective work on behalf of children, with the club giving financial support to projects around the globe.

As part of the agreement, FC Barcelona would support Unicef's work by making an annual payment from its Foundation of €1.5 million. Above all, Barcelona was offering its most valuable asset. Barça players would exhibit the Unicef's logo on their shirts. In terms of cost of opportunity, that meant that Barça was giving up around €20 million per year, which was the amount that most of the European clubs at the same level than Barça were obtaining by their sponsorship deals.

The decision about wearing a logo was just one part of the whole agreement and taken into account independently. It was a decision that could be annually reviewed by Barça. In case that the club decided in the future not to use anymore the Unicef logo or replace it with a more traditional sponsor, that would not jeopardize the whole alliance with Unicef.

According to the agreement, Unicef and Fundació FC Barcelona would produce an annual joint "work plan" that would include all of the programs to be run, as well as the associated budgets. The programs would involve activities addressed at the most vulnerable children, and especially those at risk of social exclusion, mainly in Africa, Latin America and Asia, and offer an integrated overview covering such aspects as protection, education, health, access to drinking water and sport and leisure activities, as well as the right social and emotional development of children.

The first actions of the Alliance would start in 2007, with programs in Swaziland. A promotional film was supposed to be broadcast on a worldwide scale appearing simultaneously in all five continents. This global campaign would be promoted by the television channels without any cost for the club and the Foundation.

The agreement between Barça and Unicef was qualified as one "without precedent", both for a football club and for Unicef as well. At the public presentation of the Alliance, Joan Laporta referred to it as an historic agreement that "positions our organization as 'more than a club' throughout the world".

In an open letter to Barcelona supporters on occasion of the signing of the agreement with Unicef, Joan Laporta wrote among other things:

"Today, football has reached a global scale. Barça support has spread spectacularly around the entire world. The number of members outside of Catalonia and Spain is growing every day. The club has to respond to this wave of global support for Barça. It is both a need and an obligation. And we believe that the most coherent way of doing this is to move towards becoming more than a club in the world as well. (…)

Now, we want to globalize the Barça that cares for its people, we want to globalize the Barça of civilian duty, solidarity and humanitarianism. (…)

We are aware of the responsibilities that this decision bestows upon us. To be more than a club in the world is something we all have to do together, and we have to do it on a daily basis. The players, the managers, the directors, the employees, the members, the supporters clubs and fans, everyone is in this together. But we are convinced that we have the capacity to do it. Because we believe that with this project we can make FC Barcelona's universal sentiment a reality."

[1] This part of the case is based on information provided among other sources by:
- Dávila, A., et al., "Futbol Club Barcelona: Globalization Opportunities", Case Study SPM-33, Stanford Graduate School of Business, 2007.
- Allen, D. and R. Eguía, "FC Barcelona: Changing the rules of the Game", Case Study DG 1/481, Instituto de Empresa, 2004.
- Deloitte's Sports Business Group, Football Money League, 2005-2007 Annual Reports

[2] This part of the case has been written based on information provided by public sources such as newspapers, news agencies, and news websites, as well as FC Barcelona's webpage.