



CO-OPERATIVES UK

Barça

Fan ownership and the future of football

Dave Boyle

“We need clubs to be real clubs. And for that, we need them to be co-operative.”

The club statutes are the cornerstone on which FC Barcelona is based. They define our legal structure, elements for the representation and participation of our members and outline the principles for the daily executive management of the club.

FC Barcelona is “*més que un club*”, more than a club. It represents a unique model in the current professional football and sports scene and we feel particularly proud that we have been able to maintain and build upon it, not just surviving in a highly competitive sporting and economic environment, but also being very successful.

Such social commitment to our members and the community, and to our projects on both a local and global scale, is one of our main strengths. This commitment has been shown to be a significant element in attracting the attention and affection of football fans around the world, even surpassing the huge interest generated by our victories and entertaining style of play.

As President of the club, I am proud to see that our statutes can serve as a reference. I sincerely hope that they can be a source of inspiration for the construction of club models based on member participation.

Joan Laporta i Estruch

President, 2003 to 2010

FC Barcelona

Co-operate to compete

When it comes to who owns football clubs today, the dripfeed of scandals and near bankruptcies in UK football over recent years offers a compelling reason to consider whether there is an alternative. Community ownership, by fans, is widely found overseas and while no-one should expect it to be an overnight solution to broken business models, unpaid taxes or failing teams on the field, there is good evidence that it can over time be a more sustainable way to ensure success.

FC Barcelona – or Barça – is the poster child for co-operative football. The beauty of its team play is mirrored by the elegance of its structures of member ownership and participation. With the health warning that you can only grow community ownership rather than hope to import it, it is with great pleasure that we publish the constitutional structure, in English, in the UK for the first time. We are grateful to colleagues at Barcelona, in particular, Juan LaPorta, the outgoing President, for their support in this.

We publish this as a point of reference and as a source of inspiration, not just for football fans but for all who are interested in democratic enterprise and are keen to reconcile competitive excellence with creative co-operation.

It is pointless to complain of rentier private investors that rig loans in their favour or close down community facilities to strip out underlying asset values by turning pitches into property development or retail 'parks' without a blade of grass, when this is what the investor-led model is designed to do. As the fixed sign blandly reads beside the densely packed apartments that used to be the old Plough Lane stadium in Wimbledon, "no ball games".

There is a new public appetite for greater ownership by fans.

A co-operative model aligns the interests and incentives of the club and its fans. There is a new public appetite for greater ownership by fans as a result, no doubt, of the pioneering work of supporters' trusts over the last decade. We conducted a survey in the first half of 2010, asking respondents if they thought their club would be in better hands if it was owned co-operatively by the fans and the results were clear. 83% of Manchester United fans and 72% of Liverpool fans who expressed an opinion felt their club would be in better hands if it was owned co-operatively. Across the country, 56% of fans, who gave an opinion, felt the same way.

Our research also confirmed for the first time that fans would be willing to put their money where their mouth is and invest in the club to take it into co-operative ownership. Manchester United supporters would be willing to invest an average of just over £600 each, to buy their club. If all the club's supporters in Great Britain did this they would be able to raise £2.34 billion – more than enough to buy the club. This challenges the assumption that the only way to get rid of one billionaire is to find another. For less than the price of a Premier League season ticket, fans could share in ownership of their clubs and ensure that they are run in the long-term interests of sport.

There is a growing consensus that we need better business models for the long-term success of sport.

There is a growing consensus that we need better business models for the long-term success of sport. The new government has made a welcome commitment to promote the co-operative ownership of clubs. We wait to hear their proposals, which will be important as there are still significant logistical hurdles and unnecessary barriers to the transition to ownership by fans for major clubs, such as in the heady context of insolvency. Meanwhile, too many clubs are not managing their business successfully off the pitch and it is time to let the fans have a real say in the running of their clubs. It is time for some of the spirit of Barcelona to come to Britain.

Ed Mayo

Secretary General, Co-operatives UK

What is a football club?

What is a football club? Before you can decide what a club should do, you really need to have a clear picture of what it is for. Such questions are rarely, if ever, asked in English football; such a failure may explain the fact that if we try to reverse engineer a club's purpose from its activities, we'd get a strange variety of answers.

A football club would appear to be a pension fund, a property development opportunity, a means to make a major capital gain on sale, a millstone, a tax dodge, an egotrip, a nest-egg, a birthday present, a promotional tool, a political tool and a business opportunity; the list is far from exhaustive.

All of this is odd, not least because none of the clubs were ever founded with this in mind and, to use the jargon, there's clearly been a bit of mission creep.

So what is a club then? It is, of course, about the team and the matches. But to say a club is some people who play football is like saying a marriage is about two people who know each other, or a family is group of people who live in the same house. All true, but getting absolutely nowhere to the heart of what really defines them.

We love clubs because of what they are, not for what they do.

If you listen to some of the loudest and most powerful voices in the game, the only thing supporters want is results, pretty football and star players. Of course, it's a truism that no-one wants to see their team lose each week, but to narrow the focus so much misses a more fundamental truth.

What we also want – and get – is much more enduring and personal: solace, joy, remembrance, hope, relaxation, distraction, anticipation, communion and energy. And that's just the person next to you in the ground.

But the magic of football is to take that personal story of what the club means to you and make it the same as that of every one of the hundreds, thousands of millions of people who share an allegiance to a club. As you look upon the face of a fellow fan at a moment of joy or despair, you know you are looking at someone just like you. That desire for communality, for community, is one of the most important human needs, and is why the game is so successful, so ubiquitous and so important. We love clubs because of what they are, not for what they do.

A sense of ownership

This core community of fans have always felt a sense of ownership of their team, reflected in the commonplace use of ‘we’, ‘us’ and ‘our’ to talk about the exploits of 11 people kicking a ball about.

That sense of ownership, critical to all spectator sports clubs, was maintained by cricket and rugby clubs, who chose co-operative forms of incorporation to ensure that the members – the supporters – retained control of the enterprise, and made the key decisions about the club’s strategy.

FC Barcelona know that they are a club, and have a structure which is the most appropriate for that.

Unfortunately for British football fans, their founding fathers did not have similar foresight and chose privately owned companies. That’s why we have the eclectic list above, because those private objectives reflect not the commonly agreed plan of the core community of fans but instead the individual wishes of the club’s owners.

How much those two overlap – or not – is perhaps the enduring tension in British football, and how different things might have been can be shown in these statutes of FC Barcelona, now published here in the UK for the first time.

FC Barcelona know that it is a club, and has a structure which is the most appropriate for that. If a club is a means for people to commune with each other, it seems odd that they can be owned by individuals, or small consortia. They might be bitter rivals on and off the pitch, but even the most ardent Barça member would agree with the sentiment of two-time President of Real Madrid Florentino Perez, when he said:

“[Football] when you really come down to it, belongs in the sphere of human emotions. Real Madrid is a kind of religion for millions all over the world. You can’t have that in the hands of one individual. It’s as if the Catholic Church belonged to one person. It wouldn’t be right.”

More than a club

At Barça, they say they are ‘more than a club’, recognising that they are an idea, and that the best way to be owned to reflect that is by as many supporters as possible; there are currently 170,000 of them.

Unlike the Catholic Church, these members can vote for the people at the top, and it is this democratic right where the members’ status as owners is made most tangible, and where the importance of that for the operation of the club is most clearly demonstrated.

In the elections which concluded in June 2010, nearly 53,000 members voted (45% of eligible members) for a new President. Prior to that, for months, ‘pre-candidates’ jockeyed for position and influence, hinting at their plans. Once nominations formally opened, four of those were able to get the required number of signatures and they debated the competing visions for the future of the club in televised debates in Catalunya. And unlike any club Chairman in the top flight in England, the leader of Barcelona can say unambiguously that he is there because the fans wished him to be so, winning 60% of the vote.

At Barça, they say they are ‘more than a club’.

For the next six years, Sandro Rosell will be the most important figure at the club, and if the members will it again, he can serve a further six years. These term limits are a new development, introduced by the outgoing President Laporta, not least because a key plank of his electoral platform in 2003 was the importance of ensuring that the club’s identity did not become too closely aligned with the individual elected to lead it.

Laporta’s contention was in no small part a criticism of the regime of President Nunez who sat in office for 22 years, and whose tenure saw the birth of a grassroots protest called L’Elefant Blau which identified the Nunez regime with mismanagement and a desire to privatise the club. Laporta, a leading member of the group stood in 2003 to change the governing philosophy of the club which they deemed to persist despite Nunez’s resignation in 2000.

Regime change

The results of this new approach speak for themselves in footballing terms, with the last seven years being the most successful in the club's history. The critical aspect here is that the new board had a chance thanks to the democratic structure.

Laporta's candidacy only needed the support of 50%+1 of the members to be given a chance to run the club to a different beat. Contrast this with the Red Knights looking to displace the Glazer family at Manchester United who must instead raise over £1.2bn to bring regime change at the club.

This ability to bring about regime change at low cost is a critical advantage over British clubs, where change comes in three ways, of which two are damaging and the third haphazard.

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The first method is at the behest of administrators, where new owners are operating against the legacy of mismanagement and insolvency; this has been the fate of over half the professional clubs in England since 1992. The second is where the current owners have either extracted a premium having leveraged the purchaser's desire to own the club; at Crystal Palace in the mid 1990s, wealthy fan Mark Goldberg was persuaded to buy just the club (rather than the club and its stadium) because he was desperate to own the club. This decision has dogged the club ever since and lies at the heart of the two insolvencies it has since suffered.

The final method is where a new owner buys the club from the previous incumbent, but for every Roman Abramovich there's at least two Thaksin Shinawatras. The lesson is that current owners are rarely able to identify the best placed people to succeed them, not least because they are extremely interested in the outcome of such deals personally – Freddie Shepherd selling Newcastle United to Mike Ashley being a classic example.

As the economists would say, all are sub-optimal, and this is the crucial benefit that being a co-operative brings. It's not that by being co-operative they have the definite means to success, but that they have a better route to deal with failure. That makes a crucial difference in football, because the alternative is not destruction, but degradation and decline.

This is a critical difference and goes a long way to explaining why German football – similarly organised on co-operative lines – is renowned for its stability, excitement, affordability and atmosphere. It's simply that the people who select the administrators of clubs prioritise these and remove those who work against them. In England, we have much more of a challenge. To understand why, we can learn from a little-known US economist, Albert Hirshmann.

Giving fans a voice

Albert Hirshmann wrote that organisations and institutions needed to be told that they were going wrong in order to make adjustments necessary to get back on the right track. The two means in which people signaled their dissatisfaction were either through exit or voice.

Consumers exited a relationship by switching their purchasing to other products which were better on price and/or quality. Those companies who heeded the message could make improvements (lower prices, improve quality) and win those customers back. If they didn't, then they were on a fast track to oblivion – the creative destruction that was the engine of capitalism, as Austrian economist Schumpeter argued.

But what of those things which didn't allow for exit, where the relationship wasn't that of a consumer of a product? Here, Hirschmann said, we had voice instead. It's a key element of democratic societies, where we have the right to remove a government who we no longer believe are coming up with the goods. The more one had no choice in whether one remained in a relationship, the more you needed voice. But what if you were critical, but had no voice, and exit was not possible?

This is the problem faced by supporters of English football clubs, and a key part of the problem has been the framing of their clubs as companies instead of institutions. If clubs are just companies, then absence of exit means all is well. But if a club is an institution, then the key indicator is the level of dissatisfied voices.

By being institutions in the wrong legal clothes, they benefit from neither. Supporters have no formal voice, for only the shareholders (usually the board) have those rights. But because fandom is not something one switches, or turns on or off, fans don't exit either. They are known for precisely the opposite, a near masochistic tendency to become even more loyal the worse things get.

Unable to exit but denied a voice gives us a game which increasingly feels to have left its fans behind, which moves matches at will for the needs of TV, which treats fans as exploitable resources to be squeezed by ever-more inflation busting price rises. Clubs end up doing not what is the right thing, or the best thing, but what is possible. And when you are essentially unaccountable for your actions, that turns out to be a lot.

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level of dissatisfied voice.**

Through the twentieth century, that unaccountability led to grounds where no serious upgrading was done in nearly 100 years, where fans died in deathtrap stadium, or those that didn't tolerated conditions which would have closed an abattoir.

Thanks to the influx of money through the 1990s and the upgrading of grounds, fans are thankfully unlikely to be killed for their sport, but many have a grave fear that in the teeth of the greatest recession any in the game have ever known, the sport will pay for never having been able to enforce decent corporate governance, sound financial management and proper scrutiny of those privileged enough to be let loose with important and cherished institutions. UEFA's imposition of a licensing system from the top is a welcome development that clubs do not live or die in a marketplace like others, and need sector-specific regulation.

A football club owned by people like you

**But regulation from the game's authorities is a necessary
but insufficient condition for the sport we want and need.**

We also need to run clubs in sync with their true nature. We need clubs to be owned by those affected most by the decisions, who respect the club's history and heritage. We need clubs which understand they should and must trade on their own resources. We need clubs where the people who make the big decisions are accountable for them. We need clubs to really become clubs. And for that, we need them to be co-operative.

What makes Barça a co-operative football club?

FC Barcelona is not the only football club to be organised on co-operative lines – most of the Bundesliga clubs in Germany are owned by fans and there is a growing movement of supporters’ trusts in the UK looking to give fans a greater say and stake in the club.

We need clubs to really become clubs. We need them to be co-operative.

There are many co-operative and mutual models that football clubs can follow. FC Barcelona provides one powerful example of how a club can be organised co-operatively and successfully compete with rivals across the world.

The full FC Barcelona Statutes have been translated into English for the first time and are available at www.uk.coop/barca

Below is a summary of the main elements of the statutes that put the ownership and control in the hands of fans.

As co-operatives are guided by seven internationally recognised co-operative principles, the key elements are outlined under each principle.

Futbol Club Barcelona is a private and no-profit making sports Catalan Association of natural persons, with its own legal status, constituted on November 29th 1899.

Mutual Membership models were the standard form of ownership for all Spanish clubs until 1990 when, due to high levels of indebtedness to the state (mainly through unpaid taxes) the Spanish government created the Sport Law 10/1990 which required all clubs to convert into Sociedades Anonimas Deportiva (SAD).

Clubs that were in the black when the law was introduced were permitted to continue as member owned clubs, thus FC Barcelona remained – and remains – a member owned sports club. along with FC Real Madrid, Athletic de Bilbao and Osasuna. All other clubs converted to private companies, but under proposals recently issued by the Spanish Parliament after lobbying by supporters (and assisted by Supporters Direct), clubs will be allowed to convert back into membership-based clubs once more

Voluntary and open membership

The common response from supporters who have seen the clubs they support sold to overseas prospectors, asset stripped, enter administration or have huge debts placed on previously debt-free clubs, is the same: How can they do this to our club?

That's part of the problem – fans' emotional investment in the heritage and traditions of the club they support is so often usurped by owners who don't share the same interests. The fans do not own the club in the eyes of the law.

UEFA's 'Vision Europe' strategy document was clear:

'In an ideal world ... all clubs would be controlled and run by their members – e.g. supporters – according to democratic principles.'

The Barça model of ownership provides this template and is arguably the influence behind UEFA making this statement.

Membership of FC Barcelona is open to any person, with sub categories for children, youths, adults and veterans. There are currently 175,000 registered members (socios), with approximately 30,000 based overseas – you don't have to be Catalan to be a member.

The annual membership fee as of 2010 stands at approximately £157, which entitles a member to the club magazine, discount in the shop, free tours of the Camp Nou, a card and a diploma signed by the President amongst other benefits.

Membership ensures that seats for sporting events can be assigned to members, subject to availability. Barça states that they aim to keep ticket prices low in order to reward the socios and – in direct comparison with the UK – they would seem to be true to their word.

The cost of the cheapest adult season ticket at the Camp Nou is around £75. Manchester United season tickets sales have declined this year and last, perhaps due to the fact that a season ticket could set you back £931. Liverpool FC has recently announced a 7% rise in ticket prices for the forthcoming season.

See Article 9

Democratic member control

As well as having the right to attend any of the sporting events organised by the Club (which extend to various professional and amateur sports clubs, not just football, all of which are subsidised to some degree by the football club), the members have the right to be elected to and elect the Board of Directors, to elect the President and – ultimately – terminate the Board and the President's tenure.

The members also vote on how the income passed to the FC Barcelona Foundation is used.

Membership is non-transferable.

The President, until June this year, Joan Laporta, was part of L'Elefant Blau (Blue Elephant) campaign, a group lobbying for more supporter democracy at FC Barcelona. He was elected in 2003 after there had been considerable talk of converting the Club into a joint-stock company, particular given the debt which had been run up by the previous regimes. The campaign focused on the fact that the members were the owners of the Club and the main asset of the Club.

Laporta himself has been subject to this democracy in action, narrowly surviving a vote of no confidence in 2008. A vote of no confidence can be called by 5% of the Club members.

Elections are held every six years, and Presidents are restricted to two terms (a reform pushed through by Laporta). In the intervening years, the club Board are held to account by a delegate assembly, which approves the accounts and has to authorise budgets which are set to run up any debt. Membership is selected at random from the eligible adult membership, with a small number of veteran members also sitting on the Assembly.

See Articles 10.1–10.7 and also 51.2

Member economic participation

Members are expected to contribute to ensuring the Club's financial position remains sustainable, which includes membership fees and season ticket costs. As the capital and assets are the property of the socios, the Club can only be dissolved with the consent of the majority of the members.

This is also the case with regard to converting the Club to a PLC and merging the Club.

The Club has a common ownership dissolution clause. Such a clause ensures that on dissolution of the organisation, the assets and interest in the assets are passed onto a third party organisation ensuring the individuals involved with the organisation at that point in time do not benefit. In the case of Barça, the clause states any remaining assets should be donated to the Government of Catalonia, specifically for the development of sports. This makes it very similar to Co-operative Community Benefit Societies here in the UK.

See Articles 72–76 and 11.3

Autonomy and independence

Barça's democracy enables the members to bring about a change in direction in the Club as they can vote for a change in administration. In England, fans of Manchester United would have to find over a billion pounds to exert such influence, i.e. they would have to buy out the Glazer family.

At FC Barcelona the members decide if the Club can sell any material assets, raise capital from external sources and also have the power to authorise the Board with regard to marketing and selling club merchandise, something the current administration have excelled at (commercial revenue ran to over €110,000,000 in the 2008–2009 season). This includes the famous stance of the Club regarding shirt sponsors.

Due to its co-operative structure, Barça is unable to raise finance through a stock-market flotation or a private capital injection as many English clubs have done. It can only raise money by increasing either the membership base or increasing the Club's commercial revenues. Club members between 2003 and 2010 were almost doubled to over 170,000, via what Barça called 'El Grand Repte' (The Big Challenge).

See Articles 19.6–19.8, 60–62

Education, training and information

Educating members so they can contribute effectively to the running and development of a co-operative is a key feature in any co-operative. Due to the nature and history of the Club, there is a natural tendency of the fans to be emotionally engaged in the running of the Club. The most recent elections saw over 53,000 people voting.

As noted above, the outgoing President, Joan Laporta, was elected partly because of his campaign group which was predicated on a purpose of more supporter democracy, accountability and transparency at Barça.

The Club's statutes state that the Club will endeavour to foster relations between Club members, third parties and other institutions. This is with the common aim of maintaining and improving the unique sporting and social significance the Club enjoys.

The Club members also have the right to request and receive the assistance of the Members' Trustee. The Members' Trustee is a position independent of the Board of Directors, whose duty is to assist, advise and defend the rights of Club members in terms of their relationship with the Club.

See Articles 4.3 (d), 10.7 and 53

Co-operation among co-operatives

Barça is a 'polideportivo' – a multi sports club – not restricted to football. The Club supports a variety of professional and amateur sports clubs such as basketball, handball, rugby, athletics and so forth, all of which are subsidised to some degree by the football Club.

The statutes of the Club state that in order to maintain the Club's Catalan identity, FC Barcelona will partake in all sporting and complementary activities in the local, national, state or international arenas as appropriate and demanded by the sports competitions or complementary activities in which it participates.

The Clubs also supports fan clubs (peñas), set up for social reasons across the globe.

See Articles 5, 15

Concern for community

The seventh co-operative principle states that co-operatives work for the sustainable development of their communities through policies approved by the members.

The Club, on approval by the members, has decided to contribute 0.7% of its ordinary income to the FC Barcelona Foundation in order to set up international co-operation programs for development.

The Club also supports the UN Millennium Development Goals and has made a commitment to UNICEF's humanitarian aid programs through the donation of 1.5 million Euros over the next five years through shirt 'sponsorship'.

Barça's attitude towards shirt sponsorship ensures they are distinct from many of the top European clubs. Most clubs generate income by having deals with shirt sponsors and this can provide an integral part of a club's income. Until 2006, Barça had rejected the notion of having a sponsor on the club shirts. Rather than exploit the huge sponsorship opportunity, however, they agreed a deal with UNICEF that sees them pay 1.5 million Euros per year to have UNICEF as the shirt 'sponsor'.

See Articles 4.3 (e), 19.3, 60–62

To read or download the full statutes of FC Barcelona translated into English for the first time visit www.uk.coop/barca

THE AUTHOR

Dave Boyle is Chief Executive of Supporters Direct.

Co-operatives UK

Co-operatives UK works to promote, develop and unite co-operative enterprises. It has a unique role as a trade association for co-operatives and its campaigns for co-operation, such as Co-operatives Fortnight, bring together all those with a passion and interest in co-operative action.

Any organisation supportive of co-operation and mutuality can join and there are many opportunities online for individuals to connect to the latest co-operative news, innovations and campaigns. All members benefit from specialist services and the chance to network with other co-operatives.

www.uk.coop

Supporters Direct

Supporters Direct works with supporters trusts to help them buy shares and increase influence at their clubs collectively. Its role is to secure greater level of accountability and deliver democratic representation within sports clubs and within sport's governing structures. Supporters Direct delivers advice and guidance on governance and financial accountability to its members and ensures they play a valued and responsible role in the running of their clubs, improving communication and building a better relationship with the local community.

www.supporters-direct.org

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As well as being one of the world's most successful football clubs, FC Barcelona is owned and controlled by its fans. For the first time, the rules of FC Barcelona have been translated into English and this *New Insight* explains how the co-operative model works for Barcelona and why fan ownership is vital for the future of football.



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