

## CRITICAL LIST



### ENGLISH FOOTBALL

Our national sport has enjoyed a decade of plenty. England's top clubs are among the richest in the world, paying vast sums to attract the world's best

players and dominating Europe's top competitions – all financed by piles of TV cash. But some clubs have been racking up huge debts in the desperate quest for success. Portsmouth, Cardiff and Southend have all been in court fighting winding-up orders, as HMRC signalled a harder line on non-payers. Even at the top of the game, the US owners of Manchester United and Liverpool have become hate figures to their own fans, after piling millions of pounds of debt onto their clubs. Football has never been a business in the traditional sense, but is the beautiful game now in danger of kicking the bucket?

**Danger signs** The problem of football clubs living beyond their means is not new. After the collapse of ITV Digital in 2003 left many clubs horribly short of funds, Man United CEO Peter Kenyon predicted that fewer than half the 92 league clubs would survive. It hasn't happened – yet – but Bournemouth, Rotherham, Luton and Crystal Palace have all had to call in the administrators. Perhaps the most spectacular fall from grace was that of Leeds United. Champions League semi-finalist in 2001, it paid a heavy price for overspending on players: forced to offload its top stars, it went into administration in 2007 and was relegated to the third tier of English football for the first time.

**Prognosis** With their illustrious history and global fan base, the likes of Liverpool and Man U might seem too big to fail. But even the top clubs can suffer precipitous decline. And there's no sign of English football getting its financial house in order: most clubs still spend a dangerously high level of turnover on wages, seduced by the prospect of signing that brilliant new striker who can fire them to success on the pitch. If that all-important TV money suddenly dries up, many will be forced to take an early shower.

## REMEMBER THIS

'Success is a science; if you have the conditions, you get the result.'

OSCAR WILDE SAID IT

## DECISIONS PIERS LINNEY OUTSOURCERY

JOINT-CEO OF THE HOSTED IT AND COMMUNICATIONS OUTSOURCER



### MY BEST...

...was leaving the City in 2000 to go into business. Law was fascinating, but it was too far removed from actual business. In banking, I was involved in business processes, but it was at 30,000 feet. I couldn't be very entrepreneurial. So I went and did what I'd always wanted to do: if you don't get on the pitch and kick the ball around, how do you expect to score a goal?

It was transformational, but I quickly learned that business isn't easy. You can't have a good idea, some money and decent execution skills all at the same time – it doesn't work like that. It's not about plans and strategies; it's about the people who work for you.

Another great decision was rebranding Outsourcery last June. We'd acquired Genesis Communications in 2007 (a division of a FTSE-100 firm), and added three businesses. All four had different cultures. We spent six months talking to stakeholders to create new company values. This bold decision transformed the business: our strong single identity brought us all together.

### MY WORST...

...is a variation on the same theme: indecision. Sometimes when you're an entrepreneur, you have to cut your losses. People are in a better position at that point than they'll be six or 12 months down the line, when the wheels have fallen off. I've run an investment fund and seen that the entrepreneurial instinct is just to keep going, even though you can see it won't end well. For an investor, that can be frustrating: you don't always have the control you'd like, because you don't run the company.

I'd been involved in a vehicle where I was trying to raise £60m. We worked on it for six months, running up fees, but I saw after just a few months that it was going to be difficult. Rather than calling it a day, we kept going. Eventually, a cornerstone investor pulled out. By that time, we'd incurred hundreds of thousands of pounds in extra fees for professional advisers.

Business is about making more good decisions than bad decisions, and as long as it's that way around, you're OK. It's knowing when to pull out.