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The concept of the business model of football clubs on the example of Legia Warsaw

Koncepcja modelu biznesowego klubów piłkarskich na przykładzie Legii Warszawa

Abstract

Business model is a concept that has been used in the sciences for about 20 years. In general, a business model can be regarded as a certain (more or less detailed) description or characterization of a business idea. The main objective of this paper is to develop a concept and evaluate the possibility of using the Osterwalder and Pigneur business model to describe how a football club operates, using the example of Legia Warszawa (hereinafter: Warsaw). The key elements of the business model in the reality of Legia Warsaw's operation were described, which resulted in a graphical representation of the Canvas Model.

Keywords

finances, football, business model, football club

Streszczenie

Model biznesowy jest pojęciem, które funkcjonuje w naukach ścisłych od około 20 lat. Ogólnie rzecz biorąc, model biznesowy można uznać za pewien (mniej lub bardziej szczegółowy) opis lub charakterystykę pomysłu biznesowego. Głównym celem niniejszego artykułu jest opracowanie koncepcji oraz ocena możliwości wykorzystania modelu biznesowego Osterwaldera i Pigneura do opisu sposobu działania klubu piłkarskiego na przykładzie Legii Warszawa. Opisano kluczowe elementy modelu biznesowego w realiach funkcjonowania Legii Warszawa, co zaowocowało graficznym przedstawieniem modelu Canvas.

Słowa kluczowe

klub piłkarski, finanse, model biznesowy

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Introduction

According to Worldatlas.com, football¹ is the most popular of sports, and according to this ranking, it has about 4 billion fans worldwide. This means that more than half of the globe's population are football fans. The advantage of this sport over other disciplines, in terms of popularity, is rather significant, considering that cricket, the second on the list, attracts 2.5 billion people (Chesbrough & Rosenbloom, 2002, Legia Warszawa, 2022). Football owes its status, among other things, to the

simplicity of the game, but also to the fact that it does not require specialized equipment, and what's more, it can be played by literally anyone, regardless of age or gender.

In addition, as is well known, there are huge amounts of capital involved in football, especially monetary capital. This is particularly evident in salaries of the players and coaches of Europe's top clubs, as well as in transfer sums. Consequently, it is important to explore the topic of finance in football and how football clubs create value and raise funds. These questions are answered by

business models, which detail how an entity makes money. However, the issue of business models in football clubs is not very often addressed in the literature. Therefore, this topic should be further explored and researched.

The main objective of this paper is to develop a concept and evaluate the possibility of using the Osterwalder and Pigneur business model to describe how a football club operates, using the example of Legia Warsaw.

Characteristics of the business model

The concept of a business model is increasingly mentioned as the key to success, for a company to not only gain a high position in the market but to retain the same over time. The design and development of business models took place as early as the industrial era, but it is only in the last twenty years that more attention has been paid to the possibility of analysing this aspect of the company's operation (Teece, 2010).

The short history of the concept means that it has yet to receive a uniform and consistent definition. Table 1 summarizes various definitions of business models.

Although literature on business models has grown more and more voluminous, the uniform definition of the term is yet to emerge as researchers hardly agree on what a business model is. However, despite conceptual differences, some common elements can be distinguished, including, in particular (Zott, 2011):

- The concept is relatively new; it is a new field of analysis in addition to the product, company, industry or network level. The business model is focused on the core organization, but its boundaries are broader than the boundaries of that organization.
- It emphasizes a holistic approach to explain how companies "do business".
- The activities of the main enterprise and its partners play a key role in business model concepts.
- It seeks to explain how an enterprise creates value, but also how it captures value.

Basing a company's operations on a well-constructed and carefully considered business model is generally considered positive. However, it is extremely difficult, if not practically impossible, to create a model that is free of drawbacks. Therefore, for each business model it is possible to identify benefits and limitations involved. In analysing the advantages and disadvantages of

business models, the authors mostly focus on specific models, rather than on a holistic view. Nevertheless, it is possible to distinguish several advantages and disadvantages of using business models in an enterprise. The advantages are:

- a well-structured business model enables a company to gain a competitive advantage in a particular industry;
- a sound business model provides a company with a good reputation in the market, which encourages investors to invest funds in it;
- the establishment of a strong and effective business model leads to steady profits from operations, which in turn contributes to an increased cash reserve and allows new investments to be made;
- a proven business model brings financial stability to an enterprise.

The disadvantages that can be attributed to most business models are (Osterwalder & Pigneur, 2010):

- once a business model is created and in place, there may be problems implementing new product ideas;
- creating a business model is time-consuming as it requires detailed analysis of the various components of the model and consideration of many factors; as a result, the right experts are needed for this endeavour, which generates additional costs;
- there is a risk that the model that is developed will occur wrong, thus translating into wasted time and effort dedicated to create it in the first place.

The problem of applying classical business models to a football club

The authors of traditional business models tried to construct them so they could be implemented in most enterprises – in other words they bet on the universality of the models. An attempt to implement a classic business model into an entity as specific as a football club is likely to fail. This is directly related to the universality of traditional models. Whereas in general this is their undisputed advantage, from the perspective of constructing a model that suits a football club, this virtue is a serious limitation. This is because classic business models are devoid of components that should be considered critical to the representation and improvement of the core business of football clubs. Traditional business models generally focus on the internal factors of the business, while external variables are treated secondarily or not included at

Table 1. Definitions of business models

Author (year)	Definitions
Timmers (1998)	A business model is an architecture for the flow of products, services and information, including a description of various business entities and their roles; a description of potential benefits for the various business entities; a description of sources of revenue
Morris et al. (2005)	A business model "is a concise representation of how a set of decision variables in the areas of venture strategy, architecture and economics have been linked to create a sustainable competitive advantage in specific markets"
Mangematin et al. (2003)	"A business model is a description of the commercial relationship between an enterprise and the products and/or services provided to the market"
Rappa (2004)	"A business model is a method of doing business. All business models define what a company does to create value, how it sits among upstream and downstream partners in the value chain, and what kind of agreement it has with customers to generate revenue"
Richardson (2008)	A business model is "a conceptual framework that helps link a company's strategy or competitive theories to its operations or strategy execution. A business model can help you think strategically about the details of how a company does business"
Dahan et al. (2010)	"Companies and NGOs use business models to structure and map the mechanisms by which they intend to deliver value to a targeted audience and how necessary costs and revenues will be shaped"
Osterwalder & Pigneur (2010)	"A business model describes the reasons for how an organization creates, delivers and captures value"
Teece (2010)	"The business model defines how a company creates and delivers value to customers and then converts the payments received into profits"
Smith et al. (2010)	The business model is the configuration by which a company selects strategy options that can create value, and then uses the organizational architecture to create and retain value
Finnie (2000)	"The main components of the business model are the customer interface, core strategy, strategic resources and value network. These basic elements are connected by three bridging components: customer benefits, configuration of activities and company boundaries"
Amit & Zott (2001)	The business model depicts the content, structures and principles of transaction management, designed to create value by capitalizing on business opportunities
Chesbrough & Rosenbloom (2002)	They consider a business model to be one that creates a heuristic logic, linking technical potential to economic value realization
Magretta (2002)	Business models is a kind of stories that explain how businesses work. In her article, the author addresses the issue of a well-constructed business model, which should answer the questions: Who is the customer? What makes the customer value? How do we make money in an enterprise? What is the basic economic logic that explains how we can deliver value to customers at the right cost?
Kozłowski (2008)	A business model is "a company's idea of making money"
Gołębowski et al. (2008)	"A business model is a new conceptual tool, containing a set of elements and relations between them, which presents the logic of a given enterprise's operation in a specific field (business). A business model includes a description of the value offered by an enterprise to a group or groups of customers, together with an identification of the basic resources, processes (activities), and external relations of that enterprise for creating, offering, and delivering that value and ensuring the enterprise's competitiveness in a particular field and enabling it to increase its value"
Oblój (2002)	The business model is "a combination of the company's strategic concept and the technology for its practical implementation, understood as the construction of a value chain that allows for the effective exploitation and renewal of resources and skills"

Source: Timmers, 1998; Morris et al., 2005; Mangematin et al., 2003; Rappa, 2004; Richardson, 2008; Dahan et al., 2010; Osterwalder & Pigneur, 2010; Teece, 2010; Smith et al., 2010; Finnie, 2000; Amit & Zott, 2001; Chesbrough & Rosenbloom, 2002; Magretta, 2002; Kozłowski, 2008; Gołębowski et al., 2008; Oblój, 2002.

all. In a football club, by contrast, these external factors are extremely important. Very important is the community gathered around the club and its brand, as well as its entire environment.

Taking into account the previously described difficulties associated with the application of traditional business models to the realities of a football club, Cyfert and Janicki proposed introduction of additional business models that would extend the classical approach to include external considerations that are so vital to a football club. The models constructed by the authors are based on two factors which, in their opinion, are most appropriate to the way football clubs operate. These are the criteria of the shareholder structure and the potential of the club's location. Applying the criterion of shareholding structure makes it possible to distinguish two categories of entities: (1) with dominant financial involvement, and (2) with dominant private capital. Applying the criterion of a football club's location potential allows us to distinguish three categories of entities: (1) with low location potential, (2) with medium location potential, and (3) with high location potential. Overlaying the two fundamental factors makes it possible to distinguish six potential business models for football clubs (see Table 2) (Cyfert & Janicki, 2016):

Table 2. Matrix of business models of football clubs

Type of capital	Low locational potential	Medium locational potential	High locational potential
Private capital	Frills	Directed	Potentials
Public capital	Jacks	Question marks	Greedy bites

Source: Cyfert & Janicki, 2016.

Jacks – clubs that are based in low-potential localities with local government units as the dominant shareholder. They have had to reach their current position through their own hard work, often of an organic nature. Polish examples of clubs in this group are: Chojniczanka Chojnice, MKS Kluczbork, Górnik Łęczna.

Frills – entities that are the subject of the authorial concept of the main owners. It was their unfulfilled youthful fantasies of owning their own club that gave rise to such entities. An additional peculiarity is in the fact that these clubs are located in low-potential localities, which automatically

makes them operate with only limited resources. Examples include: Termalica Brukbet-Nieciecza, Dolcan Zabki, Wigry Suwałki.

Question Marks – these are clubs that are at crossroads. On the one hand, they operate in an environment that provides opportunities for development; on the other hand, they are unable to find their unique path. Their current position is defined by a major question mark. Examples in this group are: Górnik Zabrze, Korona Kielce, Wisła Płock.

Directed – these are clubs that experience some limitations due to their location (medium level), but thanks to the involvement of private capital they are clearly focused on the goals set. It is the persistence and pursuit of a clearly defined goal that paves their path of development. Examples of representatives of this group are: Ruch Chorzów, Miedź Legnica.

Greedy Bites – sports organizations that have a rich sporting history, loyal fanbase, established brand, high location potential but, due to the ownership structure, no idea about their further development. According to the authors, only a change in the capital structure to private can give an additional impetus to development for these entities, hence the name "Greedy Bites". Here, the examples are: Śląsk Wrocław, Arka Gdynia, GKS Katowice.

Potentials – clubs with the greatest development potential, managed in line with the best practices. They have all the assets as defined in the previous category, plus the majority shareholder is a private entity, which, according to the authors, results in increased efficiency. Examples of representatives of this group are: Lech Poznań, Legia Warsaw, Jagiellonia Białystok.

In the following part, the business model of football clubs referred to as Potentials are be characterized in detail.

Legia Warsaw's business model

Legia Warsaw, joint-stock company commonly referred to as Legia Warsaw or simply Legia, is a professional football club based in Warsaw, Poland. Legia is the most successful Polish football club in history, holding a record of 15 Ekstraklasa champions titles, another record of 19 Polish Cup as well as four Polish SuperCup trophies. Before 8 April 2004 it had been owned by Pol-Mot. Then, (sold for 3 million zloty), it was owned from 8 April 2004 until 9 January 2014 by media conglomerate ITI Group. Currently the club is owned by Dariusz Mioduski who also serves as its president (Legia Warszawa, 2022).

Model construction was carried out based on the Canvas model. It should be noted that the creation of the business model based on observations about the logic of how the entity under study operated and general knowledge of the football industry.

Segmentation of customers

When creating a business model based on Osterwalder and Pigneur's scheme, it is necessary to start with the customer segments that the entity in question serves. Legia Warsaw reaches different groups of consumers through its operations. By far the most important customer segment is that of fans. We are talking about supporters who are associated with the club and identify with it. It is also worth mentioning that among Legia supporters themselves there are die-hard supporters, but there are also those who buy tickets and watch matches rather sporadically. Of course, the group to be cared for the most are the former ones – committed supporters who always buy tickets to Legia Warsaw matches, travel to watch the games played far away and lead the cheering. In effect, this group is a steady and predictable source of revenue for the club. As for occasional customers who take advantage of the club's offerings less frequently, efforts should be made to encourage their more regular involvement. That said, the above customer segment are stadium fans and their number is also limited by the number of seats at a given venue and by ticket prices. It is also important to distinguish, among fans, those who watch the games remotely – on the TV or using online video platforms. For this group of customers, access to the club's offer is basically unlimited. The only requirement is to have the equipment on which to watch a given match. With remote platforms, the sports show is available to much wider numbers of people, as there is no limitation of seats, and also the price barrier is lower.

Business partners should be singled out as Legia Warsaw's second main customer segment. The club has a broad range of offers precisely aimed at business. A special website has even been created to target potential business partners directly. The offer for Legia Warsaw companies includes VIP tickets, exclusive boxes, stadium rental, sponsorships and a professional Business League. It is possible to rent the sports facility to organize conferences, banquets, special events, such as weddings, proms, as well as picnics and tournaments. The most important customers in this segment are, by far, the sponsors, who provide a significant source of revenue for the club. As part of Legia Warsaw's sponsorship, a company

interested in such activities can become an official partner of the club, a partner of the family sector, or purchase ad emissions on the pitch perimeter boards. Legia Warsaw, although not a big international brand, actually a club whose reputation is rather national or at best regional in the global context, has many well-known sponsors. For example, these are companies such as Adidas, Pepsi and Toyota, which are global brands. This phenomenon may come as a surprise, considering that global-range companies are sponsoring a club that is not so and unlikely to achieve such an extensive recognition anytime soon. This can be explained by the fact that sports sponsorship is very positively perceived, thanks to which a given company raises its rating in the eyes of consumers and thus improves its image.

Value proposition

In this element of the business model, it is important to indicate what value the entity generates for its customers. In the case of Legia Warsaw as well as other football clubs, the main value they are able to offer its customers is excitement. Matches played with Legia Warsaw guarantee intense emotions and experiences for its fans. In addition, watching Legia Warsaw matches, fans can spend their free time among people who share similar values.

Legia Warsaw creates and proposes a certain value also for business customers. For this customer segment, the club has also developed a dedicated website, which presents different ways and possibilities of entering into cooperation with Legia Warsaw. The value the club is able to offer to a potential contractor is promotion of its brand.

Channels

The nature of communication and distribution channels in a football club, which is a very specific form of business, is different than that in a regular enterprise. Nevertheless, as with a standard enterprise, direct and indirect channels can be distinguished. The principal channel of communicating with customers and conveying the value proposition, in a football club, is match day. This also applies to Legia Warsaw. Match day is particularly important because this is when fans have the opportunity to interact with the club, with the players, to experience the unique atmosphere of the stadium, and, importantly, this communication takes place on a regular basis. Proper care taken for the quality of the advertising services offered

encourages potential sponsors to initiate business contacts. Internet and social media channels are also very important for Legia Warsaw. Legia Warsaw's website provides a wealth of information and opportunities for both fans and business partners to interact with the club. Fans can purchase tickets, passes and the club merchandise, including T-shirts and various accessories. Legia Warsaw also offers a virtual stadium walk, tours of Legia stadium, match highlights, and special offers such as Legions – a loyalty program for Legia fans. This is a project that gives the most committed fans special privileges and rewards. Legia Warsaw also gives fans an opportunity to directly influence issues important for the club. This is enabled by the Socios app, through which holders of digital assets can decide on club issues. For example, by voting in a poll when choosing the face of the club's campaign or a guest for an event. Through the channels used, Legia Warsaw seeks to engage the community and enable close communication with it. The club also has a dedicated website for the business segment where potential sponsors and companies interested in cooperation can find contact information. Of course, traditional face-to-face meetings are also held, especially concerning important business issues and involving the most committed supporters.

Relations with customers

At any football club fans, being one of the customer groups, are the real focus. Without them, the sport would have no *raison d'être*, as a lack of fans results in the lack of revenue. It is because of its popularity that football is an extremely profitable business. Accordingly, one has to pay special attention to customer relations and retention. In the case of Legia Warsaw which, by the terms of the Polish football league, has a relatively large number of supporters, it is problematic to apply an individual approach to each customer. Personal support and customer service at Legia Warsaw occurs with business customers and with the most committed fans. Legia Warsaw has special loyalty programs through which the most dedicated fans can count on special privileges in creating and maintaining ties with supporters. Social media and websites are also very important for Legia Warsaw.

Revenue streams

In a football club, as in a regular enterprise, this element of the business model is extremely important, as it allows one to determine the main sources of financing for the entity. By analysing

revenue streams, it is also possible to determine their share in the club's overall revenue. Legia Warsaw, as a football club, has quite specific revenue streams, among which match-day, broadcast, commercial, and transfer revenues can be distinguished. Comparing the total revenue of Legia Warsaw with that of other Ekstraklasa clubs, it has been much larger, prevailing since 2011. Within that group the team from Łazienkowska Street in Warsaw has enjoyed the leader position for a long time in financial terms, but also in the sports aspect, as the team has won the Polish Championship as many as seven times since 2011. In terms of Legia Warsaw's revenue structure, commercial revenues accounted for the dominant share in the 2020/2021 season, at 58.8% of the total. These include revenues from advertising, jersey sales, club accessories and sponsorship deals. This season, funds received from sponsors were the largest part within that segment: they amounted to PLN 29.3 million. Another important revenue stream is proceeds from broadcasting and bonuses for participation in domestic and foreign cups. These funds accounted for 32.6% of Legia Warsaw's total revenue. "These funds consisted of PLN 31.7 million received from Ekstraklasa S.A. and PLN 6.7 million from UEFA for participation in European cup qualifiers". The least significant was the revenue received from the match day category, which includes proceeds from ticket sales, passes and catering at the stadium. Legia Warsaw generated only 8.6% of its revenue from this stream. Overall, the income from this stream declined seriously, compared to the previous season when they had accounted for 17.6%. This mainly results from increased importance of other revenue categories, as well as from the impact of the pandemic on the situation in football market. Another significant revenue stream for Legia Warsaw is proceeds from player transfers. In the 2020/2021 season, funds received from the sale of players amounted to PLN 24 million. In addition to the aforementioned sources of the club's revenue, other streams can also be distinguished, which are not included in the above-mentioned categories.

Key resources

A football club wishing to create and deliver value to its customers must have the right resources to do so. Analysing Legia Warsaw's operations and assets, several key resources can be identified, which include physical, human, intellectual and financial ones. For a football club, human resources, which include, among others, football players and coaching staff, are vital, being arguably the most important of all resource

categories. The player pool of Legia Warsaw's first team, according to transfermarkt.pl as of 5 September 2022, consists of 28 players whose combined market value is about €21 million. However, Legia is not the most expensive team in the PKO Ekstraklasa – in this respect the club ranks fourth. The head coach of Legia Warsaw, as of 5 September 2022, was Kosta Runjaić. The club's human capital is not only the players and the coach, but also the entire coaching staff, the board of directors, talent hunters, medical department, public relations and all the people employed by Legia Warsaw acting for the benefit of the entity. Human resources are extremely important for the club, as the players are responsible for sports performance, the coaching staff for preparing the players for the game, and the other employees make sure that the entire club's facilities operate properly and support the team in its pursuit of sports and financial success. For the operation of a football club, physical resources are also important, which include the stadium infrastructure, the football academy, as well as all kinds of equipment and facilities. Particularly noteworthy is the stadium as a place to play matches and meet fans and as a kind of showcase for the team. Legia Warsaw plays its matches at the Marshall Józef Piłsudski Municipal Stadium at 3, Łazienkowska Street in Warsaw. However, it should be observed that the stadium is not owned by Legia Warsaw – instead, the facility is leased by Legia Warsaw S.A., the City of Warsaw being the actual owner. The Legia Warsaw Football Academy is also a very important resource, training young players who may in the future join the ranks of the first team or be transferred to another club. As such, the Academy serves as a football facility, but it can also provide revenue. Legia Warsaw also has intangible intellectual resources, which include the club's history and tradition, brand, and extensive know-how. The history and achievements of a football club directly affect the brand, as it is mainly sporting successes that reinforce it.

Key activities

Legia Warsaw, like other clubs similar in size and position, bases its activities on three main pillars: sports, business and social. Sporting activities are the basis of the club's operations and it is on the basis of sporting activities that the competitive advantage, business, and social aspects are built. As a football club, Legia Warsaw operates in the highest competition class in Poland, called PKO Ekstraklasa. Matches played in it involving Legia can be considered the club's core business. The team in question also participates in international competitions such as the Champions

League or the Europa League. It is worth noting that Legia has been dominating the domestic league and cups for several years, so this pivotal activity is properly implemented. Sports activities are also the main tool for creating value and maintaining relationships with fans. Another key activity is business. Developing it is largely contingent on sporting success, which follows the logic of the football club. For Legia Warsaw, business is definitely important, as evidenced, among other things, by the amount of funds received from sponsors, their number, but also by the club's own involvement in promoting and actively seeking business opportunities. Legia Warsaw has a dedicated website that directly addresses the business segment and facilitates the establishment of cooperation in a relatively broad scope. Finally, social activities can be singled out as an area of Legia Warsaw's activities. In this respect, the club runs educational programs for children, football schools and various pro-social events. One of the most important activities here is the running the Foundation, whose mission is "to provide support, bring hope and build community to help the weak and needy rise, believe in themselves and win". In general, the organization directs its assistance mainly to children and young people, but also to the sick, disabled and seniors. Thus it should be emphasized that social activities are present as much as possible and various pro-social initiatives are carried out, but they are not as vital to Legia Warsaw's efforts in the sports and business spheres, which have the highest priority.

Key partners

As one of the largest football clubs in Poland, Legia Warsaw has plenty business partners. Among them, sponsors are most visible and two sponsors, Ekstraklasa, and the City of Warsaw, should be singled out in particular. That said, Legia Warsaw has relatively many of them, some having brand names really recognizable around the world. The club's main sponsor is a British company specialized in online trading in financial instruments, called Plus500. Its logo can be seen on the match shirts of Legia Warsaw players, which testifies the value and importance of the cooperation. Major sponsors also include such companies as Adidas, Fortuna betting, Pepsi and Królewskie (a brewery). Business relationship with sponsors is largely based on the fact that Legia Warsaw promotes partner brands during matches and various events in exchange for funds or other benefits. For example, PGNiG Termika CHP, which is Legia Warsaw's official heat supplier, is listed among the sponsors, so here the benefit to the club is not monetary. The importance of sponsors

for Legia Warsaw is also highlighted by the sums of money they provide to the club – these form the largest component in commercial receipts. Ekstraklasa, an organisation that manages games of the highest competition class in Poland, is Legia Warsaw's another key partner. Ekstraklasa is a joint-stock company the clubs playing in it, as well as the Polish Football Association, are its shareholders. The way the business relationship is structured, Legia Warsaw receives funds from Ekstraklasa, among other things for its sporting successes. The League, on the other hand, has the competence to sell media rights, centralized marketing rights and to manage the games. In essence, Ekstraklasa makes money through the clubs that play in it, including Legia Warsaw. On the other hand, teams receive funds in return for playing and attracting fans to stadiums. Another important business partner for Legia Warsaw is the capital city of Warsaw. The main connection between the city and the club is the latter one's seat, including the stadium where its matches are played. The facility is owned by the city and the club pays fees for its use. The business relationship in this case is that the club is the lessee of the stadium and receives direct financial support from the city. Legia Warsaw, on the other hand, pays the rent, property tax and promotes Warsaw. Other business partners also include players' agents, football clubs with which Legia Warsaw conducts transactions (buying or selling players), and the media.

Cost structure

In its operations, Legia Warsaw generates different types of costs. Generating revenue, maintaining relationships with customers, and creating and transferring value to them requires expenses. Among the most significant costs incurred by Legia Warsaw are salaries of football players and training staff, match day expenses, maintenance of stadium infrastructure, various team maintenance costs, as well as depreciation and extensive third-party services. In general, compared to other football clubs, Legia Warsaw's cost structure is similar in terms of categories, but the scale is much bigger. Analysing Legia Warsaw's financial report for the fiscal year from 1 July 2020 to 30 June 2021, two categories of costs stand out in terms of sums. These are third-party services (about PLN 77 million), and salaries and wages (about PLN 36.5 million). Extraneous services are related to various types of services performed by external entities for the club. Salaries, on the other hand, are largely salary payments to players and the coaching staff. Legia Warsaw also incurs a number of expenses related to match day

organization, which include security, technical services and cleaning costs. It is worth noting, however, that due to the pandemic prevailing during the reporting period, match day expenses had decreased. In the structure of Legia Warsaw's expenses it is also necessary to identify costs related to the first team, such as the purchase of match jerseys, necessary equipment, charges for accommodation, meals, etc. The club also bears the financial burden of maintaining the stadium infrastructure, that is, mainly the cost of replacing the turf and any post-match damage, as well as taxes and fees to the city. Depreciation is also an important cost category, which at the end of the reporting period amounted to about PLN 14.4 million. Although the club does not state in the report what makes up such a sizable amount, this figure may have stemmed from depreciation of players' contracts and various fixed assets, as well as other intangible assets. The most significant categories of costs, among many incurred by Legia Warsaw, certainly include expenditures on salaries, broadly defined foreign services and depreciation.

The diagram presented in Table 3 is a kind of summary of Legia Warsaw's entire business model, in which the most relevant elements concerning the nine key parts of the model are extracted. It should be noted at this point that the business model presented does not address some of the external factors relevant to the operation of a football club. Therefore, one of the most important aspects determining the development potential and the value of the club, which is its location, should be addressed. Legia Warsaw has one of the most favourable locations among the clubs in Ekstraklasa. The club operates in the capital of Poland, in the most developed region of the country and its key business centre. Warsaw is also home to a large population, so there are quite a lot of potential local customers – many more than in other Polish cities. Legia Warsaw's location, therefore, can be described as extremely favourable compared to other Ekstraklasa clubs. On the other hand, compared to the top European clubs, Legia Warsaw's location potential is rather poor, as the Polish league is not as attractive to foreign buyers as the English or Spanish leagues. Consequently, against the European clubs, Legia Warsaw's location is average at best.

Along with a number of advantages, the Canvas model also has some weaknesses. The visual representation of the model allows for an accessible, concise and comprehensive presentation of the business vision of the enterprise. The diagram is presented on a single page, in a condensed form, which makes it easier to read and understand the model. This form of presentation greatly enhances communication with

Table 3. Legia Warsaw – business model

Key partners	Key activities	Value proposition	Customer relations	Customer segments
League Sponsors City of Warsaw	Sports Business Social	For fans: • emotions • shared values • unique experiences • a form of leisure activity	Direct contact Self-service Dedicated caregivers	Stadium fans Remote fans Business customers
	Key resources Human resources: • football players • coaching staff Physical resources: • stadium and training infrastructure • equipment and facilities Intellectual resources: • history and tradition • brand • know-how Financial resources	For business: • promotion of the sponsor's brand • reaching new customer segments	Channels Match day Websites Social media Direct contacts	
Cost structure Salaries of players and training staff Outside services Match day Maintenance of stadium infrastructure		Revenue streams Commercial revenues Funds received from television rights Match day revenues Transfer revenues Subsidies Proceeds from rental and disposal of non-financial fixed assets		

Źródło: opracowanie własne na podstawie: https://www.salesmanago.pl/marketing-automation/marketing_automation.htm (dostęp 15.06.2020).

the team, partners, investors, as well as employees who want to understand the vision presented. The model's other strengths of the model are its versatility and flexibility, so it can be used in a variety of industries . The model's design is based on the value delivered to customers, which is extremely important today, in terms of success in the market. At the same time, it does not overlook other key elements, in effect allowing to satisfy customers' needs and make profits. The tool in question is proven and tested in the market, so using it can help reduce the risk of failure. Creating a business model on the basis of Canvas, by analysing and putting together key elements, enables one to gain a competitive advantage in the market.

Criticism of the Canvas business model is based on certain problems and limitations associated with the tool. While the model is not a strategy, it can help create one, but it does not contain information on the goals and ambitions of the company. A company, despite using this tool, still needs a proper business plan. Other criticisms are that the model is static and too general. It does not take into account trends, dynamics, so it rather applies to companies characterized by a stable situation and position in the market. It also fails to consider

competition, and lacks a component that involves competitive strategy, external factors such as risk, market influence and other factors resulting from the impact of the environment. The model does not address sustainability and ignores issues related to the broader economic, social and environmental outlook. When creating a Canvas business model, there may be a problem of delineation between given building blocks. They may overlap or intertwine, leading to confusion or even underutilization of a given element.

Conclusion

An analysis of the topic of finance in football and business models in football clubs has led to several conclusions. Firstly, financial situation of the Ekstraklasa is much worse compared to the top European leagues. In this respect, there is a chasm between the Polish league and European leaders if the field. However, focusing on the Ekstraklasa itself, it is Legia Warsaw that has enjoyed leading position for many years in terms of finances, and it is the league's best club in both financial and sporting terms.

Turning to conclusions related to business models, it should be said that not every scheme is suitable for application to the realities of operating a football club. This is due to the fact that traditional models do not take into account some of the key factors relevant in operation of a football club, which are location and external factors. Once these two elements are taken into account in the construction of the business model, the traditional business model can be used. Another conclusion is that it is possible to create a business scheme for a football club based on traditional models, as it was possible to construct Legia Warsaw's business model using the concept of Osterwalder and Pigneur. In general, what follows from the created business scheme of Legia Warsaw is that the main customers of this club are its fans and business partners. The value proposition for the club's supporters is primarily excitement, while for business partners the entity offers promotional opportunities and a presence among the Legia brand. The fundamental channel of communication and distribution is match day, but websites and social media are important too. These channels are also used in maintaining customer relationships. Legia Warsaw's main source of revenue is commercial revenue. In addition to this, funds received from the sale of television rights, match day revenues and transfers are also important. The club's key resource is its human capital in the broadest sense, mainly the players and the training staff. Intellectual resources, such as the club's brand and history, as well as physical capital, are other

significant factors in Legia Warsaw's operation. The most important activity in the reality of Legia Warsaw's operation is sports activity. For this club, doing business is also crucial, while social issues, although realized, are of relatively minor importance. Among Legia Warsaw's most important partners are business contractors, the Ekstraklasa and the city of Warsaw. In terms of cost structure, Legia Warsaw spends most on salaries of football players and training staff, and on third-party services.

The issue of finances in football, and especially that of business models of football clubs, is extremely interesting but unfortunately rarely addressed by researchers. This field should be of great interest to those passionate about finance and sports, especially given the fact that it is under-researched. There should be more research in this direction, in order to learn about the financial dependencies occurring in the clubs, the amount of money in the sport of football and in general to learn about the business of football. It is worth noting that the financial aspect of football amazes many people in terms of sums paid to players, of transfer amounts, as well as of budgets of the clubs themselves.

The effectiveness of the business models of Polish football clubs described in the study should be evaluated considering the goals they achieve. It should be remembered that, in addition to strictly business objectives in the case of football clubs, sporting objectives related to the basic activities of the clubs, as well as social objectives, aimed at local communities, are also extremely important.

Notes/Przypisy

¹ Considering British/European roots of the game, the British English term football is uniformly used throughout this article, rather than the American English term soccer.

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Adiunkt w Katedrze Finansów Publicznych Wydziału Ekonomicznego Uniwersytetu Marii Curie-Skłodowskiej w Lublinie. Przedmiotem jej zainteresowań są zagadnienia dotyczące finansów oraz funkcjonowania zakładów opieki zdrowotnej. Jest autorką kilkunastu publikacji dotyczących tych zagadnień.

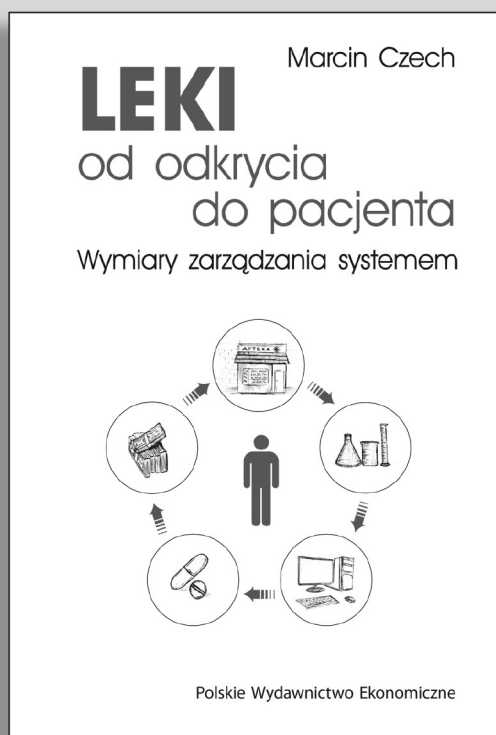
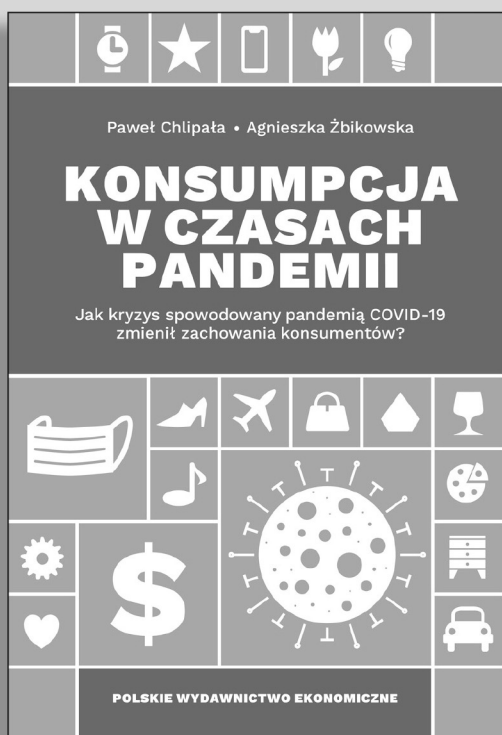
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