

the judicial sitting, where the question of if should the clubs pay to players in case of absence of matches was discussed. And if, before the court verdict players were in a safe situation, after the problem was resolved in favor of the holders of the players, the players stopped receiving money under contracts, many of them had to move on to play in Europe. The position of the player's Union sharply deteriorated, and they had to come to terms, which led to the conclusion a truce on 6 January 1999. After the expiration of the agreement in 2005, both sides reached consensus in just a few days.

On 1 July 2011 was the fourth in the history of the League's lockout. The owners of clubs required to reduce the salaries of the players at 25% and to establish a «hard» fixed ceiling of salaries at the level of 45 million. The entire season 2011/2012 was under the threat. On November 26 at the press-conference it was announced the end of a lockout, which lasted for 149 days. A new agreement between the players and the team owners was confirmed and entered into force on 9 December 2011; on the same day were opened training camps and allowed the signing of contracts with free agents. The schedule of the 2011/2012 season was reduced to 66 games; the first games were on Christmas day, December 25 [2].

Among other items of expenditure, we call salaries of service personnel, administrative and travel expenses, contributions to the pension and medical funds, payment of accommodation and power athletes during the games away, the acquisition of forms, inventory, equipment, rental of sports facilities, insurance players, expenditure on advertising and public relations, the development of sports programs (shooting educational films, search depot, etc.), the payment of taxes (Federal and local), and other.

The analysis of the economic activity of the NBA and its teams indicates that basketball business in the United States has entered a period of prosperity. The basis for the economic prosperity of the League is selling tickets for the games and rights for radio and TV broadcasting of the games. In recent years, the NBA significantly increased licensing and advertising and sponsorship activities. More than 57% of the income of the League is spent on the salaries of the players. NBA players are the most highly paid in professional sports.

#### REFERENCES

1. Гуськов, С.И. Профессиональный спорт / С.И. Гуськов, В.Н. Платонов. – Киев: Олимпийская литература, 2000. – 396 с.
2. Национальная баскетбольная ассоциация // Научно-познавательный блог [The electronic resource]. – 2012. – Access mode: [http://baryshnikovphotography.com/bertewor/National\\_Basketball\\_Association#.D0.AD.D0.BA.D0.BE.D0.BD.D0.BE.D0.BC.D0.B8.D0.BA.D0.B0\\_.D0.9D.D0.91.D0.90](http://baryshnikovphotography.com/bertewor/National_Basketball_Association#.D0.AD.D0.BA.D0.BE.D0.BD.D0.BE.D0.BC.D0.B8.D0.BA.D0.B0_.D0.9D.D0.91.D0.90). – Date of access: 11.11.2013.
3. NBA inside // Slamdunk.ru [The electronic resource]. – 2009. – Access mode: <http://www.slamdunk.ru/nba/nba.html?Id=39355>. – Date of access: 19.11.2013.

UDC 338.242.2:796.332(430)

#### THE SUCCESSFUL BUSINESS MODEL OF FUNCTIONING OF THE GERMAN BUNDESLIGA

**ARTSIOM PALCHYKAU, ALIAKSANDR MATVIENKA**  
**Polotsk State University, Belarus**

*Article is devoted to the economic regulation of the clubs in the German Bundesliga. The article discusses the model of functioning, income, financial stability and accountability in the Bundesliga.*

Among the industries that actually sell work as television, film, other sports, football is characterized in that the least weakly associated with the real state of affairs in a particular economy. As an example of doing the right and decent football management stewardship often lead the German Bundesliga. The German system was recognized as one of the best in the world – in preparing young people in charge of the club's economy, transfers, in relations with the state and sponsors.

German Bundesliga is only fifty years old, is the youngest of all the European Championships 'big five'. In this anniversary season immediately became the most profitable Bundesliga club in the history of the championship. Back in April signed a lucrative contract with a TV, and starting next season German Football League, which distributes the income from the sale of television broadcasting rights between the clubs will receive 628 million euros per season. This is double the current amount. And the contract for the elite show matches and second leagues concluded once for four years. German Soccer receive more than two billion euros in fact just what will exist. In other words, reputation will now work on German football. Although this

## Economics

reputation earns long. Soon after the formation of the Bundesliga in her serious scandal erupted. In 1971, just six clubs have been under investigation for match fixing, including "Cologne" and "Hertha." Over the years, German football periodically turned out, all sorts of scandals tainted: and were fixed matches; and financial requirements of the players; and unsportsmanlike conduct, as players and fans; and fights; and even a scandal in the judiciary. German investigators, prosecutors and courts operate without interruption, the punishment is always tough, but you can not say that German football is completely cleared. Rather, it turned into a profitable commercial product that are good at selling.

Of course, the clubs of the English Premier League still earn more. But the Italians, French and Spaniards have already fallen behind. For example, in Spain the same still does not work quite a fair principle of decentralized the sale of television rights. Over the last season of "Real" and "Barcelona" earned more than 140 million euros each. "Atletico" with "Valencia" received an average of 100 million less than the rest of the team - at least 12 million each. In Germany, the difference between the first and last teams of the Bundesliga does not reach 130 million, of course, "Bavaria" gets far more than anyone else, but, for example, the same "Augsburg" gets only 14 million less. And this difference will not increase [2].

Not all clubs not intend to win everything this season, but still want to smooth away the very volatility - you can spend millions, but did not win anything and you can not get. In a typical business situation is a wild, one-year earn 20 – 30 million euros from the European cup and the next penny, but the bills must be paid regardless of income received. In England, Italy, Spain cash gaps close infusions from wealthy owners. In Spain, England take loans from banks. Each approach is regularly criticized in the press, there is extolled the German system, where no place for the rich or doubtful loans.

German football is one of probably the most regulated in the world. German government does not allow clubs strongly raise the price of tickets. Broadcaster paid too do not give much to deprive the German people live broadcasts. Control over the club's accounts and statements closer.

Earlier this year in training camp his team in Abu Dhabi Carl Edgar Yarhov, head North German football club "Hamburg", exuded confidence and boldly looked to the future. Multimillion-dollar contract with Sportfive (the world's largest soccer marketing agency) to expire in 2015, were not going to renew it. Henceforth, "Hamburg" he will represent himself, he will sell and advertise yourself. Save on commission came out decent. At the moment, neither of which independence is not talking. In June of that same Yarhov meekly extended relationship with Sportfive until 2020 in exchange for a loan of 12,4 million euros for a period of two years [3].

Bundesliga clubs are increasingly moving to the dark side in terms of the financial statements. Top managers are spending more and more money without getting any football or financial return. Several clubs are close to a state of insolvency. CEO looking for a solution not save or cost optimization, and in a feverish search for new sources of money, often questionable, thereby plunging deeper into the abyss of financial insolvency.

"Schalke 04" ended fiscal year 2012 with a negative balance of 75,7 million euros. "Borussia" Monchengladbach here 7 years repaying debts. "Hertha" Berlin is 10. In 1899, "Hoffenheim" 70% of expenditures are for salaries of players, almost like the "Chelsea" or "Manchester City", but "Manchester City" has not even close and can not come close to the title or at least to the Champions League. In the second Bundesliga "Cologne", "1860 Munich", "Kaiserslautern" after years of ugly control close to bankruptcy.

Of course, a successful season in the Champions League can correct balance club dismissal Arnesen will help avoid unnecessary spending on transfers, one sale Julian Draxler without problems bring the club 30-40 million euros, but it is rare good luck, and cash gaps must be closed every month. Therefore clubs lay its name from the soulless marketing agencies associated with football agents, and sometimes even go to the ticket touts.

In the season 2011/12 sales turnover Bundesliga first approached two billion euros. 14 of the 18 league clubs were in profit after tax, equity averaged 44,4%. Gross Profit entire Bundesliga was 55 million euros [3].

According to research by marketers, the strength of any championship is based on three indicators, income. This is the sale of television rights, sponsors and proceeds from ticket sales to the stadiums. Naturally, the latest you can attach more income from merchandising, especially during the growing celebrity matches. However, in Germany notices collected an average of five out of nine matches of the tour. On other fights less than a quarter of seats empty. Each round on average collects more than 400 thousand fans. Again, on average, each match any tour collects about 42 thousand spectators. For comparison, in the UK the figure is 35 thousand, in Italy, Spain and France – less than 28 thousand is not surprising, because less than ten years ago, Germany was the world championship, the conditions were created for fans just great. And conditions are not for a month, while there was a championship, and in the years ahead, and that was just the beginning [2].

According to Deloitte German league more financially stable than the English Premier League or Serie A. Sources of income balanced. Chef Christian Seifert DFL is going to tighten the rules for licensing, UEFA president Michel Platini calls from clubs do not spend more than they earn. Uniform plan to football industry was as close to the real economy.

Immediate goal is to increase transparency. All public figures especially clubs trying not to show anyone. Can not say that so do only in Germany. Those researchers who have managed to analyze the football records, report that 12 clubs in the Bundesliga negative current account right now (according to Mark Strauss of the Center for Accounting and Auditing of the University of Saarland). With transparency in German clubs trouble not only in current accounts, but in general. For example, "Borussia" Dortmund in 2009, a little touch up their balance sheets for 3 years: in 2004 contributed EUR 28 million, which were received from the company Nike as a "bonus when signing the contract for equipment." So managed to improve the balance in hindsight, that did not like the tax police. Tax want a contract and money reported and displayed in declarations immediately, and not after 5 years [3].

"Schalke 04" are famous not only contracts with gas monopoly, but slozhnosochinennogo management schemes club. They take everything they can to outsourcing and subsidiaries: sales title and other sponsorships, merchandising paraphernalia, even good catering, catering in the club displayed in a separate Limited Liability Company. Just "Schalke 04" created eight limited liability companies which belong to the right people and the club. This scheme helps to save on taxes.

Another popular but pernicious scheme in the Bundesliga: marketing agency offering a multi-year contract is not agreed to pay an annual sum, and pay immediately, but less than agreed. As a result, money fly away, and the club is still alive number of years with a contract that brings him nothing. That's what happened with "Cologne" CEO Wolfgang Overath Club and American IMG. These 12 million euros, which did not get very much did not stop "Cologne" in the struggle for access to the Bundesliga. But the current CEO "Cologne" Werner Spinner from Overath got only debts [3].

Accounting creativity League took such proportions that one of the bosses of the Bundesliga club called the tax office to ask for help: he needed an independent audit of the accounts in which the perpetrators of fraud would suffer greater punishment than dismissal, so it got its own accounting department.

A powerful source of living water, to which all clubs to drop dream is Champions League. 900 million euros, which distributes League every season of 32 clubs beckon all clubs in Europe. "Stuttgart" once played in the Champions League in the season 07/08, since the guide every year threw tangible amount on new players, to re-enter the tournament in the best Champions League write everything off. As a result, the club was not among the 32 lucky winners, and in dire financial straits, the last two years, "Stuttgart", is paying for the former extravagance. Even for wealthier clubs getting into the Champions League means a lot. President of the "Bayer 04" Wolfgang Holtshoyzer told what getting into the Champions League has identified the club's budget for this season in the 130 and not 90 million euros.

The new TV contract in which clubs will receive up to 2017 2,5 billion euros, should cool the ardor of several individual SGA. The German Football Association is going to make it the main financial parameters in the annual licensing procedure [3].

But the main threat to the financial machinations in football is not even from UEFA. Everybody knows a huge contract "Etihad Airways" of 460 million euros with "Manchester City", but also in Germany have, for example, the carmaker "Volkswagen", who generously pay any whim of his football club "Wolfsburg". The main threat is coming to football clubs from the EU. European officials have begun to examine how the state, and specifically individual municipalities, financial help their clubs. At the end of 2012 in five Dutch clubs have passed inspection. Eindhoven bought "PSV" ownership of 48,4 million euros, and then passed the same property back to the club to rent for a nominal fee.

"Schalke 04" recently sold the shares of the stadium itself, and actually received for some new 15 million euro. Generous donations of Munich and Bavaria on "development and integration" "Allianz Arena" is also very interested officials in Brussels.

Marketing agencies, such as "Sportfive", "Infront" or "IMG" looking for clubs sponsors receive a commission from them, and then signing the contract with the club and the club. Now, on average 15 – 20% of the contract with the football club sponsor passes the club offices. The fee does not depend on the talent agency, and how bad things are going in the club and how urgently need relatively honest money. "Hamburg" were needed urgently, so "Sportfive" 2020 will be particularly rich. Agencies themselves attract sponsors extensive card file charges. Same "Sportfive", which belongs to the French group "Lagardère", except for "Hamburg" can offer a choice of eight Bundesliga clubs, including the "Borussia" Dortmund.

London online resource Viagogo all of last season helped "Borussia" sell tickets to the European Cup matches, playing to raise fees for 25% of sales. A very successful play, bringing the cost of VIP tickets to the Champions League final to 31,427 euros. Overloaded with debt and contractors "Schalke 04" on a three-year contract with Viagogo will receive 3,6 million euros. Already hotels in Dortmund and Gelsenkirchen clogged advertising services Viagogo [3].

## Economics

Low prices for tickets and successful financial management make a sharp contrast to the Bundesliga Premier League. Last season La Liga attracted an average of 28,478 fans, the French Ligue 1 – 21034, Series A - 25 304, and Premier League – 35 592. But these figures pale against the background of the average Bundesliga 41,904 fans.

In Germany fan is king. For example, Borussia Dortmund huge grandstand stadium holds 26,000 seats, but the entrance to it costs about 15 euros. (For comparison, the cheapest ticket on the "Emirates" costs about £ 45 a ticket for "Camp Nou" – not less than 45 euros). Clubs limit the number of season tickets in order to enable everyone else wishing to watch the match. While the visiting team is entitled to 10% of the total number of seats in the stadium. Tickets for the matches also allow traveling fans, whose team plays on the road, free to use railway services. As for the English fans, for them, this philosophy remains just a dream. [1]

"As a brand, as a tournament, the Bundesliga is in good shape. We have a very, very interesting competition, stable and sustainable business model, which relies on three sources of income, "- says Christian Seifert, executive director of the Bundesliga. Holy Trinity, consisting of income from ticket sales (424 million euros), revenues from sponsors (573 million euros) and income from television broadcasts (594 million euros), is a major participant in the Bundesliga total money turnover (1,7 billion euros).

If you look at the rest of the continent's major leagues, you can find confirmation of this situation. Portsmouth is fighting for its own existence, while Manchester United and Liverpool are accumulating huge debts. In Spain, where the debts are just as big players in La Liga in the lower divisions can arrange strike because of unpaid wages. Italian stadiums filled halfway and clubs in France spend 71% of their income on salaries to players, that more than any other country.

Seifert explains the success of the Bundesliga that clubs appreciate their fans. That is why the tickets are so cheap. Clubs do not need more money, it is not included in the culture clubs. They are very focused on the fans. Each season, revenue from ticket sales bring Bundesliga 350 million euros less than the Premier League. But this is not a reason to take and suddenly increase ticket prices three times. [1]

In politics, the pricing of the tickets was a general agreement between the clubs - to keep prices as low as possible level. In essence, this is the philosophy of the Bundesliga - not now try to return all the money possible, but to create an economic and administrative mechanisms that could withstand the test of time and be profitable in the future.

If the German Football Association refuses to grant a license for the club season, the IBB acts as guarantor. The security deposit of clubs IBB takes all: the rights to broadcast, ticket sales, merchandise, land, stadiums, sponsorship contracts, players, etc. IBB uses services from time to time, half of the Bundesliga clubs and most of the second Bundesliga clubs.

Good bankers happy to lend money for transfers, for construction, expansion of stadiums, but even a simple cover gaps in current accounts. In 2011, IBB saved "Munich 1860" from collapse, a little earlier, "Alemany Eintracht," ten years ago helped "Borussia". IBB now goes to the European market, lends money to the participants of the Champions League for the purchase of players with "Stuttgart" because in 2008 everything was fine. [3]

IBB owns Reinhold Wurth, a billionaire philanthropist who made a fortune on the fasteners. He is always ready to talk about the bolt or on the economy, but not about what and how much belongs to him in the Bundesliga. In these challenging economic times it shows the bank return on equity of 19.8%, an excellent result. Wurth, it turns out, for German clubs the same as Mario Draghi of the ECB for Spain – the last hope and the last source of money.

## REFERENCES

1. Бундеслига: успешная бизнес-модель // Спортивный маркетинг в футболе [The electronic resource]. – 2010. – Access mode: [http://s-market-football.blogspot.com/2010/10/blog-post\\_24.html](http://s-market-football.blogspot.com/2010/10/blog-post_24.html). – Date of access: 23.11.2013.
2. Немецкая Бундеслига на пути к европейскому господству // Чемпионат Германии. Бундеслига [The electronic resource]. – 2012. – Access mode: [http://www.euro-football.ru/article/32/961485\\_nemeckaya\\_bundesliga\\_na\\_puti\\_k\\_evropeyskomu\\_gospodstvu](http://www.euro-football.ru/article/32/961485_nemeckaya_bundesliga_na_puti_k_evropeyskomu_gospodstvu). – Date of access: 22.11.2013.
3. Темная сторона бундеслиги. Откуда берут деньги немецкие клубы // Tribuna.sports.ru. [The electronic resource]. – 2013. – Access mode: <http://www.sports.ru/tribuna/blogs/wivesgirlfriends/526475.html>. – Date of access: 25.11.2013.