



# **Business Advantages of Supporter Community Ownership in Football**

**“It is clear that supporter community ownership creates long-term, deep and sustainable partnerships with key strategic partners”**



## About Supporters Direct

Supporters Direct was formed in 2000 as an initiative of the UK Government. Its goal is to 'promote sustainable spectator sports clubs based on supporters' involvement and community ownership'.

Supporters Direct aims to create the conditions in which supporters can secure influence and ownership of their clubs, and campaigns for the wider recognition of the social, cultural and economic value of sports clubs.

It believes that sports clubs and competitions are increasingly being put at risk by short-term vested interests, poor financial management and inadequate standards of governance.

It began its activities in English football but is now working in more than 20 different European countries, and also works in rugby league, rugby union and ice hockey. It has offices in London and Glasgow.

It is a community benefit society registered with the Financial Services Authority and owned by its member supporters' trusts.



# Contents

<b>Introduction</b>	<b>4</b>
.....	
<b>1 Strategic Partnerships</b>	<b>10</b>
.....	
<b>2 Finance</b>	<b>13</b>
.....	
<b>3 Sponsorship</b>	<b>17</b>
.....	
<b>4 Developing Facilities</b>	<b>21</b>
.....	
<b>5 Resilience</b>	<b>24</b>
.....	
<b>6 Co-operative ‘Added Value’</b>	<b>27</b>
.....	
<b>7 Volunteering and Participation</b>	<b>30</b>
.....	
<b>8 Match Day Spending</b>	<b>34</b>
.....	
<b>9 Donations</b>	<b>36</b>
.....	
<b>10 Transparency, Openness and Trust</b>	<b>40</b>
.....	
<b>11 Supporter Satisfaction</b>	<b>44</b>
.....	
<b>12 Conclusions</b>	<b>48</b>
.....	

# Introduction

This paper is the fourth in Supporters Direct's series of Briefing Papers and focuses on the potential business advantages of Supporter Community Ownership<sup>1</sup>. It is based on the practical experience of those who run supporter community owned clubs and supporters of those clubs; and provides both qualitative and quantitative evidence as well as case study material.

The purpose of the report is to inform owners of clubs and local partners such as local authorities, as well as the game's administrators, about how supporter community ownership can contribute to the sustainability and prosperity of football clubs. It will also provide evidence, precedence and arguments for supporters' trusts in their work to achieve partial or full ownership of their clubs and share good practice.

This work gathers together knowledge developed from the extensive experience of Supporters Direct working in this field as well as from previously commissioned research undertaken by Supporters Direct (*The Social and Community Value of Football*). The problems faced by supporter community owned clubs should not be under-estimated – Briefing Papers 1 and 2 outline the changes in policy and football regulation that Supporters Direct believe are necessary to help overcome these. However, this paper provides identified and evidenced examples of how supporter community ownership can be of genuine business benefit to clubs, assisting in their long term health, growth and sustainability.

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1 This term builds on work by research co-operative Substance that identified supporters as communities that are routinely neglected within clubs' formulations of 'community work' (see Brown, A, Crabbe, T and Mellor, G (2006) *Football and its Communities*, London: Football Foundation as well as Brown, A et al (2010) *The Social and Community Value of Football*, London: Supporters Direct). 'Supporter community ownership' is used to mean instances where supporters have democratic and constitutional means to influence the club's operations and strategy.

The most common means would be through a significant stake in the hands of a democratic supporters' trust (or its members), with significance being where the club has no dominant owner or owners who make key decisions and where the trust's stake gives it real influence at boardroom level, up to and including having a majority stake in the club and on the board of directors.

Supporters Direct's preference is for models based on co-operative and mutual structures, with a club board accountable to its members; but with a wide variety of circumstances at clubs, it is recognised that there are other structures that might deliver similar features. Most important of these is a board accountable to an ownership base featuring open membership, strong representation from the supporter base, with no dominant owner or dominant smaller group of shareholders, which can encompass clubs run as members' clubs or companies limited by guarantee.

Since its formation in 2000, Supporters Direct has made a very strong moral and political case for supporter community ownership, based on an understanding of football clubs as important cultural institutions. However, its work over the last three years – including its research into the social value of football as well as this series of briefing papers – has sought to provide more evidenced based arguments.

In a context where some critics still believe that supporters are either incapable or inappropriate owners of football clubs – Louise Taylor’s argument that the idea of democratic supporter ownership is an ‘indulgence’ and that ‘clubs should serve the fans, not pander to fantasies of democracy’<sup>2</sup> – the report provides an important counterpoint and, more importantly, evidence.

Preparation of this briefing paper has involved new research of two kinds:

- i) Interviews with executive and supporters’ trust personnel of eight supporter community owned clubs to produce case study material.
- ii) A supporter satisfaction survey of six supporter community owned and five privately owned clubs to compare supporter experiences.

**Since its formation in 2000, Supporters Direct has made a very strong moral and political case for supporter community ownership, based on an understanding of football clubs as important cultural institutions.**

The purpose of this was to provide both detail about the business experiences of those representing supporter owners as well as new quantitative evidence of the impact on supporter experience of different forms of ownership.

There are two important parameters to the work undertaken that need to be highlighted. First, it is acknowledged that the evidence and focus in this report is on clubs in the lower two divisions of the Football League as well as non-league competitions, due to the fact that no clubs in the Premier League or Championship are supporter owned. However, many of the lessons are applicable across football. Also, whilst during this work the comparative financial performance of supporter owned and privately owned clubs was explored, as was other data such as attendances compared against league position, it was extremely difficult to provide any reliable like for like comparisons as the clubs assessed varied so much in terms of both financial information provided and other factors affecting statistics.

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<sup>2</sup> Louise Taylor (2011) ‘Clubs should serve the fans, not pander to fantasies of democracy’ Louise Taylor, the *Guardian*, 13th January 2011

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## Community Benefit Societies

Throughout this report there are references to Community Benefit Societies (CBS). This is the standard corporate structure for supporters' trusts registered with the Financial Services Authority. They were formerly known as Industrial and Provident Societies but new legislation means that all IPSs are either categorised as co-operative societies – mutual organisations (retail, membership, worker etc.) that exist for the benefit of their members and which ascribe to the co-operative principles – or as community benefit societies – democratic, member-owned organisations, that have wider community benefits as core objectives of the society.

Many supporter community owned clubs – especially in the Football League due to league rules<sup>3</sup> – are formed as limited companies. However for those that are majority supporter owned (Brentford, Exeter, AFC Wimbeldon, AFC Telford) the majority stake is held by a CBS. Others (such as FC United) are purely formed as a CBS.

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## Methodology

### i) Supporter Community Owned Club Testimony

The purpose of this element of the work was to provide qualitative evidence of the experience of supporter community owned clubs in running their business. It is inevitably qualitative as well as subjective, but it provides a useful corollary to the findings of the Social Value of Football research. That report indicated that supporter community ownership could help generate added social value for local communities; this report looks at the issues for clubs that are supporter community owned as businesses.

The research involved in depth interviews with personnel of supporter community owned clubs (majority ownership or major shareholder). The clubs were:

- Brentford FC
- Exeter City FC
- Lincoln City FC

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3 The Football League requires clubs to be limited companies and as such a Football League football club cannot be constituted as a community benefit society (although it can be owned by one). For further information see Supporters Direct Briefing Paper No.2: *Developing Football Regulation to Encourage Supporter Community Ownership in Football*: p.13

- AFC Wimbledon
- AFC Telford United
- FC United of Manchester
- Runcorn Linnets FC
- Lewes FC

The interviews were semi-structured, based around a series of questions about their experience of supporter community ownership and its business benefits. Interviews were conducted over the telephone, recorded and transcribed. These were then analysed on a club by club basis to provide overall findings as well as more detailed information for ‘case studies’ presented throughout this section. This provided both the context for clubs as well as their perceptions on the range of issues indicated.

The questions were ordered under the following themes:

- i) Interviewee background
- ii) Club background
- iii) Perceived advantages and disadvantages of community ownership
  - a Strategic partnerships
  - b Financial stability
  - c Commercial sponsorship
  - d Facilities
  - e Co-operative marketing
- iv) Resilience including attendances and supporter ‘tolerance’
- v) Added co-operative value
- vi) Transparency

Key findings, quotations and case study evidence are presented under each of these headings.

## ii) **Supporter Satisfaction**

**Given that supporter community ownership is to serve the interests of supporter communities as well as the wider (and future) communities of football clubs, understanding levels of satisfaction of supporters in a range of areas is important.**

We conducted an online survey of football supporters at eleven clubs to ascertain evidence about the satisfaction of supporters at clubs that are supporter community owned versus those that are not. Given that supporter community ownership is designed to serve the interests of supporter communities as well as the wider (and

future) communities of football clubs, understanding levels of supporter satisfaction in a range of areas is important. Where possible, we also sought

to generate comparative information about supporter community owned clubs and clubs of equivalent size and status that are privately owned.

The survey method was:

- An open online survey
- Publicised via official club websites, fan forums and programmes
- Based on ‘pairs’ of clubs, which corresponded to the best possible degree in terms of the following factors:
  - League status
  - Location (e.g. one club town or two/multi-club city)
  - Size of attendances

<b>Supporter Trust Majority Owned or Major Shareholder Clubs</b>	<b>Non Supporter Owned</b>
Brentford (FL1)	
Exeter (FL1)	Colchester (FL1)
Lincoln City (FL2)	Torquay United (FL2)
AFC Wimbledon (BSP)	Luton Town (BSP)
AFC Telford United (BSN)	Boston (BSN)
FC United of Manchester (NPL)	Halifax Town (NPL)
<b>Clubs Surveyed for Supporter Satisfaction Survey</b>	

In the survey we asked supporters to rate their satisfaction against a range of areas of club operation using the following ratings: Very unsatisfied; Unsatisfied; Neither unsatisfied nor satisfied; Satisfied; Very satisfied.

The categories of business operations surveyed were: Off-pitch satisfaction; On-pitch satisfaction; Owners; Club Services; Membership Scheme; Merchandise; Supporter Consultation; Team Management; Trust.

In total over 1700 supporters responded to the survey. However, there were significant variations in terms of responses, ranging from just 25 (Torquay) and 45 (Boston) at the lower end, to 398 (FC United) and 380 (AFC Wimbledon) at the upper end. Given the open ‘self selected’ nature of the survey as well as the variance in response rate, we must provide a caveat to the findings: namely that they cannot be taken as statistically representative of fans of all clubs, especially those with lower response rates. However, on the whole we have provided averages between supporter community owned and other clubs to offset differences in response rate of individual clubs.



The report is structured to include both elements of the research under the following 11 headings:

- 1 Strategic Partnerships
- 2 Finance
- 3 Sponsorship
- 4 Facilities
- 5 Resilience
- 6 Co-operative Added Value
- 7 Volunteering and Participation
- 8 Match Day Spending
- 9 Donations
- 10 Transparency
- 11 Supporter Satisfaction

# 1 Strategic Partnerships

## Key Question:

**Has community ownership helped with the club's development of its strategic partnerships?**

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## Top Three Findings:

- i) Clubs all felt that supporter community ownership enables them to develop deeper and more long term strategic partnerships.
  - ii) Strategic partnerships were strongest with their local authority, but also in many cases with club sponsors (see 2.3 below for further details on sponsorship).
  - iii) The ownership structure helps to build trust between organisations and means that outside organisations believe supporter community owned clubs when they talk about benefiting the local community or their local 'reach'. As such it is easier for supporter community owned clubs to align agendas with public or public benefit oriented strategic partners.
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**Perhaps the most important impact of supporter community ownership on strategic relationships is with local authorities, but it also goes beyond this to other businesses, residents and community partners.**

Perhaps the most important impact of supporter community ownership on strategic relationships is with local authorities, but it also goes beyond this to other businesses, residents and community partners. The ownership of the clubs and transparency involved helps to cement and underpin clubs'

position as a focal point for a range of partners, including other businesses, public agencies and local authorities.

One example, Brentford FC, identified their local authority, Hounslow, as their main strategic partner and were adamant that it has been their community ownership structure that has helped them to get as far as they have with the development of a new stadium. Donald Kerr, Chair of Bees United said

*'The Local Authority believes us, when we say that we want to build a community asset, in a new community hub, with a stadium at its heart. In fact, they're now asking us when we're going to put in a planning application; at a time when other local authorities are saying they won't give land or planning permission, Brentford have been encouraged and supported in this for about the last 7 years.'*

At Exeter City, they have been able to forge a strong partnership with Devon County Council because of their supporter community ownership. Frances Farley, Non-Executive Director, ECFC said:

*'Devon County Council have been big players and sponsored the back of the away shirt last season because they found the aims and values of the club were shared with theirs. It was a good way for them to use sport, to use Exeter City Football Club, to get their message out. If the club had been in private ownership, they wouldn't have been able to do that.'*

In other cases local authorities have been sponsors of supporter community owned clubs (such as Prescott Cables FC sponsored by Knowsley), have helped enable supporter community takeovers (such as Chester FC) and have assisted in stadium development (Enfield Town). This reflects Supporters Direct's previous research on the social value of football which highlighted the benefits of close collaboration between local authorities and supporter community owned football clubs.

**Although generally relationships with local authorities were described as positive, there was a sense of greater shared agendas and partnerships in the supporter community owned clubs than in others...**

*'Although generally relationships with local authorities were described as positive, there was a sense of greater shared agendas and partnerships in the supporter community owned clubs than in others... This suggests a role for local authorities to further develop relationships with clubs and, where opportunities arise, derive value from*

*assisting or encouraging supporter ownership. There are important advantages here for local authorities working with supporter community owned clubs to realise their own agendas.'*<sup>4</sup>

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### **AFC Telford United – Local Authority Securing the Ground**

AFC Telford chairman, Lee Carter, believes that community ownership has really helped the club with the development of facilities. When the former club went into liquidation in 2004, the local authority was determined to keep football alive in Telford, even going so far as to pass a motion to 'do all it practically can do to support the Directors of Telford United in their endeavours to keep football alive at the Bucks Head and promote a united Telford.'

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<sup>4</sup> Brown, A. et al (2010), *The Social and Community Value of Football*, London: Supporters Direct

The council took over the freehold of the ground and insisted it had to remain a football ground, thereby ending the possibility of it being sold by the liquidators for any other purpose. The council then negotiated with the bank that had taken over and bought the stadium back, so that it owned the stadium, car park and surrounding area.

Since the council stepped in to help save the ground, a partnership has developed between the club, the council and Telford College of Arts and Technology (TCAT). Carter says that it is a challenge in terms of raising finance, but they've been extremely successful, securing £1.1m from the Football Foundation in 2005 to build a Learning Centre, artificial pitch and Dome at the local college. AFCT have also since secured grant funding for various programmes that have taken place within those facilities.

In the seven years since the club was formed, the political leadership of the council has changed, but the relationship has continued to evolve and remains as strong as ever, according to Carter:

*'The ability of the relationship to withstand the change in administration and progress is undoubtedly down to the fact that the club is community owned. Our ethos as a community owned club sits very nicely with the aims and objectives of the council. I think that regardless of which colour party is in power, we will always have a very proactive relationship with the local authority.'*

Carter believes that none of this would have been possible if the club had not been democratically owned by its supporters.

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### **Lincoln City – Building Relationships with Local Business**

Lincoln City have just developed a scheme for using the lounge at their ground. For £25 a month, local businesses can buy a key fob which will allow them access to free parking at the club, the lounge and its facilities, so that they can have meetings there. This initiative was launched at the beginning of April 2011. The club also rent out Executive boxes for businesses to use (for example, if they're conducting interviews).

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# 2

## Finance

### Key Question:

**Has supporter community ownership helped the club be financially stable in ways that it would not if it were privately owned?**

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### Top Three Findings:

- i) The consensus of clubs was that supporter community ownership brings with it an added onus to be financially responsible and live within their means, and that in this sense supporter community owned clubs are more likely to be financially stable than those in other forms of ownership. Two thirds of supporters of surveyed clubs also felt that they were provided with all relevant financial information.
  - ii) In addition, supporter community ownership allows clubs to raise finance in other, more innovative ways. A leading example of this is through ‘Community Shares’ – the issuing of non-voting shares in a Community Benefit Society (the corporate structure for all supporters’ trusts) something discussed further under facilities, below, and in Supporters Direct’s *Briefing Paper No.3* on raising finance.
  - iii) However, all clubs felt that whilst supporter community ownership entails an additional check and balance against unsustainable levels of debt and overspending – through open membership, democratic share ownership, elected boards and a legal objective of financial prudence – this put them at a competitive disadvantage to other clubs that were more likely to do this.
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Clubs interviewed believed that financial health was not on the whole dependent on the good will, soft loans or benefaction of an individual, family or private consortium: and a longer term approach to the development of clubs was evident. The CBS structure means that it is more difficult to use equity in clubs in return for financial borrowing; and more difficult (if not impossible) for clubs to go into administration, making financial prudence and developing long term revenue stability paramount.

Andy Walsh, General Manager, FCUM, outlined the longer term approach adopted by supporter community ownership:

*If the club were privately owned, the stability of the finances in the short term would depend on how much the individual or consortium were prepared to invest in the club; but in the long term, any private investment that’s not backed up by*

*the stability of the football club being able to generate its own income, is only a bad run or a death in the family away from instability.’*

The more ‘responsible’ approach adopted by supporter community owned clubs addresses concerns that have been expressed elsewhere about football’s unsustainable finances. The 2009 and 2010 Deloitte Annual Reviews of Football Finance have highlighted serious concerns about the way that the majority of football clubs manage their finances:

*‘Below the top two divisions, managing a club’s financial position remains a challenge from one season to the next. Legacy debt issues and the risks taken by some boards of directors will, without correction, inevitably lead to a continuing flow of insolvency cases in the seasons to come.’<sup>5</sup>*

*‘The model of profit maximisation is now pursued by a very limited number of clubs, and whilst some clubs seek to break even on a consistent basis, the emerging norm for many Premier League and Championship clubs appears to require significant ongoing benefactor support. We appear to be seeing a continuing shift from a sustainable “not for profit” model towards one with potentially calamitous consistent and significant loss making characteristics.’<sup>6</sup>*

However, this model of football governance creates an unlevel playing field between clubs that do not take on unsustainable debt, benefactor loans or overspending and those that do. This is a major problem for supporter community ownership and points to a structural failure in football that cannot be addressed by a single club’s ownership structures on their own. Indeed, one club, Brentford, have effectively voted to end majority supporter community ownership in order to sustain the business in the competitive environment which exists at a higher level of football. Solutions to this issue, in the form of improved regulation, are presented in Supporters Direct’s *Briefing Papers* 1 and 2.<sup>7</sup>

Frances Farley, Non Executive Director of Exeter City, challenged the unlevel playing field and ‘financial doping’ supporter community owned clubs have to contend with:

*‘Is it a good or a bad thing that we can’t go and borrow money because we can’t secure it against anything? It does mean you can’t compete in the same way as other clubs. Clubs...who have gone under, have acquired millions of pounds of debt from spending too much, usually on players, which effectively equates to cheating, because they’re spending money they don’t have on expensive players who are playing against Exeter City... It’s not necessarily down to the ownership*

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5 Deloitte (2009) Safety in Numbers: Annual review of football finance, London: Deloitte

6 Deloitte (2010) National Interest: Annual review of football finance, London: Deloitte

7 *Briefing Paper 1: Developing Public Policy to Encourage Supporter Community Ownership in Football*, London: Supporters Direct; *Briefing Paper 2: Developing Football Regulation to Encourage Supporter Community Ownership in Football*, London: Supporters Direct

*model, but to football governance and wage capping.’*

That notwithstanding, supporter community ownership – by giving supporters control of their clubs – also helps to address a common misconception about club spending, namely that a lack of financial prudence amongst privately owned clubs is due to pressure from fans for success. In surveys conducted as part of the Social Value of Football research<sup>8</sup>, when supporters were asked what they valued about their clubs, it was not their success on the field, but their importance within their family, social and communities’ lives that was paramount.

In addition, in the *Football League Supporter Survey 2010*, respondents were asked to identify what the Football League’s priority for the future should be 45% of fans (rising to 52% amongst League 2 supporters) indicated that ensuring the long term financial survival of its 72 member clubs should be the focus; something they viewed as distinct from just raising revenue, with just 6% stating that this should be its main aim.

By placing clubs in the hands of supporters, such disjunctures between private club practice and supporter wishes can be addressed.

In our supporter survey, we asked whether fans felt that their clubs provided them with all relevant financial information.

- 66% of respondents for supporter community owned clubs felt their clubs provided all relevant financial information to supporters, whereas only 38% of supporters of other clubs felt this.
- The highest score was at FC United where 87% fans felt they were provided with all the relevant financial information.

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### **AFC Wimbledon – Budgeting Responsibly Off the Pitch, Winning On It**

The club budgets to break even every year and they run the business ‘as effectively as we can’. The budget is calculated on a conservative basis at the beginning of the year, so they know in advance that they can afford their player budget. In a good year, playing budgets can be adapted to add to the squad. The club made a small loss of under £75,000 in 2010, having made a profit of £35,690 in 2009. Also, AFC Wimbledon contradict the theory that you have to spend unsustainably to achieve success, having achieved promotion to the Football League under this system in 2011, alongside big-spending Crawley Town.

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8 Brown, A et al (2010) *op cit*: 55

Erik Samuelson, AFCW's Chief Executive says that:

*'Based on a search of publicly available information as of 2009, 11 of the clubs in this division (Blue Square Conference) were "arguably bankrupt" and the reason that they don't go under is that they are funded by short term loans from directors or parent companies. Those short term loans are not used to invest in the infrastructure of the club, like the ones that AFC Wimbledon have, they are used to spend on wages. This means the operational costs of these clubs are obtained by short term funding from directors who may or may not choose to stay involved.'*

Despite this uneven and unsustainably competitive environment, AFCW's supporters remain committed to a responsible approach:

*'In a recent survey we've been doing with fans, of all the things they want more than anything else, it's to retain ownership of the club. So, [because of the ownership structure] even if you had someone coming to the club offering a million pounds, all they would get in return is a parking space, so [a benefactor situation] is unlikely to happen.'*

In that survey, it was found that ownership 'was the criterion about which people feel strongest' and that a strategy to 'remain fan owned' was preferred 'by a very long way' over any other non-fan owned option, including pursuing a 'fast track' to promotion.

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### **AFC Telford United – Profiting in Non League**

Since it was established in 2004, AFC Telford United has recorded a small operating profit each year. Chairman Lee Carter sees this as testimony to the fact that they manage, monitor and control their finances very carefully, something they have had to because they can only spend what they generate. The people managing the finances are acutely aware of the fact that they are guardians and have to do whatever they can from a financial perspective to make sure that the club remains sustainable on a long term basis. Carter says it's a difficult challenge due to cash flow fluctuations so they operate from cash, so they have to monitor it very carefully. He feels that private ownership models are very much based on there normally being a difference between income and expenditure and that difference being made up by the owners. Lee believes that therefore makes the finances of privately owned football clubs a lot more unstable, because you operate at the whim of the pocket of the owner/chairman.

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# 3 Sponsorship

## Key Question:

**Has community ownership helped with development of sponsorship, especially longer term/strategic support and innovative practice?**

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## Top Three Findings

- i) Most of the clubs that we interviewed felt that their ownership structure was beneficial in helping them to generate levels of sponsorship above and beyond what they might expect to attract given their current league position. In part this is underpinned by the relatively high crowds some supporter community owned clubs achieve relative to their league status.
  - ii) However, there was also a sense that the relationships developed with sponsors often encompassed a broader range of activities and ‘depth’ than might be seen at non-community owned football clubs.
  - iii) In some instances sponsors were only interested in being associated with the community profile and activities of the club, rather than the more traditional ‘commercial’ operation and profile.
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**It is also the reputational value of sponsorship associated with a club owned by its supporters that is the added value for sponsors**

In some cases sponsors are more attracted to supporter community owned clubs because their attendances (and membership) far outstrip most of their competitors at the same level, particularly among non-league clubs. This has been true of FC United, AFC Telford United and AFC Wimbledon.

Also important is the reputational value of sponsorship associated with a club owned by its supporters and local community. In some instances this also helps to underpin a longer term relationship between club and sponsor, as the AFC Telford United case study illustrates.

Furthermore, the CBS structure of supporters’ trusts means that they have a legal obligation to be of benefit to their communities. This strengthens the association of sponsors with community benefit outcomes. The activities of clubs in their community and the desire of sponsors to be associated with these outputs is something that has been evident in other club ownership structures and relates to some corporations’ social responsibility agendas. However, the added value of supporter community ownership is the closer relationship with supporter communities and community obligations of the

supporters' trusts.

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### **AFC Wimbledon – Sponsors Believing in the Approach**

AFC Wimbledon's shirt sponsor is Sports Interactive, who have been involved with the club since its inception in 2002. According to Wimbledon's Chief Executive, Erik Samuelson, Sports Interactive got involved with the club because they like what the club are trying to do:

*'You attract a particular type of sponsor; some of them understand and are willing to pay more than the commercial value because they believe in the community impact you're having. I believe that some of our commercial sponsorships are better than you could feasibly expect for a club of our size but part of it is also down to the emotion surrounding our particular circumstances.'*

Sports Interactive have also benefited from the added value that AFC

**Sports Interactive have also benefited from the added value that AFC Wimbledon's profile gives them, something that is dependent on their history and fan ownership.**

Wimbledon's profile gives them, something that is dependent on their history and fan owned status. This even stretches to exposure on the TV show New Tricks, where a detective wears their shirt.

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### **AFC Telford United – Long Term Sponsorship**

Lee Carter claims:

*'Our ownership model means that we have a good eye for detail and place a lot on our customer relationship management. I think that comes naturally to us because of our make-up, ethos and the way we do business and is probably therefore more attractive to sponsors.'*

When AFC Telford United was launched, it coincided with the establishment of Cap Gemini in Telford. Cap Gemini has been involved since the outset and said they will remain involved with the club until they leave Telford in 2017. Carter says it has been a real bonus for Telford to have that kind of stability, especially as a newly reformed club.

Over the seven years that the fans have been running Telford, Carter says that they have seen a shift amongst their sponsors

**Over the seven years that the fans have been running Telford, Carter says that they have seen a shift amongst their sponsors from just providing advertising in the ground, to becoming very tuned into their corporate social responsibility objectives.**

from just providing advertising in the ground, to becoming very tuned into their corporate social responsibility (CSR) objectives. The key sponsor, Cap Gemini, is very keen on that. Carter thinks that the fact that they are a community-owned football club aligns itself very neatly with potential sponsors' CSR objectives.

He thinks that's probably the most outstanding aspect and the club's most attractive feature for potential sponsors in comparison with privately owned clubs.

The club work with Cap Gemini in a variety of ways – for example, when they're doing football coaching in schools, Cap Gemini staff come and give out information on healthy eating. Carter thinks that whilst this might have initially seemed very strange to the organisation, they are now very comfortable with this kind of involvement and see it as a big positive for them.

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### **FC United of Manchester – Backing For a Community Club**

Andy Walsh, General Manager of FC United, said that it is the association with what the club stands for, rather than a straight commercial proposition, which attracts sponsors:

*'Last time we conducted a survey of sponsors, we asked what the sponsors wanted from their association with the club, with the overwhelming response that they support what the club is trying to do in the community and the ideals on which the club was founded. That was considered by the sponsors to be the main commercial advantage and that they are doing it because they believe, like the members of the club, that this is the way football should be run.'*

FC United approach their sponsors to assist directly with the club's community work – for example, if they are running a tournament at a community event, they ask sponsors if they want to assist in that work. FCUM have also asked sponsors to assist the club with fundraising for local charities.

In 2007 FC United's members voted overwhelmingly to establish a club rule that they do not have advertising on their playing strip, bar

the club crest and manufacturer which are also restricted in size. As a rule of the IPS constitution this can now only be overturned by a 75% majority vote and is unique in football. Whilst this means some sponsors looking for a more traditional relationship do not work with the club, others are keen to be associated. FCUM have even had discussions with kit suppliers about producing a kit that doesn't have a company logo on it, and Walsh believes the fact that they are willing to discuss this is due to a desire to be associated with what FC United are doing.

In July 2011, FC United announced their first ever main club sponsorship deal with MXData. Despite not getting exposure on the club's shirts, because of the club's rules, the main motivation for MXData is to associate itself with FCUM's community approach and fan ownership model.

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# 4 Developing Facilities

## Key Question:

**Has community ownership helped with development of facilities?**

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## Top Three Findings

- i) Supporter community ownership assists clubs in getting commitment from key public sector partners – especially local authorities – because there is a level of protection of public benefit and transparency that private companies do not provide; as well as an alignment of public benefit agendas.
  - ii) Assistance from local authorities ranges from provision of land, funding and ‘in kind’ support for ongoing strategic partnerships and deployment of planning regulations to protect assets from speculators.
  - iii) Supporter community ownership – in the form of community benefit societies – also allows clubs to raise finance for facilities in innovative ways that do not jeopardise the long term future of the club and cement the community benefit function of facilities developed.
- 

The business advantages of being a supporter community owned club are particularly striking in the area of facility development. Evidence gathered

**The strategic, financial and in kind support of local authorities has been a key feature of facility development by supporter community owned clubs.**

as part of this piece of work as well as during the Social Value of Football research suggests that they would not have their new facility development if they had not been supporter-owned.

The strategic, financial and in kind support of local authorities has been a key feature of facility development by supporter community owned clubs; because authorities can rely on the community benefit function of clubs; and their open and democratic ownership structure. This type of reliance is simply not possible with privately owned clubs.

In addition, there are distinct advantages to a CBS structure. One of these is that clubs that are supporter community owned can raise significant finance for facilities via shares in the society. This is explored in greater depth in Supporters Direct’s *Briefing Paper No.3* on raising finance<sup>9</sup>.

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9 See also Development Trust Association and Co-ops UK (2010) *Investing in Community Shares* and [www.communityshares.org.uk](http://www.communityshares.org.uk) for further information. Add to footnote. See also, Jaquiss, K and Walsh, A (2011) *Punk Finance: Capital Made Mutual*, London: Mutuo

Supporter community owned clubs have because they can raise finance relatively cheaply and easily, without going into debt, or giving up equity in the club and without altering their one member one vote ownership structure. It also ensures that capital raised is used primarily for community, rather than private benefit.

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### **Runcorn Linnets – Back Home With Council Backing**

Runcorn Linnets were formed in 2006, after the demise of Runcorn FC. At this time they played at Witton Albion FC, as they lacked a site in Runcorn with facilities up to the required standard and the old ground had been developed for housing. The club developed a relationship with Halton Borough Council as they needed their support to move back into Runcorn.

**The Council's support was a direct result of the potential that a supporter community owned club offered the local area and the level of buy-in from fans.**

Derek Greenwood, the Linnets' Chair, says that they were very fortunate because they had a very good contact at the council – the Head of Culture and Sport and quickly had access to the Chief Executive of the Council. A sub-

group met with the Council regularly and this helped establish trust between the Council and the club.

The Council offered the club land in the new town area of Runcorn, which was part of an existing sports facility with pitches and an old gym that has now been developed into a function room.

The Council's support was a direct result of their realising the potential that a supporter community owned club offered the local area and the level of buy-in from fans. Greenwood said:

*'The old club originally was very much a central part of the community of Runcorn, but never really spread itself out into the community. That meant that when the end came there was nothing there to support the club – they couldn't go back a step and run a youth team or anything, because there was nothing there at all. Right from the outset our plans were that this time round, it was owned by the fans and could never go down the road of one-man ownership again and secondly to ensure that whatever we did, we involved the community.'*

The Council offered the club a grant of £100,000 to develop the land and they secured a further £93,000 from the Football Foundation,

whilst supporters raised £30,000. This allowed the club to create a stadium which meets Step 4 requirements (Northern Premier League), one level above where they are currently playing with the potential to develop the ground further. The close relationship also meant that the council managed the project for Linnets. Greenwood believes that this level of support was only possible as a supporter community owned club. He said that if it had been a traditional limited company structure, with the potential for asset stripping or for funds to be used for other purposes, the scheme would not have happened.

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### **FC United – Raising New Forms of Facility Finance**

FC United have raised £1.3m to date via a Community Share scheme to support the development of a stadium and community sports complex. FCUM are one of ten pilot projects in the country in a scheme supported by Co-ops UK, the Development Trust Association and the Cabinet Office.

**As a community benefit society, the club can issue shares in the club – shares that allow people to invest but do not carry voting powers, protecting the club’s one member one vote ownership structure.**

As a community benefit society, the club can issue shares that allow people to invest but do not carry voting powers, protecting the club’s one member one vote ownership structure. These are issued against an offer document that outlines what the investment is to be used

for and, critically, prioritises the community benefit function of the asset to be developed.

Alongside a donation scheme that has raised over £350,000 it has meant that the club can put significant capital – around 50% of the total scheme – into the project, helping to leverage in other grants and investment from the local authority.

Underpinning this is a statutory asset lock that FC United have put in place which means that the use of the money members have invested in the new asset is protected – the facility cannot be sold on in order for proceeds to be distributed to shareholders.

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# 5

## Resilience

### Key Question:

**Does community ownership help develop resilience amongst supporters, for example helping attendances hold up when performances are poor?**

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### Top Three Findings

- i) Most clubs interviewed felt that their attendances were sustained even when performances were poor because of their ownership structure.
  - ii) This additional buy-in from supporters was dependent on their ownership of the club, the additional ‘buy-in’ that this brings and their recognition of the business importance of their support.
  - iii) Opinion was more divided over the support for managers being maintained, however, satisfaction levels for supporter community owned clubs tended to be higher than for other clubs.
- 

Several clubs said that they felt attendances were more likely to remain consistent irrespective of performance, because supporters realised the importance of their role in sustaining the club and that they owned the business they were supporting.

**At Lewes, since the club was saved as a community benefit society, attendances have increased significantly.**

At Lewes, since the club was saved as a community benefit society, attendances have increased significantly. In the season before community ownership, the average attendance was 433; in 2010/11 it was

679 – an increase of 57% in a year when the club has been in the relegation zone all season and was eventually relegated. Exeter reported increases of around 70% once owned by the supporters’ trust and Telford have broken attendance records on more than one occasion at different levels of the non league pyramid.

Donald Kerr from Brentford’s supporters’ trust, Bees United, said:

*‘When the Trust first took over and the supporters understood we didn’t have the cash, we did pretty well. I used to stand near someone who would always shout, irrespective of who the chairman was, “get your cheque book out”. When the Trust took over, people would say to this man “well, it’s your cheque book now mate”.*



*There was a greater understanding that what we were achieving was being done slightly against the odds and a sense of “we’re all in this together”.*

FC United have had the same manager since the club formed and Andy Walsh believes that the involvement of the manager in establishing the club and communicating between the dressing room and the fans has engendered patience from supporters. He says, *More space and time has been created to allow*

**More space and time has been created to allow the manager to turn things around and the benefit of that is greater stability in the long term.**

*the manager to turn things around and the benefit of that is greater stability in the long term’.* Although attendances do dip a little when the team performs poorly, the club has maintained attendance levels which are seven times the league average.

In our satisfaction survey we asked supporters to rate their satisfaction about their club’s owners, management and team performance.

### **Owners**

- 57% of respondents (and 59% of supporter community owned clubs) were very satisfied with their club’s owners
- 87% of FCUM fans said that they were very satisfied with the club’s owners.

### **Team Management**

84% of supporter community owned clubs compared with 61% of others were either satisfied or very satisfied with their team’s management.

### **Team Performance**

On average, 61% of all respondents said that their attendance would remain the same or increase, even if the team were performing poorly.

However, this figure was higher on average for supporter community owned clubs (58.6%) than for others (48.6%)

52% of Torquay fans, 51% of Lincoln City fans and 43% of Halifax Town fans who took part in the survey said that they would be likely to attend fewer matches.

FC United of Manchester	80%
Luton Town	69%
AFC Wimbledon	64%
AFC Telford United	62%
Exeter City	56%
Boston	53%
Brentford	52%
Colchester United	49%
Halifax Town	44%
Lincoln City	38%
Torquay United	28%

**Percentage of supporters for whom attendance would remain the same or increase regardless of team performance.**

### **AFC Telford United – Attendances Holding Up**

Lee Carter said that Telford’s attendances had been assisted by its ownership structure:

*‘People know that they are part of something; that they are integral to the funding of this club and that therefore when they ask themselves the question “can I be bothered to turn up and watch that rubbish again?”, they say “yes”, because they know that if they don’t, that will have a knock on effect on our ability to compete going forward. It makes us more resilient as a business’.*

‘However, that same resilience doesn’t extend to the manager! Football is partly about finding someone to blame when things aren’t going right and it doesn’t matter what way you’re owned or what model you operate, I think the manager will always come under question. I don’t think it immunises the manager from any pressure, but I do think it does the owners and levels of attendance.’

# 6

## Co-operative ‘Added Value’

### Key Question:

Does co-operative community ownership help create ‘added value’ for the club?

### Top Three Findings

- i) Most of the clubs felt that community ownership could give them advantages when marketing the club as co-operatively owned.
- ii) Some clubs have overtly and deliberately used this distinctiveness to their strategic business advantage.
- iii) Clubs who felt that this impact was limited said that this was due more to the limitations of their overall marketing strategy overall rather than their co-operative ownership.

**Most clubs involved in this work felt that marketing their businesses as co-operatively owned gives them a competitive advantage over companies owned in more common, private ways.**

Most clubs involved in this work felt that marketing their businesses as co-operatively owned gives them a competitive advantage over companies owned in more common, private ways. This was based on it giving them distinction in the market place but also a set of demonstrable values with

regards to co-operation, financial responsibility, democracy and community involvement that other clubs could not match.

Lee Carter from AFC Telford United said that the ‘closeness’ of supporters, staff, players and officials was something that helped attract wider audiences compared with other football clubs:

*‘The power of the community owning the club is still the most attractive message we can get out to the public. Our ethos is attractive to people once they can see that Telford is a family-friendly, community-owned club, where they can bring their children to games and have that experience of touching and feeling a football club again – being able to speak to a manager or get the autograph of a player and feel a part of something. I believe that is what community ownership gives us and that’s very powerful in terms of our marketing.’*

One point that was raised by several clubs was that it does take time to build an understanding of what co-operative ownership means and to change

people's perceptions of what a football club can be about. However, taking a long term approach to this can mean that there is a wider understanding of what makes the club different – such as the co-operative potential and wider community benefits – and that this can lead to significant business advantages.

FC United refer to their 3,500 members as 'co-owners' in their literature and communications with members. Indeed, in their membership renewal notices for the 2011-12 season, they have made special emphasis of the difference between a member of a club and membership with ownership rights.

This approach reflects marketing approaches elsewhere in the UK economy being adopted by the Co-operative ('Join the Revolution') as well as mutually owned businesses such as England national team sponsors, Nationwide ('proud to be different'). It also reflects approaches in the US, such as Global Co-operative Consulting's 'marketing our co-operative advantage', that says it builds on:

'The knowledge that co-operatives are of increasing value in a global world economy in which people are concerned about enhancing their influence over their economies, protecting the ecology that sustains life on our planet, enhancing democratic values, and fairly distributing wealth in our world.'<sup>10</sup>

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### **Exeter City – Marketing Community Ownership**

Frances Farley at Exeter City said that they took a holistic view of their club and community ownership because they saw it as a strategic advantage.

*'When we market anything, we have key phrases to encapsulate what we're about. "We own our football club" is used in all our literature to show that we're different. We also use "Doing things the right way", which relates to everything, how we treat our creditors, our customers, the players, each other etc – we do things properly, the right way. The message is that Exeter is a community club.'*

*'One of the best things you hear at the club these days is on the terrace, when the Exeter fans break out into "We own our football club". It's something they are proud of', says Neil Le Milliere of the Supporters' Trust.*

Farley says that it still takes time for potential clients and business partners to understand that the club is different and to change the perception that they are 'just another football club like any other'. Work is needed to create an understanding of why being a supporter

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<sup>10</sup> <http://www.global-co-operation.coop/MarketingOurCo-operativeAdvantage.htm>

community club can be an advantage and it can take years to build relationships. Indeed, although local authorities are generally more receptive to supporter ownership, in their case it took three or four years to create the current positive relationship with the County Council. Having such a large strategic partner also then gives other people and businesses confidence – ‘people think that if the County Council works in partnership with the club, then why shouldn’t they?’

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### **Brentford – BITC Community Mark Award**

Brentford have been able to profit from their supporter community owned status by becoming the first club in the Football League to win the Business in the Community ‘Community Mark’ – a British standard of community engagement. Donald Kerr thinks this is linked to them being a supporter-owned club, because it is an acknowledgement of the work they do within the community and how they interact with it. Only 40 companies in the country have this mark, most of which are large blue chip companies. The only other football clubs to have achieved this status are significantly better resourced than Brentford, namely Blackburn, Liverpool, Rangers and Hearts.

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# 7

## Volunteering and Participation

### Key Question:

**Does supporter community ownership help encourage volunteering and participation from supporters?**

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### Top Three Findings

- i) Supporter community ownership means that fans have a greater ‘buy-in’ and commitment to their club, which means that they are more ready to volunteer to help the club.
  - ii) Tapping into supporter volunteering can unlock a huge reservoir of skills amongst the supporter base that can be a genuine business advantage to the club, something that result in the club being more professionally run.
  - iii) There are some extremely innovative schemes that seek to ‘value’ the contribution of volunteers to their clubs, to give additional protection against the possibility of the club being taken over.
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The greater sense of ‘buy-in’, engagement and inclusion of a wider cross-section of people which seems to be common at supporter community owned clubs in comparison with their privately owned counterparts is perhaps most evident in the area of volunteering and participation.

**When you’re a football club that’s Trust owned, lots of supporters are prepared to do things for the club – for free, profit-free, at cost price etc.**

For example, AFC Wimbledon receive a massive amount of voluntary support on an ongoing basis, with around 250-300 volunteers contributing annually. Roles can involve everything from sweeping out the toilets to

designing a new stadium. Even the Chief Executive, Erik Samuelson, a former PricewaterhouseCoopers partner, who is responsible for running the football club on a day-to-day basis, is a volunteer, although his is paid one Guinea per year!

‘When you’re a football club that’s Trust owned, lots of supporters are prepared to do things for the club – for free, profit-free, at cost price etc.,’ says Neil Le Milliere of Exeter’s supporters’ trust.

*‘You have a huge hitherto perhaps untapped resource, which suddenly becomes available. That can mean you get all sorts of work done for free, which otherwise*

*at a “normal” football club, you’d be paying for. Your costs go down. At Exeter City, at the end of every game, you’ll see people sweeping the ground, as with all football clubs; the difference is that at Exeter City they’re doing it for free, they’re supporters who at the end of the game will pick up a broom.’*

Such ‘routine’ match day volunteering did not occur before the club was supporter owned and indeed levels of supporter volunteering for core club business is relatively low in football. Supporter volunteering can also lead to the development of new areas of operation. At FC United this has led to supporters being involved in every aspect of the club and the development of new services for supporters, including the establishment of a free internet radio station and free internet TV highlights of games.

*‘Engagement goes beyond putting a tick on a ballot paper once a year at a general meeting,’ says Andy Walsh. ‘It’s about supporters themselves running their club in every way – they staff the turnstiles, they write, design and sell the programme; they procure the merchandise from suppliers, decide what the price is and put it on sale; they run events on match days including bars and putting on bands; they run the radio with 24 / 7 online output and over 30 different presenters; and supporters televise games and put them on the internet. We currently have an A level student operating as our match day cameraman, under the supervision of people who’ve done it professionally.’*

The added ‘social value’ generated through volunteering helps support the brand image of supporter community owned clubs, something that has tangible business benefits (highlighted in the section on sponsorship).

## Supporter Survey

In our supporter survey we asked supporters about their involvement in the club as well as their volunteering with clubs.

### Involvement

We asked about supporters’ sense of involvement in their club and asked them to indicate which of a series of statements was most accurate<sup>11</sup>.

- On average 47% of all respondents said they felt very involved in their club.
- Amongst supporter community clubs, this figure was 52%, compared with 26% amongst supporters of other clubs.

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11 These were: ‘I’m not interested in being involved in my club beyond attending matches’; ‘I don’t feel very involved in my club but would like to be’; ‘I feel very involved in my club’ and ‘I don’t know’

## Volunteering

We asked supporters both whether they currently volunteered for their club and also whether they would be more likely to volunteer if the club was supporter owned.

### *Current Volunteering*

- In general levels of volunteering were very low. Only 15% of all respondents currently volunteer for their club.
- However, a huge majority of these, (92%), were supporters of supporter community owned clubs.

### *Future Volunteering*

- 51% of respondents said they would be more likely to volunteer if their club was supporter owned
- Just 2% said that they would be less likely to volunteer
- 35% said that it wouldn't make a difference or that they didn't know.
- 58% of supporter community owned club respondents said they would be more likely to volunteer if the club remained supporter owned, but only 23.5% of respondents who support other clubs said the same.

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## Lewes FC – A More Professional Approach From Volunteers

Charlie Dobres, from Lewes FC said that when they started to establish a community ownership and community benefit model, many people misunderstood the concept. However, they have managed to demonstrate that even at a relatively small club, the ownership model has helped them tap into a well of professional skills and experience that the club would otherwise not be able to afford. This, he argues, has resulted in a more professionally run club.

*'What we've tried to demonstrate is that it's about opening the doors so that you've got greater usage of human resources. The people we've got running the club are professionals in their field, almost all of whom give their time entirely voluntarily and are happy to do so. Ironically, by becoming community owned, we've actually opened ourselves up to far greater professionalism in the running of the club – it's not one man and his dog any more. We've found that we now have a far greater call on resources, both financial and human, because of being not-for-profit as well as the community mutual ownership model.'*

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## Exeter City – Valuing Supporter Volunteering

By the end of May 2003, just after Exeter's relegation from the Football League, the Supporters' Trust kept the club afloat and the then majority shareholder, Ivor Doble, asked the Trust to run the club on his behalf for 6 months to prove that they could do it.

This involved:

- Finding a manager
- Developing a team
- Getting the ground up to standard
- Fund raising

Volunteers and work parties set about doing up the ground, tidying, painting and repairing facilities. The amount of voluntary labour that was being put in was quantified, in order to put a figure on it, based on the number of hours worked, assuming payment at minimum wage levels. This was then classed as a loan from the Trust to the club.

*'It was very important to recognise the value of work done by the community, when getting Ivor Doble to sell his shares, so that the supporters were not done over, as happened at York City,'* said Frances Farley.

This approach has continued to the present day and the supporters' trust continues to give the club a monthly lump sum made up of both cash and the value of the hours donated by volunteers. The advantage of this unique approach is significant for the long term protection of supporter community ownership, says Neil Le Milliere:

*'All of that volunteering goes to a credit account, which acts like a loan as well. So if the club were to go bust again, we'd be the majority shareholder and we'd have the major credit line, so we will be the ones in control of what happens to it. It's basically an insurance policy against something else dodgy happening and the club being wrested away from us. The idea is that what will happen eventually is that there will be a transfer of equity, so that there'd be a share issue of some sort and we would exchange our loan for shares to increase our shareholding.'*

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# 8

## Match Day Spending

### Key Question:

**Does supporter community ownership help generate greater levels of match day spending?**

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### Top Three Findings

- i) Clubs felt that fans were more minded to spend money on a match day at club owned facilities (where they existed) because they owned a tangible stake in the club.
  - ii) Most clubs did not have any figures to substantiate this feeling, however.
  - iii) Some clubs had developed innovative ways for supporters to contribute more whilst also maintaining affordability.
- 

**Match day ‘second spend’ is a key element of club income for all the clubs concerned. However, capturing that spending was far more effective when clubs owned their own facilities.**

Match day ‘second spend’ is a key element of income for all the clubs surveyed. However, ensuring that spending was far more achievable when clubs owned their own facilities. For those that did not own their facilities, securing that spending was a major motivation for developing them.

Facilities permitting, many of the clubs interviewed felt that supporters would be more likely to spend a greater amount of money within the ground because they knew it would benefit the club directly.

However, the ‘added value’ of community supporter ownership in this regard is very difficult to quantify in any meaningful sense, because it is almost impossible to compare like with like, although a few of the clubs had supporting statistics.

One club who have calculated current match day spending is AFC Telford United, whose current second spend is about £2 per head. They are also developing ways in which they can monitor this more effectively, including adoption of practices seen at much larger clubs, such as an AFC Telford United club card. AFC Wimbledon estimate their match day second spend at around £2.00 per head, which on crowds of 3,000 is a significant revenue stream.

FC United of Manchester do not currently own their own facility and this means that they miss out on the vast majority of match day spending. As part of their plans to develop their own ground they surveyed 1,400 supporters in 2009 to ascertain what supporters currently spend on food, alcohol and soft drinks. This suggested that average spend was around £9 on all additional items other than admission to the match. In addition the club asked how often fans would use a club bar and over 50% said every match, with 20% saying they would use it ten times per season. The club also asked whether fans would use club house facilities on a non-match day, as a private hire for functions, and 27% said that they would, with 47% saying they would possibly use it depending on the development.

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### **FC United of Manchester – Pay What You Want!**

FC United introduced an innovative scheme for selling season tickets for the 2009-10 season, that has continued to date. In order to meet their obligations to provide ‘affordable’ football in the face of a credit crunch and increasing unemployment, the club introduced a ‘pay what you can afford’ policy for season tickets.

Although they set a minimum of £90 (around 50% of average match day entrance costs for the league), fans were asked to pay a donation over that figure if they could afford it. Season ticket prices had previously been £140. At the end of the ‘pay-what-you-can-afford’ campaign, people had paid on average £160 for their season ticket.

**The club offered a facility for those that could not afford the minimum £90 fee, putting in place a standing order scheme so that people could pay by instalments.**

Also, the club offered a facility for those that could not afford the minimum £90 fee, putting in place a standing order scheme so that people could pay by instalments.

One supporter said he could afford £10 a month over ten months and

when the club checked he was in fact paying in £20. The supporter’s comment was that because the club had trusted him to carry on paying and that it was a club he co-owned, he decided he would pay £20 a month, because he’d have to pay more than that if he was paying on the gate.

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# 9 Donations

## Key Question:

**Does supporter community ownership help generate higher levels of donations from supporters?**

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## Top Three Findings

- i) Supporter donations have been a key feature at the clubs we spoke to, and are another demonstration of the commitment of supporters to supporter community owned clubs.
  - ii) In many cases donations have been an important element of enabling the club to be saved, formed or purchased; and donations provide vital working capital for other fund raising.
  - iii) As supporter community owned clubs become more established supporter donations are also an important element in enabling future developments – notably facilities and growth.
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All the clubs felt that their ownership structure meant that their supporters were willing to contribute donations to assist the club. For AFC Telford United, Exeter City, FC United and Lewes supporter donations have been instrumental in establishing the club.

- AFC Telford raised £17,000 in the space of just two weeks to help establish the new club.
- Lincoln City Supporters' Trust raised £100,000 through a name your seat campaign.
- FC United of Manchester raised £150,000 in two months via the internet to enable the club to form in 2005 – this was necessary to provide a guarantee to the league and FA that the club was sustainable through that first season and it provided confidence to other partners. All donors were given 'Founding Member' certificates.

**Supporters of community owned clubs recognise the important role that they play with regards to their sustainability**

As highlighted elsewhere in this paper, supporters of community owned clubs recognise the important role that they play with regards to their sustainability and this would appear to extend to

the area of donations. Many clubs who are currently supporter community owned have become so in response to a financial crisis, which has resulted in supporters coming together and raising large amounts of money in a comparatively short space of time in order to save their club. However, not all of the examples of supporter fundraising we discovered were reactive, with a number of clubs operating innovative schemes to ensure that their clubs can remain financially stable.

Furthermore several clubs pointed to ongoing support, especially in relation to development or improvement of facilities. For example:

- Exeter City raised £150,000 to support the purchase of a new pitch.
- FC United has raised over £350,000 through its Development Fund to support the development of their own ground and community facility.

Neil Le Milliere of Exeter's supporters' trust said:

*'Whenever we put out an appeal for something, we will always get people helping. Last year we had a special appeal to buy a new pitch and we got thousands of pounds in donations, which I'm not sure you would at another club unless it was a crisis. People understood that the alternative would be to take the money out of the playing budget. We needed £300,000 and managed to raise half of it.'*

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### **Lincoln City – Name Your Seat**

In 2002, Lincoln's supporters' trust helped save their club via a 'Name Your Seat' initiative which, along with a host of other fundraising events, raised over £100,000. Since then, the supporters' trust have provided over £140,000 to the football club in sponsorship and other initiatives.

The Imps Trust is a major share holder, (with approximately a 25% stake in the football club) and also has two representatives on the club board. Lincolnshire Co-operative is one of the next largest shareholders with around 5% and a director on the board. They have also sourced more than £200,000 in grants towards the improvement of resources at the stadium and led the introduction of The Club's the Hub, a local regeneration project aimed at benefiting one of the most disadvantaged areas in Lincoln, as well as delivering a wide range of community activities, including the GOAL school holiday club.

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## **Lewes FC – Donations to Shares**

During the 2009/10 season Lewes FC got into serious financial trouble and in January 2010 the club faced a winding up order. Although the former owners managed to pay off some of their debts, they were left with about £48,000 still outstanding.

A group of six people, calling themselves Rooks125, started working to try and take control of the club. They set up a community benefit society with the help of Supporters Direct and, along with a handful of other people, managed to pay off enough of the tax bill to prevent the club from being wound up.

**During their first year in charge, they established a membership scheme costing £1000 minimum to buy a share in the society, which generated £100,000.**

The group then began the process of taking the club out of private ownership, buying the club for £1 in July 2010 and splitting the remaining debts between the new entity and the old owners. The six individuals became the inaugural

board of Lewes Community FC Limited which bought 100% of the shares of Lewes 2000 FC Limited, which was the registered football club.

Promoting the club as a community benefit society to local individuals, they established a working capital fund. During their first year in charge, they established a membership scheme costing £1000 minimum to buy a share in the society, which generated £100,000.

Although not technically a donation, these contributions have in all but name become so. From July 8th 2011 (the first anniversary of their takeover), membership will be open to all at a rate of £30 per year and all shareholders – those that paid £1000 and those that will pay £30 – will have equal status on a one member, one share, one vote basis.

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## **AFC Telford United – £17,000 in Two Weeks**

When the financial troubles of Telford United became public knowledge, the Telford United Independent Supporters' Association (TUISA) became the focal point for many of the club's fans as the way to help the club out of trouble.

A Business Committee was established, comprising of people

with specific skills – in areas such as finance, IT and marketing – that could be utilised when necessary. A lot of work was put into fundraising, with £17,000 raised in the space of a couple of weeks.

*'It was clear that the support for Telford United was as passionate as ever and that, if organised properly, the fans could have a significant voice in the running of the club,'* said the supporters' trust.

The TUISA Business Committee got into contact with Supporters Direct and within a short space of time a Supporters' Trust was established, with the Business Committee as the interim Trust Board.

Originally the supporters' trust was set up with the aim of saving the old club, not creating a new one. However, it soon became apparent that the financial commitments of the old club could not be met without the support of a wealthy backer, and the money being raised through donations to TUISA would be sufficient to allow the club to survive until the end of the following season if it had to service that level of debt. Although Telford United ceased to exist on 27th May 2004, the donations helped to establish AFC Telford United, with the motto "Numquam Oblviscere" – Never Forget.

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# 10 Transparency, Openness and Trust

## Key Question:

**Does supporter community ownership help encourage greater transparency in club governance, particularly in relation to finances?**

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## Top Three Findings

- i) The overwhelming belief amongst those clubs we spoke to was that there is increased transparency at supporter community owned clubs. This was backed up by findings from the supporter survey.
  - ii) More often than not, it was felt by club personnel that this was something that they should do as well as something which is built into the community benefit society structure, i.e. something they have to do.
  - iii) Transparency and openness were key factors in underpinning the commitment of other strategic partners to the clubs.
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**Under Community Benefit Society rules, all supporters' trust owned clubs have to publish annual accounts which have to be approved by members at their Annual General Meeting.**

Under Community Benefit Society rules, all supporters' trust owned clubs have to publish annual accounts which have to be approved by members at their Annual General Meeting. Along with the democratic election of the Community Benefit Society board, this provides a level of scrutiny and

recourse for supporters as well as a level of public transparency which is sometimes lacking at other clubs.

Although situations vary depending on whether clubs are formed as a Community Benefit Society or if the trust owns a controlling stake, several clubs demonstrated an additional level of commitment to transparency and consultation with their members/owners beyond constitutional requirements.

As discussed elsewhere in this report the level of openness has been a significant factor in relationship development, notably with public authorities.

Developing trust between clubs and supporters is an important business advantage and can result in better financial performance, lower transaction



costs and the additional ‘buy in’ of customers and partners referred to in other sections of this report – although this is difficult to quantify.

## Supporter Survey

We asked questions about fans’ relationship to their clubs including how open they felt their club was and the levels of trust they felt there were between supporters and clubs.

### Openness

- 69% of all respondents believe that their club is open and transparent about what is happening off the field.
- For supporters of community owned clubs, this figure rose to 72.5%, whereas it fell to 56% of respondents who support other clubs.
- 89% of FCUM fans felt their club was open and transparent about what’s happening off the field.
- 63% of Lincoln City fans did not believe their club is open and transparent about off-field events.

### Trust

We wanted to know about how supporters felt about trust between the club and supporters and asked which of a series of statements were most accurate<sup>12</sup>.

- 58% of respondents felt there was a high level of trust between themselves and their club
- On average, this figure was 63% amongst supporter community clubs, but fell to 38% amongst supporters of other clubs.

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### Brentford – One Brentford

Brian Burgess at Brentford FC believes that they ‘absolutely have to be more open’ with supporters because they are a community-owned club. Annual accounts are published in full on the website and, whilst club board minutes are not published, the trust has 3 people on the board to provide scrutiny and feedback to the trust. Burgess says that when they first took over the club, there was a lot of suspicion and

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12 These were: ‘There is a low level of trust between me and the club’; ‘There is a medium level of trust between me and the club’; ‘There is a high level of trust between me and the club’; and ‘Don’t know’.

anger about supposed secrecy in the football club board. Now, after five years in charge, levels of supporter trust are much higher.

Brentford also run an initiative called ‘One Brentford’ which gets all the different parts of the club together – the Community Sports Trust, the Learning Zone, the Football Club, Bees United and Brentford Independent Association of Supporters – with the aim of getting all parties to see themselves as ‘one family’, where previously they viewed each other with suspicion.

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### **AFC Telford United – Public Accountability**

Although it is an acknowledged added burden to workloads, AFC Telford United publishes its accounts on an annual basis to supporters and these are made available on the club’s website, with a detailed breakdown published in the local press. Carter says that:

*‘It’s about having a sense of duty and part of that is about running transparent processes for whatever it is, be that recruiting a manager, a commercial manager etc. You need to have stakeholder involvement, which is beneficial because it gives an outside eye on potential candidates and it creates a transparent process. That’s just part of being a community owned football club, because essentially I have to stand up and justify any decisions to the owners. I wouldn’t want that to change and would be very uncomfortable if there was ever any suggestion that it may change. I think it’s refreshing because in football, how often are people appointed on a wink and a handshake over a pint in the pub, because people know the owner or director? Community ownership gives us that edge in terms of transparency.’*

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### **FC United – Beyond Accounting**

For Andy Walsh, at FC United, transparency is an integral part of what it means to be a community club and it involves much more than providing financial details.

*‘The first community that any club should look to is the supporters and its members. Then there are other communities to consider, such as the community in which the club resides, the immediate neighbours; and then it’s looking out and seeing what the club can do in wider society and how the club can benefit that. FC United’s experience is that if you go out and engage with wider society, that will have a much greater benefit to the club in terms of the health of the club, the sustainability of the club and also attracting new support, and*

*goodwill within the wider community. Without that, FC United wouldn't be where they are with the council, with other agencies, with sponsors etc.'*

He says that members know that board members and staff are around and available on match day; that the manager and players are accessible; that they're all part of the same club. This makes the club 'permeable' and provides a level of integration between supporters and board which, even at non league level often involves an artificial separation.

*'All too often, even in non league football, those that have the privilege of being involved at the heart of the club, forget that it is a club and see themselves as different. Things need to be run in a business-like manner, but at the heart of any sports club is the idea that everybody is in it together and that's why they are called clubs.'*

**Members know that board members and staff are around and available on match day; that the manager and players are accessible; that they're all part of the same club.**

FC United hold an Annual General meeting and a formal General Meeting each year which include a 'warts and all' discussion of finances. However, since they have been developing plans for their own ground, they have held

at least one other members' meeting per year to keep fans updated which attracts over 300 members. In addition the club has run several surveys of fans and involves them in the ground development consultation process.

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# 11 Supporter Satisfaction

## Key question

**Does community supporter ownership increase supporter satisfaction?**

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## Key Findings

- In all areas, supporters of supporter community owned clubs tended to be more satisfied than supporters of other clubs, although the variance in categories of ‘overall off the pitch’ and ‘overall on the pitch’ was slim.
  - The variance in satisfaction with the club’s customer-facing operations was highest in favour of supporter community owned clubs in terms of membership, consultation and merchandise.
  - However, we must be aware of the ‘health warning’ on these statistics because of the variance in response rates, the self selection nature of the questionnaire and particularly low response rates for some clubs.
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In our supporter survey we asked fans to rate how satisfied they were with a range of areas of club operation. These were:

- Overall – off the pitch
- Overall – on the pitch
- Club Operations:
  - Ticket Office
  - Membership
  - Merchandise
  - Supporter consultation
  - Match day /atmosphere

We take each of these in turn in the sections below.

## Average Satisfaction Figures

Using responses we were able to score the average response from supporter community owned clubs and others<sup>13</sup>. Below we provide a table of the average score of responses from all the supporter community owned clubs as well as all the other clubs.

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13 Scores were based on the following responses: very satisfied (5); satisfied (4); neither satisfied nor unsatisfied (3); unsatisfied (2) and very unsatisfied (1).

Category	Average Score of Supporter Owned Community Clubs	Average Score of Other Clubs	SCO Variance Above Other Clubs
Off-pitch satisfaction	4.3	4.0	+0.3
On-pitch satisfaction	4.1	3.9	+0.2
Ticket Office	4.1	3.9	+0.2
Membership Scheme	4.3	3.6	+0.7
Merchandise	3.9	3.3	+0.6
Supporter Consultation	4.1	3.5	+0.6

The stated caveats about reliability notwithstanding, we can see from this analysis that in every category supporter community owned clubs scored higher than others. In some areas where you would expect higher performance from supporter community owned clubs – supporter consultation and membership for instance – the variance in favour of supporter community owned clubs was indeed highest. However, in others, this variance was perhaps more surprising (merchandise at +0.6 and off pitch satisfaction at +0.3).

### **i) Performance OFF the Pitch**

We asked supporters to rate their satisfaction about their club’s performance off the pitch.

- An average of 79% of all respondents were either satisfied or very satisfied with the performance of their club off the pitch.
- This rose to 82% amongst supporter community owned clubs.

### **ii) Performance ON the Pitch**

Supporters were asked to rate their satisfaction about their club’s performance on the pitch.

- 75% of respondents were either satisfied or very satisfied with the performance of their club on the pitch.
- This rose to 78% amongst supporter community owned clubs.
- Football being what it is, as an objective measure this is of course susceptible to the vagaries of football performance – although a stand out

figure was 86% of Halifax Town fans, who were very satisfied with their club's on-pitch performance, this is perhaps unsurprising in a promotion-winning season (the survey was conducted before AFC Wimbledon's promotion).

### **iii) Ticket Office**

Supporters rated how satisfied they were with their club's ticket office operation.

- 71% of respondents were either satisfied or very satisfied with their club's ticket office.
- 74% of respondents from supporter community clubs were either satisfied or very satisfied, compared with 58% of others.

### **iv) Membership Scheme**

In relation to satisfaction with their club's membership scheme:

- 71% of all respondents were either satisfied or very satisfied with their membership scheme
- 78% of supporter community owned clubs were either satisfied or very satisfied compared with 42% of others.
- 84% of FCUM fans were very satisfied with their membership scheme although as one commented, membership was 'actually an ownership scheme'.

### **v) Merchandise**

Merchandising also demonstrated greater satisfaction amongst supporter community owned clubs.

- 62% of all respondents were either satisfied or very satisfied with their club's merchandise
- 66% of supporter community clubs compared with 43% of others were satisfied or very satisfied with their club's merchandise

### **vi) Supporter Consultation**

In relation to satisfaction with supporter consultation:

- 67% of all respondents were either satisfied or very satisfied with supporter consultation at their club.



- 73% of respondents from supporter community owned clubs compared with 46% of others were either satisfied or very satisfied with their supporter consultation

### vii) Match day Atmosphere

Finally, we asked supporters what their opinions of their match day were, in terms of the atmosphere and efforts the clubs went to encourage this. The comments we asked them to rate were:

- The atmosphere is poor and the club do little to help improve it
- The atmosphere is poor despite the club trying to improve it
- The atmosphere is OK but the club don't do much to help improve it
- The atmosphere is OK and the club have tried to help improve it
- The atmosphere is great despite the club
- The atmosphere is great and the club help fans in creating this
- I don't know / don't care

### Highlights:

- 47% of respondents said that the atmosphere at the match is great and that the club helps fans to create this
- This figure rose to 52% of supporter community club respondents, but was only 25% amongst supporters of other clubs.

**From the experience of supporter community owned clubs, we can also see an increasing desire of sponsors to be associated with the principles of supporter community ownership as well as the community benefit obligations inherent in community benefit society ownership.**

- FCUM scored highest with 89% of fans feeling that the match atmosphere was great and that the club helped to create this.



# 12 Conclusions

The aim of this briefing paper is to provide supporters' trusts as well as their partners and potential partners with evidence that supports the business case for supporter ownership. Both qualitative and quantitative evidence has been presented which outlines a number of areas of business benefit for supporter community ownership of football clubs.

In several areas there are some fairly clear messages.

## **Sustainable Strategic Relationships**

It is clear that supporter community ownership creates long term, deep and sustainable partnerships with some key strategic partners. This is especially so between clubs and local authorities, where the community benefit objectives of supporter community owned clubs can align closely to the public benefit objectives of local authorities, other public bodies and charitable, voluntary and community organisations. This can deliver a range of business benefits, from help with development of new facilities to assistance in saving club assets such as their ground.

## **Sponsorship**

From the experience of supporter community owned clubs, we can also see an increasing desire of sponsors to be associated with the principles of supporter community ownership as well as the community benefit obligations inherent in community benefit society ownership. This also assists with development of local business relationships; and marketing clubs as supporter owned – 'the co-operative added value' – was felt to be a major advantage, especially in the wider context of football's corporate development.

## **Finance and Income**

Although supporter community owned clubs face an uphill struggle due to the ability of other clubs to spend beyond their means, they do have some advantages, notably in relation to raising finance. As explored in more detail in Supporters Direct's Briefing Paper No.3 on financing supporter community ownership, the community benefit society structure offers a number of routes to finance that other clubs cannot exploit. Furthermore, the additional buy-in of fans means that supporters' trusts and supporter community owned clubs can also generate significant sums in donations,

something that is also explored more fully in Briefing Paper No.3.

### **Volunteering**

It was very notable that out of over 1700 supporters, the vast majority of those who volunteered were at supporter community owned clubs. Overall volunteering levels remain very low, however, and this is an area that all football clubs should look to develop. This would benefit their own business as well as involving supporters more in the day to day running of clubs, something that can help build understanding and trust as well as skills.

### **Resilience**

There is some evidence that those who run supporter community owned clubs feel that they get given more leeway by supporters because of their ownership – attendances being maintained when the team is performing poorly for instance. It is extremely difficult to make any hard and fast or quantified generalisations about this in comparison to other clubs, however, as club's circumstances are so subjective to particular conditions.

This 'resilience' is in part reliant on greater trust, openness and transparency in the running of supporter community owned clubs, something that underpins a better regulation of football 'from below' referred to in Supporters Direct's other briefing papers.

### **Supporter Satisfaction**

Although the statistics are not wholly reliable and the survey was not a representative sample, there were key differences between the satisfaction levels of supporters of supporter community owned clubs and others in almost every other area, which at the very least suggests improved business practice in relation to supporters at those clubs.

The testimony from those that are involved in running supporter community owned football clubs about the business benefits they feel that they get reflects other research commissioned by Supporters Direct. This is particularly notable in relation to the Social and Community Value of Football work, which highlighted the importance to long term strategic relationships of supporter community ownership as well as the additional buy-in from various local communities.

## The Supporters Direct Briefing Papers

In 2011 Supporters Direct launch four Briefing Papers prepared by Substance in conjunction with a number of partners, including Cobbetts LLP, Salford University, Manchester Metropolitan University and Westminster University. The papers are:

- **Briefing Paper 1:** Developing Public Policy to Encourage Supporter Community Ownership in Football
- **Briefing Paper 2:** Developing Football Regulation to Encourage Supporter Community Ownership in Football
- **Briefing Paper 3:** Financing Supporter Community Ownership in Football
- **Briefing Paper 4:** The Business Advantages of Supporter Community Ownership in Football

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