

Chelsea Football Club Management Report

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Abstract: This report explores Chelsea Football Club's organizational structure, focusing on strategic approach, financial assets, and athlete management. Utilizing SWOT and financial analysis, it identifies club merits, demerits, and suggests a sustainable development path. The collaboration with Wipro for digital leadership and insights from historical strategies guide recommendations.

Keywords: Chelsea FC, Organizational structure, SWOT analysis, Sustainable development, Digital leadership

1. Introduction

According to the development history of the Chelsea Football Club (PC Research Report, 2020) has stated that this company was founded in 1905 and is based in London, United Kingdom. There are a briefly introduction based on VMOST as follow:

Its vision is to regain the glory of the peak period, once again won the professional competition Grand Slam. Its mission is to get more brand sponsorship support, so that Chelsea Football Club can improve the influence of the team and players; to recruit the head coach team with rich professional experience to optimize the football strategy of Chelsea Football Club; to improve the team welfare system in order to get more potential players; to systematically study the opponent's combat style and adjust the team cooperation strategy at the present stage.

As a legendary team with a long-standing reputation, the development trend of Chelsea Football Club in recent years is not optimistic. Samsung as the sponsor, the investment in Chelsea Football Club only lasted from 2005 to 2010. Since then, NIKE has sponsored Chelsea Football Club until now, but compared with the other four teams, such as Juventus, Bayern Munich, Ajax and Manchester United (all won the European Grand Slam), Chelsea Football The financial support of the club and the training mode of star players are not as good as befor^[1].

Chelsea Football Club is looking for a more experienced head coach team to recruit more excellent players in a short period of time through the player training program as a supplement to the team. In addition, during the period of COVID-19 many teams have adjusted their training week appropriately, or adopted cross training mode to reduce unnecessary contact between players and minimize the impact of the epidemic on team training.

As far as the tactical direction is concerned, Chelsea Football Club will still focus on the strong advantage of the team, that is, the defensive strategy. In addition, the head coach team will make tactical adjustments according to the style changes of other teams, and initiate training on the strategy of active attack, which is efficient to obtain the coordination of attack and defense between players ^[2].

2. PESTEL Analysis of Chelsea football club

PESTEL analysis provides a lot of details for the management challenges faced by the Chelsea Football Club in the non competitive macro environment. The details are as follows:

2.1 Political factors

Political factors play an important role in determining the long-term profitability of Chelsea Football Club in a certain country or region. Chelsea Football Club has carried out sports activities in more than ten countries, facing different types of political environment and political system risks. In such a dynamic sports industry, the key to success lies in the systematic risk environment of dispersing political risks. Before entering or investing in a market, Chelsea Football Club can carefully analyze the following factors-Political stability and the importance of the sports sector in the national economy.The level of corruption - especially the level of regulation in the service sector.Bureaucracy and government intervention in sports industry.The legal framework of contract execution Intellectual property protection

2.2 Economic factors

These factors involve inflation rate, savings rate, interest rate, exchange rate, business cycle and other macro environmental factors determine the total demand and total investment of an economy. And the micro environmental factors such as competition norms affect the competitive advantage of enterprises. Chelsea Football Club can use national economic factors such as growth rate, inflation and industry economic indicators such as sports industry growth rate, consumer spending to predict not only the growth trajectory of departments, but also the growth trajectory of organizations. What are the economic factors that should be taken into account in the PESTEL analysis.

The type of economy in which the country operates - what kind of economy it has and its stability. Government intervention in free market and related services. The stability of exchange rate and host country currency. The efficiency of financial markets, i.e. whether Chelsea Football Club needs to raise money in the local market.

2.3 Technical factors

Technology is rapidly upending industries. The transportation industry is a good example to illustrate this point. In the past five years, the transformation of this industry has been very rapid, and it has not even provided the old enterprises with opportunities to cope with the changes. The taxi industry is now dominated by companies such as Uber and LYFT. The automotive industry is rapidly developing to the direction of automation led by technology companies, which marks a revolution in electronic vehicles.

A company should not only analyze the technology of the industry, but also analyze the speed of technology destroying the industry. Slow speed will give the company more time, while rapid technology destruction may give the company a little time to deal with and make profits. Technical analysis includes understanding the following impacts-

- 1) The latest technology development of Chelsea Football Club's competitors
- 2) The impact of technology on product supply
- 3) The influence on the cost structure of sports industry
- 4) The impact on the value chain structure of service industry
- 5) Technology diffusion rate

2.4 Environmental factors

Different markets have different norms or environmental standards, which will affect the profitability of the organization in these markets. Even within a country, countries often have different environmental laws and liability laws. In the United States, for example, Texas and Florida have different liability provisions in the event of an accident or environmental disaster. Similarly, many European countries offer healthy tax breaks for companies in the renewable energy sector.

Before entering new markets or launching new business in existing markets, companies should carefully assess the environmental standards required to operate in these markets. Some environmental factors that companies should consider in advance are- weather climate change; Environmental pollution regulations; Regulations on air and water pollution in sports industry.

2.5 Legal factors

In some countries, the legal framework and institutions are not sound enough to protect an organization's intellectual property rights. A company should evaluate carefully before entering such a market, because it will lead to stealing the secrets of the organization, so as to improve the overall competitive advantage. Some of the legal factors that should be taken into consideration by the leadership of Chelsea Football Club when entering a new market are- the application of anti-monopoly law in sports industry; Discrimination law; Copyright, patent / Intellectual Property Law.

3. SWOT Analysis of Chelsea football club

The brilliant achievements of Chelsea Football Club are useful for opponents to think deeply. Based on SWOT, this part makes an in-depth analysis of the industry environment and its own development advantages of the Chelsea Football Club, aiming to analyze the reasons why the club still obtains huge investment in the era of fierce competition.

3.1 Strength

It is the symbol of the top team to attract high-quality players. By August 2, 2020, Chelsea has won six English top league titles (one in the League one and five in the Premier League), eight English FA Cup titles, five English League Cup titles and four English Community Shield titles. In the intercontinental arena, Chelsea has won two Champions League titles, one European Super Cup, one European Champions League and two Europa League. In addition, Chelsea is one of the only five "European Grand Slam" teams. (As Vos, et al 2011) have stated that joining the Chelsea Football Club is not only a proof of their own sports quality and strength, but also means that the player will get much higher income and welfare than other clubs. Chelsea Football Club is famous for its rock solid defense and hard-blooded spirit, and has famous stars such as Zola, Gullit, Mark Hughes, Ballack, Joe Cole, etc. Therefore, it has great attraction for some high-quality players, especially football players who are good at defense and have similar style. This advantage makes the Chelsea Football Club never lack of excellent and sufficient reserve players^[3].

Moreover, joining Chelsea Football Club means these players will obtain the top-level training, which is important for players' career development. Chelsea Football Club has very high requirements for players, so the selection of coaches is more strict. According to the official report of Chelsea Football Club (Chelsea financial report, 2019), over the past 100 years, there are more than 30 well-known head coaches and numerous assistant coaches in the team, and the average term of office of each coach is two years. During this period, most coaches can lead the team to win the golden trophies and honors in the professional League, which fully ensures the innovation of the training methods and the stability of the player brand of Chelsea Football Club^[4].

3.2 Weakness

The style of the team is not diversified and the players are difficult to adapt. (Pfeffer and Salancik, 2003) have argued that as a well-known club, Chelsea Football Club is relatively strict in the selection and training their players. Strict training standard is to cultivate players with comprehensive strength, but excessive training, in a certain extent, will lead to the loss of high-quality players or potential players. Because football competition is a team match, the training rhythm of each player should be able to meet the overall level of the team. As a result, some players with excellent ability but unable to adapt to the training system of Chelsea Football Club are forced to leave and join other players, even the competitors of Chelsea Football Club^[5].

Besides, according to the Appendix B: Financial Asset Report, as of June 30, 2019, the club's total profit is 101300 and its revenue in 2018 is 142823. In addition, the total cost of operation: 16211 in 2019, 4906 in 2018. In general, from 2017 to 2019, the total contribution expenditure in these three years is 524 million pounds. The financial pressure of Chelsea Football Club is very big. Although the team still has part of the investment, the loss is far greater than the profit.

3.3 Threat

In the golden age of football, competition is increasingly fierce. Russian Roman Abramovich has spent a lot of money to put Chelsea in the top position, but this does not mean that the Chelsea Football Club is in a stable state. Yonghong Li, a Chinese, joined AC Milan and spent 200 million to rebuild the team over the summer. Manchester City's Guardiola has gone all out to rebuild his defence with 200 million^[6]. Moreover, the real football into a billion yuan "climax" is the Qatar consortium hit Neymar and Mbape. Paris Saint Germain's 400 million misdeeds also make the football market inflation, which makes the Chelsea Football Club have to pay a higher price to buy players when it is in urgent need of reinforcements, which also makes the Chelsea Football Club at a disadvantage when competing for players.

In addition, football tactics change, defensive counterattack is challenged. As one of the representative teams of defensive counterattack in football, Chelsea Football Club has absolute voice. But with other teams' in-depth understanding of defensive counterattack, this strategy is no longer the advantage of Chelsea Football Club. With the increasing number of imitators, Chelsea Football Club must adjust the tactics it used to be good at and innovate to a certain extent, so as to maintain the vitality of the team.

3.4 Opportunity

The growing number of fans is conducive to improving the influence of Chelsea Football Club. As one of the only five "European Grand Slam" teams, Chelsea Football Club has received a lot of attention from fans all over the world. The huge exposure and traffic will help to bring more profits to Chelsea Football Club. China's fan market is in the forefront of the world. In order to improve its popularity and attract more fans, Chelsea Football Club has taken a series of measures. For example, in order to cater to the Asian audience, the Chelsea Football Club deliberately adjusts the schedule so that Asian fans no longer have to stay up late to watch the ball, which is conducive to maintaining the loyalty of fans and improving the influence of the team.

Then, through the accumulation of team fame and fans' cohesion, plus the recognition of Nike and Samsung, Chelsea Football Club has opened a win-win partnership model (Marketing,2004).^[7] For example, the Jersey brand is sponsored by Nike, with 100 million euros per year. This is conducive to the huge sponsorship of Chelsea Football Club to support its high coach hiring costs, as well as the necessary expenses to maintain the development of players, the expansion of the club's training ground, or the purchase of multiple players in the transfer market.

4. Financial Assessment

4.1 The financial analysis of Chelsea Football Club

According to the (Chelsea financial report,2019), this part analyzes the current capital situation of Chelsea Football Club. According to the quarterly financial statements, the pre-tax loss of Chelsea Football Club for the year was 101.2 million euros, double that of the previous year, due to the increase in basic wages and player salary costs. Besides, This year saw a marginal increase in turnover from 422.6m euros to 423.6m euros. This was driven by a 12.0 euros increase in commercial income as a result of new sponsorship agreements including Vitality Health, MSC Cruises, Hyundai Unilever, Beats by Dre and Millennium & Copthorne Hotels; increased online sales as a result of the merchandising rights buyback undertaken in the prior year; and an increase in player loan fee income^[8].

Compared with the previous year's 4.657 million euro, the operating expenses of Chelsea Football Club were 5.591 million euro, an increase of 30.9134 million euro. However, the progress of the domestic cup and the ranking of Chelsea Football Club in the Premier League have improved compared with last year, so the increase of domestic income has alleviated the team's unstable changes to a certain extent.

The operation mode of Chelsea football club includes self operation and commission operation. The Commission operation mainly refers to the negotiation of TV broadcasting rights of the Premier League entrusted by the club; the self operation includes the commercial operation of the club with the core of fans. The profit of Chelsea Football Club is among the best in most professional football clubs. Its main profit items include: naming rights, tickets, advertising revenue, rebroadcast fees, commercial matches,

development and sales of fans' products. The main operating benefits of Chelsea Football Club are mainly reflected in expanding overseas markets, attracting funds and expanding the influence of the club. On the whole, the operation of Chelsea Football Club is in a benign operation. In a recent report, (Kesling, 2012) has stated that an important prerequisite for the successful operation of Chelsea Football Club is to have a number of strong and continuous financial sponsors, such as Nike and Samsung^[9].

4.2 The main financial resource of Chelsea football club: sponsor

Sponsor is the most important way to support football clubs surviving in competitive environment. Chelsea football club also adopt this strategy in obtaining financial supports, they has more that twenty brands as partner, such as NIKE and Samsung. For example, In April 2005, Samsung Electronics signed a formal sponsorship contract with the Chelsea Football Club, which belongs to the English Premier League. With the support of huge funds, the Chelsea Football Club lived up to expectations and won the championship in the 2005-2006 English Premier League. Moreover, in the FA final at that time, the Chelsea Football Club beat Manchester United to win the championship.

If we get the support of famous brands, it means that the team will get more exposure and attention in TV programs, so as to increase the influence of the team. The team and the brand side have a win-win relationship. This game has made the Chelsea Football Club get a lot of support and attention, and also made the Samsung brand known. According to the results of Samsung's own survey (M2 PRESSWIRE, 2005)^[10], since the signing of the contract with Chelsea Football Club in April 2005, the company's reputation in Europe has increased by 68%. In particular, local sellers' preference for Samsung brand TV rose by 433%.

5. Performance Athlete Management

5.1 The background of Athlete Management

According to (Hoye and Cuskelly,2004), a strong team, the overall level of players should be average. With the fierce competition among famous teams for potential players, many professional teams are unable to develop a stable strategy with high cooperation due to the frequent replacement probability of players^[11].

Due to the brexit event, the British economy has been greatly impacted, and the number of people watching professional football games has also dropped significantly. Therefore, the influence of various teams has been affected by the strength of sponsorship funds. In addition, with the impact of the epidemic situation, the training form of Chelsea Football Club is not optimistic. Therefore, in the special period, Chelsea Football Club should pay more attention to the adjustment of its internal organizational structure and strategy, maintain the star players in the team, and strengthen the comprehensive quality training of the players, so as to prepare for the first game after the epidemic.

5.2 Success of Athlete Development

If Chelsea Football Club is to regain its former achievements in professional football, it needs to select better players during the epidemic period. Specifically, In a recent report, (Vos, et al,2011) have stated that a qualified player needs to carry out a number of strength training, including explosive power, endurance and the strength and rationality under the tension of the court. In addition, the players recruited need to be tested regularly. If they fail to pass the tests for many times, they will be dissuaded^[12].

5.3 Training

The main strategy of Chelsea Football Club is to defend, not to let the opponent get points easily, which is effective for this team to win the competition. However, (Wicker.et al, 2014) have argued that the importance of defense has been well known by many opponents, and has gradually become an important strategy for the championship in professional football matches. Chelsea Football Club needs to retrain the way players cooperate. In addition to combining defense, it also needs to start from active attack^[13]. In this part, Chelsea Football Club is required to provide a better coaching team and top-notch technical equipment, so as to test the physical health and psychological quality of each team member and formulate scientific training methods.

5.4 Retention

(Stopher, 2012) has mentioned that to keep the star players is to keep the hope of the whole team. How to keep the star players in the fierce competition environment and avoid being poached by the competitors has become the core issue that every well-known team leader needs to consider. Therefore, in addition to the fixed performance appraisal of team members (their performance on the field), Chelsea Football Club should provide a good welfare system.

➤ Chelsea Football Club provides star players with much higher benefits than ordinary teams, such as regular physical examination, scientific training plan, higher than average salary and considerable insurance and honor after retirement.

➤ Make a fair promotion channel. Open the income of star players in the team to form incentives for other members. At the same time, it provides a clear promotion and privilege system to ensure that every player's efforts are seen and recognized.

➤ Pay attention to players' opinions and feedback. Regularly collect feedback from players on training ground facilities and coaches, and make timely adjustments, which is necessary for Chelsea Football Club to enhance team cohesion and loyalty.

6. The development path in a variable environment

6.1 Sustainable development of Chelsea Football Club

Holding sports events can not only inspect the capability of local governments and the quality of citizens, but also enhance the popularity of the city and drive the local social and economic development. Besides, the sustainable development of competitive games is necessary for more and more people to have a correct cognition of sportsmanship. However, with the increasing number of blind expansion, athletic competitions have lost their essential missions, and become the money-spinner at the cost of environment. Thus, each sport management student is responsible for calling for an environmental-friendly pattern to regulate competitions, which is also the national requirements of saving energy and reducing emissions.

6.2 The specific measures to protect the environment during contests

In order to achieve a win-win situation between sports events and ecological environment protection, it is suggested to strengthen the following aspects:

Firstly, based on the requirements of environmental law, (McCulloch, 2013) has presents that some official departments need to adjust the regulations of athletic competition and strengthen the supervision of eco-friendly protection. Regulations must highlight the sake of environmental protection, which means that the organizers of sports events are required to submit the activity plan and its relevant schemes of ecological and environmental protection. Furthermore, according to (Pfeffer and Salancik, 2002), there should have specific penalties to restrain unconscionable behaviors, such as some crazy fans will tear up their jerseys and throw out drink bottles when the stars win, which will damage the lawn and the environmen^[14]t. Analysis has shown that (Marcelo de Maio et al, 2018) organizations that cause environmental pollution and ecological damage, should not only be listed in a "blacklist" to limit their actions but also be subject to strict punishment. Those suspected of committing crimes must be handed over to judicial organs for criminal treatment.

Secondly, these organizations are responsible to undertake their obligation that calls for the awareness of "green-behaviors". Thus, as (Capling and Marjoribanks, 2004) mentioned that their clubs need to combine the contest with ECO Concept (Environmental protection concept). For example, these clubs can support their athletes to wear environmental clothes that made of natural fiber, harmless chemicals, and then utilize available sports facilities recurrently to reduce the emission of carbon pollution [15]. What's more, star players can appeal to their fans to support their idols in an environmental-friendly way.

7. Conclusion

Sport management is the best important element for strengthening organization's foundation. In the

face of such a fierce competitive market, Chelsea Football Club should adopt the expansion strategy (so). Chelsea Football Club should adhere to the concept of "not just a club" to expand its influence and appeal to players. At the same time, the club should strengthen the training of ACE players, explore excellent young talents and improve their tactics. In addition, Chelsea Football Club can attract more fans with the help of overseas activities of major professional competitions, and use the existing strong lineup to compete for excellent results.

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