

Change Management in Professional Football Clubs--A Case Study of Liverpool Football Club

Zhang Chong

*School of Communication and Film, Hong Kong Baptist University, Hong Kong, China
hugozhang10@life.hkbu.edu.hk*

Abstract: *This paper aims to critically analyse Liverpool's on-field performance and commercial value improvement in recent years through the change management of Liverpool Football Club and make some recommendations for future development. The author first has a brief introduction to the history of Liverpool and the story after Fenway Group took over. Then, the paper analyses the evolutionary change of the team based on the "variation-selection-retention" cycle and the revolutionary transformation of the team based on internal factors and the external environment (PESTEL analysis). At last, based on the above analysis, Liverpool's strengths and weaknesses in change management are summarised in the conclusion section and put forward some recommendations for the future development of Liverpool.*

Keywords: *Liverpool, change management, organizations*

1. Introduction

The rules and commercialisation level of professional football have evolved in the centuries since the birth of modern football. Professional football clubs develop as they continue to adapt to new rules and changes. For instance, English clubs set up the Premier League in 1992 under financial pressure. However, some were launched in 2021 from the European Super League mainly due to opposition. Uncertainty exists in real life, as in the case of the sudden outbreak of the pandemic. Professional football clubs need to face these changes and survive. Some of Europe's best-known professional football clubs have a history of over a century. For instance, Liverpool Football Club in England with 130 years of history. How professional football clubs develop in an ever-changing society is a matter of academic and practical significance, especially in the current pandemic.

Fenway Sports Group completed the acquisition of the club through New England Sports in 2010 and became the sole owner of Liverpool Football Club and Stadium ^[1]. Before that, Liverpool gradually lost its global influence due to competitive and economic reasons. They even dropped to 12th in the Deloitte Football Money League in the 12-13 season. However, as Liverpool hired the famous German coach Klopp as the manager, Liverpool has achieved success in on-field performance and club operations. In Deloitte Football Money League 2020, Liverpool ranks seventh. At the same time, the team will hold the first session at the new AXA training centre. In early 2020, Liverpool and Nike reached cooperation, although Liverpool can only guarantee 30 million pounds from Nike's annual sponsorship ^[2].

As Liverpool has progressed in terms of competitive performance and commercial value, this paper aims to draw out the strengths and weaknesses of Liverpool in applying for change management through analysis.

2. Literature review

Organisations have to deal with as much chaos as possible in modern society, and change is a constant dynamic ^[3]. However, for the most part, the change that occurs in organisations is unplanned and gradual; planned organisational change, which can have a significant impact on the entire system, is unusual ^[4]. Thus, based on the level of change, changes can be divided into two categories: evolutionary change and revolutionary change. As for professional sport, while continuing to change commercialisation, what is essential and attractive to its core constituency should be maintained ^[5].

Evolutionary change happens through variations, selection, and retention cycles ^[6]. At the same

time, this circle is also a dynamic process. For instance, to increase the club’s income on match days, Liverpool plans to increase the ticket price of the rebuilt main stand in the 2016-2017 season. But, some fans think this price increase is “extremely disappointing and a missed opportunity for LFC to lead in a fairer approach to ticket prices.” [7]. In the end, Liverpool terminated the ticket price increase plan and again planned to expand the stands to ensure that more fans could be accommodated while increasing the club’s matchday income. Figure 1 below can explain this “variation-selection-retention” cycle. Variations happen without a plan and are then selected for some reason. Thus, why the change occurred will be an essential basis for selection.

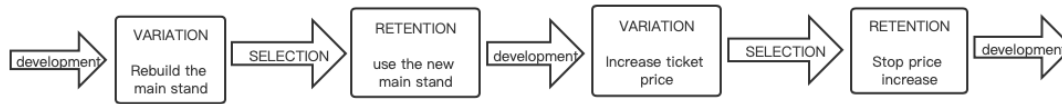


Figure 1: The “variation-selection-retention” cycle

Organizations need evolution and revolution over time or even every day [8]. Among them, evolutionary change happens nearly all the time. However, revolutionary change is not so common because of the disruptive impact it may have on the organization. Burke regards that revolutionary change is a major overhaul of an organization [9]. When Liverpool continued to fall behind in the Deloitte Football Money League rankings since 2010 and even reached 12th in 2014, evolutionary change seemed unable to save the club from the decline. Thus, Liverpool promoted Edwards as the team’s Technical Director and invited Klopp as the team’s manager [10].

3. Discussion

3.1 Evolutionary change analysis

The occurrence of evolutionary changes can be analyzed from both internal and external aspects. For internal reason, the club claim they had a global fanbase of 580m in 2014 (Kent, 2014). The growing fanbase can cause increasing marketing. For external reasons, the constant inflation of international football in recent years has forced Liverpool to increase their income to maintain development, including increasing the income of match days. Table 1 below shows more of the reasons for the price increase of Liverpool tickets through both internal and external aspects.

Table 1: Internal and external evolutionary change analysis for Liverpool

Internal reason	External reason
1. The increasing number of fans has caused the supply of seats at Anfield to exceed demand. 2. Liverpool’s competitive performance is gradually improving, and the value of watching the game is also increasing.	1. Inflation in international football has forced Liverpool to increase revenue in all areas, including match day revenue.

For these reasons, ticket prices in Liverpool need to increase. Then this increase will be selected based on whether it is the best fit with available resources and the external environment. For Liverpool, the rise in ticket revenue can enrich the club's match-day revenue, allowing the team to have more funds to invest in other commercial operations. But for fans, the way that Liverpool promote their match day income has significantly harmed their interests. Therefore, the fans are very opposed to this change and even call on the audience to leave the stadium to resist. It can be seen that although the increase in ticket prices is well adapted to the current resources of the club, it has not been able to adapt to the environmental needs, so it should not be continued. Retention remains in this organization as a result of a change. It can be used as a lesson or as a new structure.

Evolutionary change is routine in the management of sports organizations, but not all changes will be preserved. For example, Liverpool considered the benefits of the difference for the club, so it decided to increase the ticket price and announced it at the beginning. However, the club ignored this change and did not fully adapt to the external environment. Thus, a certain degree of conflict was formed with the fans, which had a bad influence on the team's brand. Fortunately, the group stopped the ticket price increase in time, a timely dynamic change.

3.2 Revolutionary change analysis

As for the internal factors, disappointed league rankings were the main reason for Rodgers' dismissal^[11]. In addition, the money invested in player transfers did not achieve the expected return, or the directors' dissatisfaction with the team was all the internal reasons why Klopp and Edwards had to gain their position. As it is difficult for people to 100% determine the winner in a football match, these internal factors are challenging to plan. At the same time, the organisation cannot solve this chaos through evolution change. Therefore, Liverpool must ensure the organisation's continuous development through revolutionary change.

PESTEL analysis can be used to analyse external factors. PESTEL can build up a better understanding of the organisation's performance by exploring the general environment^[12]. Every single letter in the "PESTEL" analysis refers to a factor affecting the environment, that is, political, economic, social, technological, environmental and legal. Thus, table 2 below analyses the external environment of Liverpool's revolutionary changes in 2015 based on the PESTEL.

Table 2: PESTEL analysis for Liverpool

Political	1. The dissatisfaction of the fan group caused by the disappointing on-field performance (Jones, 2019), even shouting "fired" in Anfield.
Economic	1. High investment, low return player transactions cause heavy losses in transfers of Liverpool players. 2. Continued inflation in world football has put more pressure on Liverpool's continued development
Social	Did not see the impact on this change.
Technological	1. More advanced computer technology and analysis methods can support Edwards' vision of purchasing players efficiently through accurate analysis. 2. The rapid development of media technology has made the interaction between fans and Liverpool easier, which has also made it easier for opposing voices to put pressure on the club.
Environmental	1. The emergence of the pandemic has disrupted the Premier League for a time, forcing clubs to increase revenue through online platforms. This included online shops and social media platforms.
Legal	1. The contract can be legally terminated by the terms in Rodgers' contract.

4. Conclusion

4.1 Considerations and Recommendations

It can be seen through the analysis of Liverpool's change management that changes occur all the time in an organization, the central part of changes is daily evolutionary changes. In other words, sports organizations mainly deal with the chaos caused by internal factors and changes in the external environment through daily evolutionary changes. Revolutionary changes will only occur when something has a substantial negative impact on the club (such as the disappointing "on-field" performance of the first team).

There is no doubt that Liverpool has done an excellent job in change management through the rising commercial value and the sound "on-field" performance. However, there are still some areas that can be improved. When the club handles daily evolutionary changes, it needs to comprehensively think about dealing with this chaos from both internal and external factors.

4.2 Conclusion

Through the analysis of Liverpool's change management, it can be seen that the improvement of Liverpool's "on-field" performance and commercial value in recent years are related to the sound performance of the club facing changes and completion of the strategy process.

The team mainly deals with the chaos caused by internal or external factors through daily evolutionary changes. Revolutionary changes do not happen very often unless there is an event that will cause serious adverse effects on the club. Based on the analysis of the "variation-selection-retention" cycle, it can be seen that when the Liverpool club faces active or passive changes that occur all the time,

they have chosen to change and decide whether to complete the change through the option. As a recommendation for future development, Liverpool must fully consider internal factors and the external environment to avoid disagreement with fans or other stakeholders in this selection process.

4.3 Further study

Since the discussion in this study is based on Liverpool Football Club, the experience of Liverpool in change management cannot all be applied to other clubs due to the differences in internal and external conditions of various professional football clubs. Thus, further studies of other professional football clubs in a different context will probably lead to different conclusions. It will also be possible to provide more comprehensive advice to clubs.

References

- [1] Liverpool (2020). *Annual report and consolidated financial statements*[online] Available at: <<https://d3j2s6hdd6a7rg.cloudfront.net/images/misc/Liverpool-Football-Club-Annual-Report-and-Consolidated-Financial-Statements-31May2019.PDF>> [Accessed 2020].
- [2] Dixon, Ed., (2019). *Report: Liverpool only guaranteed UK £30m per year from Nike kit deal.* [online] Available at: <<https://www.sportspromedia.com/news/liverpool-nike-kit-deal-value-new-balance-royalties>> [Accessed 30 Sept 2019].
- [3] Bergquist, W. H. (1993). *The Postmodern organization: mastering the art of irreversible change.* San Francisco, Jossey-Bass Publishers.
- [4] Burke, W. W. (2002). *Organization change: theory and practice.* Thousand Oaks, Calif, Sage Publications.
- [5] Turner, P., 2017. *Professional sport.* In T. Beadbury and I/ O'Boyle (eds.) *Understanding Sport Management: International perspectives*, pp.44-57, Abingdon: Routledge
- [6] Hayes, J. (2007). *The theory and practice of change management.* Basingstoke [England], Palgrave Macmillan.
- [7] Hoyton, R. (2016). *Statement following the conclusion of the Ticket Working Group from representatives of Spirit Of Shankly, LFC Supporters Committee and Spion Kop 1906.* [online] Available at: <<https://www.lfcreds.com/reds/index.php?topic=48497.0>> [Accessed 1 Feb 2016].
- [8] Pascale, R. T., Milleman, M., & Gioja, L. (2000). *Surfing the edge of chaos: the new art and science of management.* New York, Crown Publishers.
- [9] Addison, M., (2020). *Michael Edwards: The real story behind the hidden genius driving Liverpool's success* [online] Available at: <<https://www.liverpoolecho.co.uk/sport/football/football-news/michael-edwards-real-story-behind-17994543>> [Accessed 13 Apr 2020].
- [10] Kent, David. (2014). *Liverpool claim they have a worldwide fan base 580m people... just as well they are looking to increase Anfield's capacity.* [online] Available at: <<https://www.dailymail.co.uk/sport/football/article-2792400/liverpool-claim-worldwide-fan-base-580m-people-just-looking-increase-anfield-s-capacity.html>> [Accessed 14 Oct 2014].
- [11] Jones, N., (2019). *How Brendan Rodgers went from hero to zero at Liverpool* [online] Available at: <<https://www.goal.com/en/news/how-brendan-rodgers-went-from-hero-to-zero-at-liverpool/kus5woj8lwzq1mpl8qm0ae3ur>> [Accessed 04 Oct 2019].
- [12] Walsh, P.R., 2005. *Dealing with the uncertainties of environmental change by adding scenario planning to the strategy reformulation equation.* *Management decision*, 43(1), pp.113–122.