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BUILDING THE WINNING TEAM 2

The fair wage solution



Emrys Ijaola

Partnering with the following sports concerns

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BUSINESSES**

to provide the following services

**Business planning
and strategy**

**Governance and
organisational design**

**Benchmarking and
best practice advice**

**Financial budgets
and projections**

**Club licensing and cost
control regulations**

**Economic impact
studies**

**Financial and commercial
due diligence**

**Ticketing and
hospitality strategy**

**League and
competition
restructuring**

**Customer data
analytics
and fan surveys**

**Advice on stadia
and training
facilities
development**

**Brand strategies and
corporate image designs**

in order to achieve the following results

**Well informed
investment
decisions**

**Greater
commercial
income**

**Improved cost
management**

**Improved
governance
and risk
management**

**Superior
business
performance**

**Increased
matchday &
non-matchday
revenues**

**Higher ticket
sales, arena use
& attendances**

**New investment
and financing
possibilities**

Introduction



Employing the best legs is a perennially tricky exercise for every club. The upside is that if a club is high-flying, skilful players are eager to play for it, and every new kid on the pitch dreams of donning its team colours. The flipside is they know (or at least, expect) the club's success must mean it is rich, and their agents would make the most of a deal!

The players' remuneration is the most vital part of the conditions of engagement, as this determines a player's motivation to sign the dotted lines. The challenge in the local leagues is the lack of information on international standards and how to use the contract-wage system to motivate the player to perform to the best of his/her abilities.

The only way to overcome this knowledge gap is for football administrators to be adequately educated and ensure that they are properly equipped to add value to their clubs.

This book examines the very best standards in wage negotiation, and monetary motivation for players. Ideas shared here will help club administrators develop a model/structure for a motivating, fair and result-oriented wage-system. This system will be robust and scalable, in line with the club's financial reality, and structured to motivate every player to perform better.

This book is primarily concerned with improving soccer business in Nigeria, and growing the sector into a viable business worthy of the attention, partnership and sponsorship enjoyed in other parts of the world. The ideas will work in any professional sporting environment.

“A few good men...”

Daily Times NG



HOME NEWS SPORT OPINION BUSINESS ENTERTAINMENT STUDENT LIFE

NPFL: Warri Wolves to Apply Performance Contract for Players

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ARTICLE | NOVEMBER 7, 2013 - 11:58AM | BY KENNA AGU



Warri Wolves Football Club, Warri has joined the growing list of Clubs that has abolished Sign-on-fees with effect from 2013/2014 season. According to the Media Manager of the Club, Etu Moses, even though the Club has paid that of the last season hundred percent, the new Management has decided to

“This to us will make those of them who are lazy to sit up. If you know that playing more matches will guarantee you more money, you will have to work hard but if you think you are there to make the numbers, you will go home empty handed... Do you know that some of them don't know why they are in the club? The era of Father Christmas is gone...” – **Etu Moses (Media Manager, Warri Wolves FC, 2013)**

“Yes we have sacked the players. We are tired of low productivity because the performance of the players are too poor and the management has decided to let them go... We want to win all our games in the league this season, their absence won't be felt much. We placed eight on transfer and sacked four... We only want quality players in the team.” - **Fatai Olayinka (GM, Crown FC, 2014)**

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PREMIUM Times

HOME NEWS BRAZIL 2014 BUSINESS ARTS/LIFE OPINION FAITH SPORTS OIL/GAS REPORT

Home » Sports » Football » Nigerian League: Crown FC sacks 12 players for poor performance

Nigerian League: Crown FC sacks 12 players for poor performance

Adenike Ogunleye
Published: May 7, 2014



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Supersport World of Champions

NBA LEAGUE PASS

08 Jun	Result	08 Jun	Result	08 Jun	Result	10 Jun
Trinidad and Tobago	0	San Marino	0	France	8	Ghana
Iran	2	Albania	3	Jamaica	0	South Korea
Internationals		Internationals		Internationals		Internationals

Times CAT (GMT+2)

Football | Nigeria



Heartland abolish sign-on fees

by Humphrey Njoku 11 January 2014, 15:26

Recommended 2 Tweet 1

Glo Premier League side, Heartland have officially abolished the contractual payment signing-on fees in their midst.

The Naze Millionaires have instead introduced new salary regime that will see some of the players earn as high as N500,000 monthly salary.

“Signing-on fee has been abolished officially in Heartland and replaced with a new salary regime which is acceptable by the players....”

“What we've at present is a good deal for any player desirous to stay with us as no amount of bargain can stop a player who has made up his mind to leave.” – **Cajetan Nwakwopara (Official, Heartland FC, 2014)**

The time it has taken Nigerian clubs to adopt performance-based wages at the professional level shows the need to embrace research and business development. It also shows clearly a lack of understanding of details of sporting business by club managers, where some agents and managers claim sign-on fee is an aberration...

Much ado about sign-on fees

“It’s only in Nigeria that sign-on fee is paid. There is no sign-on fee anywhere in the world of football. What we have now are players’ transfers and salaries. When you knock down the sign-on fee and add it to players’ salary, the player co-efficient will go up. Salary is the yardstick by which a player is rated. As professional football develops, sign-on fee dies” - Chris Eseka (FIFA accredited players’ agent)



THIS IS NOT ENTIRELY TRUE! Sign-on fees or bonuses exist in the sporting world. Unlike the case in Nigeria (before the League Management Company’s blanket ban), sign-on fee/bonus is not used indiscriminately in the place of wages. Rather, it is used as inducement to convince key acquisitions to commit to a contract with the club.



Glenn Hysén, the Swede ex-international, was transferred from Liverpool to a Swedish club-side, GAIS, in 1992 for a very expensive sum that fans angrily claimed caused the club’s financial woes. In addition, the club’s management promised to build Hysén a house as a sign-on fee to tempt him into joining them. He accepted, and it later became obvious that to fulfill that deal would ‘kill’ the club!

Taye Taiwo moved to AC Milan in 2011-2012 season , at a €1.5m sign-on fee and a luxurious Maserati (priced at \$120,000). His €12m 3-year contract was cut short as he was constantly benched.



In June 2013, Madrid-based newspaper, AS, claimed Manchester United, Manchester City, PSG and Monaco have all made it clear to Ronaldo that they will pay him a mammoth €60m signing on fee if he runs down his contract at Real Madrid.



Better than the joneses

See a few other pro footballers that have benefitted from clubs' inducements:



ADRIAN MUTU

Chelsea FC paid Parma €22.5m in 2003, to have the talented Romanian, who started at Stamford Bridge outstandingly. However, indiscipline killed his career (including allegations of cocaine use), resulting in contract termination, and 7 months ban by The FA. In the end, FIFA Dispute Resolution Chamber (DRC) ruled that Mutu should pay back €17.2m, as unearned portion of his contract deal with the London club. ***This included €307,340 for the un-amortised portion of the sign-on fee received by the player.***



ASHLEY YOUNG

In January 2007, West Ham United, in a desperate bid to sign on the England U-21 star, offered him £10m (which included an undisclosed sum for Sign-on fee), but Ashley rejected the offer, and opted for Aston Villa's 4½-year deal, worth £8m (£9.75m with add-ons that included an undisclosed sign-on fee and other bonuses). Ashley Young's decision to go to Aston Villa was due to his determination to avoid clubs with relegation issues, opting for a long-term outlook to his career, instead of immediate gains.



OĞUZHAN ÖZYAKUP

Beşiktaş completed the signing of the Turkish International on 8 June 2012, from Arsenal FC, for a fee of €500,000. The club officially disclosed that he will make €400,000 in 2012-13 season plus a €100,000 sign-on bonus.



ADNAN JANUZAJ

Januzaj bought a lavish house with his £5m sign-on bonus from his promotion to Manchester United's first team!

What is true?

- Sign-on fees/bonuses are not part of regular transfer terms, and not for every player.
- Sign-on fees/bonuses must not be in monetary terms only. These days, clubs offer cars, luxury accommodation, bigger match bonuses, etc.
- A serious player cares more about his/her wages. Agents care more about expensive terms that guarantee high commission.
- It is foolhardy for any club without a robust cash-flow to bait players or coaches with sign-on fees/bonuses.
- Sign-on fees can either be paid up-front, amortised over a player's contract tenure, or spread as part of the weekly or monthly wages.
- Sign-on fee does not hinder or replace performance-based wage, and may really be used to force better output from a player.

A player that is serious about his /her career will not let himself/herself be baited with sign-on fees. Critical attention ought to be given to a club's performance, balance sheet, management structure, robustness of salary offered, and level of professionalism. This may be difficult in a league where players hungrily jostle for income, playing time and fame.



An Ideal Wage System

The best salary regime for any club must have the following attributes:

- It must be **scalable**
- It must be **itemised**
- It must be **classified**
- It must be **performance-driven**

SCALABILITY

Management should offer wages based on the club's present financial outlay and realistic projected cash-flow. A club battling relegation cannot offer wages based on next season's inflow from continental engagements (unless the club wins the season's Federation Cup).

ITEMISATION

It is best to itemise players' salary as one would that of a normal employee. For clarity, decide which part of the LMC-stipulated minimum wage of N150,000 is:

- **Basic** - **Transport** - **Housing**
- **Wardrobe** - **Miscellanies**
- **Taxable** - **Non-taxable**

CLASSIFICATION

Divide the salary system into categories, viz:

- **Guaranteed wages** (standard minimum due to a player)
- **Non-guaranteed wages** (portion dependent on player's individual performance)
- **Bonuses** (payments dependent on team performance, target achievements, etc)

PERFORMANCE

A robust wage system ought to incorporate management's response to individual and team performance. Simply put, a player's income will be largely determined by how well the team performs, and the player's role in helping the team to achieve desired feats.



Licensing Benefits

Putting in place a robust wage system for your professional players will help your club comply with **Article 14** of the NFF **Club Licensing Regulations**. The sections primarily affected are:

F.03 – No payables overdue towards employees and social/Tax authorities

This is a compulsory financial criterion for a club licensed to participate in NFF recognised professional competitions.

A club must be evidently capable of handling its financial commitment to staff and employees. A scalable, realistic and performance –based salary system will aid compliance best.

F.04 – Undertaking to pay players not less than the monthly minimum wage of the league, as may be determined from time to time by the LMC

Another compulsory criterion. Utilising the ideal wage model will help a club

identify areas to save costs (e.g. providing accommodation knocks off Housing allowance). It also helps detect weak links in the team, so that management can put more resources in players that achieve the best results.

NOTE!

Performance-based remuneration and reward system is best implemented throughout the club's structure. Payment to youth team players should also be graduated in line with individual and team performance.

(see Article 10, Section S.02, Item 6 of Club Licensing Regulations).



Responsibility for an ideal salary

Who owns the work?

The responsibility of establishing a budget-wise, scalable, performance-driven salary structure resides with the General Manager and Finance Officer (in compliance with Article 12, Section P.01, Items 5 & 6(a) of NFF Club Licensing Regulations). This duty is part of overall implementation and reporting roles, and will be best carried out by involving the coaching team (Article 12, Sections P.02 & P.03).

Club management MUST be totally and continually committed to using the performance-based reward system, if it must work. To achieve this, a performance monitoring and review committee must be put in place, consisting of:

- **General Manager and/or Club Coordinator**
- **Finance Manager/Officer**
- **Head Coach and other coaching staff for each team-level.**
- **Team analysts (where engaged)**

What are the deliverables?

- Break wages down to items.
- Define categories of wages and bonuses accruable to players.
- Propose wage and bonuses to directors for pre-season approval.
- Communicate approved wage structure to existing players in writing.
- Ensure approved wage structure is reflected in player contracts, for disambiguation and clarity.
- Apply transparent, measurable criteria for determination of performance, and consistently enforce reward.
- Constantly monitor and reflect performance targets in wages paid to players.



Spelling Out The Wage Structure

Guaranteed Payments:

BASIC SALARY

Directors may decide to review yearly subject to performance of player and agreed contract.

MEDICAL ALLOWANCE

May be given to players, or used to enlist in a Health Insurance Scheme.

HOUSING ALLOWANCE

Suitable housing arrangement may be provided in lieu of cash.

TRANSPORT ALLOWANCE

For performing players with minimum of 4 years contract, car loans may be arranged in lieu of cash.

ENTERTAINMENT ALLOWANCE

(check percentage of basic salary to input)

SIGNING-ON FEE/BONUS (if offered)

Divided by duration of player's contract and paid in installments.

Non-guaranteed Payments:

APPEARANCE BONUS (per match)

Full time: 100%

Playing Substitute: 50%

Non-playing Substitute: 25%

WIN BONUS

To be paid from sponsor's pay (or win price) for every competition match won. This may be made subject to availability of a sponsor or win money.

COMPETITION BONUSES

Fixed amount promised to players pre-season for achieving targets, viz:

- ✓ Win League
- ✓ Win Cup
- ✓ Reach a stage in competition
- ✓ Qualify for a level/tournament

CLEAN-SHEET BONUS

Bonuses may be awarded to team for fair-play clean-sheets, and/or to defenders and goalkeepers per match with no goals conceded.

INTERNATIONAL BONUS

Bonus to be paid to a player for National team call-up/feature. To qualify for bonus, a player must play in an International match. The amount paid will be determined by the following types of matches in descending order of importance:

- World Cup

- Nations Cup
- Other International Tournaments
- Tournament Qualifiers
- FIFA Grade A International Friendlies
- Below FIFA Grade A International Friendlies

Non-guaranteed Milestone/End-of-period Payments:

END-OF-SEASON BONUS

This will be given to players based on aggregate performance in the club for the whole season. Categories are:

- Highest Season Club Goal Scorer
- Highest Season Club Goal Assist
- Most Valuable Club Player
- Most Dependable Player (on-field and off-field)
- Motivational Team Captain (if all targets set by coach are met)
- Safest hands (for keepers that have highest Shots Saved percentage (SS%))
- Most improved player (selected by Technical Committee)

The club may also choose to give bonuses to players for competitions' honours won, such as:

- League Highest Goal Scorer
- League Most Valuable Player (or Footballer-of-the-year)
- League Highest Goal Assist
- League Clean-sheet for Goalkeeper
- Fair-play Team
- Player selected to League's Top Select Side

LOYALTY BONUS

Used to reward players for long service to the club. Examples are the following milestones:

- 5, 10 Years (and more) of Actively playing for club
- 50, 100, etc Appearances for club
- 50, 100, etc Goals for club



FREE GUIDEBOOKS

We do not assume that every club owner wants or aspires towards glory, and business success, or that everyone will achieve the same level of result. However, for those interested, here are a few free research-based guidebooks for your use...

Read/download them at www.wise.ng

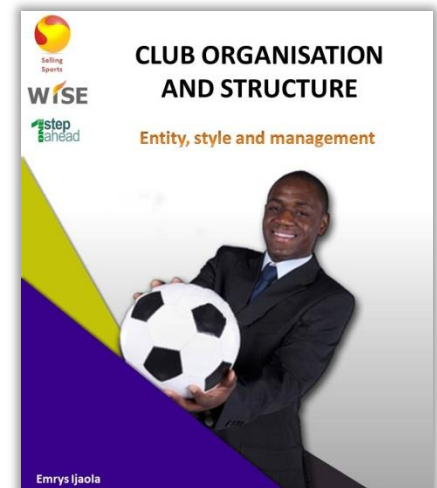
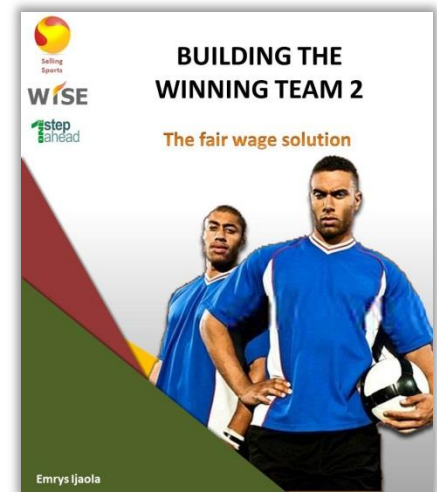
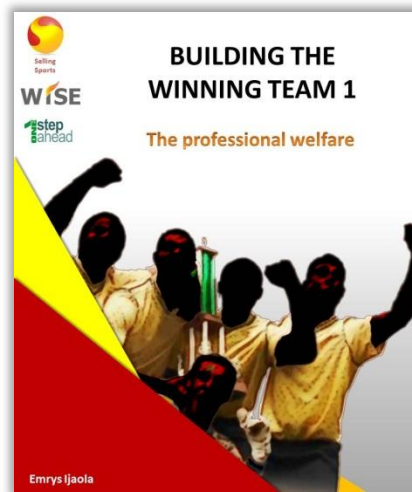
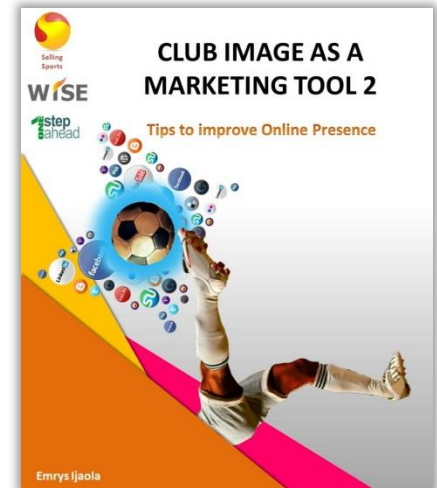
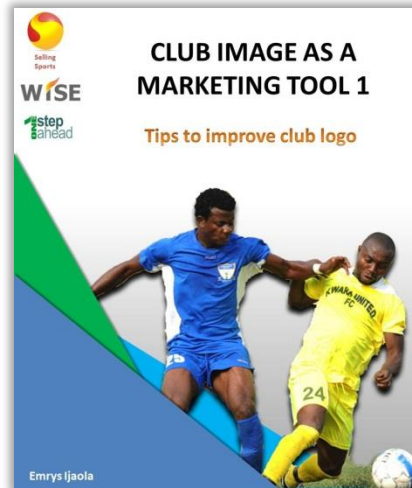
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Guidebooks from the author



What's on our website

- Guidelines on football business
- Training e-books for academies
- Affiliated coaching courses
- Advanced management courses
- Player grooming courses
- Officials' workshops

Why I Do This:

I am a sports aficionado, and a director of a sports entertainment business. I believe in the triumph of innovation, and usefulness of experience where it promotes growth. I believe in capitalistic pursuit of wealth, and that good financial returns is the just reward for innovation and growth. Having learnt a lot about how sports should be run professionally, I am motivated to share my ideas. I also appreciate the fact that not all clubs can afford to pay a consultant, or (as it appears) employ sports-business experts; and this is no reason for them not to benefit from a little knowledge of industry best practice, without the hassles of time-consuming 'fact-finding'.

I wear many caps. I am a research enthusiast, business development specialist and designer, amongst other endeavours. I enjoy the challenge of new experiences, and for this, I have been tagged an adventurer by some acquaintances.

Emrys Ijaola

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**WURA INTERNATIONAL SPORTS
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