

Model for professionals' sports, it could be a dream^{1, 2}

Romain Chapron

ABSTRACT

When I was young, I said, "Why could I not become a professional soccer player?". But how many kids, students or teenagers have already thought of that? It's a dream for everyone who are passionate for a sport to live thanks to it. Nowadays, players show their daily life in the social network and obviously it's a dream life, everything it's possible. Most of the footballer player earn very well his life. Unfortunately, it is not easy as it seems. Those top players represent the emerged part of the iceberg, the other has forgotten their study in order to focus their career in football, but it never happens anything after. That's why making from your passion your own job is a tough career path. However, if you work hard and you make the right decisions at the good moment, it could be one of the most lucrative job in the world. Neymar is currently earning the amount of 1 € per second, only with his salary (which doesn't cover his sponsorship compensation and rewards). But people forget one thing. He is one of the best guys in his job! We are used to comparing us (and our wages) to them and to say, "he is paid too much, just to kick a ball around". But Neymar is not a common guy, he is one of the best soccer players in the world, he is valuable.

Keywords: Compensation, Contracts, Sports, Professional, Payment, FIFA, Sport clause, Contracts issue.

INTRODUCTION

Football is a global marketplace and top players relocate constantly. "Zinedine Zidane, for example, played for clubs in the Spain, Italy and France over the course of his career"³. Professional players sign contracts with clubs for a fixed term of up to five years. If a player transfers before their contract expires, the new club pays compensation to the old one. This is known as a transfer fee. Twice a year. FIFA regulation set out two annual periods during which clubs can buy in foreign players, known as transfer windows. The longer transfer window falls between seasons and the shorter one falls mid-season. In the space of ten years, the price of

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³This information comes from: https://fr.wikipedia.org/wiki/Zin%C3%A9dine_Zidane

football transfer has totally skyrocketed. Each season, hundreds of millions of dollars are spent in order to engage the best footballer's services possible. Last summer the transfer window is entered in a new era, the one of excesses. Indeed, "Paris Saint Germain has laid out more than 220 million to pay the buyout clause of the Brazilian superstar Neymar with a wage of £2.7m a month before tax"⁴. Obviously, there are much secret bonuses which is included in the Neymar contract. But how Neymar and his agent has negotiated perfectly his contract? If you want to do the same, you have to read this document.

In order to understand this phenomenon, it's important to know the specificity of the sports contract. When you play for a professional sports team, you are the employee of a company (the club), as a consequence, you have also an employer. Like a traditional job, you have to sign a contract with your boss (the president of the club) and respect the different clause presented in your contract. But one of the particularities is that there are so many actors during a transfer. Indeed, not only the player has to sign the contract but also their agent, the club and all their lawyers.

The football agent act like a project manager in order to manage his player. The Career of the player is considered like a project where the main goal is to allow him to achieve his dream (it can be to join a club or to earn a huge wage). According to the Guild of Project Controls an asset is "a tangible or intangible resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit"⁵. Nowadays the professional player is considered as a real human asset for the agent. Most of the time project manager in sport use the strategic program which is linked to a specific goal, increase the value of his portfolio. The Global Alliance for Project Performance Standards (GAPPS) based on research by Sergio Pellegrinelli offer a definition of the strategic program « Deliver assets and benefits that are directly linked to attaining the sponsoring organization's future state »⁶.

In this way, the project manager (agent) has a portfolio of asset (player) where the main objective is to place them in the best club in order to get back a huge amount of money. Obviously, he has to represent their client, to act as the mediator between their client and his club, negotiate new deals with his present club on matters such as salary and personal terms and to help finalize new transfers. In the player contract, this includes details of salaries and bonuses, such as signing-on and loyalty bonuses. Players also undergo medical examinations to check they are fit to play. If this reveals previously undetected injuries, it can affect the size of the transfer fee.

⁴ Matthew Smith, 2018, the original text is available at: <https://www.dailymail.co.uk/sport/football/article-5357087/PSG-star-Neymar-earns-double-Mbappe-Cavanis-wages.html>

⁵ The original definition is available at: <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

⁶ The original definition is available at: <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

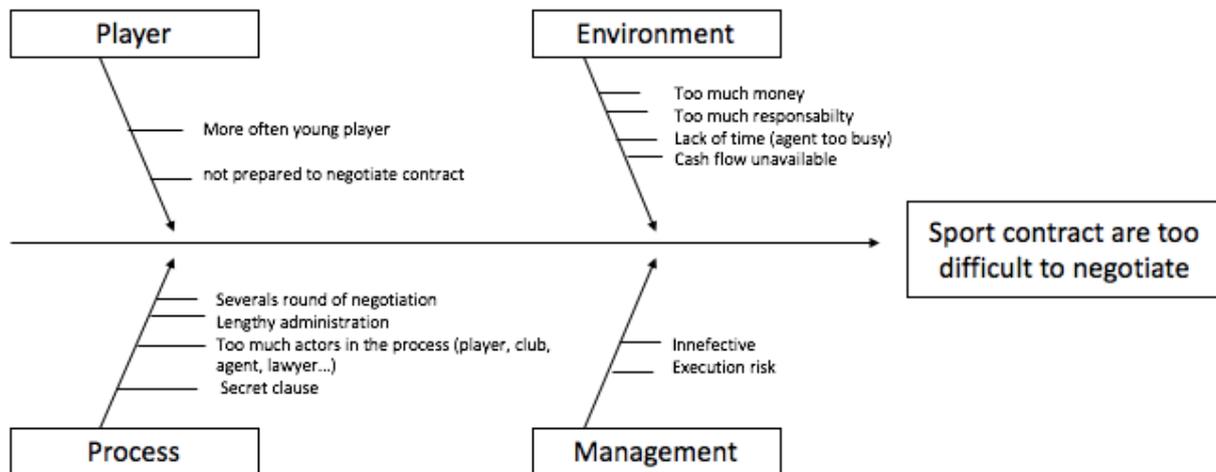


Figure 1: Fishbone diagram⁷

Sports contracts, as a complex process, is facing increasing issues, as shown in figure 1. For agent (considered as a project manager), club and player, these problems result in few experiences for the players, agent takes care of too much player, cash flow is not always available right now and/or which end in lengthy legal battles over contractual disputes.

In this way, the point of this document is to show how to deal with contracts if you want to start a professional career. Obviously, we will try to see the composition of the standard player contract and how to draft it. But most of the work will be based on the compensation part of the contract. This part is extremely important for 2 reasons. Firstly, it will formalize the way you will earn money. And then, this is one of the only parts of a professional contract which can differ from your teammates. By the end of this research, we should be able to create a sport contract, to know how and what it's possible to negotiate in this kind of contract and how can we earn a living by signing a professional sports contract?

METHODOLOGY

Step 1 - PROBLEMS / OPPORTUNITIES / OBJECTIVES

The main aim of this paper is to explain which kind of sports contract the best is. To fulfill this aim, the paper is going to answer the following questions:

- What are the different Professional Sports Contracts?
- How used the appropriate contract?
- How to be sure to earn enough when moving amateur to professional?
- How can you earn a living by signing a Professional Sports Contract?

⁷ By Author

Step 2 - FEASIBLE ALTERNATIVES

The main objective for players is to understand which kind of alternatives is possible and which is the best. In this way, sports contracts can be divided into three general categories according to the famous American website specialized in free legal information⁸:

1. The professional services contracts or standard player contracts
2. The endorsement contracts
3. The appearance contracts

Thus, I will present and discuss the different type of sports contract, and then decide which is the most appropriate.

Step 3 - DEVELOPMENT OF OUTCOMES

1. The professional services contract⁹

The professional service contract or standard player contract defines the duties and rights of a player and his club. These contracts typically are written in general, boilerplate form, and are used for all players in the league. However, individual players may negotiate further clauses or even changes to the basic language of the standard Player contract through individual negotiation. Sometimes they don't change anything from the document expect from the compensation and bonus parts. In some organizations, they even establish a baseline salary for very players, in others the team pays the player individually in an addendum to the contract.

Based on the research of Jennifer Mueller¹⁰, we are going to explain how to draft a professional services contract.

How to draft it?

- a) Identify the parties:

At the beginning of the contract, it's mandatory to identify the different parties. Most of the time, we need to identify the player, team and professional league to which the contract applies.

- b) State the purpose of the contract

⁸ This information comes from: <https://sportslaw.uslegal.com/sports-agents-and-contracts/endorsement-and-appearance-contracts/>

⁹ Jennifer Mueller, 2017, the original text is available at: <https://www.wikihow.com/Draft-a-Standard-Player-Contract>

¹⁰ This information comes from: <https://www.upcounsel.com/professional-services-agreement>

The subject of this contract is the obligation of the player to perform the activities of a professional football player in the manner and under the conditions set out below and the corresponding obligation of the club to pay the agreed remuneration to the player.

c) Discuss other activities and contractual obligations

In this part, the contract is focused on the right and obligations of the player and the club.

Player accepts to:

- attend club training sessions, training camps, and matches
- follow the directions of coaches, help them maintain discipline at the club, strengthen the good name and reputation of the club.
- take care of his health and physical fitness
- cooperate with the press and participate in press conferences before and after games, or at other times, if their presence is requested.

Club accepts to :

- create favorable conditions at its expense for training sessions, implementing the player's daily regimen, his meals, recovery, and rehabilitation
- provide high-quality medical and therapeutic services
- provide transport to matches, training camps, etc.

d) Provide the contract's duration

The Standard player contract typically last for a specific number of seasons, defined as the playing season for that particular sport, rather than for a period of months or years like contracts in other industries

2. The endorsement contract¹¹.

Besides the wages earned as a professional sports player, players can sign some sponsoring contracts called (the endorsement contract) particularly with sports brand such as Nike, Adidas, Puma, Lotto, Umbro.

An endorsement contract is a contract used to make the agreement between a contractor and an independent contractor, between an athlete or a player and a sponsor. Those contracts are written and signed to authorize a brand or a company to use a player's name, image or likeness as an advertisement. Prestigious brand starts to contact young player with a high potential when they begin to have a real market value. Even if contracts of the young player are important, signing a sponsor contract is very interesting for the player. Besides the financial aspect, the

¹¹This information comes from: <https://sportslaw.uslegal.com/sports-agents-and-contracts/endorsement-and-appearance-contracts/>

prestigious aspect is a reality. Players love to associate their image with a famous brand, especially if it is prestigious.

3. The appearance contract¹².

The appearance contract sets out the specifics of the appearance of an athlete. It compensates the athlete only for its presence in a certain event such as sports event or public function. The contract must include the dates and times, length of appearance, who will be responsible for the transportation expenses and accommodations and of course how much the player will get paid for his appearance.

Step 4 - SELECTION OF CRITERIA

I'm going to measure and evaluate each of contract through following attributes: duration, ease of breach for the 2 sides, Amount of compensation, ease of renegotiation and bonuses clause amount. I found some of these attributes on a French book written by Jean-Rémi Cognard and according to my knowledge in sports¹³.

And we will compare all the alternatives to some standard professional contracts we can find in the professional world. In that way, it's easier to understand this question: Is it worth signing a professional contract?

Selection attributes	The Standart player contract	The Endorsement contract	The appearance contract
Duration	Medium	Low	Very low
Each of breach	Very High	High	High
Amount of compensation	High	High	High
Resolution of disputes	Medium	Very low	Medium
Flexibility of ngotiation	Medium	Low	Medium
bonuses amount	High	Very low	Very low

Figure 2: Multi-Attribute Decision Making (By author)

¹²This information comes from: <https://sportslaw.uslegal.com/sports-agents-and-contracts/endorsement-and-appearance-contracts/>

¹³This information comes from: Cognard, & J.-R. (2012). *Contrats de travail dans le sport professionnel : Sportifs et entraîneurs*. (Jurisport, 2012-2.) Paris: Juris éditions.

FINDINGS

STEP 5 - ANALYSIS AND COMPARISON OF THE ALTERNATIVES

In order to use compensatory models to analyze those alternatives they will be represented quantitatively. To do so the relative options (low, medium, high, very high, etc.) will be turned into dimensionless values.

Attributes	Duration	Each of breach	Amount of compensation	Resolution of disputes	Flexibility of negotiation	Bonuses amount
Very High	1	1	1	1	1	1
High	0,75	0,75	0,75	0,75	0,75	0,75
Medium	0,5	0,5	0,5	0,5	0,5	0,5
Low	0,25	0,25	0,25	0,25	0,25	0,25
Very low	0	0	0	0	0	0

Figure 3: Quantitative representation of the attributes¹⁴.

Those values are next used to create the “relative weighting” of the alternatives. We can now replace the present value to give a measurable approach to the multi-attribute decision-making matrix.

Attributes	The professional services contract	The endorsement contract	The appearance contract
Duration	0,5	0,25	0
Ease of breach	1	0,75	0,75
Amount of compensation	0,75	0,75	0,75
Resolution disputes	0,5	0	0,5
Flexibility of negotiation	0,5	0,25	0,5
Bonuses amount	0,75	0	0
TOTAL	4	2	2,5

Figure 4: Relative Weighting¹⁵.

For further comparing, I used the additive weighting technique which is one of the compensatory model techniques. The sum of each alternative can be compared to the normalized weight of 1, which is the score to reach. Considering the importance of each attribute, I decided the relative rank and then made the chart shown below:

¹⁴ By Author

¹⁵ By Author

Attribute	Step 1	Step 2			The Professional services contract		The endorsement contract		The appearance contract	
	Relative rank	Normalized weight (A)			(B)	(A*B)	(C)	(A*C)	(D)	(A*D)
Duration	5	5/21	=	0,24	0,5	0,12	0,25	0,06	0	0
Ease of breach	4	4/21	=	0,19	1	0,19	0,75	0,14	0,75	0,14
Amount of compensation	6	6/21	=	0,29	0,75	0,22	0,75	0,22	0,75	0,22
Resolution disputes	3	3/21	=	0,14	0,5	0,07	0	0	0,5	0,07
Flexibility of negotiation	2	2/21	=	0,09	0,5	0,05	0,25	0,02	0,5	0,05
Bonuses amount	1	1/21	=	0,05	0,75	0,04	0	0	0	0
TOTAL	21		SUM	1.00	SUM	0,69	SUM	0,44	SUM	0,48

Figure 5: Additive Weighting technique¹⁶.

The attributes are ranked as following (Most important to least important): The professional services contract > The appearance contract > The endorsement contract.

Step 6 – SELECTION OF THE PREFERRED ALTERNATIVE

We can easily observe that after calculating with the weights, The professional services contract is still the best choice. I can now produce a ratio scale to see how much the professional services contract is better than the others.

The calculation should be like this:

*The professional services contract vs the endorsement contract: $0,69/0,44*100%=157\%$*

*The professional services contract vs the appearance contract: $0,69/0,48*100%=144\%$*

To conclude, the professional services contract, being 144% better than the appearance contract and 157% better than the endorsement contract, is obviously the preferred alternative.

Step 7 – PERFORMANCE MONITORING AND POST-EVALUATION OF RESULTS

The main objective of this document is to give the best option to amateur being a professional player. In this document, you can find the key information in order to choose the most relevant option and secure their professional sports career. The professional player has to see his professional career like a project and he has to be able to manage himself like a project manager. A good management of the situation of transition between amateur and sports like is essential and could limit a loss of compensation and bonus. Finally, we could have added some analyzing

¹⁶ By Author

methods to the one used. In that way, we could have specified a bit more the results of the analysis and maybe we could have found different results.

CONCLUSIONS

In this paper, we wanted to identify the alternatives of professional sports contracts to protect the transition from being an amateur player to a professional athlete. We can see thanks to the complete analysis we have made that one alternative came up. Indeed, the Standard Services Contract appeared to be the most secure and relevant Contract for an amateur athlete beginning a professional career. In terms of earning a life, flexibility of negotiation, ease of termination or duration of the contract, everything shows that this contract is the most suitable for their career. Nevertheless, don't forget that an athlete can sign the 3 alternatives at the same time.

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About the Author



Romain Chapron

Paris, France



Romain Chapron is a 23 year old French student, currently pursuing a Master of Science degree in Project and Programme Management and Business Development at Skema Business School.

After graduating at the university catholic of Lille, Romain joined the French Business School SKEMA. At the beginning of 2017, he did an internship in a start-up called Synbud as a Business Developer. This innovative company consists of a search engine working the same way as Google but specialized in travels. This experience was a way for him to confirm his interest in Project Management and innovation.

He has excellent problem-solving skills and is an effective team member with a strong ability to work in a team. Overall, Romain's energy, his remarkable ability to learn and to catch new key accounts will make him an excellent collaborator with strong leadership.

As a student of Project Management, he has gotten the certifications of AgilePM and Prince 2 Foundation, which proves he is qualified to be a project team member.

You can contact him at: romain-chapron@hotmail.fr