

Structural Dynamics Analysis of Real Madrid Club de Futbol

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Abstract: *With the election of Florentino Perez as President on July 2000, Real Madrid (spanish soccer team) experienced a drastic change in the way the organization functioned. Even though there were some aspects of the new business model of becoming a global brand that proved to be successful (Real Madrid has managed to become one of the top 10 most valuable sports teams brand in the world according to the Forbes Fab 40 study published in 2012), the organization was trapped on an oscillating pattern that continues to this days and that has led them from structural changes to several periods of championships droughts immediately after being recognized by FIFA as club of the century in December 2000. This papers presents a Structural Dynamics analysis of the organization in the last twelve years and proposes a solution to the structural conflict based on Fritz (1996) Structural Dynamics Theory and Groups Dynamics field concepts and elements defined by Greenberg, J. & Baron, R. (2003).*

Key words: *Structural dynamics, Group dynamics, Real Madrid, Soccer, Football*

1. Introduction

Football (or soccer), has experienced an immense amount of changes over time. There are arguably many different precedents of it as a hobby or form of entertainment, but

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according to the Football Association (n.d.) there is one recognizable beginning of it as an organized sport and it dates back to 1863. Ever since that day, other countries have followed England's example and have formed their national associations as a way of regulating, norming and promoting the game. After that, in a much summarized manner, the accumulative and growing number of associations and the propagation of the sport degenerated on a need to create an international organization that grouped them as one (FIFA) and years later organize an international competition (FIFA World Cup).

Nowadays, the sport has grown into an entire industry of its own providing huge business opportunities not only to sportswear companies, TV and radio broadcasting companies and newspapers, but also to hotels, betting agencies, construction companies, financial and logistics service providers, insurance companies, airlines and the list goes on. That evolution has taken the majority of soccer clubs (at least the ones existing on first divisions of every country and even some second clubs) to emulate the structure of other businesses having marketing, sales, human resources and marketing departments that allow them to become profitable and sustainable organizations with the financial support to evolve on their national and international soccer community.

Although there is nothing wrong in evolution and pursuing financial independence to transcend in history, some organizations have grown so much that they sometimes experience a very broad gap between the business and the club per se.

2. Scope and Limitations

Taking into account that Real Madrid Club de Futbol (RMCF) is an organization with more than 100 years of history, it will not only be ambitious but actually very broad and superficial to make a structural dynamics analysis of it over such a long period. From its founding, to what RMCF

has become today, it has experienced a significant evolution and growth that naturally includes several changes in the way the organization works, which would all neutralize any effort of identifying an oscillating pattern. Although a lot of history is considered for this paper, the structural analysis performed only takes into consideration the last 12 years of the organization, beginning with the election of Florentino Perez as President and the change in the business model of the organization.

Real Madrid's first team (the team that plays in the Spanish League First Division) surely is the main factor of the organization, but is not the only one. Under the Real Madrid name we could also find the reserve team (young players that take action in the Spanish League Second or Third Division depending on their last years result), the basketball team, handball team and so on. As the title of the paper indicates, only soccer teams are considered for this structural dynamics analysis since they are not only the main reason why the club was founded, but logically currently continue to be the most important factors for the organization.

On one final note, Forbes Fab 40 is a study that comprises the 10 most valuable sports brand in the world taking into consideration four different categories: business, events, athletes and teams. According to their most recent edition published on October 2012, "Five of the top 10 most valuable sports team brands are soccer clubs: Manchester United (\$293 million), Real Madrid (\$255 million), Bayern Munich (\$192 million), Barcelona (\$176 million) and Arsenal (\$156 million)", according to Ozanian (2012). That huge machinery is not moved just by soccer players, a soccer coach or the President. Real Madrid as any international organization has human resources, marketing, sales and finance departments all of them with specific roles and functions to contribute with the main objective. This study does not present a deep analysis on those areas on a year to year basis, what it actually does is take inputs from different aspects and environments of the organization and focus the analysis on the impact and outcomes they have on the

soccer team and the structure of the organization directly related to it.

3. Theoretical Framework

This paper has as its base to main theories. The first one used entirely for the analysis and findings parts and then as support for the recommendations part is structural dynamics. According to Fritz (1996) “organizations follow inescapable structural laws. They do so because they must. They have no choice about it. This is as true for the successful organization as it is for the dysfunctional organization” (p.3). With his theory, Fritz (1996) states the importance of structure in an organization and how understanding these laws will allow you to comprehend or even model the natural behavior of the organization, therefore taking the advantage to adapt the structure in order to obtain the best result.

According to Fritz (1996) there are two types of organizations (oscillating and advancing ones) depending on whether or not they achieve the goals they have set and if the end result is sustainable. With a rocking chair metaphor Fritz (1996) describes how, no matter how far an organization moves forward regarding its goals, if things get back to the way they were in the beginning, all success is neutralized (oscillating organization). On the other hand, if the final effect is definitive success, this will create a chain of advancing movements that will lead to long-term successes (advancing organization).

Fritz (1996) defines an structure as “an entity that is made up of individual elements that are interrelated” (p.17). Understanding the way they interact with each other and hoe they as individuals affect the structure is a key element in understanding how a structure works. If two of those structurally connected elements present a discrepancy, a tension is produced in order to move from the actual state to the desired state. “Once a tension is formed, it contains within it a dynamic – the tendency to move from one

condition to another” (p.20). Organizations that advance have structural tension as a common denominator, because they take actions in order to fill the gap between the desired state in relation to the actual state and those actions lead to forward sustainable movement.

Fritz (1996) indicates that when two goals or tension-resolution systems start competing against each other because they have mutually exclusive points of resolution, it generates a structural conflict. The movement from one system to another with time is what translates into an oscillating behavior, just a pendulum on a clock.

Taking this into account, we considered Fritz’ Structural Dynamics theory to study the tension resolution systems that RMCF had been using through time, why did they compete against each other and how that competition could be neutralized.

The second theory used for the recommendations part of this paper is the social science field of Group Dynamics. According to Greenberg, J. & Baron, R. (2003), group dynamics “focuses on the nature of groups – the factors governing their formation and development, the elements of their structure, and their interrelationships with individuals, other groups and organizations” (p.272).

Greenberg, J. & Baron, R. (2003) define group as “a collection of two or more interacting individuals who maintain stable patterns of relationships, share common goals and perceive themselves as being a group” (p.273). Obviously, if an element of this definition fails, the individuals will stop acting as a group. Whether the relationships start deteriorating or changing over time; there is more than one goal (especially if they are competing ones) or the goal is not commonly recognized and accepted by the entire group; or one or more individuals do not feel identified with the group; the dynamics surrounding it is going to be negatively affected.

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According to Greenberg, J. & Baron, R. (2003) just as in structural dynamics, one of the most important characteristics of a group is its stable structure, and that structure has four different aspects that determine its behavior, functioning and also helps predicting or modeling it.

The first characteristic is the role. Greenberg, J. & Baron, R. (2003) define it as “the typical behavior that characterizes a person in a specific social context” (p.279). They denote the importance of knowing the difference between role incumbent (the individual in the role) and the role expectations (the behavior that the role incumbent is expected to have). According to Greenberg, J. & Baron, R. (2003) “the role incumbent’s recognition of the expectations of his or her role helps avoid the social disorganization that surely would result if clear role expectations did not exist” (p.280).

The second characteristic are the norms. Greenberg, J. & Baron, R. (2003) state that they “may be defined as generally agreed upon informal rules that guide the group member’s behavior” (p.280). Following the same principle as in the role, they denote the importance of knowing the difference between prescriptive norms (what is expected from the group regarding what is supposed to be done) and proscriptive norms (the expectations that limit the behaviors in which members are not supposed to present).

Next Greenberg, J. & Baron, R. (2003) state that the importance of being a part of a group, the effort implied in the accomplishment and the significance of having that social position is known as status. Actually, this third characteristic is much related with the last one which is cohesiveness. Greenberg, J. & Baron, R. (2003) define it as “the strength of group members’ desires to remain a part of the group” (p.283). The higher the difficulty of the accomplishment of actually becoming a part of the group (status), the higher the influence to which the group

members' desire to continue together appears and maintains (cohesiveness).

Since this paper provides a new approach to structural dynamics given the fact that is oriented to a sports team organization, and since inside the RMCF you could find several groups that could have an impact on the result of the organization (specifically the one formed by players and the coach) it is really important to study and considerate this as support to structural dynamics.

4. Analysis

Introduction to Real Madrid Club de Futbol

Real Madrid started as a football club on 1902, but as any organization or group, it had its precedents before it all started. In 1897 there was a group of young students from Madrid who were a part of Institucion Libre de la Enseñanza and decided to form a soccer club by the name of Football Sky club. At the beginning there was no big ideal behind the club formation, just a group of colleagues from a specific geographical region identified under the same academic organization. A couple of years after its formation, a significant number of players led by Julian Palacios and the Padros brothers realized that with a little more effort and some serious organization they could form a club that could really represent the Spanish capital in some local and regional championships and could help promote the rise of this new sport in the community, so they decided to form a club of their own completely separated from Football Sky Club. 1902 marked the year that Madrid Football Club was completely formed: on March 6 a new board was elected and the club was formally founded; on April 18 the club regulations were written and submitted to the local authorities; and finally on April 22 the Civil Governor of the Province approved the documents.

To provide an idea of how things were a lot different at the beginning of the club and how the situation was

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diametrically opposed to the current Real Madrid, we have the fact that the second land terrain that they used to play in the tournaments was rented at that time for an annual fee of 150 pesetas (90 cents of an Euro) and players had to change gears and prepare for the game at a local bar called “La Taurina” according Real Madrid’s web page (2012). Also according to Real Madrid’s web page (2012) today, Real Madrid owns 1.2 million square meters exploiting only a small portion of it to construct the new Ciudad Real Madrid which include 13 football fields, Alfredo Di Stefano Stadium (where the Real Madrid Reserve teams plays their home games in the Spanish Second Division), academy offices, medical facilities (examination, rehabilitation, among others), restaurants, conference rooms for press conference and audio-visual sessions, and other training facilities.

Real Madrid’s significance

Real Madrid’s importance not only comes from the fact that they have been a reputable soccer club for more than 100 years but also by establishing different landmarks in Spanish and world soccer history throughout the years gaining them royal status in a literal and meaningful way. Among their most recognized accomplishments and contributions are: being the creators and hosts of the first ever Spanish Championship (1902) that commemorated the proclamation of Alfonso XIII as King of Spain (the same king that 20 years later granted them the royal status therefore changing their name to Real Madrid Football Club); they are one of the only three clubs in history that have never been relegated to Spanish Second Division (alongside with Athletic Bilbao and Barcelona CF); they introduced and established the use of black armbands on the players arms as a sign of mourning whenever a public figure died, which is now a very common, recognizable and respected gesture in the international soccer community; they were the first Spanish team to wear numbered shirts in 1947, one year later based on that pioneer initiative the Spanish Football Association decreed it as a mandate for all teams; Santiago Bernabeu as Real Madrid President in 1950’s acted as a powerful

influence behind the creation of European Cup (currently the most important soccer club tournament in the world); they were the first team to win the European Cup, the first and only team to win it five times in a row, and they are the club that holds the most European Cups in history (9); first ever Intercontinental Cup champions; Santiago Bernabeu Stadium hosted the final match in the Spanish 1982 World Cup (only World Cup that has been held in Spain so far); and finally on 2000 they were named Best Club of the 20th Century by the [Fédération Internationale de Football Association \(FIFA\)](#).

Real Madrid's Reality

Although Real Madrid has more than 100 years of history and accomplishments, for the purpose of this study we will only focus on a specific period of time that has marked a new era for the club. Prior to 2000, Real Madrid's principal source of revenue came from the sales of game tickets, sponsors and bonus payments for participating and winning tournaments. Financially, the situation was not out of control but professionally Real Madrid had only managed to obtain 5 championships in the 1990's which in the long run could lead to selling fewer tickets and hinder the process of maintaining or even getting new sponsors. In 2000, a Spanish entrepreneur ran for president presenting a new business model for Real Madrid (Galactic Era), offering to transform the club into a global brand that would not only live to the height of their previous accomplishments but also guarantee future financial independence. Behind Florentino Perez' business model was the idea that hiring world renowned players with a lot of marketable potential would allow them not only to win championships but also to expand and deepen the sources of revenue. Ever since that day Real Madrid's signings policy changed to focus on acquiring players that have already won FIFA World Player of the Year or Ballon d'Or awards; players that were already the main face of other teams on other international leagues; and young international stars with extremely good performance on their last season, all of them no matter the price they needed to pay to the other team or even the player's salary.

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Real Madrid with that new approach solely changed the way the football players transfer market behaves even now, because it completely altered the already established standards for players transfer price and salary .

They managed to get away with that because with the players signing, Florentino Perez included on their contract that Real Madrid would be the owner of 50% of the marketing and advertising rights of everything the player did as a Real Madrid member. What he actually did was create a win-win situation: the player had one of the highest salaries a soccer player could earn, they played for one of the most recognizable and talented soccer teams in the world (which offered them the opportunity to continue showcasing their individual talents), and allowed them to get even more advertising sponsorships to exploit their image which translated into even more money for the players. On the other hand Real Madrid had a squad full of the current best players in the world, managed to get a larger and even bigger set of sponsors, introduced merchandising, tv rights and world tours as an important source of revenue (official shirts sales, friendly matches in other continents, and all TV companies fought among them and paid a lot of money to broadcast Real Madrid's games).

In the way it was conceived, the new business model was a complete success. Real Madrid managed to win 6 championships in the first 4 years of that philosophy and also became one of the most lucrative, financially stable, and marketable brand in all of sports. The problem is that with that success came a lot of consequences. Even though they finished the 2002-2003 Spanish League as champions, there were a lot of differences between the top of the organization and the coach. Vicente del Bosque (which at the moment was and still is the most decorated coach in the history of Real Madrid) wanted to stay for the next season with the same foundation of the team and actually wanted to offer Fernando Hierro (the team captain and leader) an extension of his actual contract that ended that season. On the other hand, Florentino Perez and Jorge Valdano (Real Madrid

General Manager) wanted to continue expand the squad according to their marketing philosophy by using part of the money that would be included in the renegotiation of Fernando Hierro. Following the club philosophy and policy at that time, they stayed strong with their decision (even though they have promised Hierro a renovation of his contract earlier that season) and causing Del Bosque not to renew his contract and therefore, leave the team.

Del Bosque's departure brought three big consequences to the organization: first, a small crisis developed in the locker room because a lot of players did not feel supported or identified with the team; a three season drought in championships (2003 Spanish Super Cup is not taken into account since it only involves two games at the beginning of the 2003-2004 season and could be considered as a consequence of the 2002-2003 season results, which were accomplished by Del Bosque); and finally a parade of coaches that were not able to maintain the team at his high point and could not handle the team under the pressure of the press, the locker room and Real Madrid's top executives.

With Perez' presidential period coming to an end and with Real Madrid's status quo, the "Galactic Era" saw his final days at the end of the 2005-2006 season. At that time Ramon Calderon became president and tried to maintain Perez' business model but did not accomplished it. He did not have the same ability and expert staff that could convince the other teams to sell their key players or even convince the players in order for them to put pressure on their owners to sell them. Even though Real Madrid's history of accomplishments could not be erased and they managed to win 3 championships during Calderon's period, the organization did not have an established structure that would allow them to maintain the success of the business model established by Perez.

By the end of the 2008-2009 season with Real Madrid still not achieving its full financial and professional potential, Florentino Perez ran again for president and got elected. He immediately put all of his efforts in achieving the goal he set

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in his first period (signing the best players in the world) but this time he added a second element to the system (signing the best coach in the world). In his second year of his second period (2010) he hired Jose Mourinho, who at the time already had a contract with Inter Milan with 2 more years remaining, therefore Real Madrid had to pay the Italian team a compensation of 8 million euros according to *The Independent* (2010).

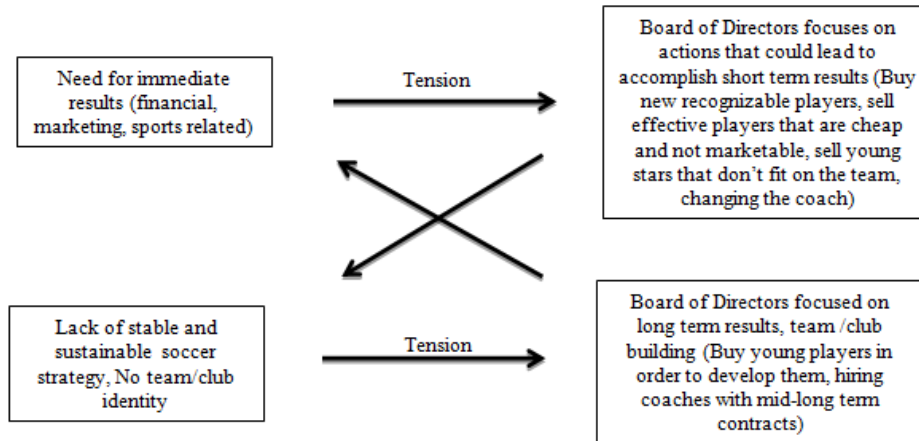
Anticipating a lot of new signings (according to Perez' policy) and still feeling a lot of soccer left in him, in order to continue playing at a high level Raul Gonzalez (Real Madrid's leader and captain after Hierro left the team and one of the most iconic players for Real Madrid's fans) decided to leave Real Madrid and go to Germany to play for Schalke 04 marking the second time in less than 10 years that a locker room leader went away, with a new coach on the way and under Perez' period. Although this time Real Madrid's executives did not want him to leave and made a lot of efforts to maintain him, it had a lot to do with the huge amount of competition generated by the more than 190 million pounds Real Madrid invested into the new signings in 2009 and still wanting and negotiating more players for 2010. An extract of the player's last speech as Real Madrid player on his goodbye ceremony at Santiago Bernabeu Stadium reads "the time to leave has come. I have had feelings telling me this has to end. It has been a lot of years wearing the uniform of the best club in the world. I am now 33 years old, there is a lot of young people coming with a lot of strength, and this was my last chance to have an experience outside Spain", according to (europapress, 2010)

During the 2010-2011 season something interesting happened. Taking into consideration that Raul Gonzalez left the team, Jose Mourinho wanted to hire a new striker but Florentino Perez and Jorge Valdano did not approved that. Throughout the entire season there was a lot of public and private discussions between Mourinho and Valdano regarding that decision which then led to Mourinho putting a lot of pressure on Perez threatening to leave if things did not

work out. By mid-season Mourinho managed to convince Perez to forbid Valdano to attend training sessions and even travel with the team to away games which of course started to compromise Real Madrid's relationships and organizational structure. In spite of Valdano being another Real Madrid icon because he won championships as a player and as coach of the team, and the fact that he has been Perez' right hand during both his periods (first as a Sports Director for eight years and then as a General Manager for the organization for six years), Florentino fired Valdano in May 2011 completely eliminating the role of General Manager, diluting the tasks among other executives and delivering all the signing decision power and control to the coach (Mourinho).

Summarizing the last twelve years, the continuous changes in the focalized timing of the results (from short term to long term), the ever changing philosophy of trusting the coaches to develop an stable relationship with the team and improve over time, the alteration of the organization's structure supported by different principles over the same situation (supporting Valdano over Del Bosque and Hierro, and then supporting Mourinho over Valdano) compromised the complete dynamic of the group and the organization and translated to a very obvious oscillating pattern. Applying Fritz' (1996) theory, both tension resolution systems that RMCF was using over time, competed against each other and neutralized all the success the team experienced.

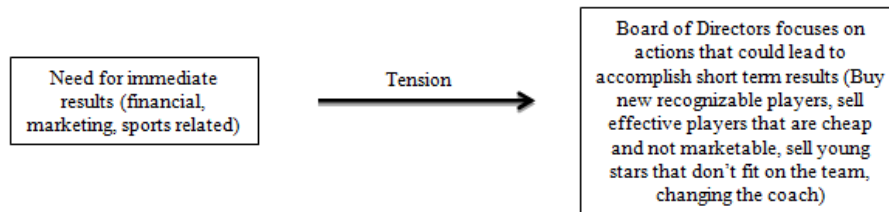
Figure 1. RMCF's. Structural Conflict



5. Findings

As stated before, by the time Florentino Perez first became president of Real Madrid (2000), the organization had a new and bigger purpose, to transform into a global brand. In order to achieve that, Perez needed to rely on new and different revenue sources that could allow Real Madrid the financial independence and support they desired. Being a sport club that would become a global brand, besides the financial results, the club needed to return to that golden era that brought them a large amount of championships and accomplishment that would act as the main characteristics and added value of the brand they were presenting to the world (something that the "customers" and "fans" of that future brand would aspire to and dream of). The need for financial, sports related, and marketing results created the tension that acted as a trigger to adapt the strategy in the new business model. As a result of that tension, Real Madrid top executives immediately focused on short term results and the actions that would get them, forming tension resolution system A.

Figure 2. Tension Resolution System A



The main idea behind the short term results solution was to buy the best players in the world, causing a huge impact on the three factors of the result needs. First, in theory they would be raising the competitiveness of the team, therefore increasing the chances of obtaining more championships; second, they would own some of the most proven talents of the present, thus having a deep and solid “product catalogue” for the brand. Although this strategy would positively influence the sports related and marketing results, it would have a negative effect on Real Madrid’s finance, since buying those players would cost a huge amount of money. That effect is compensated by the selling of young players (including promising stars) of the reserve team (Real Madrid Castilla) that would not have a position to fill in the near future if they were to be promoted to the first team, or even with the selling of players that were already on the first team but did not have so much sponsorship or advertising value in the market, both cases because the position they would be aspiring or are occupying at the moment was a position designated to a “galactic” player. In the meantime, if financial and marketing goals were accomplished but still championships were not won, the solution was to continue the “buy stars/sell regular players” strategy but adding a change in the team leadership by hiring a new coach.

That strategy worked for the first four years of Perez’s presidential period. By the hand of Vicente Del Bosque Real Madrid won six championships in four seasons including two European Cups (out of the nine the club currently has) and two League Championships (out of the twenty four they have won up to that point). The problem came when the short term results approach clashed with the vision that Del

Bosque and Hierro had for the team. When a decision time came, Perez and Valdano opted for the strategy that would allow them to continue pursuit the organizations purpose in a more integral way, so they chose not to renew Del Bosque and Hierro’s contract.

Table 1.

List of Real Madrid Coaches under Perez' first presidential period

| Soccer Coaches | Start Date | End Date | Days transurred | Honours |
|-----------------------|------------|------------|-----------------|--|
| Juan Ramon Lopez Caro | 05/12/2005 | 01/06/2006 | 178 | - |
| Vanderlei Luxemburgo | 31/12/2004 | 04/12/2005 | 338 | - |
| Mañano Garcia Remon | 20/09/2004 | 31/12/2004 | 102 | - |
| Jose Antonio Camacho | 24/05/2004 | 20/09/2004 | 119 | - |
| Carlos Queiroz | 25/06/2003 | 24/05/2004 | 334 | Spanish SuperCup 03 |
| Vicente Del Bosque | 17/11/1999 | 23/06/2003 | 1314 | La Liga 00-01, 02-03; European Cup 99-00, 01-02; European SuperCup 02; InterContinental Cup 02 |

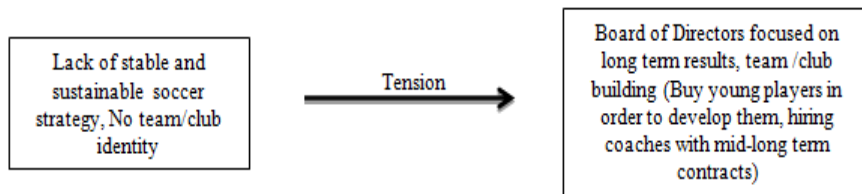
Note: Constructed from several sports journal articles. Gil (2012)

In the next 3 seasons after Del Bosque’s departure Real Madrid had 5 different coaches (which translates into one coach every 214.2 days), a very low average for an organization that is supposed to be stable and have a solid soccer philosophy. Also, they had a championships won to season average of 0.33 versus Del Bosque’s average of 1.5, and that is if we consider the 2003 Spanish SuperCup an accomplishment of Carlos Queiroz which chronologically is, but honorably also belongs to Del Bosque. Perez’ and Valdano’s decision marked a turning point in Real Madrid’s progress and gradually led to a loss of team and club identity.

When Ramon Calderon arrived at the presidency in 2006 and he encountered that problem he tried a different approach. Even though he still wanted to maintain Real Madrid’s main purpose, he chose a different strategy to obtain it. He did not count with Perez’ negotiations skills and established personal relationships with the most important soccer clubs in the world, so he focused on a signing strategy that would actually serve the soccer skills needs of the team

and bought young “not yet proven” players that would grow and develop under the club. Actually, he worked with the coaches in finding the most promising players that would fit in the weaker areas of the team, rather than roughly adapt 11 stars to fit in the starting team regardless if they understood each other’s playing style. The tension that moved Real Madrid from a lack of team identity to focus in long terms helped form tension resolution system B.

Figure 3. Tension Resolution System B



Even though that strategy made Real Madrid sign a lot of players that ended up not playing a lot of matches with the team and not being a good investment, some of them actually grew significantly with the team, nowadays are one of the best players of the world in their position and still play for Real Madrid and are locker room leaders (Gonzalo Higuain, Marcelo, Sergio Ramos).

Table 2.

List of Real Madrid Coaches under Calderon's presidential period

| Soccer Coaches | Start Date | End Date | Days transurred | Honours |
|----------------|------------|------------|-----------------|------------------------------------|
| Juande Ramos | 09/12/2008 | 02/06/2009 | 175 | - |
| Bemd Schuster | 09/07/2007 | 09/12/2008 | 519 | La Liga 07-08; Spanish SuperCup 08 |
| Fabio Capello | 05/07/2006 | 28/06/2007 | 358 | La Liga 06-07 |

Note: Constructed from several sports journal articles. Gil (2012)

Under Ramon Calderon’s presidency, Real Madrid had three different coaches in three seasons (specifically one coach every 350.7 days) which represents a 63.7% increase versus Perez’s statistics. It would be an exaggeration to imply that this specific philosophy was the only cause of RMCF improvement on their championships accomplishments, but

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it would be safe to assume that just as the principal of specialization acts over a mechanic who over a long period of time familiarizes himself with an specific brand of auto maker and that takes him to make better diagnosis and repairs; a coach who is giving the opportunity to develop a relationship with their players, gains their trusts, actually gets to know their strengths and weaknesses and train to enhance and improve them has a higher chance of obtaining better results. With a championships won to season average of 1, RMCF was not still up to Del Bosque's times but they were 303% better than the previous three seasons.

The main problem at the end of Calderon's period is the fact that it ended with a season with no championships won, a coach that only lasted for 6 months, a lot of pressure by the Spanish press, a fan base that was not happy with the "effective but not attractive" game style Real Madrid was playing at the time, and they missed the excitement of the "galactic era". Florentino Perez took advantage of that, ran for president again and got elected, reinstating his business model.

An organization that is built to have a continuous change in their leadership, but supposed to have a stable and sustainable philosophy, cannot have the luxury of having sudden changes in their strategy, especially if they are ones that compete against each other and cause an oscillating pattern that in the long term ends up negating success and progress.

6. Recommendations

Before starting with the recommendations, we need to state one more time the two main conclusions that we have encountered in this study. First, RMCF ever since starting their new business model twelve years ago is facing a structural conflict that makes them oscillate between a focus on short term results and long terms results. Second, as main consequences of that structural conflict they experience a lack of team/club identity and continuous

championships droughts that affect their image as an elite soccer team.

According to Fritz (1996), in order to solve RMCF's structural conflict they need to rank by hierarchy of importance their tension-resolution systems to see the one that must survive over the other, or at least divide them in a way that they are not able to attack the hierarchy of goals on a same level.

According to Greenberg, J. & Baron, R. (2003) in order to be considered a group, the interacting individuals must "maintain stable patterns of relationships, share common goals and perceive themselves as being a group" (p.273).

Taking into concern the two main conclusions that have been reached in this study, supported by the two main theories considered in this paper, below you will find a list of recommendations that RMCF should consider in order to effectively approach and solve the structural conflict.

Maintain Purpose and Local Goals

RMCF purpose and mission has been for the last twelve years to become a global brand. According to Forbes (2012) they are one of the ten most valuable sports teams brand in the world, so they already have accomplished their purpose. Since that approach has already worked for them and currently still does in the financial department, they just need to make a minor adjustment on the top of their hierarchy of goals in order to maintain the status quo. On the other hand, the most basic need for a competitive sport team is to win championships. They cannot escape their nature of being a sport team, so their local goal should also not change at all.

The main methodology they should follow is to focus on developing a solid mid-term/mid-point approach (over the strategy and management goals of the organization) that would allow them to ease the transition from both competitive tension resolution systems into an only system that would continue to connect the "Real Madrid Business" with the "Real Madrid Soccer Team".

Figure 4. RMCF Hierarchy of Goals



Obviously, that mid-point/mid-term approach must translate into a “tangible” plan, otherwise the solution will not be sustainable and will continue to be altered and changed every time a new President (role incumbent) comes with a new philosophy (role expectations).

Reinforce RMCF’s Status

A global brand should have customers, and a sports team should have fans. But an elite soccer teams that wants to maintain themselves as one of the most valuable brands in sports entertainment cannot rely on having locals fans because they represent a community and worldwide “fanbase” that is based on merchandising sales. According Sinek (2009), the Golden Circle for successful companies takes into consideration one big axiom: people don’t buy “what” you do, they buy “why” you do it. In his theory (made famous through a TED conference video) Sinek (2009) explains why companies like Apple have fans rather than just customers who are willing to buy every year new expensive gadgets that basically are designed to satisfy the same need than last version of the same gadget (or even creating a new one). Companies like Apple are not just selling products, they are selling an idea, an experience, a

purpose. On other words, according to Sinek (2009), Apple is selling based on reinforcing the status of the company, something that RMCF should be able to do following the next recommendations.

Empowering members

Even though RMCF as every organization in the world has a set of rules that helps them handle specific situations (President election, memberships, annual reports, etc.), there are a set of unwritten rules (norms) that should be addressed, that way the organization would seize the opportunity to involve RMCF members and fanbase around the world in the process of describing and rebuilding the club. There is an undefined term used on the streets, by the press and even by RMCF called “madridismo”, which is supposed to state the club values and what the organization and its history stand for. By giving the opportunity to the members to take a more active part in the club from the very first aspect they stand for, RMCF will be setting the foundation and the grounds on which that “vigilante” (the members) would act as an unbiased new level of power that would actively and forcefully prevent any deviation from the values and philosophy of the club. That way, no matter who the role incumbent is (President), RMCF would have a much lower probability to stray from the original role expectations (organizational values).

Team/club building rather than team/club adapting

Once that new philosophy, soccer strategy, style of playing, once the “madridismo” is defined; RMCF should focus on satisfying the needs of that system, instead of experience a continuous series of changes and adaptations that are based on one or few individuals criteria. Since they already have the physical structure (Real Madrid City), they should provide the organization with the human resources that would serve that shared and common goal. Young players on the youth team that actually have the profile of RMCF first team and could be fully developed to continue

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their career on the organization rather than just buy young stars that would generate profit on a future sale; coaches on the youth team that would be aligned with coaches on the first team under one global game style, game plans, and career development plans that would act as the unifying principle of RMCF's soccer philosophy; an solid and sustainable executive and managerial structure that would be unbiased and would easily connect the lower levels of the organization (players and coaches) with the higher levels (President, Board of Directors); and finally signings on the first team that would actually help fill the weakness of the squad rather than just buying the best soccer players in the world and trying to adapt 15 stars on an 11 players team.

Respect Seniority Transition

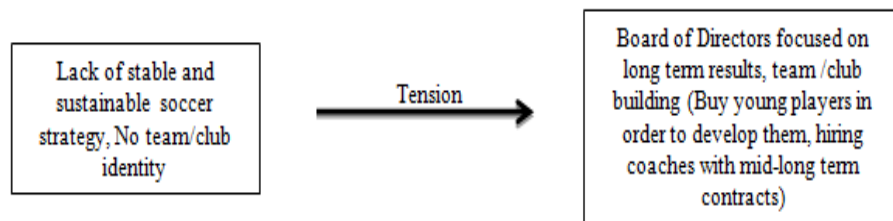
Team captains, young players that have made the transition to the first team, and players who have belonged in the organization for a long period of time are actually true ambassadors of what the clubs represents. It is clear that a player at the end of its career because of his age is not going to deliver the same results for the team, but what he is lacking on lost skills he is compensating with team spirit and tools for increase not only the cohesiveness on the group but also with members and fans. The main idea is that the club should not present road blocks on a player evolution. By hiring new young players every year on the first team, forcing veterans to leave the club or retire, and by selling most of their young stars on the youth team actually what the club is doing is lowering their status. The aspirational road to follow should be: youth team, first team, first team veteran or even captain, and then make the transition either to youth team coach, first team coach or even the managerial levels of the organization. Not all players are going to be able to have that privilege, nevertheless the club focus should not be to do everything in their power to avoid that, but to actually promote it.

Alternance of Power

The actual name of the position does not make a difference. General Manager, Sports Director or even Sports Executive, the main idea is to reinstate a mid management position that would act as the transition and connection between the lower levels and higher levels of the organization. The holder of that position should also be elected by members (not designated by the current President) and should start his/her period in the second half of the last Presidential period. That way, even though RMCF members will always have the tools to immediately act if necessary, there won't be any opportunity to have more than two years than any RM executive (either President, General Manager or even Coach) would follow or promote strategies that are not aligned with values or philosophy of the club. In the end, there will always be a guarantee of never letting the role incumbent alter the role expectations.

As a conclusion, even though Real Madrid Club de Futbol is a very accomplished and prominent organization in the international soccer and marketing community, in order to successfully make the transition from an oscillating organization to an advancing one, should reestablish and rescue their group dynamics by: defining roles, establishing norms, reinforce the status and increase cohesiveness, all that through a mid-point/mid-term focused tension-resolution system.

Figure 5. RMCF's New Tension Resolution System



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