

BUSINESS LESSONS FROM THE SOCCER WORLD CUP

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Abstract

For the first time in its history, Spain is experiencing the enjoyment of being the best soccer squad in the world. This paper reflects on the key elements that explain the success of the Spanish team, and draws 10 general lessons for business leaders, entrepreneurs, family business owners and managers in how they interact with customers and employees.

Keywords: Soccer World Cup, business lessons, strategic management.

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BUSINESS LESSONS FROM THE SOCCER WORLD CUP

For the first time in its history, Spain is experiencing the enjoyment of being the best soccer squad in the world. After the initial excitement of the Soccer World Cup, it is useful to reflect on what those elements are that help explain the success of the Spanish team. As a strategic management professor, I realize that many of the lessons can be applied to business leaders, entrepreneurs, family business owners and managers regarding how they interact with customers and employees. What were the main factors that explain Spain's success? Below I highlight a few:

1. **Collective pride instead of individual egos.** Soccer is by its nature a game that requires teamwork. However, it is not uncommon to see exaggerated egos and inflated self-esteem. While big stars can be certainly crucial in many situations, it may also have harmful consequences. Some teams relied excessively on the ability of just one player (take for instance the case of Portugal and Cristiano Ronaldo), forgetting that the final outcome is the result of collaboration and joint effort rather than individual contributions. This doesn't mean that one shouldn't be proud of personal abilities, but this pride should be put in context as a collective element. Spain stood out for its team spirit and the feeling that, while all players were important, no one player was indispensable. Companies, as collective entities, should remind themselves that teamwork and group pride, rather than isolated pieces of individual virtuosity, are essential for success.
2. **Balance between youth and experience.** The Spanish team had the right mix between young talent and more experienced players. The Spanish player's average age was 26 and featured veteran players such Marchena or Puyol in their early 30s. But young promising players such Busquets and Pedro (in their early 20s) were also a critical part of the squad. Teams relying on either too young or too old members often fail since a young team usually doesn't have enough experience to truly flourish, while older teams might not be able to withstand the demands of a world class tournament. Take for instance the former champions, Italy, who decided to retain most of the players who won the cup 4 years ago, averaging 29 years old and featuring many players over their 30s and some "extreme" cases such as Cannavaro, 37 years old.¹ Not surprisingly, Italy was eliminated during the first round. The key is to find the right mix between youth and experience to create the most effective teams. Having a balanced team allows for: a) rejuvenation of the team as time goes by; b) the transfer of knowledge from seniors to juniors, and c) the team to take advantage of the youngsters' irreverence and the elders' wisdom.

¹ Data from <http://www.FIFA.com>.

3. **Solid leadership.** One key element for the Spanish success was unquestionably its 58-year-old national team coach Vicente del Bosque. He was appointed in July 2008 in place of Luis Aragonés, whose four-year tenure ended the previous month after victory at UEFA EURO 2008. As a coach, del Bosque had extensive experience and solid technical background, coaching one of the best soccer teams in the world: Real Madrid.² After his experience in Madrid, del Bosque spent the 2004-2005 season with Turkish side Besiktas before returning to Spain, where he worked as a soccer pundit. However, del Bosque is not only a good “technician” but also a great leader. With his personality and management style, del Bosque has brought discretion, calmness and patience to the role. This style of management is in sharp contrast to that of other coaches. For instance, his predecessor Aragonés was renowned for his temperamental, impulsive and occasionally polemic approach. Diego Maradona, coach of the Argentinean team, was heavily criticized for being arrogant, condescending and cocky. At the other extreme is del Bosque’s style. He is the archetypal “quiet man”, able to keep his cool in even the most stressful situations (it was widely noted how he barely gesticulated after the Spanish team scored). A conciliatory nature and a measured approach have been instrumental in maintaining the unity and performance level of his talented charges. From outside, his style looks somewhat paternalistic and caring,³ with large doses of humility and yet strong enough to handle the most star-studded dressing rooms. This combination is ideal for managing the generational gap between players and coaches that often exists in soccer squads. Firms often struggle due to the lack of strong leadership that combines technical expertise with motivational abilities. Experts in the area agree that current management styles are ill-suited to the challenges of succeeding in today’s economy. Perhaps the greatest challenge for companies in this century will be to find proper leaders who innovatively break past practices perpetuated by long-tenured executives.
4. **Dream big... and believe in it.** There is probably no team on earth which has not dreamed about winning the World Cup. Yet some teams were defeated before playing their matches and settled for smaller goals. Honduras’ coach, Rueda, for instance, was satisfied just by participating in the World Cup. New Zealand was happy being the only unbeaten team in the tournament although they didn’t pass the first stage.

A quick review of the sport press indicates several statements made by Spanish players regarding the ultimate objective of the national team: come back home with the cup. Of course, dreaming big about being the champion is not enough to get the cup but, for the first time ever, Spanish players seemed to think this dream was attainable.

The same goes for companies. Corporate “dreams” are often encapsulated in the corporate vision. Unfortunately, many firms simply put their visions together with their mission statements and a bunch of fancy values in their websites as a formal requirement that often are vague and meaningless. In order to develop a genuine dream for the company (that is, have a valuable vision), it has to contain big passion, be bold and at the same time somewhat realistic. In other words, it has to be inspirational as well as achievable. And then it has to be communicated and shared by all people within the organization.

² In his four years in charge of Madrid, he would enjoy Champions League successes (2000 and 2002), along with two league titles (2001 and 2003), a Spanish Super Cup (2001), a UEFA Super Cup (2002) and a Toyota Intercontinental Cup (2002).

³ Likely to be the result of being a father of three children, one of them with Down Syndrome.

Most employees often want more than a paycheck and want to know that their work is adding up to something meaningful. Corporate “dreams” can help your employees see the big picture and, more importantly, fuel their dreams of career and personal success.

5. **Internationalization and Professionalization.** The Spanish league is among the most professionalized leagues in the world. The professionalization of the Spanish league has developed as a virtuous cycle that reinforces itself. Spanish teams had traditionally relied on the finest foreign players (often from countries with long soccer tradition such as Brazil and Argentina) to reach and maintain the highest level of competitiveness. This in turn forces local players to enhance their abilities since they are competing with the best. At the same time, the better the Spanish players get, the more attractive they are for other competitive leagues, which nurtures their outstanding level (for example, Torres, Fàbregas and Reina play in the English league). This professionalization process has had a positive effect on the technical level of the Spanish national team. Other leagues don't enjoy this self-reinforcing loop. For instance, American league teams often hire soccer professional stars approaching the downward slope of their career, as in the cases of David Beckham and Thierry Henry, for marketing purposes rather than for technical skill development.

Frequently, certain firms, like family businesses, tend to avoid the professionalization process because they entail significant changes and their subsequent risks. But through the process of professionalizing their companies, family businesses can not only enhance performance, capitalize on unforeseen opportunities, and strengthen their future prospects but also secure their longevity.

6. **Leverage competition.** Another issue that has a notable impact on the professionalization process of the Spanish league discussed in the above point is the intense rivalry between the two major teams in the Spanish league: Real Madrid and Barcelona F.C. Fierce competition between these two teams has led to higher levels of excellence and competitiveness, and this competition has been leveraged by the national team. More than 50% of the players in the Spanish squad came from either Real Madrid or Barcelona.

Conventional wisdom is that intense rivalry can have deleterious consequences, especially if one is on the losing side. No wonder that a business owner, faced with the quandary of choosing between having competition or enjoy a monopoly, would tend to favor the latter. In fact, one of main tenets of the blockbusting book in the strategic field, Blue Ocean Strategy, is to create uncontested market spaces and make competition irrelevant. However, under certain circumstances, competition has a positive side. Sometimes, more competition leads to more innovation and accelerates productivity growth. Would Apple be the world's most valuable technology company without Microsoft and other big players in the sector? Would Coca-Cola have been the same company, had Pepsi not existed? Probably not. As former CEO of Pepsi, Roger Enrico, once said “if the Coca-Cola company didn't exist, we'd pray for someone to invent them”. Competition needs to be demystified and taken as an integral part of doing business. Company owners and executives should embrace competition, leveraging the positive aspects instead of complaining about it.

7. **Faith in strategy.** The playing style of the Spanish squad is part of its identity. It is informally known as the “tiki-taka” style, a nonsensical onomatopoeia that roughly equates to “tippy-tappy” or “touchy-touch”, and describes the current Spain side’s collective, short-passing, technical and creative game; one that hinges on possession and continuously pushes the adversary against its own net. Spain worked its way through opposing teams together, with clever, intricate passing, picking off an opponent’s defensive armor piece by piece. Unlike other teams, who often change their way of playing based on such criteria as the opponent, the score, or when the last goal was scored, Spain always kept the same style regardless of the circumstances. This of course was not without criticism (some observers claim that the Spanish team was too concentrated on attacking while its defense was weak) and, undoubtedly, always having the ball and always attacking certainly entail certain risks. Yet, the Spanish squad maintained its style. The reason was a deep conviction that there was only one way to reach the cup: with the tiki-taka style.⁴ Andrés Iniesta, who scored the extra-time winner for Spain against The Netherlands in the FIFA World Cup Final, stated “I have always had faith and confidence. I had a lot of confidence in this team from the very first moment.”

Firms often face the temptation to change strategy if results do not appear right away, particularly in those situations where incentives are designed to foster more immediate results. However, good strategies often take time to crystallize. The long-term nature of strategic thinking requires a good amount of patience and persistence. Results don’t always come at the first try. In business we often talk about the long haul but we tend to ignore the role of patience, but patience is a vital element for coping with long-term goals.

8. **Ability to overcome adversity.** Some teams are morally devastated after a defeat. This was not the case for the Spanish squad; they started off losing against Switzerland in the first match, but were able to build up their strength. In fact, Spain is the first country to lose the opening match and still win the World Cup. This was the result of strong morale, a collegial atmosphere and a profound passion for how they wanted to get things done.

Disappointing results are common in business but you can only overcome them if you have the passion for what you do; it is often passion that drives an entrepreneur’s vision. In a 2000 *Fortune* interview, CEO Apple Steve Jobs commented on the high number of internet of start-ups during the 90s in the following terms: “If they don’t really want to build a company, they won’t luck into it. That’s because it’s so hard that if you don’t have a passion, you’ll give up... there are many moments that are filled with despair and agony, when you have to fire people and cancel things and deal with very difficult situations. That’s when you find out who you are and what your values are.”

9. **Do not let path dependency dictate your future.** If one would have asked a statistician⁵ to predict the probability of Spain winning the World Cup, she would have probably analyzed the series of past results and responded “close to zero” since Spain was often eliminated before the quarter finals.⁶ History matters but past results are not necessarily good predictors of future results. From a strategic viewpoint, the past is useful to learn from and shape the future. “You always believe you can do it, and overturn an

⁴ Spain scored 8 goals in the World Cup, received 2 goals against and a total of 121 shots; the team with the highest number.

⁵ I have a lot of respect for statistics and professionals in the field; I even married one!

⁶ Spain’s previous best performance at the global showpiece was a fourth-placed finish at Brazil 1950.

unfavorable trend,” said Bielsa, Chile’s coach, before facing Brazil, in the knowledge that Brazil have won five consecutive games against the Chileans. There is good advice contained in his words; executives need to challenge the idea that path dependency is hard to break. In the same way, they need to realize that experiences from the past are not necessarily good recipes for the future.

10. **Societal support.** An external key factor was the encouragement from society. In prior editions of the World Cup, the public sentiment in Spain was completely different: most fans would felt that the Spanish team wouldn’t get to the quarter finals and the general feeling was usually “we played like never before, we lost like always”, even when Spain hosted the World Cup in 1982. Conversely, in the 2010 edition, the Spaniards were extremely supportive of their national soccer team. This support was based largely on the victory at UEFA EURO 2008, when people started to believe that bigger things were possible.

Social acceptance, also called legitimacy, is of paramount importance for firms although it is often overlooked. Legitimacy refers to the degree to which organizations’ actions are accepted by different stakeholders as appropriate and useful. When stakeholders lose confidence in the firm’s performance, legitimacy may be withdrawn as the stakeholders refuse to provide their share of reciprocal benefits (e.g., customers stop buying products, shareholders sell their stock, employees withhold loyalty and best efforts, government halts subsidies or imposes fines or regulates, environmental advocates sue). Equally, when firms conform with social expectations, the broader public grants its acceptance and this has several benefits for organizations, including better access to resources, improved exchange conditions with partners, better ability to innovate, and enhanced corporate image and reputation.