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## Regulating, Controlling and Using New Financial Inflows: The Introduction of a Modern Licensing Scheme in Swiss Professional Football (1992–2010)

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### ABSTRACT

On the fringes of the Big Five, Swiss football is an emblematic case to be analysed in order to understand the dynamics of the professionalisation of elite football, between the rising performance of the national team and the slow relegation of clubs. Given that a football club's performance depends on its players and therefore on its financial capacity to recruit and maintain a professional workforce, this analysis focuses on the implementation by the Swiss national institution for professional football (Ligue Nationale and from 2003 the Swiss Football League) of mechanisms and indicators to monitor the capacity of clubs to pursue an economic activity that guarantees their sustainability: a process called licensing in Switzerland. The aim is thus to show how the relationship between the league and the clubs is played out in an interaction that is both conflicting and complementary, for the purpose of maintaining and developing football structures.

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In the late 1980s and early 1990s, following what was happening elsewhere in Europe, Swiss football experienced a first overhaul of its economic model. New investments to increase television exposure were reflected in contracts signed between the Swiss Football Association (and the Ligue Nationale, LN) and the Swiss Broadcasting Corporation (Société Suisse de Radiodiffusion, SSR), and then in the 1990s, new private operators (SAT1 in particular) began broadcasting national championship and national team matches (see [Table 1](#)).

Thus, between 1988 and 2003, the increase in the Ligue Nationale's revenues can be explained almost exclusively by the increase in revenues obtained for the 'rights' to broadcast championship matches. Although this indicator is still very superficial, if it is not analysed in the light of the conditions under which it is reinvested, for understanding the development of football, it shows that a dynamic had been at work since the beginning of the 1990s and that it was accelerating with the seasons and the new contracts brought about by the arrival of private channels. Above all, according to a system of redistribution that was being developed, the national football authorities—signatories of these contracts—would take advantage of this new manna

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**Table 1.** National League (LN) net income (1988–2003).<sup>1</sup>

Seasons	LN Income (CHF)
1988/1989	916,000
1989/1990	959,000
1990/1991	1,478,000
1991/1992	1,593,000
1992/1993	2,100,000
1993/1994	2,000,000
1994/1995	2,250,000
1995/1996	2,410,000
1996/1997	1,860,000
1997/1998	6,442,000
1998/1999	8,620,000
1999/2000	10,310,000
2000/2001	13,110,000
2001/2002	14,320,000
2002/2003	12,370,000

to feed the growth of football through professional clubs for the training of the next generation, but also through the grassroots football community, which guarantees the popularity of the sport and the source of future players. Alongside these events, men's professional football in Switzerland was experiencing structural crises or one-off critical moments, in terms of both economics and the sport itself, with clubs going bankrupt,<sup>2</sup> the failure of the bid to host the 1998 World Cup,<sup>3</sup> problems of violence in sometimes dilapidated stadiums,<sup>4</sup> and constant adjustments in the organization of the championships,<sup>5</sup> particularly in the second division.<sup>6</sup> In fact, this period was also marked in Switzerland by the bursting of a real estate bubble, where, because of the rebound effect, various Swiss-German clubs, followed by those in other regions, managed by economic elites from the construction and real estate sectors, found themselves profoundly weakened.

Nevertheless studies on professional leagues or on the institutionalization of national professional football, and particularly for those based on inductive approaches relying on contemporary football archives, are relatively rare and invite historians, sociologists and political scientists to start analyzing the economy of power relations between the different actors in national professional football.<sup>7</sup> In fact, beyond noting the scarcity of studies, our analyses are at the crossroads of several areas of research, that of contemporary football, that of professionalization as a social process linked to the market economy and capitalism,<sup>8</sup> and finally that of Switzerland as a unique economy in the heart of Europe. This article is therefore a continuation of the socio-historical research that has already been conducted on various aspects of the professionalization of football in Switzerland.<sup>9</sup> At the European level, studies have mainly focussed on the biggest national leagues, where the university systems also saw the creation of the first specialized research groups in the 1980s, with a focus on the professionalization of the players.<sup>10</sup> Among these, the literature defines professional football and its relationship with remuneration or its links with a market economy in which football plays an important role. This work continues around the dynamics of Europeanization in the sense proposed by Neil Fliegstein,<sup>11</sup> notably in the writings of Arne Niemann, Alexander Brand, William Gasparini, Jurgen Mittag, Manuel Schotté and Philippe Vonnard,<sup>12</sup> and highlights the profound interdependence between the European and national levels in understanding the process of structuring professional football. In a

specific analysis of the German case, Arne Niemann and Alexander Brand have thus highlighted the importance of exchanges between national spheres and international organizations with an invitation to go beyond conventional top-down or bottom-up approaches to account for the complexity of the process.<sup>13</sup> In doing so, while the Bosman ruling seemed to be a major milestone in the Europeanization of football—and not of ‘UEFA-ization’ since it is above all a decision relating to the world of work—by inviting Europe into the midst of old protectionist national rules, its consequences would be significant. As Manuel Schotté reminded us, it came at a time when:

the actors involved in the structuring of European football [become] more numerous than in the past (EU institutions, players’ unions and agents, TV channels, etc.) and the financial flows [change] in scale, both in terms of the sums involved and in spatial terms, since the 1980s.<sup>14</sup>

We must also mention the inspiration provided by work of André Mach or Thomas David on corporate governance in Switzerland, on the contemporary transformation of the Swiss economy—particularly with the rise of the European Union—and, more broadly, on the relations between the structures of economic and political power in the twentieth century.<sup>15</sup> To support our argument, we also follow the work of Michel Offerlé on interest groups<sup>16</sup> and his sociology of institutionalization.<sup>17</sup> Indeed, the elements proposed by Philippe Bezes and Patrick Le Lidec on the different sources of reforms are inspiring for the framework of analysis that we wish to develop here. We would also like to stress that while the analysis in terms of field can be heuristic, to further decipher the games between the identified agents. It is also necessary to stress that Swiss professional football can still be considered an ‘inter-field’,<sup>18</sup> that is to say a social space subject to sometimes contradictory influences between different related fields and whose longevity is not formalized.

Given that a club’s performance is best explained by the wages and salaries paid to its players and more broadly its administration,<sup>19</sup> our analysis focuses on the implementation by the Ligue Nationale (LN) (which became the Swiss Football League, SFL, in 2003) of mechanisms and indicators to monitor this capacity of clubs to pursue an economic activity that guarantees their sustainability: a process called licensing in Switzerland. Our aim is thus to understand how the relationship between the league and the clubs is played out in an interaction that is both conflicting and complementary, for the purpose of maintaining and developing football structures, complementary, because the money is generated by the clubs that take part in the competitions set up by the National League, in particular *via* TV rights, but also conflicting, insofar as the interests of the partners may differ between a league that regulates and the clubs that play football.<sup>20</sup> This relation covers the training of the next generation to the stadiums, in a period marked by growing financial stakes in football, the relative relegation of Swiss club football within a Europe dominated by the Big Five and the increasing complexity in the legal-economic environment.<sup>21</sup> In fact, our period of analysis extends from the first legal opinion on the structure of Swiss clubs to the extension of the licensing process to second division clubs in 2010.

In order to perform our analyses, we have constructed and analyzed a corpus of original, often unknown sources,<sup>22</sup> by cross-referencing the institutional archives of the Association Suisse de Football (ASF) and the Swiss Football League (SFL,

officially called the Ligue Nationale until 2003), but also a press review and we also conducted seven semi-structured interviews with those involved in the licensing process in Switzerland: Ralph Zloczower, lawyer, former president of the LN and the ASF; Piermarco Zen Ruffinen, lawyer, former member of the LN/SFL central committee; Edmond Isoz, former director of the LN and the SFL; Dino Venezia, former member of the LN central committee; Bernard Jaton, former president of the FC Lausanne-Sport; Robert Breiter, current general secretary of the ASF; and Freddy Rumo, lawyer and former president of the LN.

The article is divided into three parts. The first part, which is contextual, highlights the events that marked the 1980s and 1990s and led to the reforms of the late 1990s. In the second part, we analyze in detail the stages of the introduction of a new licensing system between the late 1990s and 2003. Then, in the third part, we will look back at the creation of the SFL and the consequences of this transformation.

### **The 1990s: Between a New Status for Clubs, the Bosman Ruling and the Emergence of New Economic Resources**

At the end of the 1980s, the members of the LN's central committee held a seminar for the purpose of reflecting on the potential developments of professionalism in football. They 'drafted a dozen or so regulatory texts designed to establish new structures for Swiss elite football.'<sup>23</sup> These new standards mainly concerned the status of players in the National League and the transfer rules. Four types of license were defined for players: professional, semi-professional, trainee and promotional, and all four types of license led to the signing of proper contracts. The rules for 'professionals' and 'semi-professionals' served to define the specificity of the footballer 'who should not be treated with total analogy [with] a hairdresser, a company executive [or] a house painter.'<sup>24</sup> For 'trainees' it was a matter of creating 'a first draft of a contract of apprenticeship in the football profession'; and for 'promotional players,' in the lower leagues, it was a question of 'preventing the clubs which engage such players seeing their budget burdened by unjustified social benefits'<sup>25</sup> when football did not amount to a part-time job for the player.

In fact, one of the major innovations to come out of this seminar was the promotion by the LN of a model contract for professional (and semi-professional) players setting out the conditions of the working relationship between the club and the player, from the player's obligations to the conditions for carrying out related promotional activities or receiving bonuses depending on results.<sup>26</sup> At this stage, professionalization concerned above all that of the players – and not that much youth training structures or club administration –, and the LN seemed more willing to intervene in the governance of the clubs. Although there was already a body issuing licenses every year—the 'monitoring committee'—the content of the documents provided and analyzed still seemed rather undefined, at a time when, we should not forget, that clubs were still mere associations in legal terms.

Indeed, the existing processes and the 'associative' status of the clubs did not really allow for very effective control, particularly with regard to accounting and financial

responsibility,<sup>27</sup> and it was also in this context that the LN would commission Professor Walter R. Schluep of the University of Zurich to provide a legal analysis on the status of football clubs in Switzerland, for the purpose of understanding the full implications of the introduction of the status of 'Société Anonyme' (SA – or a Limited Company in English) in contemporary football. The Professor's opinion, which was several dozen pages long, went into detail about the legal structures of the Swiss Civil Code and stated that 'the license and the associated affiliation to the LN can only be obtained if the clubs are associations within the meaning of Article 60 ff of the CCS.'<sup>28</sup>

During the 1992/1993 season, when the National Football League welcomed a new director in the person of Edmond Isoz, major changes were brought in, including the move of the national football institutions (the National Football League and the Swiss Football Association) to a new building in Muri, which was designed exclusively for their administration. Football teams quickly expanded, both in terms of hiring new coaches, with a view to the next generation of players, and in terms of management to handle the new economic challenges of football.

The changes introduced since the 1980s were above all regulatory and their effect on the football economy seemed 'relatively marginal,' especially in view of the LN's income; its revenue did double between 1988 and 1997, albeit at a relatively stable and constant rate (Table 1). In this period, the two rising incomes' steps of 1990 and 1992 correspond to the revaluation of contracts with Swiss public television, with a real stability of the budget and accounts, apart from the LN's revenue item constituted by broadcasting rights, which doubled during the 1992-1993 season to reach one million francs. It is clear, then, that all the revenue from 'television rights' in the early years of the 1990s was systematically in the form of an annual profit. It was as if the Swiss elite football umbrella structure had not been able to think about reinvesting the media windfall. However, as Charles Suaud and Jean-Michel Faure pointed out in their seminal text on the professionalization of football:

While it is true that football has been committing ever larger budgets since the 1980s, there is no reason to consider this aspect alone. The unequal resources held by clubs remain inoperative when isolated from the arrangements by which individuals convert them into sporting capital.<sup>29</sup>

We must therefore be wary before making definitive interpretations and seek to understand the intersecting dynamics that were slowly emerging between the economic and sporting aspects. Above all, in our framework, it is important to go beyond reflections on individuals to understand the transformations of football structures. In the framework of the LN, the reconversion of economic capital into sports capital mainly follows three lines in expenditure, namely the 'salaries' of the administrative staff in charge of the management of current affairs, the salaries of 'technicians,' notably coaches for youngsters *via* a fund explicitly designed for training, and progressively a system of redistribution of money to the clubs under certain conditions.<sup>30</sup> In fact, while the contract with the SSR brought in about 2 million francs each season at the beginning of the 1990s,<sup>31</sup> about 75% of this amount went directly back to the clubs (in the form of bonuses or progressive subsidies for training staff), and it was precisely around this financial flow that the new logics of control over the clubs were structured.

The annual report for the 1994-1995 season is quite interesting, placing the season 'between the past and the future,' according to a play on words that 1995 would bring into clearer focus. In fact, a few months before the Bosman ruling, it was clear that international transfers were increasing with 'the departure abroad of three more players from the national team, [bringing] the number of our 'mercenaries' to eight,' and that the directors were seeking to increase the level of play, reducing 'the number of clubs in the LN (...) [to] increase competition between players to reach the LN' .<sup>32</sup> It is interesting to note that for the LN and ASF leaders in the mid-1990s, the issue of the quality of the game became fundamental, because they were aware of the exponential value that new profits linked to television media exposure could bring. Ralph Zloczower, who was elected president of the LN at the start of the 1995-1996 season, was the architect of the talks that were to take place with the broadcasters during 1996.<sup>33</sup> As former president of the Young Boys and a well-known lawyer in Bern,<sup>34</sup> Zloczower had helped boost his team's results in the 1970s with the support of his local business contacts.<sup>35</sup> Among the aims of these talks, conducted jointly with the ASF, was the idea of 'increasing the presence of Swiss football on TV,' 'protecting the interests of the clubs' and 'increasing the guaranteed TV revenues for the LN and the ASF.'<sup>36</sup> In fact, the increased revenue was to be used to develop football at all levels, and above all it provided for a form of income growth over the five years of the new contract (1997-2002). While total revenues tripled in one season, the 'basic amount for the clubs' provided by the LN amounted to more than 4.2 million francs in 1997-1998.<sup>37</sup> Similarly, the LN decided to 'pay the surplus revenue of approximately CHF 500,000 to the clubs in the form of an additional training allowance for young players.'<sup>38</sup>

Paradoxically, during this period, several clubs, among the biggest on the national scene (Lucerne, Young Boys, Grasshopper), were experiencing major financial difficulties. At the same time, in the summer of 1997, FC Sion was at its peak in terms of match results, winning the Swiss Cup and the championship, which opened the doors to the qualifying rounds for participation in the Champions League. Wishing to maximize his chances on the sports front, the president Christian Constantin undertook a major transfer campaign, offering professional contracts for unprecedented sums, according to several media and sports sources. Unfortunately for FC Sion, they were knocked out in the second round of the continental competition, against the Turkish team Galatasaray, putting an abrupt end to the sporting ambitions of Christian Constantin's club. This failure was the starting point of a financial debacle. A few months later, FC Sion narrowly avoided bankruptcy with debt of more than 16 million francs, part of which concerned the cantonal institution for family allowances and pensions, of which only 8% was incorporated into a debt rescheduling agreement.<sup>39</sup> The consequences were serious: from an image and financial point of view for the club's partners (public and private) as well as from a broader point of view. At the same time, by a coincidence that only football can invent, a year later Grasshopper Zurich suffered a similar fate in the Champions League against the same opponent – Galatasaray – causing financial difficulties of around 15 million francs. If bankruptcy was avoided in this case, it was thanks to the generosity of a wealthy Zurich man, Heinz Spross, who invested the sum in return for obtaining the transfer rights for a large part of the team,<sup>40</sup> while the newspapers of the time also mentioned

a takeover of the club by Christoph Blocher, a conservative tycoon who will make his way into national government in the 2000s.<sup>41</sup>

At the beginning of the 1995/1996 season, the LN's directors had to stress that 'the clubs will have to improve their organization in order to recruit foreigners whose qualities have escaped the notice of the big clubs in neighboring countries and to improve the training and management of young players.'<sup>42</sup> The fact was that clubs undertook only marginally structural reforms and the contributions from television rights were mainly used to increase the wage bill, to the extent that the case of FC Sion was to be repeated in French-speaking Switzerland at the turn of the twenty first century.<sup>43</sup> However, in these new contentious situations, the development of a new form of economic control over the clubs would contain the financial difficulties.

### **The Turn of the Century and the Introduction of a Modern Licensing Scheme**

At the end of the 1997-1998 season, the LN validated a very profound transformation of the functioning of Swiss professional football by allowing clubs to organize themselves as 'limited companies' (Société Anonyme, SA). In fact, SAs would not replace clubs in all situations, and cooperation contracts had to be signed between the association and a new SA, in which several formal elements had to be indicated, with especially a commitment to 'grant the Monitoring Committee of the LN the right to inspect their assets and income (Art. 2 (c) of the Regulations on the Licensing of Clubs in the LN) by submitting to it the reports drawn up for them by the control or auditing body'.<sup>44</sup>

With the 1998/1999 season, the Swiss football authorities would introduce several new regulations on training<sup>45</sup> and a real separation of powers between the different committees of the LN and the ASF, particularly on the granting of licenses. On the training side, the financial support provided by the LN was to be conditional on the hiring of a 'full-time trainer for pre-training and youth training',<sup>46</sup> which meant that the money provided by the LN could not directly be used to increase the salaries of the club's first team players. For the 1997-1998 season, the amount for LN clubs was CHF 813,000 (to be divided among twelve clubs).<sup>47</sup> Above all, from this season onwards, the licensing committee's powers were greatly strengthened. While clubs still had to apply in the spring to 'qualify' for the following season, the LN committee could now monitor the finances of clubs at any time during the season, with, in the event of financial difficulty, the LN being able to ban recruitment by the club concerned.

Moreover, while the depreciation in the value of players following the Bosman ruling was now absorbed, 'clubs must justify their sufficient economic capacity (not taking into account the valuation of players' transfer rights) and file players' contracts with the LN'.<sup>48</sup> In addition to controlling all player contracts, the LN thus brought about quite profound changes in the way clubs presented their accounts, and from the 1999/2000 season onwards, licenses became more complicated to obtain; in fact 'only six clubs [were] able to obtain a license without a second check of the documents submitted'.<sup>49</sup> At the beginning of the 1999/2000 season, FC Luzern even had to appeal to the LN committee and present last-minute guarantees to qualify for the



new season. At the same time, at the end of the 1999/2000 season, the LN also distributed just over one million francs in 'ranking bonuses',<sup>50</sup> which could not be considered a simple unconditional redistribution, since it is subject to the same conditions of use as the other sums redistributed in previous seasons.

During the 2000/2001 season, the new licensing system was further enriched and the restrictions on management were tightened with the vote at the General Assembly of the Swiss Football League on a new 'Swiss Football League Regulation on the Status of Clubs'.<sup>51</sup> The aim was to 'promote the quality of Swiss football by encouraging the clubs in the National League to better organize themselves in the following four areas: infrastructure (stadiums), sports structure (sports director, technical staff, medical staff, etc.), administrative and commercial structure, and training'.<sup>52</sup> The new regulation proved its power by serving 'as a key for distributing the amounts allocated to clubs by the LN'.<sup>53</sup> The new club statute was truly a revolution in Swiss professional football, with provisions that affected not only the stadiums (dimensions, security and safety, advertising banners, players' benches, etc.), but also the clubs' sporting structure. A professional club, qualified in the National A League, was required to hire a sports director '100% at the disposal of the club,' who 'ensures the application of the sports policy defined by the club's governing bodies'.<sup>54</sup> In addition to two 100% coaches, clubs must have a minimum of 16 professional players and a maximum of 25 contracted players, including a maximum of 10 non-nationals,<sup>55</sup> but the clubs must also ensure a minimum of 6h of office hours per day (including on site in a dedicated location for the public), as well as enough employees performing tasks related to the first team (transfers, qualifications, appeals, etc.).<sup>56</sup> As a result of these new provisions, it should be pointed out that 'following the refusal of the A license to Lausanne-Sports, FC Lugano and FC Sion, LN clubs were, for the first time, automatically relegated'.<sup>57</sup> However, this harsh approach was quick to bring results because in the run-up to the '2003/2004 season, this much stricter practice saw positive repercussions. Indeed, a much greater number of clubs obtained a license in the first instance'.<sup>58</sup>

At the same time, the LN institution itself was being structured with the aim of managing the cyclical ups and downs, while guaranteeing growth prospects for its sport at national and international level. Major efforts were made to promote competitions, starting with the creation of an internal marketing department within the League and the recruitment of professionals in the sector, following the example of a practice hitherto based on outsourcing, notably through collaboration with the newly established 'Centre International pour l'Étude du Sport' (CIES) in Neuchâtel:

In 1997, when you must go and negotiate a multi-million-dollar contract with SAT1, you need a professional who knows the negotiation technique, who knows the sport and the national culture and who has the legal knowledge to draw up a proper contract. You can't send someone who does this in their spare time and has no knowledge of the technical side of things or the media market.<sup>59</sup>

The aim of these measures was to optimize and stem, at the same time, the influx of capital at the beginning of the 2000s, to ensure that the league's resources are not used solely to increase the wage bill, but benefit all the structures of the game. The agreements signed with SRG and SAT1 would be followed by the arrival of Téléclub in 2006, which would offer television broadcasting of all Super League matches,<sup>60</sup>

with the aim of generating significant new revenue. However, this revenue remained modest, accounting for only 5 to 10% of Swiss club budgets, something similar to other minor leagues (Scotland, Denmark, etc.), unlike in other countries where it could be as much as 60% (in the emerging Big Five).

While the partnerships signed with the broadcasters enabled the marketing of sports on television, attention was also given to how the sport was organized in the stadium, with consideration given to the security, safety and hospitality aspects. The growing commercialization of football as a 'product' placed new focus on the importance of infrastructure and the need for new stadiums. The construction of the St Jakob Stadium in Basel and the successive inauguration of more than ten new sports venues across the country,<sup>61</sup> for football only (with the 'English-style' stadium model) and more inclined to favor the marketing of the overall 'product' with the development of new forms of collaboration and partnerships of the public-private institutional type, were part of this incremental process from 2000. In fact, while the local dynamics around the clubs were obviously essential in order to understand stadium construction planning, it was also necessary to consider the context of the Austrian-Swiss bid to host Euro 2008. Indeed, after the failure of Switzerland's bid to host the 1998 World Cup, due in particular to issues with stadiums—which were largely dilapidated in the early 1990s—the plan for the European Championship was to renovate stadiums, notably with significant support from the Swiss Confederation, which was involved through its new financing tool: the 'Conception pour les Infrastructures Sportives d'Importance Nationale' (CISIN – for funding infrastructure of national significance), endowed with several tens of millions of Swiss francs for renewable multi-annual cycles.

### **Beyond the Creation of the Swiss Football League: Licensing as a Regulatory Tool for Equity and Sustainability**

Still, during the 2004/2005 season, many matches had to be postponed because the infrastructure was unsuitable for Swiss winter weather.<sup>62</sup> Although these occurrences seemed to hark back to memories of the 1970s, they were still a reality for many clubs in Switzerland and jeopardized the smooth running of a system where, paradoxically, the reforms of the 1990s were beginning to produce results, as can be seen from the SFL president's subtly crafted statement couched in economic jargon, which smells like the *Nouvel esprit du capitalisme* well described by Luc Boltanski and Eve Chiapello:<sup>63</sup>

It is well known that difficult situations also bring opportunities. In this case, this particular situation has certainly led to a significant improvement in understanding between the clubs in the SFL, and between the clubs and the league. Greater professionalism in the operational activities of the clubs as well as constant optimisation of the infrastructure have also played a positive role in this pleasing process. (...) A gentle reform process that can be described as a reshaping is (...) under way in the SFL. In this context, the management, and especially the presidency, should be strengthened and the organization should become stronger and more efficient, without costs exploding.<sup>64</sup>

In fact, given the emergence of numerous new channels for the 'financialization' of professional football, the public authorities and the umbrella bodies were also busy

implementing a whole series of measures enabling them to preserve the cultural and social values of the sport, with the aim of guaranteeing respect for the major fundamental principles of labor law, competition law and the famous ‘equality of opportunity’ that is part and parcel of competitive sport. This was further reinforced by the bankruptcy of Servette FC during the 2004/2005 season, ‘obliged to withdraw its first team from the Axpo Super League during the winter break.’<sup>65</sup> As a result, the presidents approved various measures aimed at strengthening financial control of SFL clubs, including a monthly check on the payment of social security contributions by clubs as of 2004. During the 2006/2007 season, each club’s license file was required include a cash flow plan: clubs had to submit their accounts, showing all their income and outgoings, with a monthly breakdown, to allow for better monitoring.

The decisions taken by the SFL Board of Directors in terms of governance to deal with these risks of instability were in line with the process of setting up regulatory instruments, reminiscent of the convergence criteria imposed by the European Union on candidates for the euro zone.<sup>66</sup> The necessary quest for organizational and administrative stability led, within the LN, to the gradual consolidation of a centralized licensing system governed by an independent body, appointed ad hoc by the LN, whose aim was to guarantee the sustainability of competitions by defining parameters and criteria for club participation in competitions. The primary objective was to ensure the solvency of the clubs for the whole of the coming season in order to avoid bankruptcies that would disrupt the running and credibility of the competitions.

The introduction of exclusive and restrictive conditions for participation were at the heart of these reforms from the 2003/2004 season, with, in particular, the requirement for clubs to become limited companies (a practice which was already unofficially in force in a majority of clubs but which was now formally institutionalized and to facilitate information gathering for auditing and control), and the introduction of quality standards and training structures capable of supporting the sporting and financial growth of professional teams. Thus, the SFL was taking early steps toward the ‘Home Trained Player’ project (...), launched by UEFA [and which] mainly consists of protecting training and national teams by obliging professional leagues to include a certain number of locally trained players on the quota list, respectively on the match cards.’<sup>67</sup>

Using the example of the European Union, where candidate countries for EU membership undertook to respect commitments relating to four types of economic indicators, or otherwise face warnings or sanctions, the SFL clubs committed to comply with criteria in five areas: legal, infrastructure, sporting, administrative, and financial. Compliance with these criteria was a prerequisite to taking part in the national championships, as set out in the licensing handbook for the 2005/2006 season:

The business of top football clubs is increasingly becoming that of a service company. The Swiss Football League (SFL) wants to help the clubs participating in its championships to achieve a higher level of quality and thus improve the overall structure of Swiss football. (...) The awarding of a license is intended to achieve the following objectives:

1. to increase the quality of Swiss football and to constantly improve it;
2. to promote and constantly improve standards at all levels of Swiss/European football and to continue to give priority to the training and coaching of young players in each club;

3. to ensure proper administration and organization of each club;
4. to adapt the sports infrastructure of the clubs in order to offer spectators and the media safe, modern and well-equipped stadiums;
5. to increase the transparency and credibility of clubs, to pay due attention to the protection of creditors, to monitor financial fair play in competitions and to ensure their continuity throughout the season
6. to ensure the continuity of national/international competitions during a season and to control the financial fair play of these competitions
7. to enable the development of a Europe-wide benchmarking procedure for clubs with regard to financial, sporting, legal, infrastructure, personnel and administrative criteria.<sup>68</sup>

The text set out the minimum criteria to be met by a club in order to be issued with a license. The stated objectives reflected the central idea and highlighted the priority of training and coaching young players and preserving the integrity and proper conduct of competitions. This approach sought to improve the economic and financial performance of clubs by strengthening their transparency and credibility. In this way, the SFL positioned itself as the guarantor of the financial sustainability, but also the legal, technical and sporting conditions under which professional football is played. This reference can be explained by reasons of image and legitimacy. It can also be explained by the need to avoid appearing to be simply an agreement between clubs, with the sole objective of reducing financial deficits for the benefit of shareholders and to the detriment of players. The licensing handbook was part of a broader licensing system outlined in a set of regulations stretching to some sixty pages, with as many annexes. In these general provisions, the SFL listed the requirements for clubs wishing to participate in professional competitions. Thus, the legal criteria defined the standards required of the members applying for a license. The infrastructure criteria identified issues relating to the ground or stadium and aimed not only to ensure that the license holder has an infrastructure that allows matches to be hosted safely, but it is also required to meet a number of technical and material standards that allow for professional-quality (state of the art) television broadcasts as well as for the development of networking activities conducive to marketing the 'football product'. The sports criteria are designed to assess license applicants in terms of whether they comply with the existing rules for training new players and the achievement of a new training benchmark determined by the conditions offered to young players within a club or through partnership in between clubs. The administrative criteria sought to determine compliance with the organizational standards imposed for the allocation of tasks and responsibilities within the club's hierarchy. Lastly, the financial criteria are based on the assessment of a positive cash-flow. They present in a very explicit and detailed manner the requirements and guarantees that the license applicant must offer in these respects: of the 63 pages in the reference document (the SFL's Licensing Handbook), 30 deal with the financial criteria.

As a result of the licensing measures and increased control of participants in the professional leagues, the format of the competition also underwent a major change with the move to a 10-team league, approved in 2003:

[This] is fundamentally a decision dictated by an economic logic before being a sporting one, insofar as it makes it possible to offer guarantees to all those involved in the management of Swiss football. It provides clubs with a tool for financial planning and

recruitment. It offers the possibility of organizing and hosting a greater number of prestigious matches (derbies or hosting of top teams).<sup>69</sup>

After the measures taken for the Super League in 2003, in 2010 the focus was on the Challenge League (second national division). The competition was reduced from 16 to 10 teams with a new aim of raising the standard of professionalism in order to encourage the training and development of players trained in Switzerland.<sup>70</sup> Indeed, during the 2000s, the Swiss league, whose youth development system is becoming a model on the European continent, established itself as a net exporter of young talent. However, in the first division, young Swiss players were getting less and less playing time, in favour of foreign players who were often cheaper.<sup>71</sup>

### **From Licensing to the UEFA Driven ‘Financial Fair Play’**

In the annual report of the Swiss Football League in 2000/2001, the Licensing Committee stated that ‘UEFA is in the process of drawing up internationally valid regulations setting out guidelines for the award of licences.’<sup>72</sup> Above all, it appears from our discussions with key actors on the ground that the geographical proximity and the interconnections of football networks (many Swiss officials are integrated into UEFA’s governing bodies) meant that the introduction of a more modern licensing system in Swiss professional football in the 1990s and 2000s served as a model, or at least as a benchmark, for UEFA’s development of an equivalent system for European football. If the ins and outs of such an influence of Switzerland on European football, as counterintuitive as it may appear, especially after reading certain works,<sup>73</sup> constitutes a major perspective for this work, they also invite comparisons with the dynamics experienced by other nations over the last four decades.

Beyond the open hypothesis on the reciprocal influences between Swiss national bodies (ASF and LN) and international bodies (UEFA and FIFA), which moreover see many leaders attending the committees of the different institutions in parallel, it should be emphasized that the SFL’s introduction of a management tool capable of guaranteeing the sustainability of the clubs and professional competitions it organizes has enabled Switzerland to build a unique position in European football. This management tool secured a form of protection for its training system—which enables its national team to achieve regular performances in competitions—in a context of relative relegation of the attractiveness of its domestic championship.

Licensing is a governance tool that was developed in the 1990s and marks the LN’s awareness of its own strength through a process of empowerment. This awareness comes at the end of a process that has gradually seen football move from being a simple leisure activity, partially subject to the logic of the market economy, to becoming a global, marketable and multi-vector product (communication, marketing, representation, inclusion, etc.). This new stage in the professionalization of Swiss football has experienced various stimuli during this period. There has been stimulus ‘from below,’ for example from the field of play itself and resulting from the increase in the number of matches aimed at improving the competitiveness of the club teams and the national team. And then there has been ‘top-down’ stimulus with proposals for

changes coming from the LN committee. The introduction of a stricter and more binding licensing process, such as the one that emerged in the early 2000s, brought together these different dynamics in the quest for sustainability of clubs and competitions through balance and fairness of opportunity between participants. The aim was clear and consisted in an attempt to reduce as much as possible the uncertainty facing managers, whether within the clubs or within the League. Indeed, as much as uncertainty is a guarantee of suspense and attractiveness in a healthy sporting context that can lead to a result such as winning a trophy, qualifying for the European Cup, promotion or even avoiding relegation, this same uncertainty is harmful and dangerous in the planning phase.

It is interesting to note how this same type of reasoning applies to the constant search for the best possible competition formula, with thoughts on a 10, 12 or 14-team league, an open or closed format based on the North American model, or even on promotion/relegation procedures. In spite of the philosophical or managerial sources of inspiration, it appears from these different elements that in the context of smaller nations such as Switzerland, the structures need to be further developed, and the principle according to which ‘necessity makes virtue’ becomes a driving force in terms of rationalization of the organization. It is also worth highlighting the way in which the criteria in the licensing procedure were defined, with particular focus on the different components of Swiss professional football: its institutions, its infrastructure and its training logics. Did this strategy respond to a managerial rather than a visionary approach? This remains difficult to define, as the sources analyzed must always be seen in context, and the testimonies obtained must be viewed with the necessary critical distance. We also have to consider that these reforms were part of a wider process that was seeing several leagues at European level adopting similar instruments (particularly in France and Germany) and at federal level at FIFA and UEFA, to respond to the imposition of a new spirit of capitalism, which is developing a ‘new spirit of football’.<sup>74</sup> The fact remains that diligent management made it possible (and still makes it possible) to reduce the margin of uncertainty and to ensure greater equity and stability. In the best of cases, licensing has created a kind of virtuous circle which keeps in view the prospects of constant development and improvement capable of giving Swiss professional football an important place in the European panorama ... until the next crisis.

## Notes

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## Disclosure Statement

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