Scenario: The Italian Job

# The Background

The Indonesian business tycoon Erick Thohir acquired a 70 percent share in the famous Italian football club Inter Milan in 2013. The previous owner of Inter Milan, Massimo Moratti, retained the remaining share. Thohir thus became the first Indonesian businessman to buy a leading European team, and only the second foreign owner of a top Italian club. A sports fan, Thohir had previously set up the Indonesian basketball association, but then he became interested in U.S. sports, which are much more business oriented. He invested in the Philadelphia 76ers basketball team in 2011, and in the Washington major league soccer team, D.C. United, in 2012.

# The Problem

In 2013, Inter Milan had an estimated enterprise value of around €375 million but was heavily in debt. Inter Milan had won five Italian championships between 2006 and 2010, and also won the Champions’ League in 2010. Since then, however, the team’s performance had been poor, finishing only fifth in Italy’s premier league (known as Serie A) between 2011 and 2013. The team’s fans were disappointed. The club culture was heavily “Italo-centric,” using Italian players and management. Italy’s “hardcore” football fans—the “ultras”—had a reputation for xenophobia, racism, and violence.

In 2013, with €169 million in revenues, the club dropped to fifteenth in the Football Money League produced by the accounting group Deloitte. The Serie A league had a reputation for being corrupt and inward-looking, and it was only now opening up to overseas investment. Few clubs made significant profits, and ageing stadiums were not suitable for families and corporate hospitality. Inter Milan was one of six teams under investigation by the governing body, the Union of European Football Associations (UEFA), for breaching “financial fair play” rules.

# The Solution

As the new owner, Thohir wanted to develop a different approach to running the club:

Football is changing. I want to use the US model, where sport is like the media business, with income from advertising and content, mixed with the consumer goods industry, selling jerseys and licensed products.

Thohir’s goal was to turn Inter Milan into one of the world’s 10 biggest revenue-generating clubs. However, he had to change the club’s organization culture, as well as fixing the finances. He decided to recruit British and American executives with experience in media as well as sport. Michael Bolingbroke, previously chief operating officer at Manchester United (one of the most profitable football clubs in the world), was appointed as chief executive. Thohir recruited a marketing director from Apple iTunes, a head of global partnership from the U.S. sports and entertainment group AEG, and a chief financial officer from D.C. United.

Inter Milan had 280 million fans around the world, 60 percent of whom were in Asia, with 18 million in Indonesia alone. Thohir and his new management team, therefore, wanted to focus on Asia, where Inter Milan was not as popular with middle-class football fans as Manchester United, Liverpool, and Real Madrid. Thohir saw growing opportunities in Asia to develop the Inter Milan brand, increase merchandise sales, sign country-based sponsorship deals, and generate more revenue from close-season tours. When he recruited Nemanja Vidic’ from Manchester United in 2014, Inter Milan fans asked what this ageing defender could do for their club. The answer was that Vidic’ was “a good brand for the Asian market.” The management team asked, “Will this player help us compete on the field, and what about on the marketing side?” Considering the pressure from fans and the Italian sporting media, Thohir commented, “When you’re standing on top of the hill, the wind blows hard.”