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# CONCACAF Strategic Repositioning: Rebuilding Trust in the 'Beautiful Game'

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# CONCACAF STRATEGIC REPOSITIONING: REBUILDING TRUST IN THE 'BEAUTIFUL GAME'

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## Learning outcomes

Upon completion of this case the reader should be able to:

- Identify the role of leadership in creating a shared vision.
- Examine the core ideology and intended future components of an organisational vision.
- Evaluate an organisation's strategy development process.
- Develop an appreciation of the complexities involved in an organisation's strategic repositioning.

## Overview of case

This case presents the strategic repositioning challenge faced by the Confederation of North American, Central American and Caribbean Association Football (CONCACAF) after a period of leadership and strategy instability. It reports the allegations and findings of misconduct, and discusses the steps taken by the new leadership to define a new mission and strategy.

## Acknowledgements

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## Case study

Jurgen Mainka stepped out of the main conference room at the Ritz-Carlton, Grand Cayman in October 2013 to take another call from a journalist interested in the discussions underway at the CONCACAF Sports Summit. As a spokesperson for CONCACAF, Mainka was delighted to share the positive developments of the past year, which had seen a marked shift in the way football fans and other stakeholders were viewing the organisation. He spoke of the increasing number of social media followers that were now regularly engaging with content about the confederation's tournaments and development programmes, and the greater awareness and optimistic associations now linked to CONCACAF. Mainka recalled how even his business travel experiences had been impacted - with customs officials, who previously stared blankly when he provided his reason for visiting their country, now recognising CONCACAF and excitedly sharing their views on recent games.

As Mainka slipped back into the room, he also knew that the job was not yet done. Questions remained about whether CONCACAF had made a clean enough break from its difficult past. Observers also wondered whether the strong words and new vision could be carried through to tangible actions on the fields of play and administration boardrooms across the region. Mainka took his chair as FIFA President, Sepp Blatter, began speaking about the power of football:

There are three powers in our game. The first one is the social power – football is education, entertainment, based in discipline, respect and fair play. But more than that, football gives emotions and hope... The second power, a big power, it is the economic power. Football has

become, and specifically in the past 25 years, a very significant economic power... Naturally football has a political dimension. It is important for the development of the game all around the world but especially in smaller countries.

## CONCACAF

The Confederation of North American, Central American and Caribbean Association Football (CONCACAF) is one of six continental confederations of FIFA (Federation Internationale de Football Association). It serves as the governing body of football for the national associations from Canada in the north to Guyana, Surinam and French Guyana in the south, including three North American countries, seven Central American countries, and 31 Caribbean countries. As the administrative body for the region, CONCACAF manages competitions, offers technical and administrative training courses, and actively promotes and develops the game of football. This mandate is located within the objectives of FIFA to improve the game of football constantly and to promote integrity, ethics and fair play. A General Secretariat, Executive Committee, Congress and several committees lead CONCACAF. The Executive Committee is composed of seven elected members, including a President, three regional Vice-Presidents, and three members, and serves as the Board of Directors of the non-profit company.

Prior to 2012, three Presidents had led CONCACAF during its 50-year history: Ramon Coll Jaumet from Costa Rica from 1961 to 1968; Joachim Soria Terrazas from Mexico from 1968 to 1990, and Austin Jack Warner from Trinidad and Tobago from 1990 to 2011. When Warner assumed his leadership position, CONCACAF was a “languishing confederation with few resources, little or no sponsorships or broadcast revenues, and events and competitions that, at best, had achieved limited success” (Simmons, Urbina & Hempe 2013, p. 5). Supported by his General Secretary, Charles “Chuck” Blazer, Warner oversaw an extended period of development and prosperity for the organisation. By 2010, CONCACAF reported annual revenues of over \$25 million, with assets of more than \$45 million.

Allegations of misconduct surfaced in 2006 when Warner was implicated in the reselling of large blocks of tickets to the 2006 FIFA World Cup at inflated prices (Longman & Carvajal 2011). Other reports in 2011 alleged that Warner sought funds from the English Football Association to cover some of the \$1.6 million rights cost of broadcasting the 2010 FIFA World Cup at Haitian public viewing venues, after the devastating 2010 earthquake. FIFA confirmed that no public viewing license had been granted for Haiti (Bond 2011). In June 2011, FIFA’s ethics committee found “comprehensive, convincing and overwhelming” evidence that Warner and Mohamed bin Hammam, the President of the Asian Confederation and candidate for the FIFA Presidency, were involved in attempted bribery (Phillips 2011). The investigation was conducted at Blazer’s request as a member of FIFA’s Executive Committee, and followed an affidavit from the Vice President of the Bahamas soccer federation that he had been offered \$40,000 as a gift from Bin Hammam. Warner resigned as a FIFA Vice-President and President of CONCACAF on 20<sup>th</sup> June, essentially ending the FIFA investigation with “a presumption of innocence” (Phillips 2011). Later that month, Warner accused Blazer of misusing and misappropriating CONCACAF funds. Blazer resigned from CONCACAF at the end of 2011.

After a period of instability during which the Vice-President of CONCACAF, Alfredo Hawit, acted as President, Jeffrey Webb was elected the next President in May 2012, becoming “one of the most important men in the sport of football worldwide” (Cayman Islands Government 2012). Webb had served as President of the Cayman Islands Football Association since 1991 and was Deputy Chairman of the FIFA Internal Audit Committee and a member of the FIFA Transparency and Compliance

Committee (Simmons, Urbina & Hempe 2013). Within a month, Webb announced the establishment of an Integrity Committee to oversee investigations of alleged misconduct as part of his pledge to promote transparency, accountability, and reform within CONCACAF. By April 2013, the Integrity Committee determined that Warner had committed fraud against CONCACAF and FIFA in the development, financing and ownership of the Centre of Excellence, a multi-purpose sports complex in Trinidad and Tobago (Simmons, Urbina & Hempe 2013). The Committee's report concluded that Blazer misappropriated more than \$15 million of CONCACAF funds and violated U.S. Federal tax laws by failing to file tax returns from 2006 to 2010. The Committee also found that Warner and Blazer repeatedly issued financial statements that they knew contained misrepresentations and material omissions, while employing a non-independent accountant as an auditor (Simmons, Urbina & Hempe 2013).

## **A new mission**

As Webb accepted the Presidency at the CONCACAF Congress in Hungary on 23<sup>rd</sup> May 2012, he declared: "What has our focus been? Politics and economics; let us focus on our game... We must move the clouds and allow the sunshine in" (Liburd 2012). He went on to say:

Over the last year, our mission and our vision have been blurred, from lawyers, to audit reports to compensation. We have deviated from our mission. I am here; we are here, because of our love for football. The passion for the game drives and motivates our every action. Our core focus must be football: its development, its growth and its ability to transform nations. We must... restructure our confederation. The events over the past year will not define and determine our destiny. We have a responsibility to ensure that history isn't repeated. Let us use the events over the past year as a catalyst to promote positive change. Let's see it as an opportunity to return to the core values of the beautiful game - the values which enchanted and sparked our love affair with this game (Cayman Net News 2012).

Webb appointed Columbian-born Enrique Sanz as the new General Secretary in July 2012, replacing Ted Howard, the Deputy General Secretary who had held the position in an acting capacity since Blazer resigned. Sanz had been Vice-President of South American soccer marketing agency Traffic Sports USA. Additional personnel changes followed in November with the appointments of Horace Donovan Reid as Director of Competitions and Jurgen Mainka as Director of Communications and Marketing. Reid had previously served as General Secretary of the Jamaica Football Federation and as the Chairman of CONCACAF's Administration Committee. Mainka was born in Mexico and grew up idolising Argentinian goalkeeper Ubaldo Fillol. Mainka previously worked as Vice-President of Community Relations for the New York Red Bulls Major League Soccer (MLS) franchise, and was also responsible for MasterCard's Latin American sponsorship activations during his time at Octagon.

## **Crafting a new strategic agenda**

As Mainka walked into his new office in Miami, the leadership of CONCACAF was defining a new strategic agenda. Webb stated, "I want to focus on the field of play and on the players and on grassroots programs and player development. The game is about players, coaches and referees and that should be the foundation of the game" (Evans 2012). Reflecting on the role of the Confederation as the hub for member countries, Webb questioned whether it had adequately serviced that responsibility: "I think we should be sharing the wealth with those countries, helping them participate in competitions" (Evans 2012).

For Mainka, the new strategic agenda was captured in two core messages: "The development of the game was 100% of our focus, regardless of how big or small our member associations were, and

CONCACAF works for its members, not the other way around.” In repositioning the public perception of CONCACAF, Mainka’s goal was to regain the “business trust” of the market and stakeholders, including commercial partners, through “very clear transparency in everything we did.” Specifically, Mainka’s first objective was to develop a stronger platform for the organisation’s external messaging, in order to raise communication levels with all stakeholders. Secondly, Mainka set an objective to change the stakeholder’s negative perceptions of CONCACAF. These goals were echoed in Webb’s public comments that, “...in rebuilding the vision and the image of the confederation, actions speak louder than words. We have to rebuild that trust and integrity and reestablish that credibility that we've lost” (Wahl 2013).

Mainka’s team employed a SWOT analysis to reassess the internal and external context facing the organisation. As he arrived, Mainka recognised strength in the passion for the game felt by many of the management team based in Miami. One of the important weaknesses the analysis found was the passive way in which CONCACAF had performed marketing activities, which Mainka felt was “very different to the way in which I would do it.” Looking externally, the SWOT analysis suggested that the increasing fan use of social media presented an opportunity to more consistently and frequently communicate where “nothing was done in the past.” Mainka was conscious that the window of opportunity to affect change was small and needed to be capitalized on to avoid the dominant themes of corruption and fraud setting in for good. Given FIFA’s espoused commitment to the spirit of fair play, Mainka recalled a worrying Facebook post example in March 2013 exclaiming, “Fair play does not exist in Concacaf!!!” (Andrey Samper Jimenez 2013). With this context top of mind, and reinforced by weekly strategic conversations with Sanz, the new General Secretary, Mainka focused his team on execution.

We began by revamping our webpage to be able to have a direct touch point with not only the fans but every single stakeholder, whether it was a member of the association or a sponsor, a partner, or whether it was any official within the football world... to make sure that our information was accurate, current, and really reflected that transparency we spoke about.

These actions followed a set of new business practices that Sanz led to professionalise the administration of the organisation, including a strict budget for every division, including marketing, public relations, and competitions.

### **Capitalizing on the Gold Cup & Champions League**

One of the implications of the new strategic agenda was the intent to involve all 41 countries in all CONCACAF activities. Reassessment of the confederations’ competitions such as the Gold Cup and Champions League were seen as immediate remedies in achieving a new strategy.

The Gold Cup is the bi-annual international tournament of 12 qualified national teams within the CONCACAF region. Tournament games are held on U.S. soil and televised by Fox in English and Univision Deportes in Spanish. The Gold Cup is the premier tournament competition within the CONCACAF with the 2011 edition contributing nearly \$20m in revenues (Wahl 2013). In fact, the 2011 Gold Cup competition between United States and Mexico drew a 93,000 sellout crowd at the Rose Bowl in Pasadena in addition to its record setting 1.43 Nielsen viewership rating in the U.S. In 2013, the United States and Panama Gold Cup match achieved the second highest television rating for any soccer match in the U.S. The Gold Cup results determine which CONCACAF national teams will earn a place in the FIFA World Cup every four years.

The CONCACAF Champions League is the annual tournament of 24 qualified club teams within the CONCACAF region. Spots are selected based on each country’s strength of inter-league quality. For

example, the United States and Mexico are given four spots each. Costa Rica, Panama and Honduras are provided with two spots each. Canada and the remaining countries within the region are left with one spot each. The current CONCACAF Champions League group stage is a six-week process with several scheduled matches per week. In many cases the competition receives no coverage by traditional sports media broadcasters, raising questions about the value of the tournament for teams across the region (Hickey 2013).

Mainka recognized that “people didn’t quite understand what it meant to win the league... You are the reigning champions of CONCACAF? And?” From his time with the New York Red Bulls, Mainka knew that teams would rather focus on their more lucrative national tournaments, with the Mexican Liga MX recognised as the fourth highest average attended league in the world. Eighty percent of CONCACAF countries, however, were without a professional league (Nicholson 2013). Because the CONCACAF Champions League winner is automatically qualified for the annual FIFA Club World Cup, Mainka’s team therefore focused their communication with clubs on the prestige and financial rewards of the global tournament. The Club World Cup involves seven teams competing for the title at venues within the host nation over a period of about two weeks. The seven participating clubs include the winners from the AFC Champions League (Asia), CAF Champions League (Africa), CONCACAF Champions League (North America), Copa Libertadores (South America), OFC Champions League (Oceania) and UEFA Champions League (Europe), along with the host nation's national champions. In December 2012, Club de Futbol Monterrey, the Mexican representative of CONCACAF at the tournament in Japan, beat Al Ahly Sporting Club from Egypt to take third place, which included prize money of \$2.5 million.

Beyond the brand positioning and appeal of the CONCACAF Champions League, Mainka focused on “reassessing the structure of the entire tournament, from dates we are playing, to formats, to really exploring in language with the new approach to everything.” Mexican clubs won the previous five years of the tournament, with nine of the 10 finalists and 14 of the 20 semifinalists being from the Liga MX. Critics of the tournament also pointed to the poor broadcast and online streaming product, when covered at all (Hickey 2013).

### **Conclusion: Ongoing transformation**

Jeffrey Webb kicked off the CONCACAF Sports Summit in the Cayman Islands on 22<sup>nd</sup> October 2013 by highlighting the 43 million athletes playing football at various levels across the region. With the theme of “Transformation through partnership,” the two-day event aimed to “build bridges; create dialogue; examine and highlight some of the best practices throughout the region; analyze strengths and to set goals and objectives to improve shortcomings” (Wilson 2013). For the first time in the region’s football history, Sports Ministers from each of the 41 countries were invited to join CONCACAF’s regional and country leadership teams. In addition, business, media and non-profit stakeholders were invited to “create synergies and dialogue... to foster the development of the game for the future” (Wilson 2013).

Nic Coward, the General Secretary of the English Premier League, argued during the summit that their transformation from a “league that brought in a few million pounds a year to one that brings in over two billion [was] directly attributable to the partnerships we have built with the media, fans, businesses and above all with the local communities where our teams play” (Riccio 2013). Webb suggested that the Caribbean nations should cooperate to create a professional, region-wide “Caribbean League”. This league could bolster the chances of a Caribbean nation qualifying for the World Cup. In addition, it could change the balance of football revenues in the region where currently 80% of revenues are generated by less than 20% of the countries (Nicholson 2013). The CONCACAF

President also suggested that the region should have the opportunity to host the FIFA World Cup in 2026.

Mainka wondered whether his team's efforts over the previous year had re-established a strong enough foundation for CONCACAF's ambitious growth intent. As the numbers of Twitter followers and Facebook likes for CONCACAF continued to grow, Mainka questioned whether a strong enough strategy was in place to achieve the developmental goals of the organisation. Reflecting on his role in executing the new strategic agenda, Mainka wondered whether the Gold Cup and Champions League products were strongly enough aligned to the new mission, and pondered what else he needed to do to accelerate the transformation of CONCACAF.

### Questions

1. Identify and discuss the ways in which Webb created a shared vision.
2. Discuss the extent to which CONCACAF's core ideology and intended future are related.
3. Critique CONCACAF's strategy development process.
4. What risks does CONCACAF face in executing their strategic agenda?
5. How should CONCACAF mitigate these risks to enhance the likelihood of successful execution?

### Recommended reading

In order to deepen analysis of the case study, students are encouraged to read the following strategy development resources. Firstly, students are directed to review Collins and Porras' (1996) and Kouzes and Posner's (2009) Harvard Business Review articles on developing a corporate vision. An additional view on this step in the strategy process is offered by Colakoglu's (2012) Thunderbird International Business Review article. In order to fully critique CONCACAF's strategy development process in question three above, students should refer to Kaplan, Norton, and Barrows' (2008) Harvard Business Publishing Newsletters contribution. Finally, students are directed to review Neilson, Martin, and Powers' (2008) Harvard Business Review article when reflecting on strategic risks and execution.

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### **Recommended websites**

CONCACAF – <http://www.concacaf.com>

Official CONCACAF – <http://www.facebook.com/officialconcacaf>

@CONCACAF – <http://www.twitter.com/concacaf>



FIFA – <http://www.fifa.com>

Harvard Business Review: Strategy Execution - <http://hbr.org/balanced-scorecard>