

DRAFT

CANADIAN SOCCER LEAGUE

BUSINESS PLAN

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July 19, 2000

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EXECUTIVE SUMMARY

This plan has been prepared to outline the steps necessary to create a sustainable national professional soccer league in Canada.

The Canadian Soccer League is a new organization that will develop professional teams in identified markets across Canada under a single-entity structure. All business personnel will be appointed by the league and work in coordination to ensure the success of the league as a whole while allowing local managers the freedom to build successful individual teams on the field.

The league expects to be self-sustaining within two years and profitable within five based on an annual league-operating budget of \$8 million using realistic attendance targets and primarily local athletes.

Potential markets for the location of individual teams are cities with a population of 200,000 or greater with key markets in Toronto, Vancouver and Montreal. Factors in determination of team locations will include demographics, history, sponsorship opportunities and infrastructure.

There are currently professional teams operating in key markets attached to an American league and in many of the other markets there are senior-amateur/ semi-professional teams playing in regional leagues. A key success factor will be to bring those teams already operating in desired markets into the new league.

Promotional programs will be targeted at desired demographics including the 800,000+ registered soccer players across the country.

Leveraging the positive media exposure of, and recent successes by, the national team into successful partnerships with TV and radio media will be complemented by extensive use of the new web media to reach fans directly.

The continued growth of soccer as the largest participation sport in Canada along with the growing popularity of soccer on TV, is most reassuring. However, it will take hard work, dedication, and a well-positioned advertising and promotion program to realize this vision.

INTRODUCTION AND OVERVIEW

As we pass through the turn of the millennium Soccer in Canada has reached unprecedented highs on and off the field. The senior men's national team became Gold Cup Champions by winning the CONCACAF equivalent of EURO 2000. Holger Osiek led the team on a yearlong 15 game unbeaten streak including the Gold Cup tournament and the media nickname "Holger's Heroes" has taken root in a population suddenly proud to call themselves soccer fans.

The number of players (adult and youth) in Canada which has been climbing steadily since 1993 reached astronomical numbers topping even hockey registrations in 1999.

Sport	Number of registered participants:
Soccer	702, 609
Hockey	508, 836
Figure Skating	135, 783

Figure 1. Registered Participants in Canadian Sports, 1999.

TV viewership of soccer in Canada has been increasing as two competing all-sports networks have better served consumers. World Cup 1998, Gold Cup 2000 and EURO 2000 were all ratings successes for the networks involved.

In order to continue and expand Canada's on-field successes the Canadian Soccer Association has begun to implement an ambitious development program. What is currently missing and identified as essential by people like National Coach Holger Osiek and CSA President Jim Fleming, is a professional league. By completing the development pyramid so that players over 16 can continue to compete at the highest possible level, a new league will have a direct and positive impact on the success of World Cup, Olympic and Youth national teams.

For these reasons we feel that the time is now to build a new national professional league.

KPMG REPORT CONCLUSIONS

On February 5, 2000 the consulting firm KPMG presented a report commissioned by the Canadian Soccer Association. The purpose of the report was to investigate the viability of a professional soccer league in Canada. The report was superficial and largely a review of the current A-League franchises and the old Canadian Soccer League.

The report concluded, "the viability of a Canadian Professional Soccer League is risky and highly speculative". The four critical success factors, which would determine the viability of a new league, are:

<ul style="list-style-type: none">• Proponents <p>Each team must have the long-term support of a financially capable, qualified ownership management group.</p>
<p>2. Long-term Financing Support</p> <p>Whether at the team or league level, sufficient financial resources must be in place to ensure the stability of the league (and potential operating losses) over a period of at least five years from the date of commencement.</p>
<p>3. Venues</p> <p>The playing surfaces and surrounding spectator amenities (e.g., seating, concessions, parking) must be commensurate with a professional league.</p>
<p>4. Organization Structure</p> <p>The league itself must be managed in a professional manner by individuals with directly relevant expertise and the absence of conflicts of interest.</p>

Figure 2. Critical Success Factors

MARKETING

A well blended mix of traditional and high-tech marketing techniques will be employed to ensure that target demographics are reached and motivated to attend games, purchase merchandise and support league sponsors.

The key failure of all other leagues in Canada has been to under-capitalize the marketing department and simply assume that the large numbers of participants (See Figure 1.) will show up to games. This shortsighted approach combined with over-reliance on gate receipts created a situation where teams were doomed to failure regardless of how well they performed on the field.

Each and every person who comes to the game must be convinced that they should be there. Not by negativity or threats but because they will have a good time. When each person wants to be there the league will be a success. Potential supporters will want to come when they see fans enjoying themselves on TV or when they talk to them at work or in the street.

A key component to the success of the marketing of the league will be to make every single game an event. That means pre-game and half time entertainment and activities such as tailgate parties, autograph sessions, face-painting, bands, carnival-style soccer-themed games, dance troupes, jugglers, local celebrities, etc. By making the time and space surrounding the game fun for the whole family not only do we encourage repeat visits but we also encourage fans to come earlier and spend more on food and merchandise concessions.

MARKET ANALYSIS

Using an arbitrary measure of a minimum population of app. 200,000 we immediately reduce the potential markets for teams to the following 18 communities divided into the planned two-conference split:

Western Canada	Eastern Canada
Calgary	Kitchener
Edmonton	London
Regina	Halifax
Saskatoon	Hamilton
Winnipeg	Montreal
Vancouver	Oshawa
Victoria	Ottawa
	Quebec
	St. Catherine's
	Toronto
	Windsor

Figure 3. Potential Markets in Canada

Of these, three already host an A-League franchise (Montreal, Toronto, and Vancouver), One hosts a professional indoor team (Edmonton) and most others have teams in regional leagues.

The 200,000 figure is not absolute. Larger numbers do not necessarily equal success. Teams located in smaller markets may be able to take advantage of a monopoly position as the only national league sport in town or may simply be well supported by devoted local residents.

From the above list of potential markets we will begin play in 2002 with five teams in two divisions. Each team will play out of conference less than in conference to reduce travel costs and enhance local rivalries. The team in each conference with the best record will be conference champions who will meet Labour Day for the League Cup Championship.

COMPETITION

Direct competition comes from other spectator sports played during the summer months such as Canadian Football League, Rugby Canada Super League and National Lacrosse League. Many potential markets already identified also have a team or teams participating in the above leagues.

Management of Direct Competition:

- Where teams from these sports coexist in the same market direct schedule conflicts must be avoided by negotiation with the appropriate body. Making fans choose between different sports at the same time (or even the same day) is counter productive to all concerned.
- Aggressive media relations will be pursued to ensure that soccer receives equitable coverage from national and local media.
- Marketing alliances may be pursued with other sports bodies to mutual benefit such as cross promotions or shared retail space.

Indirect competition comes from other recreational activities such as movies, theatre, music concerts or any spectator activity. Indirect competition will also come from televised international soccer.

Management of Indirect Competition:

- Scheduling games to avoid direct conflict with major events will reduce the need for fans of both to choose one over the other.
- Marketing alliances may be pursued with other groups as sponsors or partners thus encouraging spectators at both events.
- Creating an atmosphere unique to soccer and promoting the enjoyment of the game as an active, as opposed to passive, experience.
- For that part of our season which overlaps international soccer on TV (primarily English and Italian) the league will use those broadcasts as a prime location for advertising as part of the International Marketing Strategy (see below). Television spots and complementary print ads will use such themes as "Manchester United didn't start in the First Division" or "Almost like watching Brazil - without the moats and fences".

MARKETING STRATEGIES

Soccer Canada Club

The Soccer Canada Club is a key promotional strategy to connect fans, young players and devotees. The concept of the club is to directly communicate with the customer base through e-mail and traditional mail. This program will be created and maintained in conjunction with the Canadian Soccer Association. For a nominal fee every young person registered with the CSA will be provided with a T-shirt, membership card with benefits at local and online merchants and a youth-oriented fan magazine containing news and information about the league and it's players as well as general soccer-oriented content.

Patrons Program

A Patron is a supporter of the game who receives recognition by level of support. Benefits include such things as league paraphernalia, exclusive draws for "Dream Camps", Olympic tickets, Final Qualifying tickets or Specialty Events. These patrons, whether corporations or individuals, will also be eligible for special access to players for league special events or in-house promotions or activities.

Home Town Heroes

To borrow a page from the success of the Vancouver 86ers, the league will take advantage of the rising pride in Canada exhibited by the phenomenon that is the "I Am Canadian" campaign. By stressing the national nature of the league we will contrast the "love of the game" motivations of our players versus the "overpaid primadonas" of other N. American sports. Local, hard-working lads from next door will make each team a part of the community.

This strategy will also make use of the disparity in pricing of professional sports. A recent Sports Illustrated study calculated the average cost for a family to attend a single game. From a low of nearly \$200 for Major League Baseball to a high of nearly \$400 for NBA or NFL games, soccer must be identified as the affordable family entertainment. 57% of respondents to the Sports Illustrated poll said that total cost to attend made them less likely to attend a live sporting event (Sports Illustrated May 15, 2000, p. 73).

Base price for adult admission to League games will be \$10. A family of four, even with merchandise and food should still be able to enjoy a League match for \$60 - \$80 or less with promotional or discount pricing.

Internet Strategy

By creating a soccer-oriented portal, the league web-site will become a powerful tool for all soccer-related commerce on the Internet in Canada. . To maximize the potential, partnerships with prominent e-business partners will provide e-commerce merchandising and promotional opportunities. E-commerce will allow more effective merchandising for fans so that they are given every opportunity to spend money on league and soccer related merchandise.

Using the potential of modern media it will also be possible to present customized web-casts and news programming to complement traditional television and radio broadcasts. Where television might show a few highlights, it is technically possible for the league web-site to show all the goals scored at a given game. While a radio station might mention what the scores were at other games a fan will be able to see complete match reports and statistics instantly. By using this capability fans will return to the site again and again to see the latest updates and thus be repeatedly exposed to the promotional material of the league and it's e-commerce partners.

International Strategy

While the league will not tolerate racism or discrimination based on ethnic origin it must be recognized that many soccer fans in this country need to be convinced that soccer here is worthy of support.

By utilizing key players, staff and cooperative business and community leaders, fans of the game as played in other countries will be invited to support their local community as once they or their parents may have done in some small town in Europe or South America.

Building trust and respect between local communities and the teams will be especially important for this segment of potential fans.

LEAGUE OPERATIONS

In order that this venture is a success the league will operate as a single entity (Limited Liability Company) for at least the first five years. Rather than try to coordinate competing agendas of independent clubs, the business operations of the teams and the league will be coordinated out of the league head office. Competition will be restricted to the field of play.

League Staff (Appointed by the Board of Directors)

- Commissioner - Responsible for all league operations.
- Marketing Director - Responsible for all league promotional activities and sponsorships.
- Human Resources Director - Responsible for all league staff.

League Staff (Appointed by the Commissioner)

- Web-site Developer - Creation and maintenance of league and team web-sites.
- National Media Liaison - Distributes materials to national media and to team staffs.
- Office Assistant - Provides clerical and secretarial support.

During the start-up phase all league staff, including the General Managers and Local Marketing Directors (see below) will work to establish the league out of the league head office.

For each team the league will appoint a board of advisors from the local soccer community which will make recommendations to the league regarding team operations. After the initial five years of operation it may be possible that the local board would take over complete control of team operations.

Local Staff (Appointed by League)

- General Manager - Responsible for all team operations
- Local Marketing Director - Responsible for all team promotional activities and sponsorships.

Local Staff (Appointed by GM on local recommendation)

- Head Coach - Responsible for player selection, training and coaching.
- Assistant Coach - Assists the head coach as directed.
- Team Manager - Arranges transport, accommodation and personal needs of players and staff.
- Office Assistant - Provides clerical and secretarial support.
- Game Day Interns - (P/T) Act as ball boys/girls, distribute programs, other duties.
- Local Media Liaison - (P/T) Provide game reports, news stories and features to National Media Liaison and acts as the local media contact.

VENUES

As outlined in the KPMG report, suitable venues are critical to the success of a new league. Realistic attendance targets means that the minimum acceptable seating is 5,000, preferably covered. Qualifying stadia must be enclosed, and have adequate parking and concession facilities. As well, the playing surface must conform to CSA and FIFA standards and preferably would not be surrounded by a running track.

It is expected that major renovations or long term development of soccer specific stadia will be acted upon only after the initial five-year plan. Minor renovations to existing stadia will be pursued to ensure adequate amenities.

Stadium	City	Capacity
McMahon Stadium	Calgary	37,317
Commonwealth Stadium	Edmonton	62,000
	Kitchener	
JW Little Stadium	London	6,000
	Halifax	
Brian Timmis Stadium	Hamilton	5,000
Stade Claude Robillard	Montreal	9,000
	Oshawa	
Frank Clair Stadium	Ottawa	28,500
PEPS	Quebec City	8,000
Taylor Field	Regina	27,000
	St. Catherine's	
	Saskatoon	
Varsity Stadium	Toronto	9,000
	Windsor	
Winnipeg Soccer Complex	Winnipeg	10,000
Swangard Stadium	Vancouver	8,000
Royal Athletic Park	Victoria	5,700

Figure 4. Stadium Facilities in Potential Markets

PLAYER DEVELOPMENT

In order to ensure the long-term survival of the league and to fulfill the ambitions of Canadian soccer fans everywhere, the league will work to develop the best Canadian talent at an early age.

The most successful clubs in Europe and South America recognize the need to give young players the chance to train and compete at a high level at an early age. The same sort of development would provide not only new players for league teams but in the case of exceptional youngsters, it would provide some monetary reward in the form of transfer fees from large foreign clubs.

The league will work with regional leagues such as the CPSL (Ont) and the PCSL (BC) in creating a system of reserve and youth teams at a high amateur level. The reserve teams would be a place for injured or benched first team players to gain playing time and share their experience with what should be predominantly younger players.

CRITICAL PATH TO COMMENCEMENT OF PLAY

MAY 1, 2001 - OPENING OF LEAGUE OFFICE

SEPTEMBER 15, 2001 - PURCHASE OR LEASE OF TEAM RIGHTS COMPLETED

OCTOBER 1, 2001 - ANNOUNCEMENT OF TEAMS

OCTOBER 15, 2002 - ASSIGNMENT OF GENERAL MANAGERS TO TEAMS

DECEMBER 1, 2001 - OPEN SALES OF SEASON TICKETS AND TEAM MERCHANDISE

DECEMBER 15, 2001 - APPOINTMENT OF HEAD COACHES

APRIL 1, 2002 - TRYOUTS BEGIN FOR ALL TEAMS

MAY 1, 2002 - TRAINING CAMPS OPEN FOR ALL TEAMS

MAY 15, 2002 - ROSTERS REDUCED TO 22 PLAYERS

VICTORIA DAY, 2002 - LEAGUE PLAY BEGINS

CANADA DAY, 2002 - ALL STAR GAME (EAST VS WEST)

LAST WEEKEND OF AUGUST, 2002 - LEAGUE PLAY ENDS

LABOUR DAY, 2002 - LEAGUE CUP FINAL

LONG RANGE TARGETS

2002 FIRST SEASON OF PLAY

2003

2004 LEAGUE BREAKING EVEN
TARGET OF 50% REPRESENTATION ON THE NATIONAL TEAM BY
CURRENT OR FORMER LEAGUE PLAYERS
(NATIONAL TEAM BEGINS QUALIFYING FOR WC 2006)

2005

2006 LEAGUE SHOWING PROFIT

FINANCIAL PLAN

In the proposed budget the following apply:

Merchandising includes all CSL related apparel, programs, pennants, etc.

Gate is the traditional revenue source of paying customers in the stands.

Concessions are the food, drinks and other specialty items sold at each event.

Government subsidies have been provided to other league such as the CFL which receives a similar sum to place the Maple Leaf on each player's helmet. We propose to place a Maple Leaf on the left sleeve of all jerseys.

Jersey Sponsorship is for a major corporate sponsor whom would receive maximum exposure by having their logo on player's jersey.

National Championship Cup sponsors would have high profile exposure at the play-off and championship levels.

Sign Boards are the advertising seen around the field.

Other includes single event, special event or ????

Television rights have been equally amortized over the five year forecast.

Player contracts consider three levels:

Elite is an extraordinary player who can have an immediate impact on the results of the contracting foreign team. The concept of experience combined with talent to attract fans or influence match results.

Advanced players attract a foreign contract for a solid player who can add value to the match.

Future is generally a young player without a track record, but with substantial promise.

Strategic Alliances with soccer organizations with an interest in the league as a talent incubator and are prepared to invest in the league for certain rights to league players.

Soccer Canada Club includes the Patrons Program.

Team Operating Expenses are for 10 teams totaling \$ 800,000 operating expenses per year.

League Operating Expenses are the \$1,000,000 required to operate, and promote the league..

Item	2002	2003	2004	2005	2006	Total
Merchandising	\$200,000	\$350,000	\$500,000	\$700,000	\$1,000,000	\$2,750,000
Gate	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$12,500,000
Concessions	\$250,000	\$350,000	\$500,000	\$600,000	\$700,000	\$2,400,000
Gov't Subsidies	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Jersey Sponsors	\$500,000	\$750,000	\$1,000,000	\$1,500,000	\$2,000,000	\$5,750,000
Cup Sponsor	\$50,000	\$100,000	\$150,000	\$200,000	\$250,000	\$750,000
Sign Boards	\$1,250,000	\$1,500,000	\$1,600,000	\$1,800,000	\$2,000,000	\$8,150,000
Other	\$200,000	\$250,000	\$350,000	\$350,000	\$400,000	\$1,550,000
TV Rights	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Player contracts						
Elite	\$0	\$1,000,000	\$1,000,000	\$2,000,000	\$2,000,000	
Advanced	\$500,000	\$750,000	\$750,000	\$1,000,000	\$1,000,000	
Future	\$100,000	\$200,000	\$500,000	\$600,000	\$750,000	
(contracts subtotal)	\$600,000	\$1,950,000	\$2,250,000	\$3,600,000	\$3,750,000	\$12,150,000
Strategic Alliances	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$7,500,000
Soccer Can Club	\$250,000	\$350,000	\$500,000	\$750,000	\$1,000,000	\$2,850,000
Gross Revenues	\$8,800,000	\$11,100,000	\$12,350,000	\$15,000,000	\$16,600,000	\$63,850,000
Team Operations	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	
League Operations	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
Total Expenses	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000	
Net Operating	-\$200,000	\$2,100,000	\$3,350,000	\$6,000,000	\$7,600,000	\$18,850,000

Figure 5. Proposed League Budget