

Adecco Estudiantes: A Successful Experience in Growth Strategies in Professional Sport

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Introduction

Business Management literature, making use of life cycle dimension in every business, introduces the concept of turnaround strategy (Melin, 1985; Zimmerman, 1986; O'Neill, 1986; Hoffman, 1989; Hofer, 1991; Nueno, 1991). Life cycle is usually made up of three stages: growth, instability and crisis. Each stage needs a different kind of strategy. In the instability and crisis periods one of the possible strategies to be applied is that turnaround strategy¹². In every turnaround strategy four substrategies should be considered: cutback strategy, management strategy, growth strategy and restructuring strategy (O'Neill, 1986). The main objective of this paper is the analysis of one of these substrategies, that of growth strategy in the professional sport sphere. Growth strategy is characterized in the following way: those actions programmed to boost the firm. It usually includes a series of actions such as the access to a new area of product, the implementation of new promotion methods, and the undertaking of some purchases and acquisitions.

To accomplish the mentioned objective, we will make use of a specific case: **Adecco Estudiantes**, one of the leading basketball clubs in Spain. Its distinctive characteristics justified our selection. Anyway, nowadays we are also analyzing another case, also in basketball: that of **Joventud de Badalona**, a club sponsored by the multinational insurance company DKV which is developing some similar experiences. Its Marketing Manager, Raul Cipres, is being very active in very innovative approaches in the business-sport relationship.

Method

The adopted method to review the growth strategy undertaken by Adecco Estudiantes was the interview. The interviewed person was Luis Esgueva, its General Manager. The interview method has been considered as an accepted method within qualitative research for the purpose of building theory (McCracken, 1988, Holstein & Gubrium, 1995; Alvesson, 2003). Advocates of qualitative methods stress the richness and color of qualitative arguments on the big picture and the appealing explanations of how processes, chronological facts and causal links occur (Miles & Huberman, 1994). Also in sport management discipline its use has been highly recommended despite the predominance of quantitative approaches, specially by questionnaires (Olafson, 1990). On this point, Slack (1996) asserts that although there is nothing wrong in research by questionnaires, its use has been disproportionate. Also regarding this, Inglis (1992) recommends qualitative methodology both in research and practice.

Within our interview with Estudiantes' General Manager the following points will be addressed:

- How the entrance of a multinational temp agency, Adecco, takes place in a professional basketball club, Estudiantes?.
- How to initiate a sustained growth process after the normalization and profitability of the core business (season-tickets, tickets, exploitation of billboard advertising in basketball court,...).
- The new products developed by the club within its sustained growth strategy:
 - Business Club (*Club de Negocios*), along with Adecco and PriceWaterHouseCoopers, with its three areas: executive education, elite sports and activities of leisure & public relations.
 - Management Club (*Club de Empresas*), which emerges from the previous one but with a different positioning, more directed at chief executive officers.
 - *SMS*, a sport marketing firm devoted to advertising spots' management and which is 100% in Estudiantes ownership.

¹² For a review of other possible strategies (harvest, disinvestment, or liquidation) to be adopted in these stages characterized by instability and crisis, Menguzzato y Renau (1991) *La dirección estratégica de la empresa. Un enfoque innovador del management* ("Business Strategic Management. An innovative focus in management") (pp. 234-238) can be consulted.

- *Training Day*, set in motion with Adecco, and which starts from the executive education area within its Business Club.
- How to manage a critical incident, that of the fire and destruction of the sports hall where Estudiantes played?. And how to find a new arena: Vistalegre, up to them a bullring?.
- How to achieve spectacular figures in attendance to a basketball match in Europe (14,500 people)? And how to achieve numbers which are no less important regarding season-ticket holders (12,500 people, including individuals and firms) and supporters (approximately 30,000 people recorded into its databases).

Results and Discussion

The growth strategy carried out by Adecco Estudiantes perfectly adjusts to the principles of every diversification process. Otherwise, one can be said to: “let the cobbler stick to his last”. That is the main conclusion of this paper. Every diversification process starts with a clear definition and a general acceptance of the core business within the organization. The initial reticences of certain groups within the club— a club with family and/or traditional culture –to the entrance of Adecco— a multinational company within an industry (that of temporary recruitment) with certain negative connotations in some groups of population –were clearly overcome. One of the classical problems of any strategic alliance- that of organizational cultures clashing (Day, 1995)– was proactively faced. Luis Esgueva and his team were extraordinarily skillfull in promoting and communicating Adecco Estudiantes’ core values throughout the organization and to current and prospective consumers and sport mass media. All the new businesses Adecco Estudiantes has been entering into had a absolute respect to the core business as the center of gravity or driving force of the diversification process¹³, as theory on this matter stresses (Tregoe y Zimmerman, 1980). Additionally, the permanent seek for sinergies among all these new businesses¹⁴ has always characterized the management of this Spanish basketball club; not to mention the sinergies between Estudiantes and its main partner Adecco. This association could well be consider a manifestation of what Mahony & Howard (2001) called a growing number of combinations in the sport industry. Paraphrasing these authors, this is an example which while to many observers may appear to be “innsane”, to others may lead to the achievement of long-term security and success. Additionally, this kind of alliances permits Estudiantes to better serve its business customers in a cost effective and profit maximizing manner because this club “will be able to more effectively integrate and bundle packages of inventory for corporate consumers (sponsors and advertisers)” (Gladden, Irwin & Sutton, 2001, p. 302). For Adecco this association offers the possibility of establishing all kind of business contacts with those firms participating in the different new products developed by Estudiantes in its growth strategy. This case also illustrates the necessary evolution of the business-sport relationship since the more traditional sponsorship concept to that more **innovative and cooperative** of partnership. Likewise this experience reflects how players and coaches can be involved in the club project: prominent players as Carlos Jimenez, Felipe Reyes or Nacho Azofra have been very participative in the devolopment of different strategies. In professional sport the involvement of players and coaches in management and marketing efforts has been stressed as one of the ways to to build team brand (Gladden, Irwin & Sutton, 2001).

Finally, a last aspect to be considered is how Adecco Estudiantes managed the decision adopted by the league in which participates, ACB, of closed tv broadcasting with Canal Plus for professional basketball in Spain. That decision made by the central league was logically detrimental to Estudiantes’ partners, specially Addecco: a much more reduced number of tv viewers. It was also detrimental to ACB itself and its sponsors as reality showed us later. On the other hand, Estudiantes was extraordinarily proactive in this issue, buying tv rights and commercializing them by an ad hoc company (a company which is 100% in Estudiantes ownership). In our viewpoint, it is very clear that Estudiantes is a magnificent example of the future sport club. That demand formulated by Gladden, Irwin & Sutton (2001), expressed in the following

¹³ Centre of gravity is that factor or those factors explaining the inical success of a company and around which this company grew (Galbraith, 1991).

¹⁴ New businesses with different game rules and operators, but always with the same driving force (Gilbert, X. & Strelbel, P., 1991).

words, has been perfectly assumed by this Spanish basketball club: "Instead of being reactive, pro teams will become more proactive" (p. 311).

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