

## **“Liga Portugal: Reformulation of Ledman Liga Pro using the Value Creation Wheel”**

### **Abstract**

One of the major goals of Liga Portugal, an independent institution that organizes the professional football competitions, was to rethink and reformulate the format, strategy, and positioning of those competitions. Ledman LigaPro, the 2<sup>nd</sup> league, was their main concern, as it was the competition which showed more problems and more room for improvement. According to Liga’s President, Pedro Proença, this competition revealed four major challenges: *“competitive positioning, a problem around the business sustainability, (...) attractiveness in terms of sponsorship, and interest of this product for the general public”*. To tackle these challenges, the VCW-Value Creation Wheel method was used throughout the project, yielding several strategies to Liga’s key decision makers. The Board considered the VCW successful since it produced more outputs than those expected. Likewise, they were highly motivated to implement those solutions and incorporate the VCW methodology as a tool to solve future challenges inside the organization.

### **Keywords**

Value Co-Creation, Value Creation Wheel, Football Industry, Strategy, New Product Development, Marketing, Strategic Consulting, Brand/Innovation & Change Management and Research Methods

## **“Liga Portugal: Reformulation of Ledman Liga Pro using the Value Creation Wheel”**

In July 2015, Pedro Proença was appointed the President of Liga Portugal (see **Appendix 3.1**), an independent institution that is responsible for the organization, regulation and management of the professional football competitions. His first action was to analyze the company, as well as to assess their portfolio of competitions (Liga NOS, the 1<sup>st</sup> tier league, Ledman LigaPro, the 2<sup>nd</sup> tier league and Taça CTT, the league cup), including their current situation, annual performance and expected future growth.

During the assessment and appraisal, Liga concluded that the competition that was having the biggest complications was the 2<sup>nd</sup> league. This competition, was operating economically at a loss, being at the risk of having to be excluded and discontinued. As a result, Proença defined as a major concern and focus, the possibility of rethinking and reformulating this competition, so that it would generate profit, and could be seen as an important, vibrant and dynamic competition. The challenge was to set the competition on the right path, focus, and positioning. Once the VCW (**Exhibit 1**), was defined to Proença, he promptly agreed with its use, being confident and motivated, that this approach would bring more results than traditional ones. Similarly, it would show internal and external stakeholders, the will that Liga had to involve novel approaches. Consequently, this project ought to help Liga reach the very best solution that could turn the tide for the 2<sup>nd</sup> League.

### **Liga’s Background, Structure, New Positioning Statement and its Competitions**

Established in 1978, Liga Portugal, is responsible for the preparation and arrangement of three competitions, Liga NOS, Ledman LigaPro and Taça CTT, being them composed by 35 clubs and 40 teams. Its business is composed by the revenues that come from the sponsors, the clubs, the B teams, the betting platform, Placard and from commercial rights. Their costs involve referees, delegates, security, balls, pitches, and equipment. Within its mission, Liga aims to guarantee excellence in the organization of these competitions, ensuring commercial revenues that will allow Liga to sustain their operation. Moreover, by leveraging on its values, accuracy, talent, professionalism, and aggregation, Liga strives to change the current paradigm through the creation of a more profitable business model, ought to draw a stronger media interest, attracting more investors and projecting the brand at a national and international level. Consequently, Liga’s objective is to make the organization financially self-sustained, and to promote and defend the shared interest of its stakeholders. In its structure, Liga’s President is joined by his executive directors and by eight clubs. His first actions unveiled a new positioning, under the slogan of “Football with Talent”, declaring that “we exist to serve the professional football” with the goal of placing the Portuguese professional

football at its highest level, shortening the gap within the Portuguese clubs and between the other countries, namely those with a more evolved and better-placed football.

As for the competitions, Liga NOS is the 1<sup>st</sup> league, having 18 clubs and 34 rounds. The top teams of this league have the chance to compete at the European highest level of professional football, the Champion League and the Europa League. The last two ranked teams are relegated to the 2<sup>nd</sup> league. Moreover, Taça CTT is the league cup, where 33 clubs from the 1<sup>st</sup> and 2<sup>nd</sup> league play, having as the semi-finals/final a one-week event, the Final Four.

Regarding Ledman LigaPro, it was previously known as, “Segunda Divisão de Honra” or simply “Segunda Divisão”. It was founded in 1990, corresponding to the Portuguese 2<sup>nd</sup> tier league. It involves 380 games played by 20 clubs, including 5 reserve teams, the “B” teams from Porto, Benfica, Sporting, Braga and Vitória SC. In 2017/18, 2 clubs will be promoted to the 1<sup>st</sup> league and 4 will be demoted to the 3<sup>rd</sup> league, resulting in a further reduction on the number of teams (22 in 2016/17), from 20 to 18 in 2018/19 (see **Appendix 3.2** and **3.3**).

### **Understanding the Value Creation Wheel Model and its Practical Application**

The Value Creation Wheel (VCW) was introduced as a driver of innovation and change that would allow companies, independently of their size and business, to overcome paradoxes and trade-offs in their decision-making process, been seen as a way to develop the innovation process. This framework ought to solve problems by involving the collaboration between various stakeholders, both internal and external, and by interacting with other frameworks. As such, this meta framework, is designed as a circular tool, having five different phase that will be progressively used to reach a final outcome. By being integrated in a versatile and dynamic environment, the model allows the integration of new ideas and filters at later stages. Here, the filters represent the criteria to apply in the selection of ideas generated from other stages. Likewise, the model is composed by two major elements: DIANA and TIAGO. DIANA corresponds to the theoretical framework, allowing one to use a 360° approach of the problem in question, integrating visions that belong to the company, the market or even to outside the market, building on trade-offs to reach the final result. Moreover, TIAGO, for instance, was designed to support the implementation of the DIANA framework, representing a customizable tool that adapts to the context and to the problem itself. It consists of five circular and versatile phases, **1<sup>st</sup> Tap**, **2<sup>nd</sup> Induce**, **3<sup>rd</sup> Analyse**, **4<sup>th</sup> Ground**, and **5<sup>th</sup> Operate**.

In the first phase (**Tap**), one should start by building a diagnostic of the market and the industry where the company is in. Also, it is important at this stage to understand and define clearly what is the problem, this can be done by analyzing the root causes of the situation that the company is going through.

In the second phase (**Induce**), the objective is to generate as many ideias and filters as possible, being this phase focused on quantity rather than quality. Hence, one should use

multiple creative approaches such as brainstormings, brainwritings, workshops, networking, interviews or others, to retrieve as many ideas/filters as possible. These activities should leverage on the inputs of a wide range of stakeholders, industry related or not. In these phase, all ideas and filters are considered important, thus, one should not eliminate ideas.

In the third phase (**Analyse**), it is crucial to involve the key-decision makers, inquiring them not only, to chose and select solutions but also, to rank or eliminate filters. To ease the selection process, one should leverage on the Poker-Method, which represents a way to validate, review, multiply or neglect existing ideas and filters.

In the fourth phase (**Ground**), the solutions derived from the last stage are filtered using the Value Creation Funnel (VCF). This tool is an “effective and efficient” technique used to prudently filter the solutions generated previously. This technique ought to result in solutions that have the highest potential and prospection.

Lastly, in the fifth phase, (**Operate**), one should ask the board to decide on the Go-Decision basis, choosing whether to Go, No-Go or Check on the final solutions reached. A VCW case is ought to end with a debate over the results achieved with the VCW, along with a conversation around the implementation, prioritization and monitoring of the ideas, where the decision was to Go.

### **Kick-off Meeting with Liga’s President and with the Executive Directors**

The kick-off meeting occurred in June 2017. It started with an in-depth presentation of the VCW, followed by the presentation of the proposed deadlines, a debate around the research purpose/problem definition, the company’s goals and expectations and finally, the presentation of the selected key stakeholders to be interviewed.

Moreover, several Liga’s presentations were disclosed, giving a concise overview and context of its past and actual situation. The first presentations included topics such as, the competition format (which includes the number of teams and games played plus the number of teams that get promoted or demoted), the geographical distribution of this competition (major part of the clubs are located in the North), the famous players and coaches who competed in these league, the relationship between the 2<sup>nd</sup> and 1<sup>st</sup> league and it also included the squads’ composition, including the average age of the players and the percentage of Portuguese players per team. Within this, Liga gave valuable contributions that helped, not only in identifying the problem but also, in building and validating the project research question, which was, how can one increase the competitiveness and attractiveness of this league.

By the same token, Liga shared its history, how and where they operate, its objectives and challenges and ultimately, their intents towards the project as well as the topics which they would like to see explored. Afterwards, they focused on the 2<sup>nd</sup> league, describing its core aspects, namely, the format of the competition (number of teams and games), its positioning,

the different brandings it had (the competition is usually named after the sponsors). Likewise, they focused on exhibiting the performance and behaviour of several indicators and variable that were jeopardizing the competition and its sustainability. Those variables included topics such as the level of attendance in the clubs' stadiums per season, the evolution of the tickets' price and the number of games that were being broadcasted in live television.

Given that, they expressed their desire to rethink and reformulate this competition with the objective of building a more vibrant and dynamic one, together with rectifying its economic losses. As a matter of fact, up to the moment, Liga was lacking direction and had limited time and resources to focus on building a set of strategies. So far, Liga had only assembled few slides describing the bad performance of some variables, previously referred, such as the stadiums' level of attendance and the ticket pricing. For this reason, when the VCW was presented, it made a huge impact and impression in Liga's staff. According to them, it was "a different way of making something happening, highlighting the importance of involving the highest number of internal and external shareholders and techniques, like the brainstorming/brainwriting, that would generate ideas".

#### **VCW Phase 1 - Discover Value (Tap): Understanding the firm, its market, and challenge**

The CEA analysis (see **Appendix 3.4**), which separates variables that are considered as causes from those that are regarded as effects, was used, grouping small questions into a finer one, which would include all the topics viewed as relevant. Thus, the research question defined was "**How can Liga increase both the competitiveness and attractiveness of Ledman LigaPro?**", including six subtopics, three related to marketing, these included the stadium's attendance, TV coverage and sponsors and three related to the competition, containing topics like the number of teams, the "B" teams and the format of the competition (number of teams that are promoted/relegated). Nevertheless, one could run a VCW cycle for each individual subtopic. Since, they are largely connected, it was better to consider just one VCW.

#### **Defining the Market and Evaluating Liga's Position on it**

Data collection and analysis were used to define and evaluate Liga's position in the market as well as, the situation of its 2<sup>nd</sup> League. Primary data, first-handed data gathered, was collected through personal, mailed and telephonic interviews and direct observation (stadium visits, events, and games). Secondary data, data already collected and recorded by others, included Liga's internal records, football websites such as Zerozero and Transfermarkt, journal articles, academic papers and market research companies (see **Appendix 3.5**).

Furthermore, the modern football that we know today, is one of the highest paid industries, known for its high revenues and wages. According to Deloitte, the European football market

revenues reached €25 billion in 2015/16, a 13% rise when compared to 2014/15 (see **Appendix 3.6**). This growth was driven by TV broadcast rights that the biggest leagues were able to sign.

In Portugal, according to Euromonitor, sports category is growing notably due to the rising interest in a healthy and active lifestyle. Likewise, several Western European countries, are becoming more health concern, seeking for a energetic and healthy lifestyle, thus practicing more physical exercise and participating more in sports. As for Football, it dominates the Portuguese consumer preference when it comes to sports, both in the number of players and supporters. Thus, directly, Liga has no competition as there is no other player organizing professional football competitions, apart from the Portuguese Football Federation, who organizes the Portuguese Cup and is responsible for the amateur competitions. Indirectly, one can consider others sports as competitors. Indirectly, one can consider the Sports Industry as being one of Liga's indirect competitors.

However, in Portugal, football is lived at its highest, being consistently the leading sport, recalled by people as the "King of Sports" ("Desporto Rei"). As an illustration, according to Transfermarkt, professional football, attracted more than 4 million spectators in 2016/17, being its popularity boosted in 2016, when Portugal won the 2016 UEFA Euro. As a consequence, other sports have several difficulties to compete against football and to gain a relevant visibility. Hence, even though other sports can take away share from football, it remains a dominant player in this industry.

### **Defining Ledman LigaPro Context and Describing its Evolution**

To define the 2<sup>nd</sup> league context, tools like the PESTLE, SWOT and TOWS were used (see **Appendix 3.7, 3.8 and 3.9**), comprising the factors that interact with Liga's business. All topics identified were not exclusive to the 2<sup>nd</sup> league so that one can have a 360° view of Liga. That being said, the major outputs retrieved from these tools were incorporated throughout the work. Furthermore, when analyzing the clubs' geographic distribution in the 2<sup>nd</sup> league (see **Appendix 3.10**), it is immediately perceived that the major part of the clubs are centralized in the North of the country, namely in the Northern coast. Most of this clubs have an important local/national tradition and expression, being relevant and significant for the exposition and development of their regions.

Regarding its success flows (see **Appendix 3.11**), this league has been able to allow for a further development of the younger players. This is perceived when considering the number of players that this competition provides to the Portuguese national teams, i.e. sub 21, sub 20 and sub 19. In 2016/17 season, about 20 players from each of the sub 21, sub 20, sub 19 teams were playing in Ledman Liga Pro. Besides this, in 2016/17, from the 711 players in the 1<sup>st</sup> league, 60% (424) have already played in the 2<sup>nd</sup>. Likewise, from the analysis conducted

(see **Appendix 3.12**) when compared to 1<sup>st</sup> league, Liga NOS is the most dynamic competition in terms of how many times, on average, a club or clubs, go out/enter the Top 5 and in terms of how many times, on average, clubs change position within the Top 5. For example, in the last two seasons of Liga NOS, only one club out of the top 5 ranked teams, changed, i.e. there is a clear dominance of the Big Three (FC Porto, SL Benfica and Sporting CP).

Furthermore, regarding the clubs' squads, according to Transfermarkt, in 2017/18, the competitions' total average age was 24.3, being 55% of the players, Portuguese (see **Appendix 3.13**). When it comes to the players' nationalities, in 2016/17, 55% of the players came from Portugal, 18% from Africa, 17% from Brazil and 4% from Europe, the remaining 6% came from Asia-Oceania, Latin America and North America.

Moreover, the level of attendance in the stadiums was analysed. In 2016/17, the stadium occupancy rate was only 21,8% (18% in 2015/16), one of the lowest within the European 2<sup>nd</sup> leagues. Its spectators' average was around 1083 (901 in 2015/16), having 60% (13/22) of the clubs, an average lower than the total one. Despite the low values, there was a rise in the average attendance in the 2016/2017 season, being the highest average when compare to the average of each of the last 6 seasons.

Likewise, when analysing the daily level of attendance in the 2016/17 season, one can observe that people attend to more games on Sunday, since in 228 games, there was an average of 1175 spectators. Thursday and Friday, recorded the highest daily average spectators, having respectively an average of 1674 (out of 6 games) and 1624 (out of 11 games). Nonetheless, in these two days, few games were played, which makes it hard for an inference to be made. In addition to this, one analyzed the daily average attendance for each club. As a result of this, one can retrieve some aspects that may be relevant, for example, when scheduling the matches, Liga Portugal should take into account the importance of one day to that club/region, i.e. for Académica de Coimbra.

For instance, Thursday was the day in which more spectators attended to the games. However, this was not expected as previous data shows that people commonly prefer to attend games, on weekends, namely Sunday. Nonetheless, the high average spectators on Thursdays, is a result of the fact that Académica is traditionally recognized as the students' teams and Thursday is the students' national day, consequently, more students tend to appear in Académica's games on Thursdays. Similarly, some days of the week tend to work better for some teams than for others, for example, for AD Fafe, Monday, which is historically one of the days where the attendance is low, was one of the days where the team had a high level of attendance, despite only 2 games were played by the team in that day. Nevertheless, for the average attendance per day and time, one retrieve that, Liga has to take into account the relevance of one day to that club/region and that some days of the week work better for some teams (see **Appendix 3.14**). Besides this, there are variables like the climate, the club playing,

side city events, that affect the levels of attendance of one club/day/hour, which the researcher cannot control.

Furthermore, the next variable analysed was the competition pricing. The last 2 seasons' average ticket price was low-priced, 6,83€, when compared to other leagues (See **Appendix 3.15**). During the research, people claimed that "football is expensive". From the interviews and activities conducted, this was demystified as people reacted with surprised once they heard the current competition pricing, considering the competition, a "cheap" one.

Regarding media coverage, in 2016/17, out of the 462 games played, 27.3% (126 games) were broadcasted on television, 60 were on Sunday, 37 on Saturday and 29 during the week. In 2015/16 and 2014/15, only 21.6% (119) and 19.9% (110) games were broadcasted. This increase is due to Porto, Benfica and Sporting, who hold now, their own TV channel, covering their B team home games (see **Appendix 3.16**). In terms of media return, Liga uses a performance indicator, AVE, advertising value equivalency, the equivalent advertising cost in minutes and space within the media. According to a CISION report on the 2<sup>nd</sup> league (excluding the B's), its media return experienced an annual increase of 22%, having reached 220€M in 2016/17 (See **Appendix 3.17**).

Lastly, for the benchmark (See **Appendix 3.18**), nine 2<sup>nd</sup> leagues were chosen, as a way to collect best practices, namely the the Portuguese Ledman LigaPro, the English Sky Bet Championship, the German 2. Bundesliga, the Spanish La Liga Adelante, the Italian Serie B, the French Ligue 2, the Belgium Jupiter League, the Russian Division 1, the Greek Football League and the Scottish Ladbrokes Championship.

These competitions were chosen based on different aspects, from their level of attendance and number of teams, to their competitive model/format and to their marketing activities. Consequently, the English, German, Spanish, Italian and French are considered the best 2<sup>nd</sup> tier leagues and therefore, the research purpose was to collect best practices that could be extrapolated to the Portuguese one. The Belgium, Russian and Greek leagues, were chosen, as these competitions are highly similar in several characteristics to the Portuguese one, thus several aspects can be retrieved.

As a result of this analysis, one retrieved that the number of teams of these competitions varies from 10 to 22, being mostly composed by 20 teams. Their competitive model, is homogeneous, having most of them, a promotion/relegation playoff, involving two or more teams. One retrieved that, all the leagues that have a promotion playoff, saw a rise in their number of spectators in those games, with many of the teams, reaching full capacity in their stadium. Contrarily, Portugal has a simple format, having no promotion playoff. For instance, playoffs highly increase the attendance of the participants, with many reaching full capacity.

## **VCW Phase 2 – Induce: Create Value by Gathering Solutions and Filters**

The VCW's second phase ought to generate the highest number of ideas/criteria, leveraging on the inputs generated by all sorts of stakeholders, namely, the Laggards, Lead users, the Divergent Thinkers, Sceptics, Devil & Angel advocates and others. Here, all inputs were considered, as the focus was on the quantity rather than its quality, thus all solutions and filters generated were considered and taken into account.

Moreover, this phase was divided into two different stages: 2a, Induce Solutions and 2b, Induce Filters. In the first stage, 2a, the aim was to collect and generate as many ideas as possible from all sorts of stakeholders (previously referred), whereas, in the second, 2b, the goal was to gather the greatest number of potential filters, i.e. the criteria to apply in the selection of ideas retrieved from other stages.

In addition, multiple creative and innovative approaches were used, including brainstorming and brainwriting, face-to-face in-depth interviews, workshops and networking activities. These activities involved a wide range of stakeholders (see **Appendix 3.19**). Hence, three brainstorming and brainwriting were organized.

The first two sessions took place at Nova School of Business and Economics. They included each, 10 individuals, 9 females and 11 males, comprising students and workers/athletes. Its arranged agenda, began with a briefing about the Value Creation Wheel Model, about the organization, Liga Portugal and about its 2<sup>nd</sup> tier league, hence acknowledging each participant enrolled in the session, with a succinct synopsis on the topics of the analysis that they would later explore.

Afterwards, there was a brainwriting session divided into two parts, where the first was about generating solutions, while the second was about producing filters. To do so, each group answered 10 questions, half concerned with solutions and the other half with filters (see **Appendix 3.20**). The Participants were divided into two groups of 5, sat at two tables. Later, at the last moment of the session, the participants were gathered and went through a brainstorming session, leading to the creation and modification of inputs.

Likewise, attending this two sessions were not only, football lovers, with greater knowledge on it, but also, people that lack interest on football, who wouldn't naturally attend to a football match. Also, there were divergent thinkers, which included people that were professionals/amateurs of other sports.

The third session was extremely distinctive from the first two, as it involved an audience known for being creative and for having no filters, the Children. Aged from 9 to 10, 27 children were selected, being 14 female and 13 male. This session's intent was to see how is football seen in the eyes of the new generation and which creative solutions would motivate them and their family to attend or watch a football match. To do so, the VCW's children's edition was used.

Accordingly, most of the children suggested changes to the core of the game, meanwhile, others suggested the use of technology and artificial intelligence in the sport, e.g. 3D glasses,

Virtual Reality, that would increase the intensity of how an individual watch a game. According to them, by minimizing the human influence in the game's result, football would be a better and more attractive sport to watch.

Furthermore, about 31 interviews were conducted to comprehend the industry, its challenges and the perspective of its strategic players. Subsequently, the feedback and contributions received from these players, industry and non-industry related, were integrated and used as a major source of input for the pool of ideas/filters. Those stakeholders included Liga, players, referees, clubs, coaches, TV channels, newspapers, press, sponsors, athletes, governments, the players' union and supporters (see **Appendix 3.21**).

Moreover, from all the activities conducted, 68 solutions and 49 filters were collected. For a clear understanding, the inputs that were, complements, duplicated or vastly out-of-topic were grouped, changed or removed. As such, the inputs, both solutions and filters, were grouped into two distinct categories: Competition, with 23 solutions and 17 filters and Marketing, with 41 solutions and 32 filters (see **Appendix 3.22**).

### **VCW Phase 3 - Validate Value (Analyse): Feedback from Liga's President and Directors**

The next step was to assess, discuss and validate the solutions and filters collected with Liga's Board (The Key Decision Makers), which would result in a small number of potential solutions/filters, validated and agreed upon.

To do so, on August 30, there was a meeting with the President, Pedro Proença, the Marketing & Communications Executive Director, Susana Rodas, the Competitions Executive Director, Helena Pires, the Competitions Assistant André Venâncio and the Liga's Consultant, Tiago Madureira. Firstly, the meeting's purpose was to understand and acknowledge what were in the eyes of the Liga's Board, the best solutions and the most important filters, choosing those filters considered as qualifiers, i.e. criteria that needs to happen in the beginning for the project to progress, from those other filters that are required but are not mandatory in the beginning of the project.

Secondly, the aim was to carefully assess and validate all the outcomes and ideas/filters generated in previous phases, together with those that would arise from the meeting. Consequently and to better do so, the Board was encouraged to take a part in the Poker Method, built by Lages and Hartmann (Lages, 2015), (see **Appendix 3.23**), as a way to validate, review, multiply or neglect existing ideas and filters.

Accordingly, the meeting began with an open innovation approach (brainstorming) regarding filters and solutions. Here, the Board was asked some questions regarding filters and solutions. For instance, for filters, the question was "what aspects have to be guaranteed for a football match to happen and to make someone attend or watch it". As for solutions, the question was "how can one make a Ledman LigaPro match more attractive for people, TV channels and

sponsors to be interested in it". These questions, allowed the Board to present their own convictions and filters before jumping to the examination and validation of all the inputs collected so far.

Moreover, after giving the Board some open space debate, the next goal was to clean and shorten the extensive pool of inputs. To do so, the Board's intent, guided by the Poker method, was to criticize, judge and comment on the existing ideas along with, the creation of new ones, through the conception, adaptation and modification of the existing inputs.

Afterwards, Liga evaluated and ranked the filters fitting them according to their level of significance and applicability. The scale was "Low/Medium-Low/Medium/Medium-High/High" importance and the power to choose was equally split by the Liga's members, having each 20%. Therefore, filters were ranked giving the weighted average of everyone's decision.

Likewise, with the ranking, feedback and contribution of the Liga's members, 21 solutions and 28 filters were spawn, where 10 were considered as qualifiers. Consequently, the board was surprised and amazed by the number of relevant solutions.

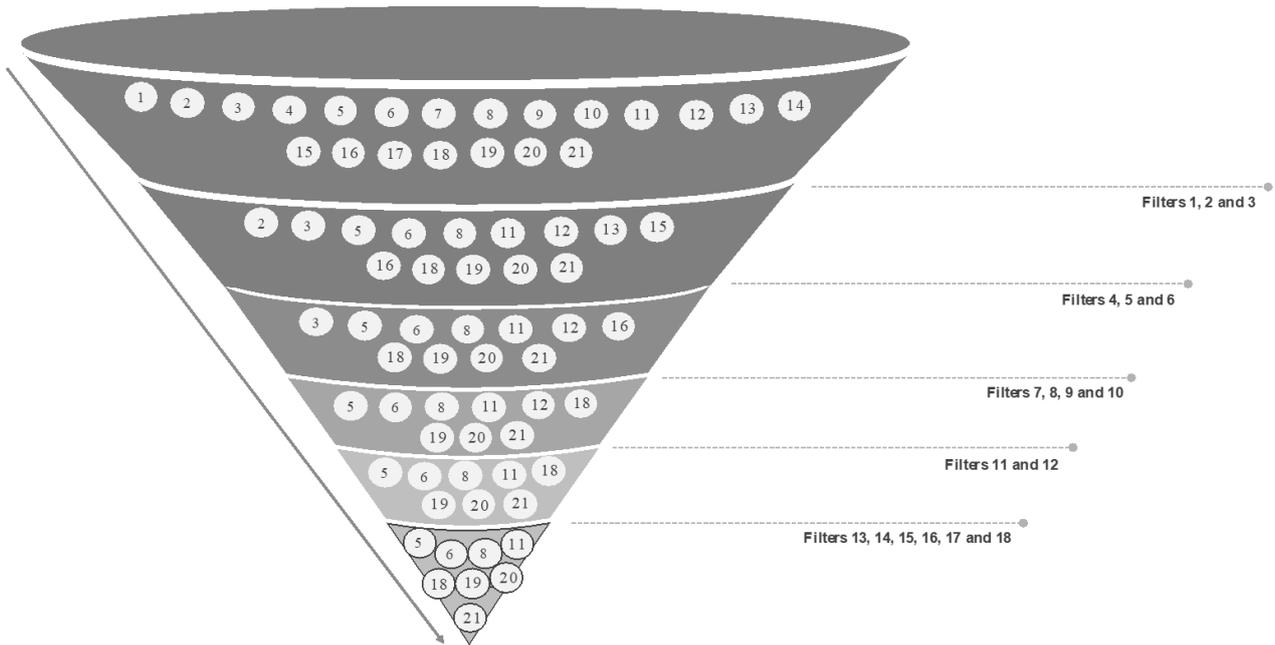
#### **VCW Phase 4 – Ground Stage – Capture Value: Reaching into the Final solutions**

When in the fourth phase, the Ground stage, the ambition was to narrow down the wide list of solutions that rose from previous stages, leveraging on the ranked filters to select the ideas with the highest potential and prospective. To do so, one applied the Value Creation Funnel (VCF), an "effective and efficient" technique used to carefully filter solutions, attaining the highest potential ones.

Likewise, the VCF began with the final results from previous stages, thus initially it considered, 21 solutions and 28 filters, from which, 10 were qualifiers, while the other 18, were prudently applied to progressively reduce the number of ideas. As a matter of fact, the board ranked the 18 filters, originating 6 levels of filters, where some included two or more filters. Accordingly, the Board believed that some filters were equally relevant, hence, grouping them into a whole layer of filters. After defining the 6 levels, the VCF started by applying each filter level to the 21 solutions. During the process, an open-minded approach was applied, since this stage ought not to be rigid and inflexible.

Moreover, the ideas excluded from this VCW cycle, were nevertheless, kept in a database, to be used if a new VCW cycle is done or if a future project is initiated. The excluded solutions may not be the most suitable for this VCW, however, Liga may decide to change their strategy, to reevaluate their level of filters, and so, those solutions may be useful. In the end, the goal was to present concepts and prototypes for the final solutions. As such, the VCW reached 8 final solutions.

**Figure 1 - Value Creation Funnel (VCF) applied to Liga Portugal**



**List of final solutions with the highest potential**

1. Possibility of smaller teams being able to train with 1<sup>st</sup> league teams – invest on training and coaching the players
2. Impose fewer restrictions on the entry into professional competitions
3. Give more prizes or prizes that are more appetizing, in the competition
4. More legislation in the competition and its environment – reduce the extra game comments
5. Changes in the positioning statement, in the competitions identity and in its future objectives. Plus, measures in the competition, including, increasing the number of police/security in the stadiums and to set a minimum number of portuguese per team – valorisation of the portuguese players. Moreover, a fix price ticket should be introduced
6. Allow one more team of ledman ligapro, to have access to liga nos. Create a promotion play-off that gives access to the 1<sup>st</sup> league, involving one team (the 3<sup>rd</sup> place seed of the 2<sup>nd</sup> league) or involving more teams of the 2<sup>nd</sup> league). Plus, put together an event around the playoff
7. Play-off with university teams or university league as the official second tier league
8. Centralization of television rights in the future – fairer distribution, supporting smaller clubs
9. B teams can play one game (instead of the a team) in the 1<sup>st</sup> league
10. Disregard the results against the b teams in the league's classification
11. Limit the number of players that can play alternately for the a and b teams, and prohibit players aged over 23 to play for the b. Likewise, the last games of the b teams in each round of the season must be held in their a squad stadium. Thus, allowing the b players to experience the same environment as that of the a
12. Create a mini-competition for the b teams, e.g. Create a final four with them
13. Create more opportunities for the 2<sup>nd</sup> league teams, e.g. Play a game with those of the 1<sup>st</sup>
14. Apply financial fair play in the league
15. Liga portugal should make sure that, at least one game is broadcasted in the open signal channels – more visibility for the competition, its stakeholders and its sponsors.
16. Create a model for the 2<sup>nd</sup> league, similar to that of the districts division (national championship, 3<sup>rd</sup> tier league) – north and south divisions
17. The games of the b teams played before the a side when they both play at home
18. Promote partnerships with national and international clubs at the level of secondary players
19. More marketing activities around the games and the competition:
  - liga tv: channel owned by liga, having exclusive content and potentially, broadcast some games
  - games to include side businesses and activities, like food wagons, corporate/sponsors stands
  - half-time entertainment, like dance/gymnastics events, autographed ball auction
  - associate football with cultural events, music festivals
  - discounts on the transportation – partnerships with galp, bp, cp, or others
  - bundle ticket/family ticket – presence in online ticket platforms
  - social media – more videos and/or hashtags or more curious statistics of the games
  - leverage on the high number of tourist and erasmus students – link football with tourism
  - book with best practices: marketing, finance, strategy, stadium maintenance delivered to clubs
20. Social responsibility: arrange open door/free entrance games, where supporters can deliver goods instead of making a monetary payment, organize football matches between kids before the games of the main teams, make the kick-off of the matches with formerly/young football stars, associate football with social causes
21. Create case competitions or provide internships for university students, leveraging on them (e.g. Audio-visual degrees) to provide more support and improvement in the infrastructures of some clubs, where television broadcasts are non-existent or of poor quality

**Ranked Filters (1-Most Important; 18-Least Important)**

- Filter 1.** Alignment between Liga's strategy, vision and values and those of its sponsors or corporate partnerships
- Filter 2.** Assure Liga's strategy and growth goals
- Filter 3.** Alignment with the current regulation set by Liga
- Filter 4.** Preserve and/or improve the credibility and transparency of Liga Portugal and its competition
- Filter 5.** Willingness from Liga to be more active in their operations/decisions within the Portuguese football market
- Filter 6.** Absence of a specialised team and/or structure / Lack of know-how
- Filter 7.** Expected revenues for sponsors and Liga Portugal
- Filter 8.** Club's resistance towards changes in the competitions' format/model
- Filter 9.** Social responsibility
- Filter 10.** Expected time needed to implement a solution
- Filter 11.** Emphasis on the young talent, namely the home-grown players "jogadores da terra" – more identification between the club and its region
- Filter 12.** Keep pace with new innovative football' trends that will maximize the spectators' experience
- Filter 13.** Guarantee that sponsors have greater share and visibility, interacting more with the fans in the social media – More awareness and recognition
- Filter 14.** Need for local visibility, namely the smaller clubs located in villages
- Filter 15.** Word-of-mouth and peer influence
- Filter 16.** More interaction and more proximity between the players and the supporters
- Filter 17.** Sponsors' specific target audience is in line with Liga's target - The sponsor feels that is target audience is the same as the competition they are sponsoring
- Filter 18.** Willingness of the clubs to incorporate Liga's ideas

Source: Conducted by the VCW team

## VCW Phase 5 – Operate: Consolidate Value by Developing & Implementing Strategies

Using the VCF tool, one reached the final solutions. In light of this, the aim of this phase is to be able to develop and implement those solutions. To do so, the Board must delineate the pathway of those ideas on the Go-Decision basis, deciding whether to Go, No-Go or Check (back to earlier stages). Likewise, the Board will have to debate over a model/3Ms framework (Men, Money and Minute), deciding if the solutions are practicable. Given this, the board, the Competitions Assistant, André Venâncio and Liga's Consultant, Tiago Madureira, attended a final meeting, delving into a presentation of the past stages and final solutions. Initially, their reaction was very encouraging since they considered all solutions, suitable to be implemented and above their expectations. Hence, Liga's intent was to Go with all, nevertheless, due to limited resources, people and time and due to external factors, Liga had to prioritize. Therefore, they decided to Go with six of the eight final ideas, as illustrated in **Figure 2**. Moreover, Idea 6 was slightly changed, as the Board could not agree, on having a fix price ticket.

**Figure 2 – Panel of Final Solutions**

1. Create case competitions or provide internships for university students, leveraging on them (e.g. Audio-visual degrees) to provide more support and improvement in the infrastructures of some clubs.
2. Allow one more team of Ledman Ligapro, to have access to Liga nos. Create a promotion play-off that gives access to the 1st league, involving one team (the 3rd place seed of the 2nd league) or involving more teams of the 2nd league). Plus, put together an event around the playoff
3. Limit the number of players that can play alternately for the a and b teams, and prohibit players aged over 23 to play for the b. Likewise, the last games of the b teams in each round of the season must be held in their a squad stadium. Thus, allowing the b players to experience the same environment as that of the A
4. More marketing activities around the games and the competition:
  - liga tv: channel owned by Liga, having exclusive content and potentially, broadcast some games
  - games to include side businesses and activities, like food wagons, corporate/sponsors stands, offering tickets at schools, at institutions and or at public entities
  - half-time entertainment, like dance/gymnastics events, autographed ball auction
  - associate football with cultural events, music festivals
  - discounts on the transportation – partnerships with galp, bp, cp, or others
  - bundle ticket/family ticket – presence in online ticket platforms
  - social media – more videos and/or hashtags or more curious statistics of the games
  - leverage on the high number of tourist and Erasmus students – link football with tourism
  - book with best practices: marketing, finance, strategy, stadium maintenance delivered to clubs
5. Social responsibility: arrange open door/free entrance games, where supporters can deliver goods instead of making a monetary payment, organize football matches between kids before the games of the main teams, make the kick-off of the matches with former/young football stars, associate football with social causes
6. Changes in the positioning statement, in the competitions identity and in its future objectives. Plus, measures in the competition, including, increasing the number of police/security in the stadiums and to set a minimum number of Portuguese per team – valorization of the Portuguese players.

Source: Conducted by the VCW team

Moreover, they decided No-Go on the Idea 8 and 18 of the VCF. To Liga, Idea 8, centralization of the TV rights (see **Appendix 3.24**), was one of the best. However, due to previous unsuccessful tries and disapproval from some clubs, it's not feasible now. Still, Liga will try to implement it in the future. Regarding Idea 18, partnerships with national/international clubs for loans, Liga thought it was as good, unfortunately, it's much dependent on the clubs, which

have already on-going exclusive partnerships with other clubs, being Liga unsuccessful to do so.

### **Next Steps – Which Directions should Liga Portugal follow?**

Furthermore, it was time to rank and prioritize the six solutions. Following the 2<sup>nd</sup> league's poor attendance and low exposure in the TV, Liga agreed that the priority was to create a connection with the spectators, along with the creation of reasons for a TV channel to broadcast its games or to talk about it. Hence, Idea 4, 5, 6 (see **Appendix 3.25** and **3.26**), were the most vital for the short-run, as an important step to connect people to football. For instance, most of the participants in the brainstorming, spoke about Liga having its own TV channel, in which they could have exclusive content and broadcast games. Likewise, on October 2017, Liga announced the launch of the project Liga TV, which in its first stage, will be available in social networks. Accordingly, this ought to close the gap between football and the people, as well as the clubs, who will get more exposure. In the future, the intention will be to work with TV operators. Moreover, Liga noticed that most of the ideas meant the creation of a show/event where a football game is just part of it and not its whole. Hence, Liga agreed that Idea 4, which involved games to include side businesses, to be associated with events, and to have more interaction on social media, was crucial. For instance, during October, Liga started sharing statistics on their social media, generating more interaction with the fans. In addition, another idea that rose discussion was the ticketing system. In the League's Cup, tickets are available in online platforms such as Blueticket, Ticketline and others, being it positively seen by people. Therefore, Liga decided that it would be a beneficial to have its games also available in there. In fact, people could purchase, individual tickets, and bundle/family tickets, turning its environment more familiar, key input received in brainstorming. Moreover, encouraged by the VCW Kids results, Liga was motivated to pursue strategies like offering tickets at schools, together with allowing kids to play a deeper role in the games, allowing kids matches before the main games. Although some argue that, this would jeopardize the grass of the pitch, others argue that as they are kids, smaller and lighter, their impact on the pitch would be rather minimal. Regarding the last input of Idea 4, Liga liked having a best practices book delivered to the clubs, since it would tackle the lack of resources and knowledge in technical fields like marketing, finance, strategy and so on, that most of the clubs have. For instance, clubs would be oriented on how to manage a social media, how to bring more people and how to preserve their pitch. It would be the 2<sup>nd</sup> league's White Book, transmitting transparency and equality. Moreover, in Idea 5, Liga recognized the significance of social responsibility, nominating Ana Ribeiro, who played a vital role in this work, as the new manager of this area. Likewise, several actions are in place, as in October, Liga joined the fight against breast cancer, partnering with Liga Portuguesa Contra o Cancro. Regarding Idea 6, Liga reasoned that safety was a major

issue, taking efforts to make people feel safer when in a game. Also, Idea 6 contemplated changes in the 2<sup>nd</sup> league's positioning and identity, a topic that raised a lot of discussion within Liga's staff. Today, its positioning was about transforming the league into a factory that would "feed" the major leagues. However, one can interpret that the players are just "products" to be sold. In fact, the proposed approach was to make the competition an academy of young talents, capable of contributing, in a decisive manner, to their clubs and national teams. Besides this, and since the 2<sup>nd</sup> League values promote talent, fair-play, effort, integrity, respect, training, teamwork and show, there was the need to add a value(s) that would highlight its transparency, as it is being jeopardized by match-fixing and corruption rumors. Thus, Liga agreed it would be good to add, transparency and competitiveness to the heart of their values. What's more, the board liked the last part of the Idea 6, a minimum number of Portuguese per team. However, it is harder to implement, as clubs do already have in their squads, numerous vital foreign players.

Furthermore, regarding Idea 1, 2 and 3 (see **Appendix 3.27** and **3.28**), the board assumed they could have an enormous impact. Starting with Idea 1, the board perceived it, as a great way to bring new knowledge from those who have it or are getting it, the university students. As such, Liga considered that, by creating case competitions or internships, it would create a win-win situation. Henceforth, this would allow several VCW cycles. Concerning Idea 2, it was considered one of the best, raising an enormous interest. Hence, the board agreed that one more team of the 2<sup>nd</sup> league should have the chance to be promoted. This promotion play-off could involve two teams, the 3<sup>rd</sup> place seed of the 2<sup>nd</sup> league against the 16<sup>th</sup> position of Liga NOS, or it could involve more teams. Similarly, from the benchmarking, one found that in Europe, the major 2<sup>nd</sup> leagues include a promotion play-off, with several, having an entire event. For Liga, this could bring many more people to the stadiums while making the competition more dynamic and attractive for sponsors and for TV channels, being it a perfect and unique opportunity for an occasion, aimed at promoting the competition, its players/coaches and the sponsors. The playoff's final could be played in a neutral stadium/region. Lastly, Idea 3 was discussed. For instance, B teams allowed younger players or players that were not playing in the A, to remain competitive and in-shape. However, they are criticized as they can rotate the players freely. Thus, a B team in some games could be younger and less experienced, and in other, it could have players from the A squad. Consequently, Liga liked the idea of limiting the number of players that can rotate. Also, they want to explore the idea of prohibiting players aged over 23 to play for the B teams. Besides, they think that, by having the last games of the B teams in each round of the season held in their main squad stadium, the B players would experience the same atmosphere as that of the A.

## Teaching Note

### Synopsis

This case aims to explore Liga's Portugal challenge: "how can one increase both the competitiveness and attractiveness of the 2<sup>nd</sup> league", by applying the Value Creation Wheel (VCW), as Liga revealed their wish to reformulate this competition. Moreover, the case begins with a synopsis on Liga's history, its competitions, and its objectives. Afterwards, the case jumps to the application of the VCW. In its first phase, **Tap**, the goal was to **Discover Value** by defining the situation, and context of the 2<sup>nd</sup> league. The second phase, **Induce**, looked into the **Creation of Value**, by collecting ideas and filters while using approaches that involved all sorts of stakeholders. In the Third phase, **Analyse**, the intent was to **Validate the Value**. To do so, there was a meeting with Liga's Board, to select the highest potential ideas, and to decide and classify the filters that ought to be used on the Value Creation Funnel (VCF). In the fourth phase, **Ground**, the goal was to **Capture Value**. Therefore, the VCF was assembled, and 8 final solutions were considered as the ones with the highest potential. Ultimately, in the fifth phase, **Operate**, the board had to **Consolidate the Value**, by appraising and agreeing on the Go-Decision basis, choosing whether to Go, No-Go or Check on the final solutions. The case ends with a debate over the results achieved with the VCW, along with a conversation around the implementation, prioritization and monitoring of the ideas, where the decision was to Go.

### Learning Objectives

Designed to encourage deliberation in a wide range of courses, the case study is appropriate to be taught in courses like, Value Creation, Strategy, New Product Development, Marketing, Strategic Consulting, Brand/Innovation & Change Management and Research Methods at the Masters, MBA and Executive education programs. Therefore, depending on the course and on the level at which it will be taught, the objectives will vary, including the subsequent:

- To recognize the VCW as a meta-framework which analyses and solves real-life challenges;
- To highlight the importance of Value Co-Creation and combined effort, by apprehending the collective knowledge, needs and contributions of internal and external stakeholders;
- To learn how to identify, assess, select ideas using the VCW to solve the paradox of choice;
- To practice data analysis, idea generation techniques, like the brainstorming and brainwriting and how to structure and implement ideas in a complex business environment;
- To apprehend the importance of working, from the beginning, with the Key Decision Makers.

## **Suggested Literature**

- Lages, L. F. (2016). VCW—Value Creation Wheel: Innovation, technology, business, and society. *Journal of Business Research*, 69(11), 4849-4855.

## **Argument and Analysis of the Case Questions**

### **1. To what degree did Liga benefit from the VCW and its outcome? Is there likely to be a relationship between the theory supporting Value Creation/Co-Creation concepts and the conclusions retrieved from the application of the VCW to Liga?**

Traditionally, value creation was about the firm, its product and its prices. Today, the consumer journey has advanced, and the economy of scale has transitioned into an economy of choice (Whitney, 2015; Nussbaum, 2004). Hence, value creation shifted to an intent, where the core focus is on the product innovation and on guaranteeing a unique experience for the consumer, one that cannot be found elsewhere. According to Prahalad and Ramaswamy (2004: 5), “as value shifts to experiences, the market is becoming a forum for conversation and interactions between consumers, consumers communities and firms”. Therefore, today one has to consider the co-creation of value from the highly educated, knowledgeable and energetic consumers. Likewise, throughout the project, the intent was to create the maximum value not only for Liga but also for all its stakeholders. Quickly, one perceived that it would be impossible to satisfy everyone’s demands, therefore, the focused was on bringing Pareto Improvements, an action or a set of actions done, that harms no one and helps at least one stakeholder. To do so, the Board showed the intent of working together with its stakeholders considering their inputs as beneficial. Accordingly, the VCW application to Liga, involved numerous stakeholders, from Liga Portugal staff to players, referees, clubs, coaches, TV channels, newspapers, online press, sponsors, athletes, and so on. As a result, this project tried to guarantee that every main stakeholder participated in the elaboration of a growth strategy for the 2<sup>nd</sup> league. Similarly, being a meta-framework, this VCW integrated several theories, tools or approaches, such as the CEA Analysis, SWOT/TOWS, 3M’s, VCF, and so on, only possible due to the VCW’s agility and flexibility. Besides, independently of the VCW’s phase, the ambition was always to create and complement novel or existing solutions. Accordingly, VCW simplified the process of Idea and filters generation, done without any barriers and/or judgment, independently of the ideas’ quality. In this process, multiple approaches took place, from brainstorming and brainwriting to several face-to-face interviews. What’s more, to bring a different perspective, there was also, a brainstorming with children, conducted through the VCW Kids. Thus, allowing for a different streamline of ideas, from an audience, known being free of filters. As a result of all of this, the VCW spawned many solutions and filters, being many a novelty and extremely relevant in Liga’s Eyes, challenging its business model, its revenue streams and its competition. Besides this, the VCW allowed Liga to assess and define its competitive advantage, by taking a deeper

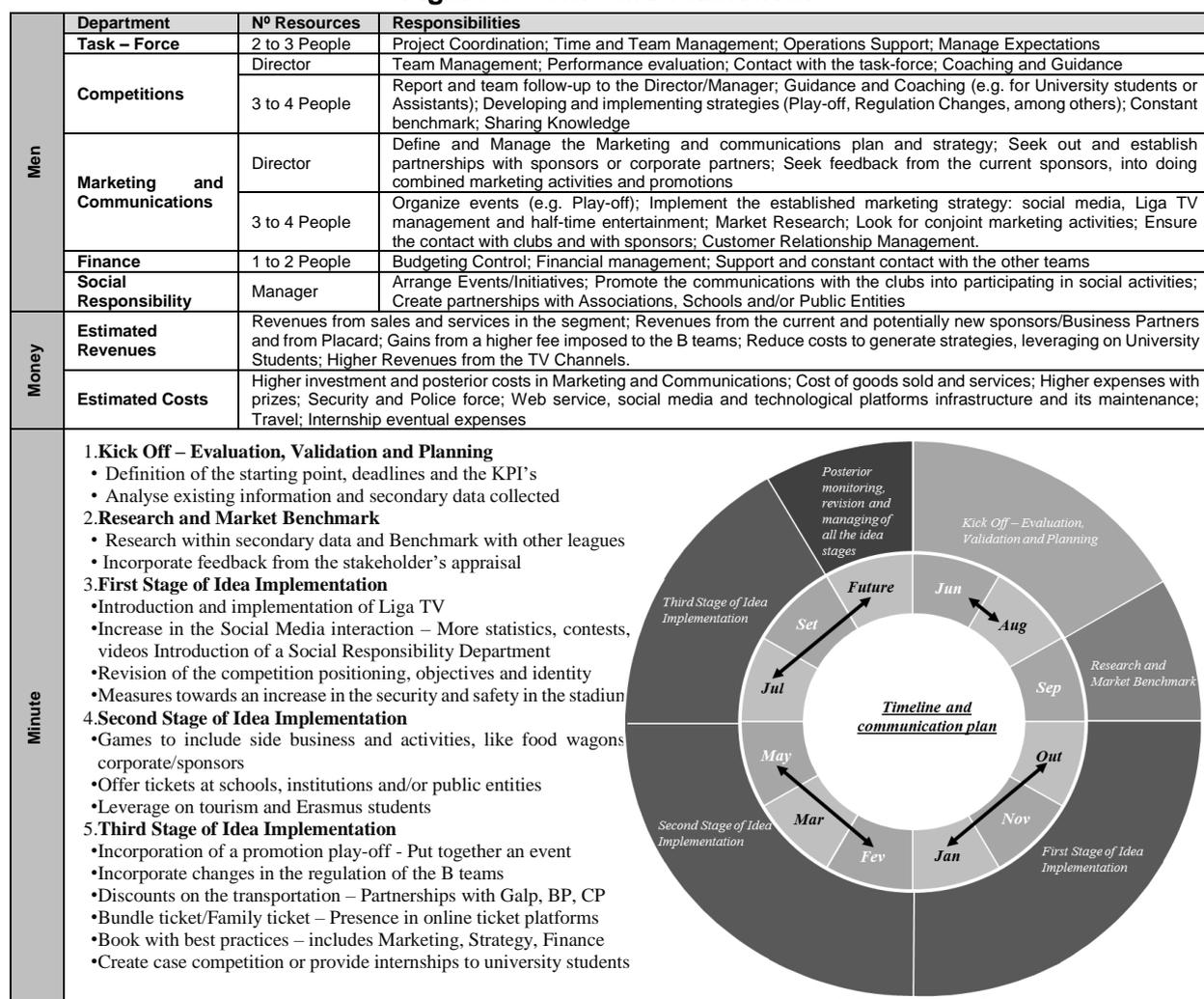
look into their operations and capabilities. Additionally, the Value Creation Funnel, allowed for the discovery of implementable solutions, on which Liga's Board had to decide on the Go/No-Go decision. Liga considered many solutions as feasible. However, as resources are limited, Liga had to choose the ones with the most added value.

Future wise, Liga showed its intent to promote value co-creation, including VCW cycles. For instance, whenever Liga needs to define a strategy, the application of the VCW is expected.

## 2. To what extent can Liga allocate enough resources to implement the numerous recommended solutions? Use the 3M's Framework: Men, Money, Minute.

By leveraging on the 3M's, a framework that evaluates the key resources of a company, one considered the existing ideas feasible. For Men, the strategy is the creation of a task force, capable of coordinating the project, team managing and giving support. As for Money and Minute, one described the expected revenue streams and costs, measurable with additional studies and a chronology is presented.

Figure 3 – The 3M's Framework



Source: Conducted by the VCW team

### 3. In what way could the VCW support Liga and bring added value in the future?

Liga considered that the VCW could be applied to any problem or doubt they might have. As such and following the recommendations and the knowledge gained from this research, one considers that Liga should apply different VCW cycles, addressing multiple different research questions.

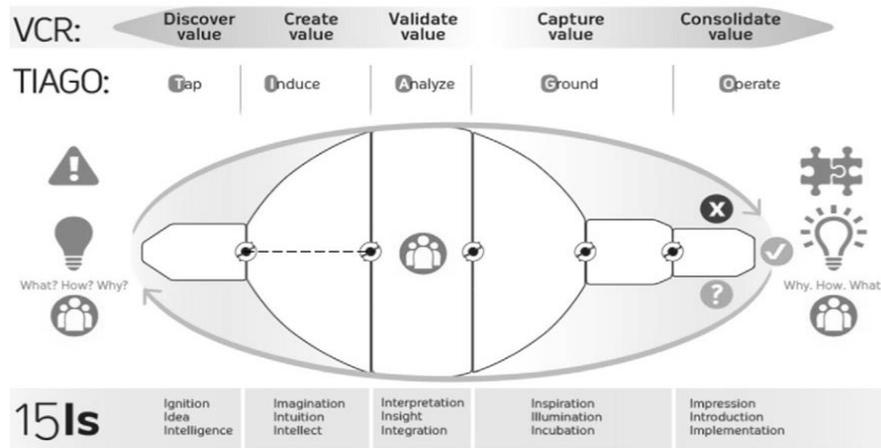
Moreover, from the feedback received in the brainstorming/brainwriting and in the numerous interviews, many of individuals suggested problems/questions/opportunities to which, according to them, Liga should spend time analyzing or at least, promoting debate around it. Consequently, there are several ways in which, the application of the VCW could support and bring benefit to Liga. As such, it can solve a problem, answer a question or produce feasible ideas/strategies.

That being said, the VCW approach can be the answer to several research questions. For instance, one of the final solutions, regarding the creation of case competitions for University students, would allow Liga to conduct various VCW cycles, exploring the ideas/filters generated in it. Hence, Liga could do several editions, wherein one the research question could be similar to this project, and in the other, a totally different one.

Accordingly, from all the feedback obtained from the stakeholders, the following research questions aroused: **Competition:** “How can Liga increase both the competitiveness and attractiveness of Liga NOS? How should the other Liga’s competitions interact with Liga NOS?”; **Human Capital:** “Which Human Resources Management approach would Liga undertake? How should the team be composed? Should there be a talent pool list? How do University Students perceive Liga’s recruitment, should there be changes?”; **Marketing and Communications:** “What kind of marketing activities should Liga conduct? How could Liga attract more sponsors and improve its relationship with the current ones? Is there space for conjoint activities between Liga and its sponsors/business partners?”.

## Exhibits

**Exhibit 1 - The Value Creation Wheel (VCW)**



Source: Lages, L. F. (2016). VCW—Value Creation Wheel: Innovation, technology, business, and society. *Journal of Business Research*, 69 (11), 4849-4855.

## References

- Lages, L. F. (2016). VCW—Value Creation Wheel: Innovation, technology, business, and society. *Journal of Business Research*, 69(11), 4849-4855.
- VCW Method official website, (2017). Retrieved from: <https://www.valuecreationwheel.com>.
- Liga Portugal official website. Retrieved from: <http://ligaportugal.pt/pt/homepage/>
- ZeroZero, (2017). Retrieved from: [http://www.zerozero.pt/edicao.php?id\\_edicao=109370](http://www.zerozero.pt/edicao.php?id_edicao=109370).
- Transfermarkt, (2017). Retrieved from: <https://www.transfermarkt.pt>.
- Deloitte, Annual Review of Football Finance, (2017). Retrieved from: <https://www2.deloitte.com/uk/en/pages/sports-business-group/articles/annual-review-of-football-finance.html>
- Euromonitor International, (2017). Sports Nutrition in Portugal. Consumer Health in Portugal.
- Prahalad, C., & Ramaswamy, V., (2004). “Co-creation experiences: The next practice in value creation”. *Journal of Interactive Marketing*, 18: 5-14.
- Nussbaum, B., (2004). “The Power of Design”. *Businessweek*, (3883), 96-94.
- Whitney, P., (2015). “Design and the Economy of Choice”. *She Ji: The Journal of Design, Economics, And Innovation* 1, 58-80.