

GENERAL INPUT							Version - 2024v1
Compressed Business Case Analysis - AFIMSC FM/FMC							
Title	Notional Case Study - Football Club Step Function						
Requestor	Football Club Ownership	Project #		9			
Objective Statement	To acquire new talent to the player roster.						
Scope (2-Liner)	The scope of this analysis is limited to adding this player to the team. The player, known for exceptional skills and high potential, is expected to strengthen the team's performance on the field, increase fan engagement, and enhance the club's brand value.						
Status Quo (2-Liner)	After a decade of disappointment, no trophies or finals, a steady decline in support/attendance as the team has failed to rise above mediocrity. The once vibrant stadium is filled with empty seats and disillusioned fans, leaving the club desperate for a breakthrough. The signing of a talented player is seen as a final hope, but the risks are considerable.						
Future State (2-Liner)	With the talented player leading the charge, the team's fortunes have dramatically turned around, breaking free from years of failure and advancing to the finals. Fans are returning in droves, their renewed passion filling the stadium as the team reclaims its place among the elite. The likelihood of winning major trophies has increased, positioning the team for on-going success.						
Football Club Strategic Alignment							
OI 1: Club Vision	Aligns with the club's vision of nurturing and showcasing top-tier talent						
Cost Comparison: 5-Year Period of Analysis							
Projected Costs	FY25	FY26	FY27	FY28	FY29	Total	
Status Quo							
Base Salary	£ 70,000,000	£ 70,000,000	£ 70,000,000	£ 70,000,000	£ 70,000,000	£ 350,000,000	
Status Quo Total	£ 70,000,000	£ 70,000,000	£ 70,000,000	£ 70,000,000	£ 70,000,000	£ 350,000,000	
COA - Future State							
Base Salary	£ 80,000,000	£ 80,000,000	£ 80,000,000	£ 80,000,000	£ 80,000,000	£ 400,000,000	
Sign-on / Transfer Fee	£ 5,000,000	£ 2,500,000	£ 2,500,000	£ 2,500,000	£ 2,500,000	£ 15,000,000	
Sponsorship	£ 5,000,000	£ 5,000,000	£ 5,000,000	£ 5,000,000	£ 5,000,000	£ 25,000,000	
Total COA Cost	£ 90,000,000	£ 87,500,000	£ 87,500,000	£ 87,500,000	£ 87,500,000	£ 440,000,000	
Net Return	-£ 20,000,000	-£ 17,500,000	-£ 17,500,000	-£ 17,500,000	-£ 17,500,000	-£ 90,000,000	
Return on Investment (ROI) in Relation to Status Quo							
			Net Return	Total Idea Costs	ROI		
ROI = Net Return / Total Idea Costs			-£ 90,000,000	£ 440,000,000	-20%		
Non-Monetary Benefits Identified							
Brand Reputation	Retention	Ticket Volume	Engaged Community	Team Morale			
Risk and Uncertainty Elements Identified (associated with this alternative)							
Injury	Cultural Barriers	Team Dynamics	Performance	Cost	N/A		
Summary: 5-Year Period of Analysis							
	5 Year Cost	5 Year Cost Change	Payback Period	ROI	FMC Analyst Funding Recommendation		
Status Quo	£ 350,000,000	N/A	N/A	N/A	N/A		
Future State	£ 440,000,000	26%	N/A	-20%	Fund		
Cost Analyst Summary							
<p>The acquisition of a talented football player presents a strategic opportunity to revitalize the club's performance, enhance its marketability, and secure long-term financial stability. The scope of this initiative includes a significant investment in transfer fees, wages, sign-on bonus, and associated costs, estimated at £20 million in FY25 and £17.5M in subsequent years. In return, the club anticipates substantial benefits, including improved on-field results, increased fan engagement, higher merchandise sales, and the potential for lucrative sponsorship deals. Additionally, non-monetary benefits such as enhanced brand reputation, improved ticket volume, stronger community engagement, and elevated team morale are anticipated. If the player develops as expected, resale potential could be significantly higher, potentially reaching £50-70 million in 3-5 years.</p> <p>The player's adaptation to the league, potential injuries, and the impact on the club's wage structure poses challenges. Additionally, the financial outlay comes with the risk of market fluctuations and the possibility that the player may not deliver the expected performance. If the player fails to meet fan expectations, it could lead to disappointment and affect fan loyalty. The risks of acquiring a talented player are present but manageable, with challenges like injuries, cultural adaptation, and team dynamics requiring attention. The financial investment is significant, but the potential return, both financially and in terms of brand growth, far outweighs these risks. Given the club's need for revitalization, this calculated risk could lead to substantial rewards.</p> <p>Given the club's current struggles and the potential upside, it is recommended to proceed with the acquisition. The long-term benefits, including the increased likelihood of winning major trophies and positioning the club for future success, outweigh the risks. To mitigate risks and uncertainties, it's advised to structure the deal with performance-based incentives and ensure a robust support system for the player's integration into the team. Recommend a follow-on cost analysis after the end of year 1 to re-validate performance and assumptions.</p>							

Pay Back Period in Relation to Status Quo						
Year	Annual Totals		Cumulative		Notes	
0	-£	5,000,000	-£	5,000,000	Initial Investment (Sign-on Bonus)	
1	-£	15,000,000	-£	20,000,000	Net Loss	
2	-£	17,500,000	-£	37,500,000	Net Loss	
3	-£	17,500,000	-£	55,000,000	Net Loss	
4	-£	17,500,000	-£	72,500,000	Net Loss	
5	-£	17,500,000	-£	90,000,000	Net Loss	
Non-Monetary Benefits						
Brand Reputation	Opportunity for positive brand recognition through enhanced global media coverage.					
Retention	Low player turnover rate is a significant strategic advantage in continuous player development.					
Ticket Volume	Potential increase in overall ticket volume by attracting a new diverse audience with enhanced player engagement.					
Engaged Community	Opportunity to significantly grow and strengthen existing and new community partnerships.					
Team Morale	Integrating talent can boost overall team spirit and motivation, fostering a positive and dynamic winning environment.					
Weighted Benefits	Brand Reputation	Retention	Ticket Revenue	Community	Team Morale	Total
Weights	10	9	8	7	9	43
Status Quo	20%	20%	20%	40%	20%	10
Preferred Alternative	90%	100%	90%	100%	100%	41.2
Risk and Uncertainty Elements						
Category						Risk Rating
Injury	Joining a new environment may increase injury. Could hinder player development and impact performance.					Minor
Cultural/Language Barriers	Moving to a new country/culture could impact performance, but has a history of quickly adapting.					Minor
Team Dynamics	Uncertainty fitting into the new team's style of play and team dynamics such as perception of inequality.					Minimal
Performance	Coaches and players face significant pressure to capitalize on new player investment.					Significant
Cost	Uncertainty with investment impact in scouting, facilities, & coaching staff may not yield immediate returns.					Minor
						N/A
Risk Definition						
Severe	Extremely high likelihood of severe degradation in supportability.					
Significant	High likelihood of major shortfall in supportability w/ moderate impact on program success.					
Moderate	Moderate likelihood of supportability shortfall w/ impact on program success.					
Minor	Minor likelihood of supportability redux. Can be tolerated w/ little impact on program success.					
Minimal	Minimal likelihood and consequence to supportability. Will not impact program success.					
Notes:	Weighted Benefit Score determined subjectively by FMC analyst. A weight of 10 is assigned to the most important benefit. Subsequent benefits weighed relative to the most important benefit. Benefit Scores are given as a percentage.					
	Risk ratings determined by FMC analyst based on subjective analysis of likelihood and consequence of risks.					
	Funding recommendation is the opinion of the AFIMSC/FMC cost analyst perspective based on facts and assumptions.					
	This analysis is notional and is intended to summarize relevant data of the contract proposal. No intent to recommend approval/funding is implied.					
	Costs are limited to total player compensation. £25M is available for player add per year. Anticipated 10% rise in ticket sales due to heightened fan interest. Potential for a 15% increase in merchandise sales, particularly jerseys.					
	To expedite the development of this cBCA, inflation and discounting were not considered. The new club continues its competitive success and maintains financial stability. Player's form remains consistent, avoiding major injuries.					
Analysis Completed By:		Shreyas Balaram - AFIMSC/FMCX - 8/30/2024				
Financial Management Disclosure	This cBCA aligns to the structure in AFI 65-501 and AFMAN 65-506. It is not intended to replace a full comparative analysis. Significant changes to project scope, major assumptions, or estimated costs will require revision of this analysis.					
RMC Disclosure	The usefulness of this decision support tool is highly dependent on the quality of the data gathered and summation of the various data elements to support an investment decision. The tool is updated annually and the latest version can be requested from our AFIMSC/FMC workflow (afimsc.fmc.workflow@us.af.mil). Any questions, comments, or concerns should be addressed to the workflow.					