

Five Minutes with Richard Arnold

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Supply Business

The group managing director of Manchester United sat down with Supply Business to talk about the challenges the club faces and how to manage partnerships with other companies.

Rarely out of both front and back page headlines, Manchester United (Man Utd) is arguably the world's most famous football club. It has won the FA Cup 11 times, the European Cup three times and secured 13 Premier League titles out of a possible 22.

Life at Old Trafford hasn't been so rosy in the past few months though, with manager David Moyes sacked after just one season. Yet the club remains an economic powerhouse. Intricate dealings with a range of partners have extended its global reach and product offerings. Greg Case, CEO of its main sponsor, Aon, describes Man Utd as, "the most global asset in the world".

One example is its recent multi-year sponsorship deal with Korean pharmaceutical company Cho-A Pharm, becoming its official pharmaceutical partner in Korea and Vietnam. Other examples include the Manchester United Insurance offered by Aon, and the Manchester United credit card.



The club is also progressive with its supply chain. It engages with the government-backed Envirowise Supply Chain Partnership, mentoring suppliers' business practices to help them achieve financial and environmental targets. Fifty-four of its key suppliers have made savings totaling £500,000 after engaging with the club and the programme.

Manchester United Merchandising Limited, the company responsible for licensing the Man Utd brand – and a fully owned subsidiary of Nike – has a publicised commitment to ensuring all of its products are produced with minimal impact on the environment and manufactured using safe and ethical working practices. For example, the club's replica shirts are constructed with 100 per cent recycled materials.

The success of these activities is reflected in the company's balance sheet. It reported full-year results of £363.2 million revenue in 2013, up 13.4 per cent on the previous year and a 44.1 per cent increase in sponsorship revenue.

What challenges does the club face?

It's a very risky business – continuity of our brand is our number-one risk. Our performance is very visible. How often in your job do you make a small mistake and 80,000 people audibly groan? We are famous for what we do around the world – we are in a billion houses for two hours a week.

The business is littered with risk – each matchday we have 3,500 staff standing in concrete stairwells, for example. Protecting their safety comes before winning on the pitch.

How does the club manage these challenges?

There is a long-term and protective culture at the club. Everything has to be in its long-term interests. But there is also a continual improvement culture. There is no complacency. Everything has to be earned. This weight heavily on the shoulders of everyone.

How is this culture achieved?

We invest heavily in training and development, with 80 training programmes between the start of the season and Christmas alone, targeted within the business. We have personal development plans and staff are constantly challenged while being developed very much as individuals. It comes back to the need to have more talented people than you think you'll need. Luckily, we have a low churn rate.

How do you ensure that the right people are leading Man Utd?

We spend quite a lot of time on succession planning with Aon and a lot of it is about replicating. But it's also about getting a balance between recognising and promoting the best and establishing a plan for those who are not working through quite so quickly. Our senior management team meets every quarter for an assessment of where the business is heading and these are linked to remuneration.

What's the key to success in managing partnerships with other companies?

We have looked for international partners and have been fortunate to be able to choose Aon as a partner for the shirt and the training ground [Aon Training Ground in Carrington, Manchester]. We've had a great deal of help from them in areas such as retirement and talent planning, as well as insurance. Aon has become the principal partner in the Manchester United Foundation, an organisation that partners with charities and provides education and football coaching to young people from disadvantaged areas in Greater Manchester. We focus on the qualities of a winning team and helping young people to find jobs.