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### **FC Porto: a reputational perspective on corporate football**

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## **Abstract**

The complexity that surrounds football as sport and as business, led us to question how corporate communication and reputation management might help build a balance between financial control and great achievements in football competitions. With the purpose of studying this issue, an exploratory single case study research was conducted. The choice was the Portuguese club FC Porto, and its sports operating company, FC Porto – Futebol, SAD, which can be regarded as a *Category of One* company. The findings suggest that even if corporate reputation is not a core issue for the club, the role of communication and the effective attention on reputation management might help the club to benefit from a better stakeholder management.

**Keywords:** Corporate Reputation, Corporate Communication, Stakeholder Management, Corporate Football, Category of One Company

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## **1. Introduction**

The last twenty years were of remarkable changes in football as a business. Deep changes occurred in the face of football, transforming the sport into a worldwide industry of emotion and entertainment. Clubs like Manchester United, Real Madrid, FC Barcelona, Chelsea, Arsenal or Bayern München, surpassed their national borders and transformed themselves into global enterprises, with worldwide brands famous all over the five continents. The increased presence of European football clubs in the American and Asian markets is an important issue for European clubs that have an eye on this football's emerging markets. Pre-season matches in China or United States of America (USA), or TV matches scheduled in the morning in Spain, so Asian supporters can watch, are representative examples of the importance of football worldwide scale. TV broadcasting rights, prize moneys from competitions (such as UEFA Champions League), increased transfer fees, sponsoring, advertising, marketing or merchandising and ticketing are the main sources of revenues for football clubs in the world. In contrast, with the reality of main clubs in the "Big Five" Leagues (England, Spain, Germany, Italy and France) are the challenges for the club of the peripheral Leagues (like Portugal, Holland or Belgium) that struggle to keep their most talented players and that have to make extra efforts to find new forms of investment, such as private investment funds that are now being questioned by football's regulators.

The beginning of the 1990's were decisive for these dramatic changes and led to the foundation of what we can call as Corporate Football – football managed as a business focused on profit, revenues and economic policies. In this period, the private media channels battle for live broadcast of football matches brought to the business table an enlarged and powerful sort of income. Nonetheless, even if clubs had in hands an incredible financial asset, most of the clubs managers were not yet prepared for the required professionalism. At the same time, the Bosman law (established in 1995, allowed players in last year of contract to move freely to other clubs), led to strong market inflation and migration of power and money to the hands of the players. As [Soriano (2010)] describes, a large amount of this new revenues fell into to the hands of football players, and the inflation of players' transfer fees left some clubs facing bankruptcy. Leeds United, Servette, Parma FC, Real Sociedad, Boavista FC and more recently Portsmouth, are some examples of clubs that faced this type of problem. In Spain and Portugal, by their own initiative or by government action, clubs left the associative model of organization and took the step to become companies, more open to

see football as a business and more able to manage the high revenues that this sport generates.

As internet evolved and as the matches were broadcasted for millions of spectators, football clubs woke for the need to manage brands, to find and maximize other sources of revenue (like merchandising) and to manage their stakeholders perceptions: image and reputation. It is also interesting to realize that football as a business seems to be maturing itself in parallel with the study of corporate reputation that begun in the 1990's. Football clubs, as any type of organization, have a reputation to be managed. More than a sport, football is a business activity that generates high revenues, attracts considerable investments and extreme media exposure. Therefore, reputation management might be considered a key function, when it comes to shape the perceptions of a club's constituents.

In a moment where financial fair-play issues are being brought to the field of discussion, corporate performance and reputation management in a football club are more connected than ever. In spite of this, supporters and investors demand success on the pitch, whilst players and agents have their eyes set in clubs more capable of winning major trophies.

The complexity that surrounds football as sport and as business, led us to question how corporate communication and stakeholder management might help build a balance between financial control and great achievements in football competitions. A better understanding of the correlation between *Category of One* companies, capable of creating sustainable competitive advantage [(Calloway, 2008)] and corporate communication programs might shed some light in developing a framework for reputation management more fit to the football business. Corporate reputation, as a perceptual representation of a company's past actions and future prospects that describes the firm's overall appeal to all key constituents when compared to leading rivals [(Fombrun, 1996, p. 72)], is considered an intangible asset that promotes differentiation, is rare, difficult to imitate and without substitution [(Barney, 1991, Fombrun, 1996, Roberts and Dowling, 2002, Flatt and Kowalczyk, 2008)].

With the purpose of studying this issue, an exploratory single case study research was conducted. The choice was the Portuguese club FC Porto, and its sports operating company, FC Porto – Futebol, SAD, which can be regarded as a *Category of One* company. In disregard of its country's economical and geographical limitations, the Portuguese club is a leading seller of players in the transfer market in Europe, with 379 million Euro of revenue over the last 7-8 years, by transferring at least 38 players (KEA-CDES Study,

2013) and has enjoyed international and national success in football competition, even when facing clubs with larger budgets. FC Porto achievements are also deeply connected with the three decade presidency of Jorge Nuno Pinto da Costa.

## **2. From Identity to image and reputation**

Before defining reputation, it becomes relevant to distinguish this concept from two important and related notions, identity and image, because the three of them are the core part of the “expressive organization” [(Schultz *et al.*, 2000)] - or the communicative and symbolic dimension of contemporary organizations. Even though, these three concepts are often used indiscriminately.

The most used definition of organizational identity and the one that gathers more agreement was enunciated by [Albert and Whetten (1985)]. It considers organizational identity as the central, distinctive and enduring attributes of an organization. [Barnett *et al.* (2006)] and [Fombrun (1996)] add that identity is the central core or character of the organization from the point of view of its internal constituents. That is, it seems of general accordance that organizational identity is the result of internal-external influences that concur to the idea of *self*. However, the internal constituencies have the responsibility to crystallize those central attributes and to communicate them to the external environment. Then ultimately identity is based on the perceptions of internal stakeholders, which contrasts with the concept of organizational image.

Organizational image is broadly referred as a multiplicity of perceptions developed by customers and other constituents about organizations as a reaction to communication experiences. It is an holistic and vivid impression held by a particular group about an organization, partly as a result of an information process – construction of meaning – carried out by members of that group, and partly as a result of the communication effort developed by the organization [(Alvesson, 1990)].

As referred by [Walker (2010)], the majority of the literature emphasizes the external perspective of the image concept, focusing on external publics and excluding the internal constituencies. However, in [1986 Dowling] already reported that the image concept is composed of multiplicity, having different shapes according to the different groups where it emerges, including an internal form as well. The author distinguishes the internal and the external image, and supports that there is no organizational image but images.

Unlike identity, which can be controlled by the organization through communication procedures, image is a perception process that happens in the minds of the publics, supported by the contact experiences they have with the company/institution. This mental phenomenon is based on fragile and partial information, happening in very dynamic contexts and resulting in superficial evaluations. These conditions make organizational image an unstable occurrence that can change overnight as a result of crisis situation or bad publicity.

### **3. Corporate Reputation**

Corporate reputation can be defined as the stakeholders' overall assessment about a firm over a period of time [(Barnet *et al.*, 2006, Fombrun, 1996)]. As stated by [Fombrun (1996), Gotsi and Wilson, (2001) and Winn *et al.* (2008)] corporate reputation is an evaluation based on the experiences that stakeholders get from the company or from any type of communication provided about the firm. These judgments can be rooted in the perceptions of identity and image that evolve over time. Even if corporate identity might not change significantly over time, corporate image and reputation seem to be more changeable as result of external events [(Wei, 2002)]. Moreover, this notion of time is a core distinctive feature between reputation and image. To build a reputation it takes time [(Rhee & Haunschild, 2006)], on the contrary, images can change frequently and are a result of superficial evaluations. For Walker (2010), reputations are more stable and enduring.

The establishment of boundaries between these concepts suggested by [Barnet *et al.* (2006)], allows us to look more clearly to the meaning of reputation. The most predominant one is [Fombrun's (1996)] definition, which considers that (a) reputation is based on perceptions, (b) reputation is accumulated perceptions of all the organization's stakeholders; and (c) a reputation can be compared. [Wartick (2002)] also mentions that a reputation can be positive or negative and that reputation is stable and enduring. For [Walker (2010)] this five attributes lead to a more global characterization, having as guides the most important studies within the reputation literature. The author defines reputation as: *a relatively stable issue, specific aggregate perceptual representation of a company's past actions and future prospects compared against some standard*. This description seems to be broad enough to aggregate the most preponderant perspectives about what is a reputation.

#### Reputational advantage

The increased interest in the field of corporate reputation can be explained by the recognition of a close relation between reputation and the development of a competitive advantage [(Fombrun & Shanley, 1990; Fombrun, 1996; Hall, 1993; Roberts & Dowling, 2002, Walker, 2010). Brown and Perry (1994), Deephouse (2000), Fombrun and Shanley (1990)] also unfold a strong connection between corporate reputation and organizational performance. [Walker (2010) and Gibson *et al.* (2006)] refer to reputation as the most valuable asset of an organization. Furthermore [Abimbola and Vallaster (2007)] admit that competitive markets are now more aware of the role of corporate reputation. All those propositions seem to be in accordance with the idea that reputation can become a valuable asset to the globalized football market and to sustain the development of a *Category of One* company.

As mentioned by Walker (2010), further analysis on the reputational landscape singles out the relevancy of corporate reputation to create strategic benefits for the organization [(Deephouse, 2000; Fombrun, 1996)]; charging premium prices [(Deephouse, 2000; Fombrun and Shanley, 1990; Fombrun, 1996; Rindova *et al.*, 2005)]; attracting applicants [(Fombrun, 1996), investors (Srivastava *et al.*, 1997) and customers (Fombrun, 1996)]; increasing profitability [(Roberts and Dowling, 2002)]; and creating competitive barriers [(Deephouse, 2000; Fombrun, 1996)].

According to [[Dolphin (2004)], reputation is a highly visible signal giving sound to the organization's capabilities and reliability. [Vendelo (1998)] considers reputation as a sign about the quality of the companies' products and strategies, when compared to others. And the success of meeting stakeholder's expectations is likely to lead to a positive reputation.

These benefits can also be applied to the football clubs environment. Top football clubs strive to get the best sponsors and investors; attract the best players, coaches and managers for their ranks (applicants); increase stadium attendances; maintain supporters (or customers) satisfied; sell their products as much as they can; and make the transfer bids for their players higher as possible (charge premium prices). This short review takes us more close to the definition of reputation. Hence seems to be feasible to acknowledge that reputation helps to shape the perceptions of the organization's stakeholders and to influence stakeholder's decision towards the club.

#### **4. Football and stakeholder management**

As stated above, if reputation is all about the stakeholder representation of the organization, stakeholder management is deeply intertwined with reputation management. And, as referred by [Breitbarth and Harris (2008)], modern football reality has woken up to the need of stakeholder management. For the authors this highlights the matureness and professionalization of the football industry. In fact, [Brown *et al.* (2006)] believe that men’s football is now a global industry that is worth billions in broadcasting rights, merchandising and sponsoring. Figure 1 illustrates the difference between clubs business segments before 1990 and today.

Source/ revenues	Clubs/teams (since 1990s)	Clubs (before 1990s)
<b>Football team</b>	<ul style="list-style-type: none"> <li>&gt; Tickets and merchandising</li> <li>&gt; Development and sale of players</li> <li>&gt; Sponsorship and advertising</li> <li>&gt; Broadcasting rights</li> <li>&gt; Secondary spend</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Tickets and donations</li> <li>&gt; Sponsoring and advertising</li> <li>&gt; Broadcasting rights (<i>all above relatively low-key</i>)</li> </ul>
<b>Premises</b>	<ul style="list-style-type: none"> <li>&gt; Multi-purpose facilities, especially stadiums</li> <li>&gt; Hospitality and services</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Publicly-owned facilities</li> </ul>
<b>Brands</b>	<ul style="list-style-type: none"> <li>&gt; Promote non-football goods and services (e.g. credit cards, insurances, mobile services, gambling)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Club membership fees</li> </ul>

**Figure 1.** Main business segments in professional football. Source: Breitbarth and Harris (2008) and Matusiecwiz (2000)

To support the argument that modern football has now economic, social and political significance, Breitbarth and Harris [(2008)] consider four strong reasons. The first one



is the recognition that professional football clubs are business organizations under the European law (linked with the “Bosman” judgment of the European Court of Justice, in 1995, which ended up with the times when football organizations considered themselves above the law; [Foster, 2000]). This led to closer relations between the European Commission, The Union of European Football Associations (UEFA) and The International Federation of Association Football (FIFA), as a result of the cultural, economical and social importance of sport in general, particularly football, as it is written in the Treaty of Amsterdam<sup>1</sup>. The second reason is globalization in areas such as trade and marketing that led clubs to promote their brands, look for players, sell media rights, license merchandising, look for investors and sponsors in a worldwide basis. The third one is the urgency to revitalize urban areas and local communities that made clubs develop partnerships for infrastructure investment, increase place-marketing, and act as ambassadors for beneficial campaigns. And the fourth reason is that clubs started to play a role as public service providers, since the governments begun acting more as allocators and regulators. This scenario pushed clubs to make the game more relevant for society. And this evidence, shaped by [Breitbarth and Harris (2008)], helps us recognize the important role football clubs have now in socio-economic and political terms that increases their responsibility as business organizations. But, at the same time, new opportunities rise for football clubs to enhance participation and sustain their future.

Football clubs, as organizations that manage brands with a worldwide scope and strong media exposure, as companies capable of generating millions of Euro of revenue and as organizations with a strong base of supporters willing to follow the team for any place in the world and to buy every year new forms of merchandising (the emotional side of the business), seem to be an interesting case study on what drives a reputation for a football club, its influence and how reputation can be managed in order help develop *Category of One* companies.

## **5. The Case Study: FC Porto - a “Category of One” company**

With the purpose of studying this issue, an exploratory single case study research was conducted. The choice was the Portuguese club Futebol Clube do Porto (FC Porto), and

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<sup>1</sup> The Treaty of Amsterdam emphasizes the social significance of sport, specially its role in forging identity and bringing people together. Therefore it calls on the bodies of the European Union to listen to sports associations when important questions affecting sport are at issue. In this connection, special consideration should be given to the particular characteristics of amateur sport.

its sports operating company, FC Porto – Futebol, SAD (in this paper we will refer FC Porto – Futebol, SAD as FC Porto), which can be regarded as a *Category of One* company.

Before going into further details about FC Porto's case, it is important to clarify what is a *Category of One* company. According to [Calloway (2008)], these organizations are the ones capable of creating sustainable competitive advantage. This means that these companies have developed and implemented a corporate strategy that is impossible to be replicated by the competition. For [John Spence (in Calloway, 2008)] in the future, there are only two forms of competitive advantage that will allow a business to become a *Category of One*: 1) a culture of continuous innovation, with highly talented people, with standards of excellence, accountability, fun, empowerment, respect, pride and committed to add value and improve their business; and 2) a complete dedication to the customer, which can be accomplished by a well communicated vision for the future success of the company; the right tools and resources to support the vision; a motivating environment which celebrates success of achieving everyday goals; the empowerment to be creative and free to do the best work; fair compensation; and culture of rigor which makes everyone accountable; and coaching, support and communication from the leaders.

Following these arguments, FC Porto case becomes even more interesting for the study of reputation management, because football clubs (as business organizations) cannot single out a particular customer. Investors, agents, players, associates, supporters, sponsors, merchandising customers are just some of the stakeholders vital for the club that cannot be singled out as the most important customer.

Now is time why FC Porto to address the question, why the club can be considered a *Category of One*.

FC Porto, founded in 1893, is a Portuguese football club that enjoyed in the last three decades, the best period of its history. The arrival of Jorge Nuno Pinto da Costa (FC Porto president, since 1982) concurs with the transformation of a regional club, into a club known all over the world. The 1987 in the European Champions Cup against Bayern München was the first international landmark of a club, that held, in the last ten years, one UEFA Champions League, two Europa League/UEFA Cup and one Intercontinental Cup and also a substantial number of national trophies. The foundation of its sports operating company was in 1997.

In disregard of Portugal's economical and geographical limitations, FC Porto is a leading seller of players in the transfer market in Europe, with 379 million Euro of revenue over

the last 7-8 years, by transferring at least 38 players (KEA-CDES Study, 2013<sup>2</sup>). The club's reputation and overall success in football competitions has allowed it to charge premium prices for its players and to be the main bridge between South-American football and the Europe major leagues. Furthermore, the club overcome the constant changes on the team and enjoyed one of the best periods of its history with four major international victories and a substantial number of triumphs in Portuguese national competition. Concurrently, FC Porto achievements are intertwined with a three-decade vision and leadership from its president, which offered the club long-term stability and growth.

The purpose of the case study is to find clues to determine how corporate communication and reputation management might help build a balance between financial control and great achievements in football. It is also the intention of this work to develop a framework for reputation management more fit to the football business.

## **6. Methodology**

Similar to the research conducted by [Forman and Argenti (2005)], while conducting this exploratory study we were interested in the relation between corporate communication, stakeholder and reputation management, rather than to test a particular hypothesis about what drives reputation in a football club. The research is more focused on the deep and detailed information obtained primarily thru on-site interviews and observations, but also through relevant documentation, online media and published material from outside sources. That is, as suggested by Yin (1984), in this study we proceeded with a triangulation method, crossing data obtained in interviews, internal documents or reports, and external information.

To conduct the interviews, key personnel were selected as the FC Porto CEO (Antero Henrique), the FC Porto Executive Manager for Football (Urgel Martins), the FC Porto Marketing Manager (Tiago Gouveia), the FC Porto Communication Manager (Rui Cerqueira), the FC Porto Scouting Manager (João Luís Afonso) and the European Club Association (ECA) Vice-President (Diogo Paiva Brandão), who is also Administrator in Porto Comercial (company of FC Porto group). A questionnaire was used to funnel down from the global and broadest issues - related to corporate identity and corporate strategy - to specific procedures, operations and programs taken linked to issues as

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<sup>2</sup> Report on the The Economic and Legal Aspects of Transfers of Players

reputation management, stakeholder engagement, scouting procedures and brand management.

**Table 1 - Interview Guidelines**

A – Corporate Issues	B – Corporate Reputation Assessment	C – Corporate specific issues
1) Corporate Strategy 2) Competitive Advantage 3) Category of One Company definition 4) Corporate Identity 5) Brand Values 6) Key Stakeholders Identification	1) Corporate Reputation definition 2) Corporate Reputation Assessment 3) Corporate Reputation Management 4) Stakeholder Management and communication	1) Decision-Making process 2) Communication Strategy 3) Marketing and Brand Management 4) Scouting specific and operational issues

Since this is an exploratory study, we have decided to conduct unstructured interviews. The questionnaire was used as a guideline, instead of using it in an exhaustive and systematic approach. The interviewees were allowed to take the lead, dictate direction and also to control the length of how long the discussion of the subject would last. This fact was of particular significance to the unravel of new questions and to underline the significance of some issues, or emerging themes – like the role of stability in the club, the connection to the city and the significance of the role of the club’s president.

In order to establish a relation between the issues that come to light during the interview and the management of the club’s reputation, it is pretended through out the discussion to see if there any connection between these subjects and the seven dimensions reputation present in the RepTrak™ - measure for corporate reputation developed by the Reputation Institute. This framework is based on a definition of reputation, which is considered to be the stakeholder’s emotional attitude through the corporation, and it measures reputation by evaluating the admiration, esteem, feeling, and trustfulness on the organization. RepTrak™ is constructed by 7 dimensions; Leadership, Performance, Product/Services, Innovations, Workplace, Governance, Citizenship. Nonetheless, there is no intent in this study to establish any measure of FC Porto’s reputation. Furthermore, Baker and Bettner (1997) consider of extreme importance that the researcher’s perspective is made evident. So, in order to be clear,

the empirical research conducted may be regarded as predominantly interpretive. Nevertheless, and according to Dolphin (2004), interpretative research can make better examples of the real world.

## 7. Discussion

To analyze the data obtained during the research and the patterns found within the answers of the interviewees and the documents examined, the guideline present in the questionnaire will be followed. After, we will discuss the data found and the RepTrak™ seven dimensions.

### A. Corporate Issues

As for the **corporate strategy**, even if the club is a major seller in the worldwide context of the corporate football, the strategy defined for the club's success is the eagerness to win, and for that to happen the clubs tries to develop forms of **competitive advantage** in the market. This is the main reason for the club to work as the main bridge between South American countries and Europe top five Leagues. The club pursues talent available in an affordable price. For that to happen, there appears to be a relation between leadership, credibility, ability to negotiate and also a role played by the scouting department. The ability to adapt to emerging markets, the level of organization, the formation and training of its human resources seems to lead to a culture of professionalism and excellence that is being recognized by the international press, partners and other clubs. Like *Category of One* companies, FC Porto claims to pursue rigor, excellence and good management practices. At this level, further data must be gathered to confirm the existence of this culture of competence, even if all respondents were clear to declare its presence.

As stated by Calloway [(2008)], *Category of One* companies generally have a landmark, a moment where the organizations give a step ahead towards the development of competitive advantage. By the analysis of the data obtained, this moment goes back to 1982, when the president Jorge Nuno Pinto da Costa was elected. The **leadership** issue was raised many times during the interviews, because is considered to contribute to the three decades of success. **Stability** was an ever-present theme in all interviews and it is considered to be key to build a positive reputation and to develop a medium and long term corporate strategy and projects.

The data analyzed about the club's **corporate identity** and **brand values** show: interconnectedness between the club and city of Porto and that the brand values are

related to rigor, ambition, passion and tradition. FC Porto brand signature –“winning since 1893” - reveals the respect of the club for its history and a tradition of victories. The symbol of the Dragon has a deep relationship with the city’s history. FC Porto players and supporters are known to be the “dragons” and the Dragon gives name to the club’s Stadium. For the interviewees the Dragon also represent the club’s vision, strength and its willingness to thrive. FC Porto marketing manager emphasized the supernatural character of the Dragon.

### B. Corporate Reputation Assessment

As for the comprehension of corporate reputation as a concept, we can infer by the data analysis that there is no specific idea of what defines a corporate reputation. Nonetheless, reputation is viewed as source of credibility, competitive advantage, notoriety for the brand and also as good practices in the corporate football business. The respondents acknowledged the significance FC Porto reputation to legitimize the charge of premium prices for players transfers and to have a seat in the organizations that regulate football like ECA, which represents European clubs in UEFA meetings. In spite of that, it was not made evident that the club had a strategy to develop partnerships, its brand or business from this process of networking.

Despite admitting the importance of positive reputation, there is no specific strategy or anyone responsible to actively manage reputation. Nonetheless, there is a perception that the club’s management practices and the team’s results are leading to the development of a positive reputation. At the same time, success in football competitions is seen as essential for the club, as it guarantee the presence in the major competitions like the UEFA Champions League, it ensures the conquer of trophies and it keeps supporters happy and engaged. Therefore, the team performance is a key to sustain favorable images, to enhance the value of the team and players and to increase merchandising sales and ticketing sales. FC Porto CEO also added the importance of responsibility and accountability to sustain a good reputation and alerted for the importance of sustaining levels of quality and excellence in preparing players of higher standards. For Antero Henrique, every time a player, sold by FC Porto to a club in a major League, has success, FC Porto gets its share of credibility and therefore a return on its reputation.

When it comes to identify who should be responsible to manage the club’s reputation, there is no clear understanding between the interviewees. However, they all seem to agree that reputation must be supervised and that it is a topic that concerns to various departments through out the organization.

Even if there is a general agreement that the communication function is essential for reputation management, it is underlined that reputation must be seen as a top-down issue. Another factor that seems to be implicit is the importance of a strategic alignment in order to leverage the club's ability to interact with numerous stakeholders and to develop partnerships and long lasting relationships with football's regulatory agents, clubs, sponsors. The **key stakeholders** are considered to be the supporters, media, partners, sponsors, other clubs, players, agents and regulatory organizations within football as FIFA and UEFA.

When it comes to the factors that contribute to FC Porto reputation, the ones identified are: the leadership and stability of its president with three decades of governance; the highly skilled human resources and FC Porto ability to innovate; the club's organizational structure; the brand awareness; the considerable number of national titles won internally and the unexpected international victories in the last decade. Moreover, the number of presences in UEFA Champions League competition, the success of the players that left the club and the capability of finding inexpensive talent and to transform it class act transfers are also considered factors to contribute to the club's reputation. Despite of that, the club's negative images - related to corruption issues - left a stain that seems to be mitigated by the innocence proclaimed by the courts and by the lesser exposition of Portugal media press in Europe.

About **stakeholder management**, it seems also clear that the club values its relationships, the good ones and also the least positive ones, which might explain some difficult relationships with some press and an aggressive approach towards its rivals, media or opinion makers.

Finally, the associations with investment funds and the issues of financial fair-play announced by UEFA, are of objective concern of the club, since the clubs from minor leagues like Portugal need to find creative ways of continuously attracting outside investment, since the Portuguese is still struggling to become attractive in the global market of TV broadcast.

### C. Corporate Specific Issues

The **communication strategy** is defined each year, with deep connection with the team's objectives for the season. The communication strategy must be flexible enough to further adaptations if the team's objective changes. The communication function is accountable for the relationships with media agents and press, the online communications (website and social media) and the TV channel – Porto Canal - that the

club now owns and that is now being integrated in the global communication strategy. At this level, it is not clear that communication is being totally effective at a corporate and internal level, since there is a gap identified between the internal communication led by the human resources and the communication department of the club. There was also a strong idea present during the interviews: FC Porto still remains somewhat reserved and somewhat self-protective in the relationship with the press and the external audiences. However, it was interesting to notice that the club's communication manager strongly disagrees with this view, which might imply that club's internal constituents are sensitive to media messages that are not in FC Porto's favor.

The communication strategy and planning works in two directions: the communication of the issues related to the football team; and the integrated marketing communication approach, where the communication function works as a partner of the marketing function, in order to communicate products, services and brand. Rui Cerqueira also considers that the communications as its role to play in helping players to thrive, as the communication function of the club act as an intermediary, a filter between the club and the press, allowing the player not to worry with its relationships with the journalists. The player is protected and supported in all its contact to the press.

FC Porto seems to be adapting well in social media networks. Facebook, with more than a million fans, is the prime channel online to promote the brand and to be more close to the supporters. The FC Porto official website is seen in a more institutional point of view, acting as a channel to offer services and information to the supporters. The club also as magazine which is a more selective channel to communicate with the supporters.

Other department that has the eyes of public opinion on it, is the scouting department, which responsible for detecting talented players whether they are 8 year's old or 29. The scouting department was restructured into 2006 and its role seems to be of increased importance within the FC Porto organization. The department seeks to ally the club's former players experience in the club with young football graduates that came from the universities and that bring specialization, innovation and conceptual thinking to the section. An interesting idea that followed the interview with the head of scouting of the club, is that scouting is becoming a career by itself. This means that the department can gain in specialization, innovation and more skilled and experienced professionals. Despite acting like consultants for the club, the decision to buy a player is always taken by the CEO, Administration and the President. For João Afonso, the scouting has its small role in the reputation management, as he prefers to address the



club's long term stability, it's brand and high skilled human resources when it comes to build competitive advantage.

### FC Porto and the RepTrak™

In this section we will try to establish a relationship between FC Porto organizational practices and the RepTrak™ 7 dimensions. Even if FC Porto does not have a department focused on reputation management and even if there's not a concise understanding of what corporate reputation means, the competitive advantage obtained and the fact we can consider FC Porto a Category of One company might in fact be related to reputation practices. The issue of Leadership (1) is strongly present. The long-term stability of 30 years of presidency brought the club success, trophies, international recognition and the transformation of a small European club, in a club recognized almost all over the world. The club seems to value its relationships and declares to have the utmost respect for its partners, supporters, sponsors, and football regulators. FC Porto also has assiduous presence in the major discussions about the football in Europe. (2) When it comes to the corporate performance, FC Porto, in the last ten years, as enjoyed internal and international success and as revealed as one of the major actors in the players transfer business with 379 million of Euro of revenues in the last 7-8 years. (3) As for the products and services, FC Porto charges premium price for its players and is now focused on the internationalization of its products and brands. The club is sponsored by Nike which also provides the club with high profiled merchandising material; 4) Innovation is yet an item to be proven, nonetheless, the interviewees recurrently address the culture of innovation in the club, which lead us to infer that there might exist a relationship between innovation and the workplace dimension (5) - the specialization of human resources and the freedom to be proactive and to draw new projects is an issue present in the interviews. As for 6) citizenship there are also some issues being addressed by the club: the Dragon Stadium has a certification for its environmental sustainability, the club develops and trains handicapped athletes, the club has its role in public service, as it gives formation to young athletes and has a role in the community. About governance (7) the club seems to enjoy better perceptions internationally than nationally, although, the presence in the Portuguese Stock Market implies regulation and transparency which seems procured in the annual finance reports. The respect of all agents in football is also one of the patterns present in all interviews.

In spite of detecting the presence of all these dimensions in this study, further research must be addressed in order to understand deeply these patterns and to fully understand

if the good practices mentioned are in fact executed with the excellence and competence referred by the interviewees.

## **8. Conclusion**

For the purpose of this study, was our aim to address the relationship between Category of One companies, reputation management and the corporate communication function within the corporate football context. After analyzing the data, it appears to exist patterns of relationship between FC Porto reputation, the fact the club is a *Category of One* company and global role to play by corporate communication in order to shape perceptions - even if this role is not yet totally explored. These patterns, based on competence and good management practices, might provide equilibrium between success on the pitch and financial performance.

It is also clear that corporate reputation is not an issue at the moment for the club, nevertheless, a considerable number of measures that affect the FC Porto's reputation are already taking place. Furthermore, the analysis of the presence of RepTrak™ dimensions in the data collected seem to suggest that reputation management in a football club is not so different than in other type of business with it's own specifications. It is its nature as sport, its competitive context, the complex network of stakeholders, and the passion it inspires that makes corporate football a rich example for further research in the field of corporate reputation. The further development of a framework for reputation management in a football club must take into account the football team's result on the pitch and to be flexible in order to adapt to contingent situations and different cultures.

As for FC Porto, this exploratory study gave light to the existence of patterns in the club management practices, which not only justify further research but also might be capable of unravel a deep relationship between Category of One companies, corporate communication and reputation management.

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