



## Three Canadian Soccer Myths & a Solution

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Presented by: Gerry Gentile

*This is not meant to be a personal challenge or criticism of any individual working for soccer in Canada either as a paid employee or volunteer. I have many friends who I love and respect working diligently for the betterment of the game at the CSA and provincial associations. My aim is to assist their efforts nothing else...even though from time to time the fan in me comes out and expresses frustration.*

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## *The moment something previously unique becomes common or a point in the evolution leading to irreversible change*

### The Tipping Point

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*The 1970 Mexico World Cup was without a doubt the Tipping Point for FIFA and the beautiful game. The meteoric rise in revenues, in participation and viewership can all be traced back to what most people believe was the greatest world cup finals ever played, displaying the highest level of skill and play for all the world to see in living color for the very first time. There were many firsts for that World Cup; the first use of the Red/Yellow carding system, the first use of substitutions, and the first Finals to be played in North America. Also, for most people, it was the first time they watched the great Pele', as he won his record 3<sup>rd</sup> World Cup Champions Medal. However, the most significant detail from that event was the decision to broadcast the tournament for the first time in color and to more countries and more homes than ever before.*

*A new generation of soccer fans and players became inspired and passionate about the game after Mexico 70, including 20 young boys who 16 years later would represent Canada for its one and only World Cup appearance, ironically it was Mexico 1986. Once again a World Cup tournament in Mexico proved to be a Tipping Point for Canadian soccer, as registrations and participation in soccer soared for the balance of the 1980's and throughout the 1990's. As we lament yet another recent failed World Cup qualifying campaign and as we see the rate of growth for registrations decline to less than 4% per year, it is clear that to reinvigorate the game in Canada, our one and only Goal should be to qualify for the World Cup finals... not once but always. Participation, registrations and the financial health of the game, its clubs and associations depends on it.*

*Perhaps for political reasons such as government financing the CSA has had to use consultants and marketing firms to produce documents such as the Wellness to World Cup and the Strategic Plan 2009-2013. Full of consultant-speak and political window dressing but lacking focus with 203 strategic activities, most of which have nothing to do with getting us to the World Cup on a regular basis. The documents are not what we need. We need a highly focused plan which guarantees our brightest young talent will receive world class coaching and training in world class facilities and measured against world class competition in a systematic, predictable and deliberate fashion. The CSA plan will not get us there. For that reason I offer an alternative direction.*

# The 3 Canadian Soccer Myths

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**Myth 1 – Money Is the Problem**

**Myth 2 – Professional Soccer Is the Problem**

**Myth 3 – A new plan / same structure is the solution**



**Reality** – A simple plan focused only on the critical success factors, and executed by a non-elected parallel board of business leaders can turn things around

# Myth 1 – Money is the Problem

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*“First get the right people on the bus, and worry later about where they should sit. Accomplish that and you can take that bus any where you want it to go”*

*Good to Great – Jim Collins*

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Like a business without competition or a government without opposition, the CSA has enjoyed a FIFA sanctioned monopoly in this country since 1912, but after nearly a century of operations in Canada they remain by business standards a small business or government. Almost half their revenue (2006) continues to come from a tax on registrations and is guaranteed regardless of performance. Still after 97 years of operations and the tremendous growth of soccer both globally and across the country, annual gross revenue remains at \$12 million, producing net revenues around 2% of gross, (on a good year) with accumulated fixed assets of only \$740,000 and \$1.3 million of net equity.

Canadians have spent between \$150 to \$200 million per year on soccer club registrations and league fees, adding up to more than \$2 billion over the last two decades. Despite the brilliant growth in registrations during the late 80’s and through-out the 1990’s we have come no closer to the results we would like to achieve:

- Increased international success – i.e. men’s World Cup Final qualification
- Greater development of world class players
- Increase in meaningful revenue streams
- Significant expansion of legacy facilities across Canada
- Increase in customer satisfaction

It is difficult then to justify the CSA’s proposal to increase the tax on constituent’s registrations or the fees to CSA customers by 200%. Also consider the fact that there will be significant challenges faced by any organization which increases its revenue from \$12M to \$25M, such as waste, inefficiency and lack of management skills to deal with a doubling of business within a short period of time.

Another committee, white paper or resolution will not change the results we’ve been achieving up until now, and neither will more money. History is full of examples of people, brilliant people, who have achieved so much with so little in the way of resources. I have come to learn that money is usually not the problem with most ailing businesses; the people running the company are almost always the problem. We need new people to work with the existing group...perhaps a parallel non-elected board of business leaders.

# Myth 2 – Professional Soccer Is the Problem

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*“Theories made their way, seemingly without friction, from the experts’ mouths to journalists’ ears to the public’s mind. In short course, they became conventional wisdom. There was only one problem: they weren’t true”*

**The Hidden Side of Everything – Steven D. Levitt**

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What if Canada had not defeated Honduras 2-1 in St. John’s, Newfoundland, on a cold September 15<sup>th</sup> in 1985 and thus not qualified for our one and only appearance at the World Cup Finals? Would we still be convinced that not having our own national professional soccer league has prevented us from qualifying for another World Cup finals? What if that theory was wrong, that other factors such as luck, weather, weaker competition, or an unusually strong group of players and coaches converged to be at the right place and at the right time had allowed us to qualify? What if something other than professional soccer helped develop those players who helped us qualify for Mexico 86? Has our soccer leadership wasted time and opportunity by clinging to a false belief which has led to the paralysis we have experienced since the CSL folded? Was there another path for success which we ignored? Here are some interesting facts:

1. 204 countries have competed in the World Cup qualification tournament. Over 180 of those countries claim to have a domestic professional soccer league, yet only 78, including Canada, have ever qualified for at least one World Cup Finals. It appears that having a national professional soccer league in most cases does not guarantee qualification success.
2. Canada has had some form of professional soccer almost uninterrupted since 1926.
  - National Soccer League – 1926 to 1990
  - Eastern Canada Professional Soccer League 1961 to 1966
  - NASL (Calgary, Edmonton, Montreal, Toronto, Vancouver) 1968 to 1985
  - Canadian Soccer League (original) 1987 to 1992
  - USL (Vancouver, Montreal, Toronto, Edmonton, Calgary) 1992 to present
  - MLS (Toronto) 2007 to present

For almost 75 years we have had some form of professional soccer played in Canada played, yet we've only qualified once in our history. (1986) Was there something special about those players who helped Canada qualify? Was it Mexico 1970? If not, why during other World Cup campaigns when we had professional soccer did we not qualify? The two major Canadian NASL teams, Toronto and Vancouver were members since 1968, Calgary since 1978, Edmonton since 1975 and Montreal since 1971. The CSL which followed the NASL had 8 franchises across Canada from 1987 to 1992 and a game of the week broadcast nationally on SportsNet; however despite those strong leagues in place for all those years we did not qualify in 1970, 74, 78, 82, 90 or 1994. Even with a strong A-League presence since 1992, many players active in Europe, and an MLS franchise in Toronto we still have not qualified for South Africa 2010. Why then do we hold that theory to be true based on being successful just that once in 1986?

3. Perhaps it was a unique set of players and circumstances which helped us qualify. Consider what happened during the 10 years leading up to our 1986 qualification:

- 1976 Canada as host nation for the Olympics gains automatic birth for the soccer competition
- 1976 the Toronto Metros win the NASL Championship
- 1979 the Vancouver Whitecaps win the NASL Championship
- 1983 the Toronto Blizzard reach the NASL finals
- 1984 Canada qualifies for the heavily boycotted Los Angeles Olympics and reaches the quarter final round.

The results leave no doubt that there was something special about the core group of players who made up the roster of the Canadian national team between 1976 and 1986, players who benefited greatly from the tremendous success of the 1984 Olympic campaign. The preparations and qualifying campaign for Los Angeles 84, which saw Team Canada reach the quarter finals and lose in a penalty shoot out to Brazil was terrific preparation for the World Cup 86 qualifications which began immediately after the Olympics with virtually the identical team.

Of the 17 players who participated in the 1984 Olympics, 14 participated in the 1986 World Cup qualifying campaign...including the brilliant head coach, Tony Waiters.

*“A country does not need professional soccer to succeed internationally. They need a professional approach to developing their young players.”*

### *Gerard Houllier*

I had the privilege of asking Gerard Houllier several years ago what he would do to help us qualify for the World Cup Finals on a regular basis, if he were in charge of soccer in Canada. I prefaced the question with facts about the lack of money, facilities, Canadian soccer icons, political will, and professional soccer in this country. His reply was both brilliant and surprising.

I was surprised to learn that he almost accepted the CSA's technical director position before becoming the manager for Liverpool, and had thought about that very same question in great detail. He felt that the same system he put in place as technical director for French soccer in 1988 would work in Canada.

- Expand the number of national training center facilities across the country.
- Implement a consistent national soccer development curriculum for players and coaches focused on skill mastery.
- Improve the national player identification program so that the best players were identified at the youngest possible ages. (even within the French colonies)
- Develop cooperation and coordination with top professional and amateur reserve team programs and establish competition within the **Championnat de France Amateurs**, the French national championship for the best reserve teams in the country.

10 years later France won its first World Cup and continues to be a major contender in world and European soccer.

In other words, we do not need a national professional soccer league in Canada but rather a professionally run national league for the training centers, professional club reserve teams and other elite amateur clubs and academies focused exclusively on the development of world class players. Houllier was convinced that if you produced world class players from your youth system they could play in professional leagues any where in the world.

In 1999 the CSA commissioned the consulting and accounting firm KPMG to study the viability of professional soccer in Canada. When asked by KPMG what were the objectives the CSA wanted to achieve with a professional domestic soccer league they responded with the following answer:

Improve Player Development across Canada  
Improve National Team's Performance & Qualify for World Cup Finals  
Increase Revenue's For the CSA

Based on Houllier's theory, which was proven correct after 10 years, the CSA goals could be met with or without a professional soccer league by just focusing resources on providing our brightest young talent with world class coaching, technical training, training facilities and competition. A professional league would be a massive and unnecessary drain on precious resources.

On January 6<sup>th</sup>, 2000, in Montreal, at a cost of \$60,000, KPMG delivered to the entire CSA board, invited guests and the pro soccer community from across Canada its final verdict:

*"Based on the interviews and field work conducted to date, we believe the viability of a Canadian professional soccer league is risky and highly speculative"*

**Lyle Hall - KPMG**

Like Houllier, Stefan Syzmanski and Tim Kuypers, the authors of "Winners & Losers – The Business Strategy of Football" strongly believe that the overwhelming amount of heavy lifting for player development is done by smaller clubs and amateur programs around the world and that statistics suggest that the large leagues and rich clubs account for just a small portion of player development. Their tasks are focused on scouting smaller clubs in minor leagues around the world to recruit players into their reserve or senior programs just before they gain international recognition.

During my seminars for high school students and youth soccer clubs around the province I spend a great deal of time helping kids understand the difference between what-they-want and what-they-need, and the importance, especially when resources are limited, to focus everything on what-they-need in order to succeed. The CSA and Canadians across the country "want" a domestic professional soccer league, but what we need is a domestic national league run professionally for the sole purpose of developing world class players.

## Myth 3 – A new plan with the same old structure is the solution to our problems

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Executives who manage any of my business are not allowed to hire consultants without risking instant dismissal. They were all hired for those top management positions because of their leadership qualities, knowledge, capacity to get things done, and most importantly, their ability to articulate, create, communicate and execute a business plan. If they need to hire outside consultants to create strategic plans, then they are the wrong people for the job. I always found it difficult to believe that consultants from outside an organization could create a plan which the employees would confidently embrace and execute as their own plan, and be willing to be held accountable for its results or failures.

On page 4 of the latest CSA Strategic Plan, they state that the report was created “with the support of a series of consultants” and it shows with consultant-speak phrases and words such as “leading Canada to victory and Canadians to a life-long passion for soccer”, and “Wellness to World Cup”, and “sustainable capacity, thriving business practices, vibrant organizational operations” and “flourishing relations and partnerships.” (It makes a person wonder if they are paid by the word or by the amount of total letters used per document.)

The document, while a significant improvement from past reports, is clearly pandering to all levels of government, as well as club and district presidents who the CSA need to lobby for increases in fees and funding. Why 203 “strategic actions” most of which have nothing to do with the ultimate goal of qualifying for the world cup? We need a grand Vision with bold decisions and actions not found in the Strategic Plan.

I offer below my recommendation for our new Vision and supporting strategies.

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## The Vision for soccer in Canada

- Always qualify for the FIFA World Cup Finals

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## The 5 Step Strategic Plan

1. **Hire a world class CEO with a brilliant resume of corporate success and a rich knowledge of soccer**

Sounds like I'm dreaming, however, during my 20 year involvement in youth soccer I have met many top notch executives and CEO's passionate about the game and with children participating at elite levels. I would look for a CEO thinking of a career change, which is already financially independent and would take the job not for the money but for the challenge.

2. **Allow the CEO to assemble his or her own non elected business board to function parallel to the executive board**

Another committee, another white paper, another resolution, another strategic plan or another \$10 million will not change the results we've been achieving in Canada until we find a way to attract the business knowledge and resources the CSA requires, without needing them to spend 10 to 20 years getting elected from the club board to the district board and then to the provincial board and eventually the CSA's board. These highly successful people who want and could help the CSA cannot afford the time required to become elected members of the CSA board, nor will they have the patience to deal with all the nuances of volunteer boards and the bureaucratic way they get things done.

We need to recruit experts in marketing, sales, finance, merchandising, facility development, and government lobbying; people with networks of influential contacts which could be leveraged to assist the CSA's business objectives.

3. **Establish a network of 20 low cost national training centers over a five year period. 10 in Western Canada and 10 in Eastern Canada**

By building new facilities, by leveraging existing facilities or by a combination of the two, the CSA needs to build a national infrastructure of linked training centers designed to expose our brightest talent at the youngest possible age to best in class

coaching and training techniques in best in class facilities and tested with against best in class competition. These centers can be built for \$2 million or less and I recommend building them in partnership with high schools across Canada, who can use the facilities by day. This would allow for the eventual coordination of day time training for national youth players encouraged to attend those schools.

**4. Hire 20 UEFA “A” licensed international coaches to administer the national player development curriculum at each of the 20 national training centers**

Replacing Dale Mitchell, one man, with another person, and to expect results to change simply makes no sense and has been proven to be just a short term solution and a long term failure. We need a team of professional international coaches across Canada, not one, to train our brightest young talent 5 days a week. Bonuses should be paid to the staff of training centers when their players sign professional contracts. Each facility’s international technical director would be required to train 20 of the best Canadian apprentice coaches from clubs or academies surrounding the national training center. These apprentices would also be required to scout the areas they serve for new young talent and insure those players are identified and exposed to the national training curriculum. The apprentice coaches would also be required to conduct regular coaching sessions for club and academy youth coaches across each province. With this plan Canada would develop an additional 400 world class coaches in less than 10 years.

**5. Establish a fully funded National Amateur Soccer League**

Borrowing from the French association’s example, this league would be restricted to national training center teams, reserve teams from professional clubs or elite leagues (CSL) and youth club and academy programs who meet a high standard of imposed and audited requirements. American teams in close proximity to national training centers who meet the league’s high standards should be admitted as well. Following Houllier’s theory of developing world class youth players so they can play in professional leagues in North America and around the world should be the main goal of the training centers, the international coaches and the NASL.

# How to Fund the Strategic Plan

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*“Promoting to children and their families can open a huge market. Companies understand that buying habits and brand preferences are established between the ages of 4 to 15 and that kids influence their parents in a big way, to the tune of \$600 billion per year”*

*NY Times – August 3<sup>rd</sup>, 2003*

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## Corporate Canada Market Background

Two thirds of the Canadian economy relies on consumer spending. Corporate Canada invests over \$1.2 billion per year to influence that spending in hopes of creating buying habits and brand preferences for their company’s products. 50% of all advertising in Canada is directed towards those 25 years and under because studies have shown that buying habits and brand preferences are solidified by age 25.

Prior to the web, satellite/digital television, personal video recorders (PVR’s), video games, MP3 players, handheld consoles, smart phones and social networks, Corporate Canada could reach this valuable demographic by simply advertising on a handful of popular television and radio programs. However with the vast amount of entertainment choices available today, the target market has become very fragmented, and more difficult to reach through all the digital noise and less predictable in their whereabouts.

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*“Without a doubt teens are reading a magazine while they’re on the Internet while they are watching TV while listening to their iPod in the bedroom”*

**Strategy Media, Special Report; Reaching Youth**

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The predictability, repetitiveness, passion and loyalty of the soccer demographic, combined with its size and purchasing power make it very desirable for Corporate Canada to direct a significant portion of their advertising budgets towards youth soccer.

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## **The \$25 Billion Demographic**

In December of 2003, the data mining company, Manifold Lifestyle Marketing Limited, was hired by Bounce Sports Marketing, (one of my companies at the time) to conduct a database mining exercise on the Ontario Soccer Association's registration database. The goal was to determine the purchasing power of the soccer membership in Ontario, and to develop a detailed profile of the demographic, which could then be used to attract corporate partners to the association.

We were all surprised to learn that the blue collar image of the soccer market was nothing more than a myth in Canada. Not only did Manifold confirm that the OSA's membership had a purchasing power of \$14 billion, but that the soccer demographic was above the national average for education, disposable income, home ownership, senior executive positions, size of household, and techno savvy. When the information was extrapolated for all of Canada it was safe to assume the national purchasing power of the soccer demographic exceeded \$25 billion.

This market, with its Cana-code 1 "Top Gun" rating and high degree of predictability and reachability (club locations, practice and game schedules), is a corporate partner's dream opportunity...if only a marketing vehicle existed to help leverage that market for increased market share and brand recognition, through various marketing initiatives. This is a revenue stream that has been totally under valued by the associations and the CSA, especially when you compared to the Chinese demographic in Ontario.

The Chinese demographic has a purchasing of \$9 billion in Ontario, \$5 billion less than the OSA's, yet while soccer enjoys very little corporate Canada support, companies spend close to \$20 million in Ontario to reach the Chinese demographic via their 3 daily newspapers, 5 Chinatown billboards, 2 television channels, and the many award ceremonies and banquet functions. This presents soccer with a major opportunity for additional revenue.

# Revenue Streams

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## 1. Create a CSA Marketing Vehicle

Corporate Canada had already confirmed to the CSA Pro Soccer Working Group (which I chaired) that they would be willing to provide soccer with all the funding they required as long as soccer could demonstrate how the companies could increase their market share and brand awareness within the valuable soccer demographic. The purpose of the Marketing Vehicle would be to create programs where the membership, the CSA and Corporate Canada all win.

- Affinity Programs (discount, prizes & points card)
- Product placement & sampling
- Advertising properties
  - Field signage
  - Jersey
  - Web site
  - CSA Web Radio Broadcasts
  - Facility naming rights
  - Merchandising
- National soccer raffle/lottery

Many of the CUSL's marketing ideas would still be relevant. Rather than repeat them here, you can view the Blueprint here: <http://soccer.loop48.com/down/CUSLProposal.pdf>

## 2. Use the \$10 Registration Levy Increase to create a \$75 million Capital Fund with a financial institution

The \$8 million increase would support a \$75 million mortgage amortized over 25 years, for the construction of the 20 facilities and infrastructure. This amount could go higher if partnered with matching funds from local and provincial governments. At today's rates, interest and principal payments would be approximately \$6 million per year for a 25 year term. The additional \$2 to \$4 million should be kept in a separate capital account as a backup for any shifts in registration forecasts.

A project such as this would create legacy facilities which will benefit all levels of soccer for many decades.

### **3. Reduce Costs By Eliminating Redundancies In The System**

According to the CSA's Strategic Plan, we have 2,800 youth clubs, 150 districts, and 13 provincial/territories associations, each with paid staff, leased offices, utility expenses, computers, fax machines, phone systems and photocopiers. Add to that the hundreds of league offices across each province and territory and it's easy to see why we never have enough money for player, coach and club development. We simply waste most of the revenue on redundant systems.

Perhaps before technologies such as road construction, cellular phones, web tools, the internet, satellite, fax technologies etc. we needed so many layers of bureaucracy to service the vast Canadian geography. If Business could leverage technology to increase efficiency, reduce cost and increase customer service why can't soccer? We need to force consolidation and ask why we need so many clubs and districts and leagues wasting precious dollars on redundant and less efficient systems.

## **What Qualifies You To Speak Out?**

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I was asked that question when I challenged a board's decision many years ago. I suspect that question will be asked again if anyone were to read this document. This is what I believe qualifies me to speak out:

#### **SOCCER BACKGROUND**

- 20 years of coaching all levels of youth soccer, from house league to elite competitive, to university soccer and one championship winning season with the CPSL.
- Successfully received my Provincial B License in Canada and the NSCAA National and Advanced National in the USA.
- Served as executive vice president of the Vaughan Soccer Club
- Chaired the CSA's Pro Soccer Working Group
- Presented the CUSL Blueprint to Sep Bladder and Michel Platini
- Winner of the CSA's and York Region District Association "President's Award"
- Served on several special committees for all levels of soccer
- Co Founder of the Soccer Academy Association of Canada (SAAC)
- Parent of 3 children who played within the youth soccer system in Ontario
- Founded the non-profit Fall Showcase Tour which has helped 100 financially challenged players from Ontario receive soccer scholarships.
- Continue to conduct University & Financial Planning seminars for youth clubs across Ontario

## BUSINESS BACKGROUND

- Co-Founded 5 successful high tech businesses which have sold over \$10 billion worth of products and services globally
- Set up 9 major facilities and employed 400 employees in 6 countries
- 5 time Winner of the Financial Post Magazine's 50 Best Managed Business Award
- Ranked as high as 10<sup>th</sup> in Profit Magazine's "Top 100" list
- Mississauga Board of Trade's Small Business of The Year
- Mississauga Board of Trade's Businessman Of The Year Award
- Co-owner and operator of Bounce Sports Marketing Inc
- Set up operations for a major high tech firm in Canada
- Vice president & General Manager of Augat Canada (9 years)