

## **Application 1.1: Resources and capabilities in a sports team**

For a better understanding of the Resource-Based View (RBV), we are going to assume the case of a sports team; for example, a football team. Its success on and off the pitch is closely linked to the existence of distinctive resources and capabilities at the club in a greater number and of better quality than its rival teams.

**Identification of resources:** the success of a football team depends largely on the resources available to it, which may involve the following:

- Material tangibles: stadium, properties, etc.
- Financial tangibles: cash or similar.
- Non-human intangibles: prestige (one team earns more than another in a friendly match because of its prestige or record), management systems (economic, season ticket holders, etc.), name of the team, logo.
- Human intangibles: players in the squad (each one with their specific skills), trainer (leadership capability, technical expertise), management.

**Identification of capabilities:** a football team's success does not usually depend solely on its resources, but also, and especially, on its capabilities. A team full of stars does not necessarily perform better than another with fewer stars and greater cohesion. Capabilities represent the team's collective skills to play and win matches and championships. These capabilities will be distinctive insofar as they are better than their rivals'.

The way of achieving capabilities –playing as a team- largely depends on organisational routines. These may include, for example, the positioning of the players on the pitch, the distribution of roles among them, the one chosen to take free-kicks or carry out a pre-set move or the use of off-side tactics.

In this last case, for example, it requires each defender to be quickly aware of the situation in which it should be applied –individual skills-, as well as a tacit and synchronised coordination of movements in order to leave the opposition off-side –collective skill-. The slightest error in the application of the tactics may expose the team. The team that executes this tactic perfectly achieves a distinctive capability that reduces its opponents attacking options.

**Evaluation of the resources and capabilities:** the main criteria applied to a football team would be as follows:

- **Scarcity:** not all teams can generally afford the best players. For example, top goal scorers are few and far between on the market, thereby making them extremely valuable. Those teams that can sign them will be in a position of superiority over all the others.
- **Relevance:** a team's objective is to win matches, which it achieves by scoring goals or not letting them in. This gives relevance to certain types of players that are better at performing one or other function. This means the positions of centre forward, goalkeeper or central defender tend to be more highly valued than others. The same could be said regarding collective skills, in the sense of the importance of tactics for the objective of winning matches.
- **Durability:** the performance of individual resources -players- can be improved through training, tactical nous, etc. The improvement in collective capabilities depends largely on keeping the players in the squad – low turnover of players-, sustaining their performance -motivation, avoidance of injuries- and keeping the same trainer. The more individual and collective abilities are practised, the better the team's performance tends to be. Furthermore, the management's attitude and approach have an impact: planning of resources,

up-and-coming youth players, consistency in decision-making, long-term view, etc. Accordingly, and due to the above factors, it seems that a team's long-term success is very difficult, or even impossible, to achieve (fortunately for the interest of championships), which suggests that durability, in the best of cases, is not very great.

- **Transferability:** the possibility of a team losing its competitive capabilities is linked to the possibility that other teams will sign one or more of its most valuable players or its trainer. The capabilities are almost impossible to transfer, as not all the players, the trainer, technical team, etc. can be transferred at the same time to another team, unless it is actually bought out. Thus, to the extent that a team's success depends on its collective capabilities rather than on its individual resources, the departure of a player to another team need not necessarily constitute a significant reduction – apart from in exceptional cases – in its competitive capability.
- **Imitability:** this refers to the possibility of other teams reproducing the capabilities, as imitating the resources, which are highly individualised, is practically impossible. The more a team's success depends on collective capabilities rather than individual ones, the more difficult it will be for any of its rivals to imitate or reproduce all its success factors.
- **Substitutability:** although one player may be substituted by another, the most valuable players can be hard to replace, given their unique abilities. The usual way of winning a match, through better players or tactics, could be replaced by bringing pressure to bear on the referee or on the organisers to make certain favourable decisions that open up the road to success. This could involve bribing the referee, the precautionary suspension of disciplinary measures, pressure on fans or the media, etc.
- **Complementarity:** this refers to the fact certain players are capable of performing better than others when they line up alongside those players with whom they have a better understanding in that team than in another. The same may be said for certain playing tactics that are better suited to some teams than to others. Although players may be transferred and some organisational routines imitated –the off-side tactic-, the success of a team that properly combines valuable resources, effective organisational routines and distinctive collective capabilities, will be difficult to imitate, at least in the short term.
- **Appropriation:** players' skills belong to them as individuals and, therefore, the club may only appropriate them while the player offers his services to it. The club seeks to exercise control over its players through appropriate contracts. When players are signed by another club, they take their individual skills with them, but not the collective ones.

One risk a club faces is that players may decide not to use their skills to the advantage of the collective. There is no hard and fast way of making them do so. One way of protecting against this stance is by linking players' salaries to their individual performances (matches played) or collective ones (bonuses for winning matches).

A further aspect of interest regarding appropriation involves the distribution of rents among players. Insofar as a player's individual contribution to a team's success is more significant and the team depends on that person's skills for its success, the player may negotiate substantial improvements in their contract under the threat of signing for another team.

Finally, it should be acknowledged that the "luck" factor plays a significant role in a team's success over the course of a championship. The fact is, as the fans say, that's football!