Continuing the series of discussions for their Swiss Strategies Think Tank, alternative investment specialists Dr Guenther Dobrauz-Saldapenna of PwC, Nils Beitlich of Credit Suisse and Wolfdieter Schnee of Valartis Fund Management chat with the managing director of the German football club St. Pauli, Michael Meeske. The quartet discuss the need for strategy, performance, distinctiveness, emotions, how to make teams work, the value of new talent, and how to deal with investors and supporters in soccer, as well as in asset management.

Nils Beitlich (NB): Strategy and performance are clearly key success factors both in soccer and the hedge fund industry, but I believe that sustainable success in any competitive market requires more: distinctiveness. Since the soccer club of St. Pauli is living distinctiveness since its existence, which is reflected within your logo: “non-established since 1910”, would you recommend start-up entrepreneurs to be bold, to aim for the extremes rather than the middle ground?

Michael Meeske (MM): Uniqueness is nearly always an advantage, as a football club or as a part of the finance industry. But it’s as important to live such an approach in a holistic and sustainable way. So you have to create a unique image, but it has to be authentic and differentiating – otherwise you need no distinctiveness.

Wolfdieter Schnee (WS): In asset management track record is key. St. Pauli successfully managed to get supporters buying bonds in order to finance your new stadium. Would you, therefore, say that this also applies to football? If this is a general requirement for success, how do you overcome this when you start?

MM: Selling bonds in the world of football is different to the sale of corporate bonds, because the club focuses on its fans, which are primarily driven by emotions. This means...
that track record is not the key, rather a stable development and an authentic and sustainable position in the football market.

GUENTER DOBRAUZ-SALDAPENNA (GDS): How important is it in a world chiefly defined by technical parameters to link to other powerful emotional triggers? Which elements would you add to your mix? What influences drive you?

MM: Be different.

NB: Success typically has many fathers. What is your recipe when it comes to making teams work?

MM: At St. Pauli FC you have to integrate all of your stakeholders, because the unique position is the result of the fan engagement in the 80s. This requires a specific participation management up until now.

WS: Would you agree that a resilience of value is given in difficult times if it has been underpinned by strategy?

MM: Strategy is always key, so you need one especially in volatile markets. And football is due to the chance of promotion and the risk of relegation also a volatile market, which requires a strategic brand management.

GDS: In asset management, finding new talent is key. In our view, the same applies to successful soccer clubs, as this creates a significant amount of value for the club. Which criteria do you consider as being important when you look for new soccer talents? Would you say they also apply to asset managers?

MM: Finding new talents is one of the most decisive issues in football. To be honest, our prime focus is on the on-field abilities, like the technical skills, speed, endurance and match-anticipation, but we also look at social skills, for example the reaction if a teammate makes a blunder. In my opinion, in a very wide sense, these technical and social skills are also necessary when it comes to assessing young, new asset managers.

NB: When talking about new talent, are you in favour of supporting new players or rather looking for established players? Following this, do you prefer to follow an active buying and selling of talent or do you prefer supporting a passive buy-and-hold strategy? What is your recipe for success in such a competitive environment?

YOU’LL NEVER KNOW WHAT WILL HAPPEN WITH THESE YOUNG GUNS ON THE PITCH, ESPECIALLY IN STRESSFUL SITUATIONS. THAT’S WHY WE TRY TO GET A MIX OF PLAYERS WITH A ST. PAULI TRACK RECORD AND SOME BLUE CHIPS

MM: We are focused on finding and developing young players, because we are convinced that this fits the St. Pauli lifestyle and it offers some interesting economic potentials as well. On the other hand, you’ll never know what will happen with these young guns on the pitch, especially in stressful situations. That’s why we try to get a mix of players with a St. Pauli track record and some blue chips.

WS: Obviously, sponsoring is a major issue in soccer, like it is in asset management. What do sponsors look for when financially supporting a soccer club? Again, would you see any parallels to asset managers?

MM: Normally a St. Pauli sponsor focuses on the image of the club. There has to be a significant fit between sponsor and club to create an authentic brand alliance. Then there’s the analysis of the media presence, which is really important as a hard fact of the sponsorship. During the relationship most of the sponsors are keen on developing a specific activation with a lot of activities like promotions, sampling in the stadium, meet and greet with the team, etc. to increase the impact of the sponsorship. Therefore, I do see a lot of parallels to the relationship of asset managers and investors.

GDS: St. Pauli has a strong fan base. Is this then also reflected in the way they are allowed to interfere in the daily business of your club? How do you handle the interests of fans and sponsors, which might diverge?

MM: Our supporters show an extraordinary involvement, which seems to be the result of the specific history of the club, where the supporters brought the jolly roger to the club in the 80s and developed these extraordinary brand values, like being self-ironic, socially responsible, tolerant, multi-cultural and maybe a bit crazy, but this makes the club really special, which is a great advantage. But in modern football it leads to conflicting goals between the heavy users, your ‘event fans’ and your business clients. That’s why we try to discuss as much as possible with our different stakeholders. Not an easy task, but necessary.