

INVESTMENT IN EVERTON

Location: Alex Young Suite, Everton FC

Date: Monday February 9 2003

Time: 7:00pm – 10:00pm

All Association members were invited to a Shareholders Association Forum held at Goodison Park on Monday 9 February starting at 7pm.

The topic was “Investment in Everton” — an attempt to discuss the possible methods by which Everton’s finances could be improved. The intention was to hold an interactive forum to discuss the advantages and disadvantages of various potential methods of improving Everton FC’s financial situation. The agenda for the evening included the following 2 guest speakers: Joe Beardwood and Sean Hamill.

Over the next few days we are going to do our best to provide a detailed reflection of the events of that night. This is going to take time – but the subject justifies it. This represents the first event of the evening, Joe Beardwood’s analysis of the comparative performance of Everton FC Co Ltd in relation to other Premiership Clubs. It will be followed by Sean Hamill’s experiences both in respect of his involvement with Supporter’s Direct – a government funded organization to promote greater fan involvement, and in respect of his own club, Celtic. The final part will cover Steve Allinson’s proposals for utilizing a Rights Issue to make Everton Shares available to all fans – how it might be developed and what it might achieve.

Introduction by Ian Macdonald

It’s quite obvious to the Everton fan base near and far that we start each season with one arm tied behind our back financially and we ask why. We all would dearly love to give David Moyes extra funds to compete with the likes of even Birmingham and Bolton now and buy the quality players this Club and its fans deserve.

We must all recognise that unless we provide more funds to David Moyes we will be wishing our lives away for another eighteen months until most of the contracts of the players David inherited will be finished. Only then will he be able to release who he does not want. Don’t get me wrong — we are not alone in having a squad in part of players the new manager does not have in his future plans.

Only the other month Oscar Baloban of Villa had his contract terminated ‘with mutual agreement’ after never playing for the first team, costing £5 million to buy three years ago, and costing wages in the region of twenty grand a week. Bogarde and Bosnic of Chelsea, Bellamy of Newcastle has hardly played due to injury, the list of weekly non productive players goes on. Every club has a drain on their finances with players that don’t ‘cut it’ for their club.

In the last transfer window, only Everton and Liverpool didn’t strengthen their squads for the last stages of the marathon that is the Premiership. Even Bolton brought in five new faces to their already bigger squad than ours. Will we suffer consequences of this later in the season?

The thing is, this is as good as it gets at Everton. We are no longer the ‘Mersey Millionaires’, a millstone around our necks now this old nickname. The fact is that we have spent just £13 million in the last eight years when all the comings and goings are totted up.

And yet Bill Kenwright is not at fault for all this. If he brings any more borrowed money to the table he will end up living above one of the theatres where he puts his plays on. The rest of the Board have done their bit in securing the club from a vacant owner and preventing it going into the abyss. We could have had more problems than Leeds if Bill and True Blue Holdings had not retrieved the club from facing administration or even bankruptcy. They ‘inherited’ a debt of nearly twenty million. It was this debt that stopped other buyers coming in, given that it was always going to rise to what it is today.

A big positive of the Board’s deeds to date, which we sometimes forget, is that we have not had to sell the family silver as has happened in the past. But we haven’t added much to the ageing / average squad.

In hindsight, without knowing the full financial make up of the club, perhaps we should have done a Leicester, taken the knock with the creditors, and started again clean. That was then, this is now, and right now we need at least two decent midfielders for a start!

So tonight it was our turn as Shareholder’s to explore ways of helping the club we love. It’s obvious the present Board can do no more. If we are to be perceived as ‘The People’s Club’ then it is the people of this club that should help David Moyes add to his team, or re-build stands to provide the extra revenue streams we sadly lack because of the aged old lady that is Goodison. Let’s stop moaning about so and so; let’s do something about getting that other arm untied from behind our back. We can only try our best — and what is our motto?

The meeting unfolded as follows....

Part 1 – A Presentation by Joe Beardwood.

Joe is Managing Partner of Sheridan Binnie – a Consultancy that has worked with a number of professional football and rugby clubs on organisational change and development. This presentation analyses Everton FC objectively (using hard data) in a number of key areas, and benchmarks us against other Premiership teams. The assessment raises a number of challenging issues and suggests a future strategy for the club that would mean a great deal of change from where we are now!

Joe came tonight not to preach, but to show realistically where we are today in the financial picture. Above all, as much we hate to think this at times, the Premier League is a business. Success on the pitch has a direct correlation with turnover, profit and balance sheet strength. Leeds United come to mind as an example of how it can all go horribly wrong; overstretching yourself on borrowing in the ‘hope’ of attaining the Champions League — the Holy Grail of money for football clubs. We can’t live in hope though.

Some of the things Joe said were hurtful and shocking to hear, but we should live in the real world and be big enough to take it all on the chin. What unfolded in his presentation had me depressed at times but deep down I knew and think we all know it’s bang on. It was an education.

Football as a business

For many years, the professional world has considered that Everton have underachieved as a business; its very history holding us back at times. This club has relied on a single benefactor from John Moores to Peter Johnson and as an investment, like most clubs, represents a poor choice unless there is change.

How does Joe back this up? Well I'll try to explain, but bear with me — I'm not a financial expert!

Football is not like any other business, it's far more emotional. If I shop at Sainsburys and get a constant raw deal with broken jars etc I can complain to the manager and go to Tesco's instead. But if we as Evertonians think we are getting a raw deal, where do we go? Tranmere? I think not. No, we keep coming back for more in the hope that one day it will get better. It's OUR club and we defend it to others as a parent does with a child to a danger. We are emotionally tied to our club and many say that's the problem: that clubs treat their fans not as customers in a retail world but as a number who will always come back whatever dross is served up.

We pressurise Bill and company to make more buys when bad results come, never thinking of how, or who, has to pay for it all. But when, as in the case of Leeds, all the free spending comes back to haunt you, it's never the fans fault but the Board's for being irresponsible! I remember at an AGM during Peter Johnson's tenure and fans asking 'Where's all the money gone?' PJ replied, "It's running around on the pitch." How do you put a player's value on a balance sheet? Maybe you should because instantaneously we would have an extra £35 million value with a certain eighteen-year-old! Not that we EVER want to realise that value.

We as fans are not interested in seeing profits off the field, just great performances on the field. That's how we measure success. No fan expects the club to make a profit — we just want another player instead, in an area we identify needs reinforcing.

The mindset of a fan is that the Club generates money to improve the team firstly, and perhaps the stadium and its facilities after that. Many clubs are owned by 'wealthy fans' rather than qualified professionals who might improve the business that is football now.

A well-run football club is best equipped to make profits to service borrowing. Banks lend you more money to fund new players or stadium plans. A bit like our own mortgages, the lender will only give you a mortgage if your credit and wages are healthy and in order. Bank managers are not gamblers, and don't set any store on hopes or promises by the borrower. Having said that, prior to Abramovich, the Chelsea and Leeds bank managers must either have been high rollers or fans of the club where the heart rules the head. Just how did they borrow so much money on a bed of sand?

Joe showed us a slide of the final league placings of last season when we finished in a great seventh place.

Sadly, it's the norm now that clubs with moderate turnovers finish below the 'new big five': Chelsea, Man Utd, Liverpool, Arsenal and Newcastle — all with turnovers over twice as big as ours.

But Everton did finish higher than several clubs who now consider themselves bigger than us: Leeds, Villa, Spurs, City and Southampton (Ha! Yes, they're bigger, right, hmmm...). So for

comparisons on turnover of these clubs 'in our league' Joe came with hard-backed facts on how we stacked up against these other clubs. One conclusion was Southampton IS a bigger club than us. Now that's hard to swallow.

Attendances also correlate with performances off the field, usually.

Last season we had over 95 % of capacity achieved (731,000 fans went through the turnstiles at Goodison), comparable with Villa (770,000) and Southampton (690,000). We at Everton last season had no cup home games — the first time that has happened since the fifties. Hence Southampton's total is close to us. Man Utd on another planet had 2.2 million through their gates!

How the money comes in - our turnover

Joe for a start then analysed what amount of money is spent by fans coming through turnstiles around the country. Things such as programmes, drinks pies etc .

Spurs fans spent £35.84 per head, Southampton nearly £27, and Everton just £20. Match receipts of Everton last season were £14.7M, Spurs £25.5M, and Southampton £18.5M.

TV and league merit monies (£630k per league place) gave Everton a great boost in income last season accounting for £25.4M, Spurs £24.8M, and Southampton £22.8M. But can we count on that much this season realistically in our current placing? This time last year we were 'safe' in points even if we were embarrassed in the FA Cup.

And finally 'Other commercial activities' — things like sponsorship, kit providers, stadium advertising, executive boxes (we have 13 which would be better placed at Martin Mere, bird watching!), catering, bar revenues, merchandise and room hire. Well, not surprisingly we come right down on the list. Leeds get £29M, Villa and Spurs £16M, Southampton £7.7M and we are at the back with £7M.

The above totalled up gave the turnovers for last season which are as follows:

Spurs £66M, Leeds £64M, Villa £45M, Southampton £48.9M and we turned over £46.9M.

So Southampton, yes, Southampton, that team from the dump that was The Dell to their nice new little stadium in just three years, have a bigger turnover than us!

You may not like the following comparison that Joe gave us concerning our red neighbours so turn away now. Liverpool, with just 5,000 more fans in capacity, got TV money and merit money of £44.3M (ours was £25.2M); match receipts for the reds amounted to £28.7M (ours just over half that), other commercial off-the-pitch income gave the reds £29.6M and, well, ours was less than a quarter of that (£7M).

So the story of that imbalance of income explains a lot in our buying power of players compared to the reds at the start of every season of late. True their wages are double ours, and, if you want to dig deep and get a bit happier with this picture I'm painting, we drew the other week away with a team that gets paid twice as much as ours.

In a Profit and Loss picture Everton are not alone in losing money it seems every year. Man City are sailing very close to Leeds in their confetti money borrowing to fund the purchase of players. Kevin Keegan wanted a huge transfer kitty (believed to be £45M) in the last two years to get City into fifth place at least in the Premiership, a gamble that might later pay off

the debts incurred. Their CEO thought it madness and resigned rather than be associated with the gamble. Where are City now? Remember, they don't even own their own stadium

In the year 2002 Everton lost £13M, Villa £13M, City £15M, Leeds £50M and Southampton made £2M profit without reaching the Cup final.

Glasgow Rangers turned over £45m, staff costs 82%, losses of £35M and are now £80M in debt. Leeds Utd's current plight does not have to be repeated here, it's updated daily in embarrassment and on the borders of perversion in the media.

How much should we be spending?

On our turnover, based on a squad of 30 players, we should pay an average wage of £750k (£14.5k/wk). Now what top-class player would come for that? So you have to juggle the wages and give some players more and others less, and that can cause disenchantment in the changing room. Such is life.

So Everton must resist the temptation to break the salary cap (even for Rooney?). We can't afford England Internationals who demand annual wages of £2.5M to £6M per annum (£48k to £115k per week). Not unless he's a one-man team.

If Wayne has a good Euro 2004 then his agent, bet your bottom dollar, will want the going rate for his client. How will we afford this scenario now after this season's financial losses, or does that mean we have to sell the family diamond? Look at Blackburn now, they sold Duff and Dunn for over £22M but have they replaced them?

I know Wayne is not Barmby, but look what happened when little Nicky compared wage slips whilst at England camps. It's human nature to compare wages.

Calls to buy Butt for our poor midfield were made recently, fair shout — until you realise the full cost of such a deal. You sign Butt for £5M, and he gets a contract at England player wages for five years — a basic £2M per annum. It costs us £15M over his time with us. Yet Birmingham are still sniffing around with a permanent deal for Fossell who won't come cheap. But, excuse the pun, they have wealthy and willing benefactors who will take the personal risk and, ultimately, the clubs risk.

At the time it seemed good business to secure a loan on season ticket sales but in hindsight it's going to cost us a fortune to pay back. Of the money borrowed I'm often asked why, when part of it was to build the new academy, that now Bellefield has to be sold to finance it? I can't answer that but I do know we spent heavily some years back on the strength of a media deal with NTL that never transpired, so maybe it went to pay off that player funding.

You see, this season we brought in four players in various deals on deadline day, but everyone forgets we also bought Yobo for £4.5M swallowing up our profit from last season's finish. I'm not defending the Board here, just trying to be fair-minded in the big picture. I suppose the fans want to know what's being done to attract new investors but who, apart from Man Utd plc and Chelsea, are attracting interest? I suppose the Board think we're all ungrateful and what more do we want from them! For an Evertonian the whole situation can be summed up in one word.

FRUSTRATION!

Below, then is Joe's informative slide show presentation that tells the financial story of our club in comparison with our rivals.

Human Resources

Training

Retail & Leisure

Professional

Investment in Everton

Shareholder's Forum

Monday 9th February, 2004

Alex Young Suite

Human Resources

Training

Retail & Leisure

Professional

A few early comments

- I might go a bit quick — I get excited. So concentrate.
- I'm trying hard in this presentation to be OBJECTIVE
- I have tried to relate my experience and not be technical.
- Some of the realities highlighted will hopefully be useful to you.
- CHANGE

Joe Beardwood - from where to where

- Unilever - 4 years.
- Mars (Pedigree Petfoods) - 4 years
- Pepsico (Pepsi Cola International) -3 years (European Sales Director)
- Courage (S&N plc), Bass Brewers - 4 years (Sales Managing Director)
- Chief Executive of CWS (1999 - 2002) (Travelcare, Funerals, Opticians, Farms, Engineering & Property Group)

The football business is unique in British industry

- The pressure from the stakeholders (the fans) is to spend money
- Capital investment on players is almost impossible to properly appraise financially
- Executives (managers) are often judged on short term results
- The employees (players) often feel low levels of attachment to the company (their club)
- Success is judged by results on the pitch rather than ROCE, profit, turnover etc.
- The business is not (normally) expected to make a profit
- Clubs are often owned and run by 'wealth' rather than qualified professionals with experience of managing, growing and developing multi million pound businesses
- The media spotlight is more intense than any other business sector



Well run businesses are best equipped to grow in the long term.....

- High operating profits enable the business to service borrowings
- Profits spin off cash available for investment
- The business can afford to pay and employ better quality people
- Banks and financial institutions are much happier to make loans
- The business has a sound base from which to extend its operations into new sectors



The final league table of season 2002/03

	P	W	D	L	F	A	GD	Points
1 Manchester United	38	25	8	5	74	34	40	83
2 Arsenal	38	23	9	6	85	42	43	78
3 Newcastle United	38	21	6	11	63	48	15	69
4 Chelsea	38	19	10	9	68	38	30	67
5 Liverpool	38	18	10	10	61	41	20	64
6 Blackburn Rovers	38	16	12	10	52	43	9	60
7 Everton	38	17	8	13	48	49	-1	59
8 Southampton	38	13	13	12	43	46	-3	52
9 Manchester City	38	15	6	17	47	54	-7	51
10 Tottenham Hotspur	38	14	8	16	51	62	-11	50
11 Middlesbrough	38	13	10	15	48	44	4	49
12 Charlton Athletic	38	14	7	17	45	56	-11	49
13 Birmingham City	38	13	9	16	41	49	-8	48
14 Fulham	38	13	9	16	41	50	-9	48
15 Leeds United	38	14	5	19	58	57	1	47
16 Aston Villa	38	12	9	17	42	47	-5	45
17 Bolton Wanderers	38	10	14	14	41	51	-10	44
18 West Ham United	38	10	12	16	42	59	-17	42
19 West Bromwich Albion	38	6	8	24	29	65	-36	26
20 Sunderland	38	4	7	27	21	65	-44	19

Attendances for the 19 league matches also correlate with performance

SEASON 2002 - 2003

Team	Pld	Premier Total
1 Manchester United (1)	19	1,284,434
2 Newcastle United (3)	19	986,542
3 Liverpool (5)	19	821,612
4 Chelsea (4)	19	755,896
5 Sunderland (20)	19	754,267
6 Leeds United (15)	19	743,279
7 Everton (7)	19	731,334
8 Arsenal (2)	19	722,795
9 Tottenham Hotspur (10)	19	682,049
10 Aston Villa (16)	19	664,533
11 Manchester City (9)	19	656,730
12 West Ham United (18)	19	654,209
13 Middlesbrough (11)	19	589,480
14 Southampton (8)	19	582,928
15 Birmingham City (13)	19	547,781
16 West Bromwich Albion (19)	19	507,888
17 Charlton Athletic (12)	19	498,855
18 Blackburn Rovers (6)	19	498,287
19 Bolton Wanderers (17)	19	475,322
20 Fulham (14)	19	317,434

- Leeds and Everton were ahead of the other clubs by more than 50,000 attendees
- Southampton's attendance was up after a move to a new stadium
- Manchester City's attendance was the last season at Maine Road
- Everton achieved 95.8% of total capacity
- Man United actually played a total of 33 home games with a total attendance of 2.2m!

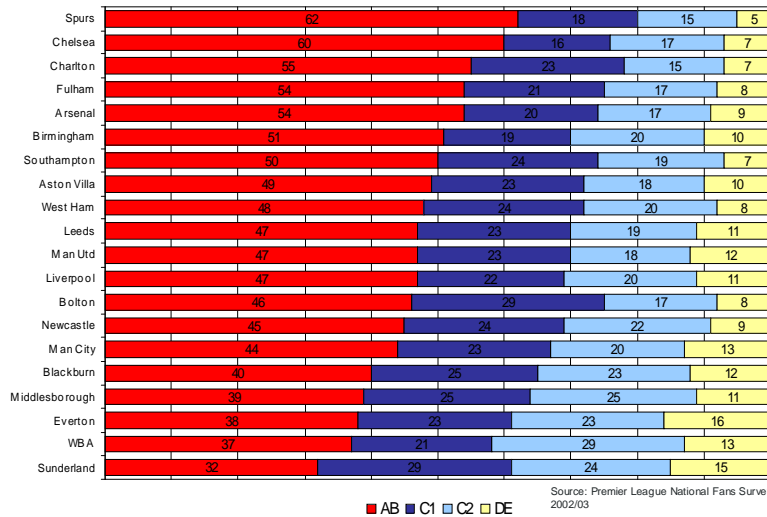
The total number of attendees for the season drives match revenues

	Leeds	Everton	Tottenham	Aston Villa	Man City	Southampton
Premiership Games	19	19	19	19	19	19
Cup Games	4	0	1	4	2	4
Match Attendees Premiership	743,279	731,134	682,049	664,533	656,730	582,928
Match Attendees Cup	126,226	0	30,000	106,289	56,591	108,538
Total Season Attendees	869,505	731,134	712,049	770,822	713,321	691,466

- Leeds United had the highest premiership & cup attendees for season 2002/03
- Everton had no cup games, yet still enjoyed the 3rd highest number of attendees
- Southampton and Spurs had the lowest aggregate attendees for the season
- Manchester United achieved £2.2 million attendees from 33 home games!**



The 5 London clubs attract the highest percentage of the AB socio-economic category

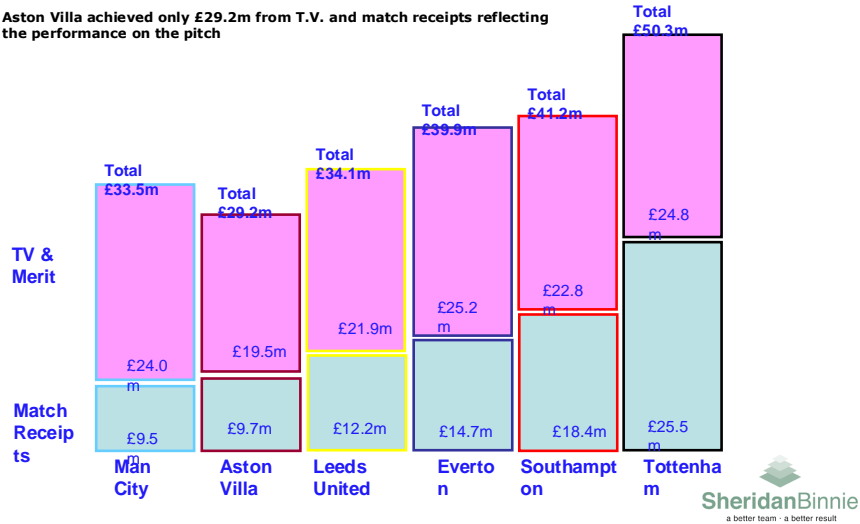


- Everton have the 2nd highest proportion of C2DE attendees in the Premiership (39%)
- 80% of Spurs and 74% of Southampton fans are ABC1

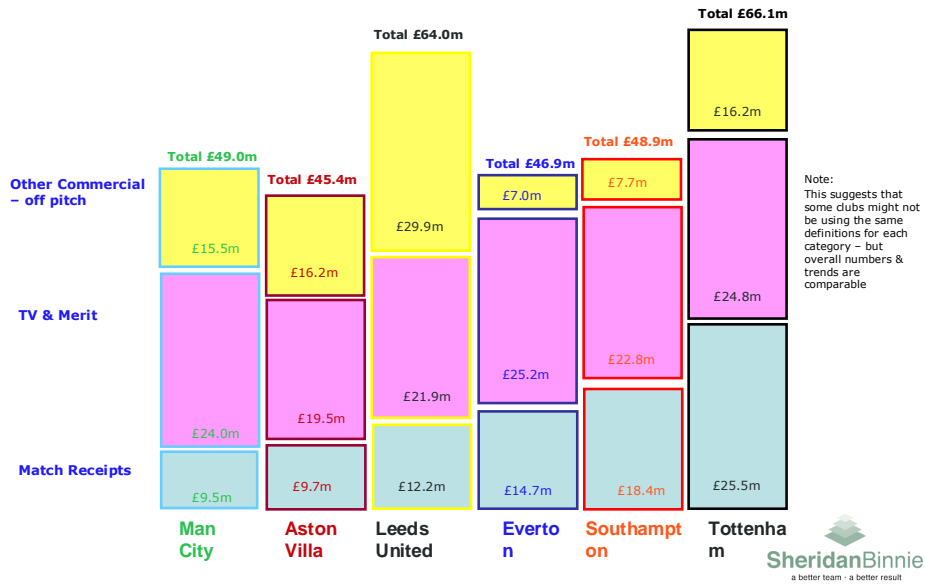


TV money and merit payments are driven by final league position and number of appearances. However, the gap between Everton at 7th (£25.2m) and Villa at 16th (£19.5m) = £630k per place

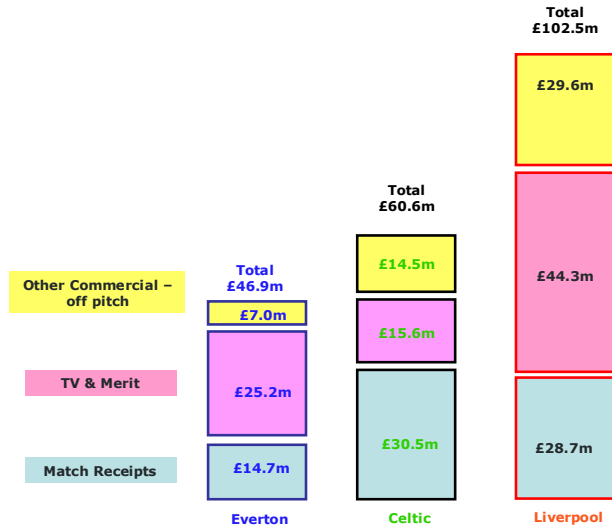
- Everton enjoyed the highest payment from T.V., media and merit payments
- Aston Villa achieved only £29.2m from T.V. and match receipts reflecting the performance on the pitch



Finally, 'Other Commercial Activities' reveal the widest gaps in performance.....



Liverpool, with a capacity of 45,362, are way ahead on all key measures



Southampton are now a bigger club than Everton & Aston Villa

Modern business shows no respect for history!

PROFIT & LOSS ACCOUNT ££millions	Leeds United		Man City		Everton		Aston Villa		Tottenham		Southampton	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Turnover	82	64	28	49	38	47	47	45	65	67	38	49
Cost of sales	18	13	34	47	31	33	44	45	47	46	29	34
Player trading	20	16	7	13	9	14	13	14	15	19	6	7
Admin Expenses	72	76	0	0	8	9	0	0	8	10	5	6
Operating loss / Profit	28	42	13	11	10	9	10	14	5	8	2	2
Profit/loss disposal player reg.	0	1	0	2	14	0	9	2	7	2	8	0
Exceptionals & Write offs	0	0	0	0	0	1	0	0	0	0	1	0
Profit / loss activities before tax	34	50	14	15	2	13	1	12	1	7	3	0
Tax credit / charge on profit / loss	0	0	0	0	0	0	0	0	1	1	1	0
Retained profit loss for the year	34	50	14	15	2	13	1	12	2	6	2	0

Celtic are as big a club as these six – 2nd only to Tottenham

Unfortunately their annual operating loss puts them firmly alongside Everton & City

PROFIT & LOSS ACCOUNT ££millions	Everton		Celtic		Tottenham	
	2002	2003	2002	2003	2002	2003
Turnover	38	47	57	61	65	67
Cost of sales	31	33	51	54	47	46
Player trading	9	14	9	11	15	19
Admin Expenses	8	9	0	0	8	10
Operating loss / Profit	10	9	3	4	5	8
Profit/loss disposal player reg.	14	0	1	1	7	2
Profit/loss before interest & tax	4	9	2	5	2	6
Exceptionals & Write offs	0	1	0	0	0	0
Net Interest Payable	2	3	1	1	1	1
Profit / loss activities before tax	2	13	3	6	1	7
Tax credit / charge on profit / loss	0	0	0	6	1	1
Retained profit loss for the year	2	13	3	12	2	6

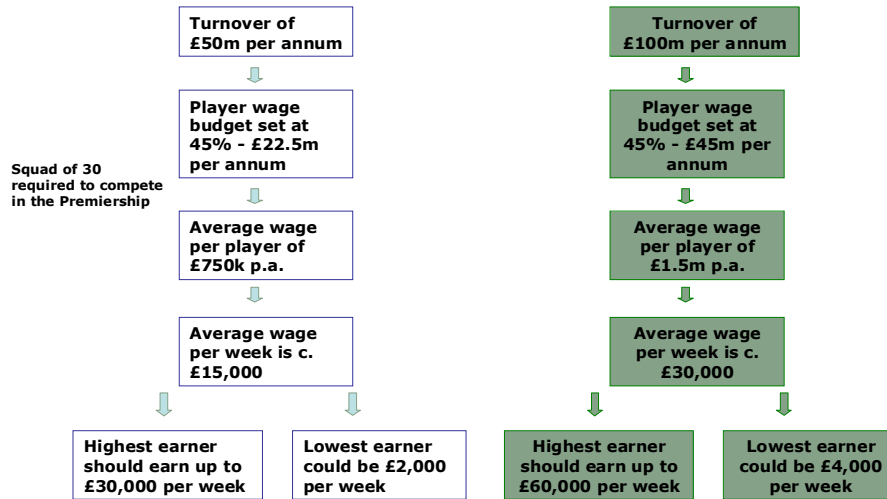
- Turnover up 6.5%
- £10m media income from run to UEFA Final
- 15% increase in merchandising to nearly £12m
- £35m player wages
- Debts of £18 million

Rangers turnover £45m. Staff costs 82%. Losses £35m! Debts are now over £80m

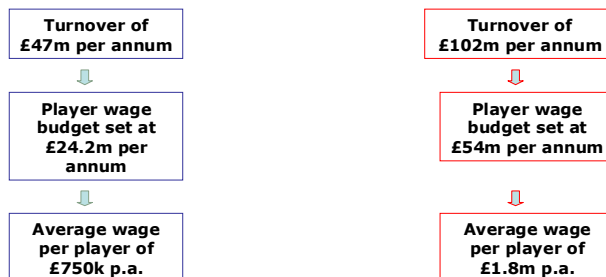
Leeds United has net liabilities of £44m

Balance Sheets ££millions	Aston Villa		Tottenham		Southampton		Everton		Man City		Leeds	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Fixed Assets												
Intangibles (i.e. players)	38	24	28	17	12	14	27	25	23	39	66	17
Tangibles (stadium etc.)	42	41	46	47	40	39	5	5	37	45	43	44
Investments	0	0	0	0	0	0	0	0	0	0	0	0
	80	65	74	64	52	53	32	30	60	84	109	61
Current Assets												
Stocks	1	1	1	1	1	1	1	1	0	0	2	1
Loans	0	0	0	0	1	0	0	0	0	0	0	0
Debtors	10	6	10	8	6	3	5	8	4	9	14	12
Cash	0	0	0	2	1	5	8	0	0	0	15	13
	10	7	10	11	9	9	14	9	4	9	31	26
			41	26	17	19	30	40	25	30	67	66
Net Current Assets (Liabilities)	7	6	31	15	8	10	16	31	21	21	26	29
Total Assets – Current Liabilities	73	59	43	48	44	43	16	1	39	63	83	32
Monies owed longer term	1	1	4	16	29	31	7	3	14	51	82	76
Provisions for liabilities & charges	1	1	1	1	2	2	2	2	20	23	0	0
Deferred Income	9	7	0	0	0	0	0	0	0	0	0	0
			38	31	13	11	7	6	5	11	1	44

So why does a sustainable revenue stream matter?



When Everton played Liverpool last week £54m played £24m!!!



- Everton must resist the temptation to break the salary cap
- Everton can't afford to sign full England internationals (£2.5m - £6m per annum)
- If Rooney has a good Euro 2004 his agent will demand 'the going rate'
- Directors quoted as saying 'never sell' – raises issues about corporate responsibility?

If you know your history.....

- In 1958 John Moores bought a controlling stake in Everton FC and so founded 'the Mersey millionaires'.
- Between 1960 and 1970, Bellefield was created (state of the art), the Main Stand and Top Balcony built (state of the art) and the star midfielder of the World Cup winning side bought (like being able to buy Zinadine Zidane after the 1998 World Cup).
- The baby boomer generation of Evertonians grew up enjoying someone else's money!
- Between 1984 and 1989 Everton enjoyed a period of unprecedented success although the opportunity to leverage this commercially was limited.
- In 1992-93 the Premier League was born, coinciding with the worst average attendance (20,576) in the last 20 years!
- In 1994 the number of shares in the club rose from 2,500 to 5,000, allowing Peter Johnson to invest £10 million.
- In 1996 a further 30,000 shares were issued, resulting in a cash injection of £15 million.
- In 2003 Everton made operating losses of £10m for the second year in succession.
- In 2003, Everton's balance sheet showed net liabilities of £5.9 million and 'Creditors' of £39.5 million.



A number of strategic options are available to Everton Football Club

The Walt Disney Strategy

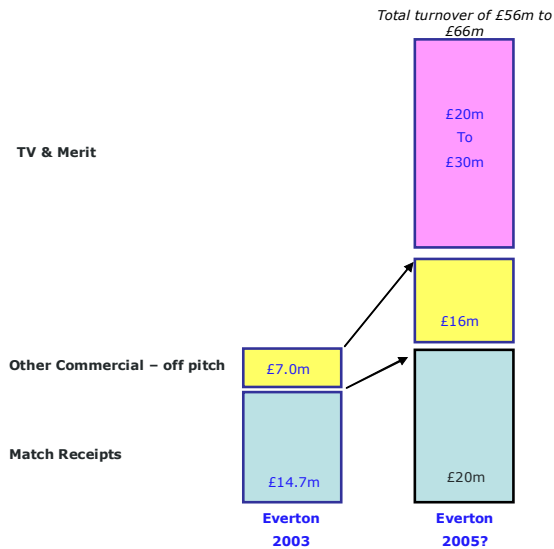
- Ensure that the board of directors are personally involved in the day to day running of the club.
- Spend more than we earn – we can always increase the level of borrowings.
- Seek a benefactor willing to give the club millions of pounds to spend and to pay off the debts.
- Ensure that we continue to think of Everton as a club rather than a business. A club mentality will ensure that change is slow and that employees are drawn from the local community.
- Invest energy and resources attempting to develop a new stadium that meets the high expectations of the majority of the fans.
- Take on the maximum amount of debt possible to pursue the dream of the Premiership.

From a 'club' to a 'business'

- Put an executive team in place with the experience and ability to grow a £47m turnover business
- Cut the cloth accordingly; spend only what we earn and invest wisely in the future
- Make the club **independent** – resist the temptation of a benefactor and ensure the club is run by the people for the people. Freedom = adequate profits.
- Structure the business to deliver an operating profit every year – ensure that expenses are budgeted accordingly. The team manager should control a wage budget of c. 45% of the prior year's turnover.
- Ensure that available capital is invested equally between fixed assets (stadium, training ground etc.) and playing staff. Prioritise projects that guarantee a return on capital employed.
- Look for a partner to share the cost, utilisation and maintenance of a 70,000 seat stadium that can compete with Arsenal and Manchester United



Everton needs to aim for £60m turnover by 2005



Summary

- **Stakeholders (fans), shareholders, the board and manager should be united behind a single business plan**
- **Shareholders can play a vital role in educating and communicating to 'the fan in the street' the need to support a three year organisation change plan**
- **Shareholders should be leading the campaign NOT to spend**
- **Shareholders need to support the board to focus the on the basic KPIs**
- **The 'commercial business' message is a tough but necessary concept to communicate - the current plight of Leeds makes the current environment conducive**
- **£15m raised to build a new Bullens Road Stand is an excellent investment**
- **£15m raised to 'strengthen the squad' will exacerbate the problems of the last decade**

Final Thoughts on Joe's Presentation

All the above was depressing to most of us there that night. It was shock treatment in one way to see by figures and graphs how we are now and how we are perceived. The fact is that we cannot continue like this. My first observation was what a fantastic job Wenger and his board are doing with gates nearly half of the plc giant Man Utd.

Southampton got to the FA Cup final to beat our turnover, but it's still 'Southampton'.

The way we are going now in the league we will finish with about five or six million less in Sky monies and merit placing. That drop in revenue can only do one of two things. 1) Take away even more money from David Moyes's transfer kitty next season or 2) the ultimate sacrifice may occur: the doomsday scenario of Wayne leaving along with ten thousand fans off the gate. Whatever way it is shown, the potential to transfer a world-class player in Wayne, a boyhood Evertonian, will put enormous pressure on the Board. Fair or unfair, they will be seen as responsible because they couldn't find the resources to keep him.

However you perceive our Board, all but one is an Evertonian and they've put their money where their mouths were to save our Club from the abyss. That was over three years ago and, of course, little has changed in our financial standing. It's been a hard job to keep the wolves away since then, but might it have been easier if the Board had gone to the fans then, when there was the feel-good factor? Even last year was surely not too late. But we've moved from a position of seventh heaven to the hellish position of now.

True we will have about five or six of the first team squad (no really big earners, mind) off the books this summer, but we will only save their wages and receive few transfer funds, so maybe Moyesie could get a couple of 'Bosman' players in?

Will that be enough to make David happy in his job? David is only happy winning games and with the present squad it's sadly not that often. He knew the job restrictions when he came but has this season of two steps back curtailed his optimism of getting it right on the field when, off the field, the money is only getting tighter?

We can't borrow more money as we are over the overdraft facility now if rumours are true. Will the person with any real money on the Board put more in, and by that person I mean Paul Gregg? My thoughts are I doubt it very much, and why should he? Mr Gregg by his own admission is not a football fan and I think primarily came on board to be a part of the Kings Dock project, which unfortunately is now a dead duck.

And everyone knows that, apart from Man Utd, football is not making any money. So what's the answer to Everton's on going financial plight? Is there hope for this famous old club getting back to former glories? The next two

presentations provided a shaft of light in the gloom that Joe Beardwood gave us. But Joe was just telling us how it was. Thanks are due to Joe for explaining the real story of our club. We're adults here so lets accept it and see if the Board can help us help them.

PART TWO TO FOLLOW ON MONDAY - THE CELTIC TRUST, OR 'FROM THE JUNGLE TO A 60,000 SEATER STADIUM...'