Copyright Paul Abel 2013. All rights reserved.

BIG PAY RAISE FOR MR MOYES, PLEASE

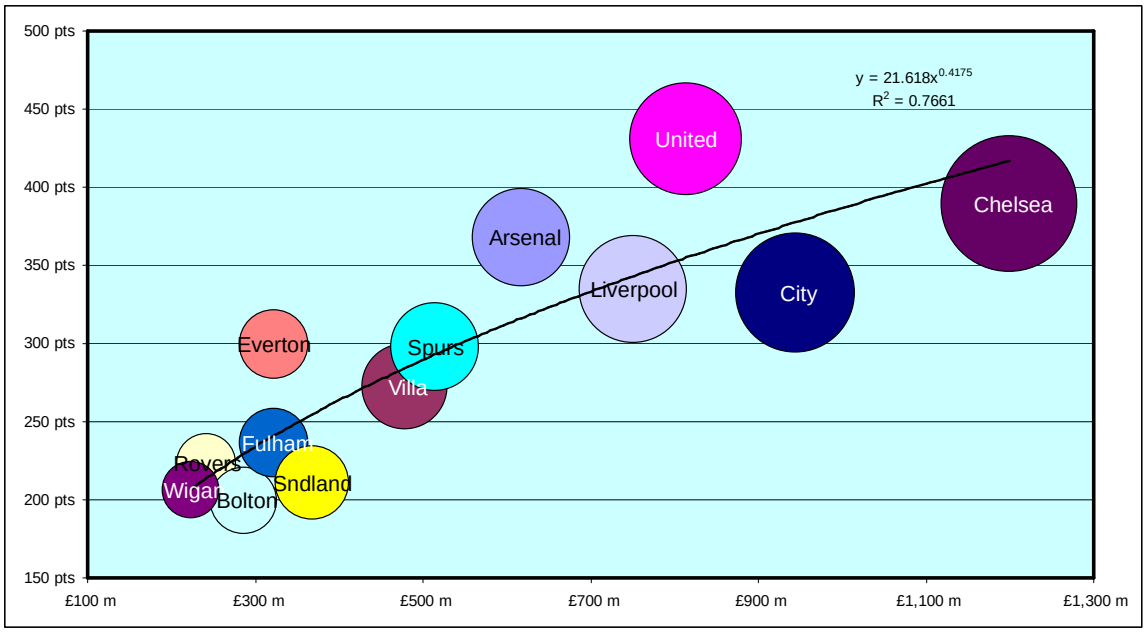
I have read with great interest and occasional frustration the ongoing debate on ToffeeWeb and elsewhere. One side seems to feel that the current management of Everton, personalized in David Moyes and Bill Kenwright are bad for Everton. While they are well-meaning, their limitations mean Everton will never achieve the heights it deserves; *Nil Satis Nisi Optimum*. The other side feels that the duo are good for Everton and we are lucky to have two such committed and canny operators. The continuing "will-he, won't-he" over Moyes' contract discussions only adds further intensity to the debate.

Football is a strange creature: it is half passion and half business. The passion half is felt weekly by the thousands of fans of each club, all of whose emotions are directly influenced by how their team perform at the weekend. I can still feel the sting of disappointment as Everton let a 1-0 winning position 10 minutes from time slip to a 2-1 defeat to lowly Norwich. It's the hope what kills you. For we, the fans, nothing but the best is indeed the core belief, and the fact that other, less noble teams are showered with largesse by foreigners of dubious ethics and even shadier origins, just makes the injustice all the more keenly felt. It's not fair.

However, the business half of football is the brutal reality, as it is in every walk of our lives. If there is a greater profit to be earned, a higher wage, or greater benefits, we will all move to get it. We fans would all do it, and so do our heroes, in whom we vest our hopes. A cold hard look at the football business reveals the exact same result as in every walk of life: the people who pay the most get the best performers, and the best performers get the best results. Roman Abromavich has spent more than £1bn at Chelsea; little surprise they ended up winning something. Sheikh Mansour has spent a similar sum at City, and they've done pretty well too. It takes no particular skill to throw unlimited money around and end up with success.

But a canny operator; now that's a fish of a very different kettle. And therein rests the argument of the apologists: Wee Davey has managed Everton's meager resources to good effect, better indeed than any other manager in the Premiership. So, at long last, I have pulled together some data that seem to show that to be true. The chart below shows the points attained by the 13 teams that survived in the Premiership through the 5 seasons from 2007-8 to 2011-12, against the sums lavished on players over that period (the size of the bubbles is proportionate to the money spent; a more complete explanation and the data tables are given further down).

Copyright Paul Abel 2013. All rights reserved.



Also shown is a best-fit line that averages the performance of those 13 teams in aggregate over the five seasons. If a team is above the line, it has performed better than its peers (it has won more points than the money spent on players would predict), and if it is below the line the opposite is the case. United, Arsenal and Everton are floating well above their peers; Chelsea, City, Bolton and Sunderland well below, and the rest in and around the pack.

If you believe (and I do) that performance results from a combination of talented players and motivational management, then the superior performance of United, Arsenal and Everton must be down to good management (since the analysis normalizes out the money). Conversely, it looks as though Roman and Mansour are pretty poor investors, and have in turn selected poor managers (or hired, then hobbled, good ones). To use an investment analogy, the first three beat the market and the last four are suckers; 6 tracked the market.

The table below is the ultimate "statistics can prove anything" table. It compares how much each team spent (in terms of 2011-12 values) against how much they were expected to spend to get the points they actually obtained. For the "winners" they got more points than they should, given their spending - the suckers left money on the table. The teams are ranked to show how much added value was generated (or lost) by their management as a percentage of the spend on players. In this version of the truth, Davey and Bill are top of the pops. Of course, a United or Arsenal fan would point to the greater absolute values generated by Sir Alex and Arsene. Whatever; these three are streets ahead of any of the others. And, wait, aren't these the longest serving Premiership managers? Hmmm - makes yer think.

Copyright Paul Abel 2013. All rights reserved.

Team	Points	Expenditure	Predicted Expenditure	Annual Saving	Deviation
Everton	299 pts	£322m	£540m	£44m	68%
Manchester United	431 pts	£813m	£1,297m	£97m	59%
Arsenal	368 pts	£617m	£888m	£54m	44%
Blackburn Rovers	223 pts	£242m	£268m	£5m	10%
Tottenham Hotspur	298 pts	£515m	£536m	£4m	4%
Wigan Athletic	206 pts	£223m	£221m	£0M	-1%
Fulham	236 pts	£322m	£307m	£3M	-5%
Liverpool	335 pts	£751m	£709m	£8M	-6%
Aston Villa	272 pts	£478m	£431m	£10M	-10%
Chelsea	389 pts	£1,199m	£1,015m	£37M	-15%
Manchester City	332 pts	£944m	£694m	£50M	-26%
Bolton Wanderers	199 pts	£286m	£204m	£16M	-29%
Sunderland	211 pts	£368m	£234m	£27M	-36%

On average over the five year window, Everton should have spent £44m a year more than was actually spent in order to get the points won. As an illustration, if we'd had Wigan's management over that period, ticket prices would need to have been lifted by more than £45 a match to raise enough money to get the points Davey and the boys ended up with. Moyes and Kenwright secure a much better performance from the players than they should, given the amount they spend. They could be screwing over the players and somehow gulling poor naive agents into selling their charges too cheaply. But few of those who have moved on seem to have thrived away from Everton (Lescott, Pienaar, Rodwell, Johnson - Rooney and Arteta may be rare exceptions). If they aren't shilling the players, the sole remaining explanation is that the Everton duo manage to make the players more than they thought they could be.

This analysis takes no account of the revenue side of a p&l; it simply looks at how much money is expended primarily on the players and their support systems. Given our stadium, our relatively weak commercial business, and our absence from the European pay-days, it is hard to see a big boost coming on the revenue side. Ken and Davey have made a virtue out of a vice: they don't have the luxury of spare cash, but they sure make every last penny work. If I were Davey's agent (and I'm not), I would be arguing that a salary of £4m a year is pretty good value for the results. And for we fans, it might be hoofball on occasions and make for dire watching, but we can comfort ourselves that at least the meager success we enjoy isn't costing as much as it should! Unless and until we are "blessed" with a sugar daddy who frankly just doesn't care about money, remember that you're an Evertonian and have consequently won first prize in the lottery of football - and he's Scottish!

Copyright Paul Abel 2013. All rights reserved.

Methodology

The data are produced as follows:

1. Points is points and taken raw from the record books
2. Expenditure is taken from 2 buckets of numbers: wages expended each year by each club, and the amortization of net player transfers.
3. The amortization period used is 5 years, with full amortization in the year in which the net transfer took effect. This is a reasonable approximation to the accounting convention, which should amortize transfer fees over the term of the player's contract.
4. Both sets of numbers were adjusted upwards to describe them in terms of 2011-12 values. Unlike the retail price index, wage and transfer inflation has moved by much more than 3-5% a year. The "EPL-Index' was calculated from the actual amounts of cash spent on wages and net transfers by the 10 clubs that clung on to Premiership status in each of the 10 years from the 2002-03 to 2011-12 seasons: Arsenal, Aston Villa, Blackburn Rovers, Chelsea, Everton, Fulham, Liverpool, Manchester City, Manchester United, and Tottenham Hotspur. In nominal terms, these 10 clubs spent £522m on wages and net transfers in the 2002-03 season. By 2011-12 that sum had reached £1,220m, which equates to an average 10% annual increase. The wages were normalized to 2011-12 pounds. Each year's net transfer was normalized to 2011-12 pounds and then spread evenly over the year incurred plus the next 4.
5. There are number of other interesting aspects disclosed by this analysis. In particular, different clubs choose different ways of pulling the wages and/or the transfer levers to win success. Arsenal and Blackburn actually ran surpluses over the last 5 years on transfers, and Everton, United, Bolton and Wigan had net transfers at less than 10% of total expenditure on players. Villa, Chelsea, Fulham, and Liverpool were all in the teens, and City, Sunderland and Spurs tried to spend their way to success in the transfer market, with net transfers representing 20%-30% of total spending. The table below gives a more complete view of the data.

Copyright Paul Abel 2013. All rights reserved.

		2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	Totals
Arsenal	Net Transfer	£ 16.92	-£ 3.94	-£ 38.28	£ 6.29	-£ 17.55	-£ 36.56
	Wages	£ 127.88	£ 115.50	£ 136.68	£ 115.01	£ 143.00	£ 638.07
	Amortized Value	£ 5.77	-£ 0.65	-£ 8.96	-£ 9.96	-£ 7.31	-£ 21.12
	Total Player Expense	£ 133.65	£ 114.85	£ 127.72	£ 105.05	£ 135.69	£ 616.95
	Points	83	72	75	68	70	368
Aston Villa	Net Transfer	£ 7.89	£ 50.31	£ 22.90	£ 4.35	-£ 20.50	£ 64.95
	Wages	£ 63.63	£ 78.29	£ 98.78	£ 77.14	£ 70.00	£ 387.84
	Amortized Value	£ 12.20	£ 19.31	£ 23.81	£ 22.20	£ 12.99	£ 90.50
	Total Player Expense	£ 75.83	£ 97.60	£ 122.58	£ 99.34	£ 82.99	£ 478.34
	Points	60	62	64	48	38	272
Blackburn Rovers	Net Transfer	£ 2.73	£ 0.89	-£ 22.28	£ 2.73	-£ 29.00	-£ 44.94
	Wages	£ 50.12	£ 72.30	£ 66.67	£ 12.57	£ 50.00	£ 251.66
	Amortized Value	-£ 0.35	£ 2.22	-£ 1.51	-£ 0.80	-£ 8.99	-£ 9.42
	Total Player Expense	£ 49.77	£ 74.52	£ 65.17	£ 11.78	£ 41.01	£ 242.24
	Points	58	41	50	43	31	223
Bolton Wanderers	Net Transfer	£ 12.50	-£ 7.22	£ -	£ 3.70	-£ 1.40	£ 7.58
	Wages	£ 49.27	£ 45.42	£ 57.29	£ 51.87	£ 55.00	£ 258.85
	Amortized Value	£ 8.95	£ 6.84	£ 4.90	£ 5.06	£ 1.52	£ 27.26
	Total Player Expense	£ 58.22	£ 52.26	£ 62.19	£ 56.92	£ 56.52	£ 286.11
	Points	37	41	39	46	36	199
Chelsea	Net Transfer	£ 9.47	-£ 11.99	£ 21.61	£ 80.71	£ 58.20	£ 157.99
	Wages	£ 217.26	£ 185.68	£ 214.84	£ 175.20	£ 173.00	£ 965.98
	Amortized Value	£ 102.16	£ 47.93	£ 32.76	£ 18.58	£ 31.60	£ 233.03
	Total Player Expense	£ 319.43	£ 233.61	£ 247.60	£ 193.78	£ 204.60	£ 1,199.01
	Points	85	83	86	71	64	389
Everton	Net Transfer	£ 13.26	£ 7.22	-£ 3.46	-£ 1.57	-£ 12.50	£ 2.95
	Wages	£ 56.18	£ 54.42	£ 66.67	£ 53.62	£ 63.00	£ 293.89
	Amortized Value	£ 4.63	£ 5.55	£ 13.21	£ 4.54	£ 0.59	£ 28.51
	Total Player Expense	£ 60.80	£ 59.96	£ 79.88	£ 58.16	£ 63.59	£ 322.40
	Points	65	63	61	54	56	299
Fulham	Net Transfer	£ 26.48	£ 11.44	£ 5.06	-£ 1.94	£ 11.30	£ 52.34
	Wages	£ 49.61	£ 51.31	£ 60.50	£ 53.34	£ 62.00	£ 276.76
	Amortized Value	£ 3.27	£ 11.23	£ 11.01	£ 8.98	£ 10.47	£ 44.95
	Total Player Expense	£ 52.88	£ 62.54	£ 71.51	£ 62.32	£ 72.47	£ 321.72
	Points	36	53	46	49	52	236
Liverpool	Net Transfer	£ 50.31	£ 6.94	-£ 10.68	-£ 4.76	£ 36.35	£ 78.16
	Wages	£ 114.12	£ 119.05	£ 149.40	£ 124.62	£ 119.00	£ 626.20
	Amortized Value	£ 35.49	£ 36.12	£ 23.52	£ 14.04	£ 15.63	£ 124.80
	Total Player Expense	£ 149.61	£ 155.17	£ 172.92	£ 138.66	£ 134.63	£ 750.99
	Points	76	86	63	58	52	335
Manchester City	Net Transfer	£ 49.39	£ 125.38	£ 122.24	£ 107.24	£ 48.25	£ 452.49
	Wages	£ 68.42	£ 91.73	£ 164.21	£ 160.87	£ 202.00	£ 687.23
	Amortized Value	£ 4.45	£ 27.20	£ 54.79	£ 79.98	£ 90.50	£ 256.91
	Total Player Expense	£ 72.87	£ 118.93	£ 219.00	£ 240.84	£ 292.50	£ 944.14
	Points	55	50	67	71	89	332
Manchester United	Net Transfer	£ 33.52	£ 37.48	-£ 79.64	£ 12.53	£ 38.15	£ 42.04
	Wages	£ 152.88	£ 136.71	£ 162.98	£ 141.36	£ 162.00	£ 755.92
	Amortized Value	£ 21.86	£ 24.84	£ 0.09	£ 2.26	£ 8.41	£ 57.47
	Total Player Expense	£ 174.74	£ 161.55	£ 163.07	£ 143.62	£ 170.41	£ 813.39
	Points	87	90	85	80	89	431
Sunderland	Net Transfer	£ 50.88	£ 22.38	£ 15.13	-£ 13.04	£ 5.55	£ 80.89
	Wages	£ 46.84	£ 54.97	£ 66.67	£ 56.30	£ 64.00	£ 288.78
	Amortized Value	£ 8.41	£ 17.89	£ 19.54	£ 16.89	£ 16.18	£ 78.91
	Total Player Expense	£ 55.25	£ 72.86	£ 86.21	£ 73.19	£ 80.18	£ 367.69
	Points	39	36	44	47	45	211
Tottenham Hotspur	Net Transfer	£ 42.86	£ 21.60	-£ 1.23	£ 16.18	-£ 27.00	£ 52.40
	Wages	£ 66.78	£ 69.41	£ 82.72	£ 84.22	£ 90.00	£ 393.14
	Amortized Value	£ 29.97	£ 29.49	£ 27.18	£ 24.51	£ 10.48	£ 121.62
	Total Player Expense	£ 96.75	£ 98.90	£ 109.90	£ 108.73	£ 100.48	£ 514.76
	Points	46	51	70	62	69	298
Wigan Athletic	Net Transfer	£ 1.45	-£ 0.56	-£ 18.89	£ 6.80	-£ 1.80	-£ 13.00
	Wages	£ 48.48	£ 46.75	£ 48.15	£ 36.89	£ 38.00	£ 218.27
	Amortized Value	£ 4.08	£ 3.42	-£ 0.35	-£ 0.21	-£ 2.60	£ 4.34
	Total Player Expense	£ 52.56	£ 50.18	£ 47.80	£ 36.68	£ 35.40	£ 222.61
	Points	40	45	36	42	43	206