

# Real Club Deportivo Espanyol de Barcelona

## Football Under the Shadow of the Pandemic

Carlos García Pont

Mike Rosenberg

### Introduction

“Should we negotiate with the players or simply take advantage of the government’s special lay-off program to help companies survive during the lockdown period?”

This was the question raised by José María Durán, the newly appointed general manager of El Espanyol, one of Barcelona’s two professional football (soccer) clubs in Spain’s First Division, LaLiga. He was asking the sports director of the club, Francisco Pérez Rufete, who everyone called Rufete<sup>1</sup>, and who had been with the club for many years. Rufete took out pen and paper and decided to write down his thoughts before giving his answer.

Durán had joined the club at the beginning of the calendar year, almost halfway through the 2019-2020 season. The long-suffering fans of El Espanyol were called “pericos” and Durán had been a fully dedicated “perico” for years—he was the Finance Director of the Club up until its acquisition by the Chinese tycoon Chen Yansheng in 2016. He then left to become the general manager at Getafe, another club in LaLiga.

Chen Yancheng bought the club through one of his investment companies, RASTAR. One of the key people from Rastar in RCD Espanyol was Mao Ye Wu, a Spanish national of Chinese origin. When Mao called Durán to offer him the general manager position at the club, Durán was overjoyed and felt it was a dream come true. He was happy in Getafe, and just the previous year had moved all his family to Madrid, but RCD Espanyol was the club of his heart, and he’d always wanted to contribute to its growth and success.

---

<sup>1</sup> Rufete used to be a professional football player. He played predominantly as a right wing. He had played in RCD Espanyol 2006-09. He had won two laliga titles with Valencia. After his retirement he had serve as director of Football for Valencia. In June 2018 he joined RCD Espanyol as Sporting director.

---

This case was prepared by Professors Carlos García Pont and Mike Rosenberg. September 2021.

IESE cases are designed to promote class discussion rather than to illustrate effective or ineffective management of a given situation.

Copyright © 2021 IESE. To order copies contact IESE Publishing via [www.iesepublishing.com](http://www.iesepublishing.com). Alternatively, write to [publishing@iese.edu](mailto:publishing@iese.edu) or call +34 932 536 558.

No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise - without the permission of IESE.

Last edited: 8/9/21

What he could not have imagined is that the world and Spain were headed for the outbreak of SARS-CoV-2, and how the measures taken to control the spread of the virus would affect the country, professional football, and El Espanyol.

As a result of the rapid rise in cases of COVID-19 in Spain, the Spanish government declared a National Emergency, giving itself extraordinary powers and essentially shutting down all nonessential activity, including football, on March 14, 2020.

To help deal with the consequences for business, the emergency decree allowed companies to temporarily lay off their workers during the crisis without consultation. Companies could also choose to unilaterally lower salaries during the emergency using the same legal measures. All these measures had to be approved by the administration.

The problem for Durán and Rufete was that football players are more than standard workers and it was unclear how they would react to such a move.

## **El Real Club Deportivo Espanyol de Barcelona (The Royal Spanish Football Club of Barcelona)**

El Espanyol, or RCDE as it is commonly called, is one of the oldest football clubs in Spain. It was founded in 1900 by Spanish engineering student, Angel Rodríguez Ruiz. The city's other football club, Football Club Barcelona was founded by a Johan Gamper, a Swiss accountant, and only took on foreign players. The idea was to build a club with people from Catalunya and the rest of Spain, as opposed to importing players from England and other places.

After some slight changes to its name, the club became Real Club Deportivo Espanyol in 1912, when King Alfonso XIII bestowed the "royal" title upon the club.

Although the RCD Espanyol of Barcelona dress is now white and blue, originally, the club color was yellow, for the simple reason that this was the color of the material one of the first season ticket holders gave to the club to make the first kits. Later on, the players wore a white t-shirt and blue trousers and, in 1909, they officially changed to the current colors, white and blue, as illustrated by Roger de Lauria<sup>2</sup> in his shield.

For well over 100 years, El Espanyol has had internationally renowned players. Possibly the first great blue and white idol was the goal-keeper Ricardo Zamora. After him, other players such as Alfredo di Stefano, Kubala and N'Kono joined the club.

In the beginning, El Espanyol played their matches on a big promenade, near the Sagrada Familia in Barcelona. From 1923 up to the season 1996-97, Sarrià Stadium at Ricardo's Zamora square, familiarly known as "Can Ràbia" or the "Bombonera", was the club's ground.

In 1997, the club was forced to sell Sarrià and move to the Olympic Stadium on Montjuic, where RCD Espanyol played their matches until the 2008-2009 season with a regular audience of 22,500 people per match. During these 12 years, the team was able to achieve great success, such as winning the Spanish Cup (2000 and 2006) and making it to the UEFA Cup final in 2007.

---

<sup>2</sup> Roger the Lauria (1250-1305) was an admiral on the navy of Pedro el Grande, King on Aragon.



Under the presidency of Daniel Sánchez Libre, the club built a new stadium just south of the city in Cornellà-El Prat, where the club relocated to on 10<sup>th</sup> July, 2009.

Over the last 20 years or so, the club has moved up and down the classification table of Spain's First Division (see **Exhibit 1**) but is typically somewhere in the lower middle of the 20 clubs in the league, and sometimes in danger of dropping to the second division. Every season, the lowest three clubs in the first division drop down to the second division and the top three clubs in the second division move up. El Espanyol has been close to dropping down several times but always managed to pull through before the end of the season.

Part of the culture of the club was about the heroic nature of their struggles to stay in the First Division and sometimes to win against clubs with far superior financial muscle such as Real Madrid and FC Barcelona, with whom they played two matches every season.

Although the new stadium was well designed and is a fantastic place to watch football, it cost €60 million to build, and the club struggled to fill its 40,500 seats. By 2016, the club was in deep financial distress until its acquisition by Chen Yancheng and Rastar, who ended up investing approximately €200 million in the club.

## A Fresh Start?

The Chinese investment was considered by many Pericos as a gift from heaven due to the very delicate economic situation of the club. Approximately 70% of the team's annual income came from its share of the television rights to the games it played. The way professional football worked in Spain, television rights for the First Division were sold by the League and the profits distributed to the teams according to their results and how many people they were thought to attract.

Over time, this situation has led to the traditionally best teams in the country, such as Real Madrid and FC Barcelona, having significantly more money than the teams lower down the classification. With more money, they have been able to invest in top players, facilities and coaches, which in turn has helped them stay on top. The top teams are also invited to play in the two European tournaments, the Champions League and UEFA Cup, which in turn produce more revenue.

For a team struggling on the lower half of the classification, the situation is the opposite, as poor results lead to less money, which makes it harder to win.

The acquisition was completed in January 2016. In that season they survived in the first division.

A lot of changes were made during the summer season, among them the bringing in of the prestigious head coach, Quique Sánchez Flores. They finished 8<sup>th</sup> in his first season. Problems during the second season culminated in the club firing Quique Sánchez Flores 5 games before the season's end. David Gallego, coach of the B team, was moved up. In his third summer, they hired Rubi as a coach of the 2018-19 season. Rubi managed to get RCD Espanyol to the 7<sup>th</sup> position in LALIGA, which allowed the team to play in European tournaments again. Rubi left with a significant offer from Betis, a long-time competitor. The Club hired David Gallego from the B team. A series of bad results got David Gallego fired and substituted with Pablo Machín, who had done a great job as coach in Girona. But the results did not follow, and he was himself replaced by Pitu Abelardo in December 2019.

Just before the outbreak of COVID-19 and the subsequent lockdown, the team was last in the classification with 20 games left to play. Three new players had been signed over the Christmas break including Raúl de Tomás for whom the club had paid a €20 million transfer fee to his former club, Benfica in Portugal.