

BUSINESS PLAN: “*CASA DO BENFICA DE MAPUTO*”

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Abstract

"Fado, Football and Fátima" are the three words that have always characterized our people. It's an expression that nobody knows where it came from, but the truth is that the vast majority of the Portuguese associate it with the period in which we were ruled by a dictatorship. Today we can say that, especially, football is still very present in Portuguese culture, and a great example is the number of television shows related to the "king" sport that our country broadcasts every day. That's why we've managed to understand that there's a market to explore, both in Portugal and in the former Portuguese colonies, where there is still a cultural and sporting connection.

The "Casas do Benfica", throughout their history, have always had a very simple purpose: to bring together the different benefactors in a place where everyone could meet and "share their benevolence" even if it was not possible for them to go to the stadium. To this end, these small facilities began to be built in different parts of the country, where there could be a community of supporters and sympathizers of Sport Lisboa e Benfica.

For this Business Plan, it was chosen to address the theme of "Casas do Benfica", more properly the construction of one, in Mozambique, as something that may improve the positioning of the brand Sport Lisboa e Benfica, increase the base of fans and supporters, but specifically in the market of African countries of Portuguese origin but also the rest of the world.

Keywords: “Casas do Benfica”, Internationalization, Business Plan

JEL: M13 – New Business; L2 – Firm Objectives

Business plan: “Casa do Benfica de Maputo”

Resumo

“Fado, Futebol e Fátima” são as três palavras que sempre caracterizaram o nosso povo. É uma expressão que ninguém sabe de onde surgiu, mas a verdade é que a grande maioria dos portugueses a associam ao período em que fomos governados por uma ditadura. Atualmente podemos dizer que, especialmente, o futebol continua muito presente na cultura Portuguesa, e um grande exemplo é a quantidade de programas televisivos relacionados com o desporto “rei” que o nosso país transmite todos os dias. Por essa razão conseguimos perceber há um mercado a explorar, tanto em Portugal como nas ex-colónias portuguesas, onde ainda existe uma ligação cultural e desportiva.

As “Casas do Benfica”, durante toda a sua história, sempre tiveram um propósito muito simples: Juntar os diferentes benfiquistas num local onde todos se pudessem encontrar e “partilhar o seu benfiquismo” ainda que não fosse possível a sua deslocação ao estádio. Para tal, estas pequenas instalações, começaram a ser edificadas em diferentes pontos do país, onde pudesse existir uma comunidade de adeptos e simpatizantes do Sport Lisboa e Benfica.

Para este *Business Plan*, foi escolhido abordar o tema das “Casas do Benfica”, mais propriamente a edificação de uma, em Moçambique, como algo que pode vir a melhorar o posicionamento da marca Sport Lisboa e Benfica, aumentar a base de adeptos e simpatizantes, mas especificamente no mercado dos Países Africanos de origem Portuguesa mas também no resto do mundo.

Palavras-chave: Casas do Benfica, Internacionalização, Plano de Negócios

JEL: M13 – New Business; L2 – Firm Objectives

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Contents

Abstract	II
Resumo	III
Acknowledgements.....	IV
Index of figures.....	VI
Index of charts	VII
Index of tables	VII
Glossary.....	VIII
1. Executive Summary	1
2. Opportunity	2
2.1.1 State of Football in Portugal.....	2
2.1.2 Market gap.....	2
2.1.3 Solution proposal.....	3
2.2 Casas do Benfica.....	3
2.2.1 Concept	3
2.2.2 Casas do Benfica in Portugal and World	4
3. Literature Review	5
3.1 Business Plan.....	5
3.1.1 Business plan concept	5
3.1.2 Types of business plans.....	6
3.1.3 Structure.....	6
3.1.4 Retail Business Model	8
3.2 Markets.....	10
3.2.1 Angola.....	10
3.2.2 Mozambique.....	14
3.2.3 Cape Verde.....	20
4. Limitations	23
4.1 Business case limitations.....	23
4.2 Confidentiality.....	24
5. Business Plan.....	24
5.1 SWOT	24
5.1.1 Strengths.....	26
5.1.2 Weaknesses	26
5.1.3 Opportunities	26
5.1.4 Threats.....	27

Business plan: “Casa do Benfica de Maputo”

5.2	Five Forces of Porter.....	27
5.2.1	Threat of new entrants	28
5.2.2	Bargaining power of buyers	28
5.2.3	Bargaining power of suppliers	28
5.2.4	Threat of substitutes.....	28
5.2.5	Rivalry among existing competitors	29
5.3	Competitive Environment	29
5.4	Location.....	37
5.5	Implementation Strategy	38
5.5.1	Name	38
5.5.2	Logo and brand.....	38
5.5.3	Mission.....	39
5.5.4	Vision.....	39
5.5.5	Values	40
5.5.6	Organizational Structure	41
5.6	Infrastructures.....	44
5.7	Timeline projection.....	49
5.8	Financial viability	50
5.8.1	Sales Forecast	50
5.8.2	Personnel Expenditure	51
5.8.3	Expenditure Forecast	52
5.8.4	Costs of Goods Sold	53
5.8.5	Investment Sources.....	54
5.8.6	Financing Sources.....	54
5.8.7	Balance Sheet	56
5.8.8	Income Statement	57
5.8.9	Cash Flow Statement	58
5.8.10	Performance Indicators	58
6.	Conclusion.....	61
7.	Bibliography	62
8.	Annexes.....	66

Index of figures

Figure 1 - The elements of a retail business model	8
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Business plan: “Casa do Benfica de Maputo”

Figure 2- Laudon and Traver Business Models.....	9
Figure 3: Humans right protection Scores, by country.	12
Figure 4 - Division of Africa - Berlin Conference	15
Figure 5 - Democracy index 2018	18
Figure 6 - SOFT Model.....	25
Figure 7 - SWOT analysis, (Gurel & Tat 2017).....	25
Figure 8 - The Five Forces That Shape Industry Competition	27
Figure 9 - "Nucleos" of Sporting CP spread around the world	30
Figure 10 - "Núcleos" of Sporting CP in Mozambique	31
Figure 11 - Number of Social Media Connections of Manchester United as of 2017 ...	33
Figure 12 - Top 5 most valuable Football Clubs in the World.....	34
Figure 13 - Top 10 most valuable Football Clubs in the World.....	35
Figure 14 - "Penyes", Supporters Club of Barcelona in the world	36
Figure 15 - Location proposed, option nº1	38
Figure 16 - Logo Casas do Benfica, 2019.....	39
Figure 17 - Logo Casa Benfica Cidade da Praia	39
Figure 18- Stadium of Sport Lisboa e Benfica	44
Figure 19 - "Casa Benfica, Cidade da Praia" in Cape Verde, with the new design	45
Figure 20 - Casa Benfica Santarém, Main building.....	46
Figure 21 - Top view of main building	46
Figure 22 - Sport complex next to Casa do Benfica Santarém.....	47
Figure 23 - Top View to inside of Casa do Benfica Santarém.....	48

Index of charts

Chart 1 - GDP of Mozambique.....	17
Chart 2 - Organizational Structure "Casa Benfica de Maputo"	43
Chart 3 - Timeline projection, “Casa do Benfica de Maputo”	49

Index of tables

Table 1 - Sales Forecast	50
Table 2 - Required Amount of Personnel.....	51
Table 3 - Personnel Expenditures	52
Table 4 - Expenditure Forecast.....	52
Table 5 - Cost of Goods Sold	53
Table 6 - Investment sources details	54
Table 7 - Financing sources.....	55
Table 8 - Payment details of financing structure.....	55
Table 9 - Balance Sheet.....	56
Table 10 - Income Statement "Casa do Benfica de Maputo"	57
Table 11 - Cash Flow Statement.....	58
Table 12 - Performance Indicators.....	59
Table 13 - WACC costs calculation.....	60
Table 14 - Evaluation after financig perspective	60

Glossary

ATR: Asset Turnover Ratio

CPLP: Comunidade de Países de Língua Portuguesa

EBIT: Earnings Before Interest, Taxes

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

EFF: International Monetary Fund Extended Financial Facility

EIU: Economist Intelligence Unit

FCFE: Free Cash-Flow for the Equity

FCFF: Free Cash-Flow for the Firm

FRELIMO: Frente de Libertação de Moçambique

GDP: Gross domestic product

IAPMEI: Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento

IRR: Internal Return Rate

MPLA: Movimento Popular de Libertação de Angola

NATO: North Atlantic Treaty Organization

NPV: Net Present Value

PAICV: Partido Africano da Independência de Cabo Verde

PALOP: Países Africanos de Língua Oficial Portuguesa

RENAMO: Resistência Nacional Moçambicana

ROI: Return on Investment

ROIC: Return On Invested Capital

SLB: Sport Lisboa e Benfica

SOFT: Satisfactory, opportunity, Fault and Threat

SWOT: Strengths, Weaknesses, Opportunities and Threats

UN: United Nations

UNITA: União Nacional para a Independência Total de Angola

USSR: Union of Soviet Socialist Republics

1. Executive Summary

Nothing better than follow this journey and aim for the African market as a possible opportunity to exponential increase the number of fans but also supporters.

In the last several years, Africa is placing itself as a new future player in which occidental societies are now looking as a place of opportunities, especially when developing their businesses. A good example of that is the increasing number of construction companies investing in the African market.

Following this same approach, an analysis of how football clubs can introduce themselves in the African market and therefore grow their fan base will be made. In this market we can count numerous advantages, not only in the sporting perspective, but also as a business one. Merchandising, Fan tickets and sporting centres will be just the “tip of the iceberg” of the different opportunities’ clubs can explore to enhance their growth potential.

As it is known clubs are seeking this kind of opportunities for more than a decade, and a good example of that is the growing number of African players playing in Europe, especially in the Premier League. Following the same trend, Sport Lisboa e Benfica (SLB) is also pursuing expanding its market in this region, with special focus on African countries of Portuguese Origin (PALOPS) - as we all know, since the beginning of the 60’s SL Benfica is an “active” recruiter of players coming from those. However, since the end of the colonies, SL Benfica is losing its interest in this market, but due to recently changes in their economic status, the potential for being successful in Africa, year by year, is slightly increasing (Teixeira, 2015).

As we are noticing in the Portuguese market, SLB is trying to change the way on how their supporters, and not only, look at their brand positioning, with the new perspective of making “Casas do Benfica” a modern and sophisticated brand.

2. Opportunity

2.1.1 State of Football in Portugal

2.1.2 Market gap

As History can tell us, since the XIV century that Portugal has been an economic player inside of the African market, with a special insight in the countries like Angola, Mozambique, Cape Verde, Guinea-Bissau and S.Tomé and Príncipe (colonies until 1974). Due to the past between those countries, their relationships are not only commercial but also cultural. And, that is why an organization of the countries who had the same spoken Language, (PALOP), was created. This organization is helping that group of countries on how to develop their economic and social relations, leading them to a more structured growth.

Although many sectors of the industry, such as, construction or oil are taking advantage of those beneficial conditions, not everyone is aware of the potential of those markets. One big example of that is the football. Previously, Portugal was really well known for having plenty of football players coming from its colonies. Even after the independence many families were leaving those countries due to the civil war that strike just after the end of the colonial war. However, in the last few years the investment made in football by the Portuguese clubs decreased due to the fact of new existing markets that were more attractive, either in terms of price and quality.

Taking the example of the “richest” clubs in Europe, they were the first to try to expand their brand values by going to countries where the football was not so developed yet already having the European idols we all grew up with. Being more specific with the clubs, Manchester United and Real Madrid in China, Bayern Munich in India or even Barcelona to United States. All these clubs have the same in common, trying to grow their market and brand value by attracting different types fans who were spread all over the world.

SLB was one of the few clubs, in Portugal, who kept “the connection” with the African countries, mostly in Cape Verde and Angola due to the enormous fan base still present in those regions. In fact, football was one of the few topics where the population of those countries were still following this sport in Portugal.

Business plan: “*Casa do Benfica de Maputo*”

With the recent trend from clubs all over the world to start their brand internationalization, one of the easiest steps for the Portuguese ones would be to aim for the African market more specifically, its ex-colonies. This was what SL Benfica started to do a few years ago with the opening of the first “Casa do Benfica”, in Cape Verde, more precisely in the capital of the Santiago’s island (the biggest and most important). This establishment was launched in the winter of 2017 and ended up being inaugurated one year later, in February of 2018.

2.1.3 Solution proposal

This project is intended to explore the market opportunity of the African region where Portuguese is an official language (PALOPs), especially because of the oral proximity but at the same time due to the cultural connection and history behind these countries.

The first step was made in Cape Verde, in the end of February of 2018, where it was opened the first African “Casa do Benfica”. The idea is to create something similar to this one but in a more futuristic and ambitious way and for that matter, the country selected for this plan was Mozambique, a country where the diplomatic relations between Portugal and them are in a much better point when comparing to Angola or to Guinea Bissau if we want to talk about economic development. At the same time, and as it was mentioned before, Mozambique after the end of the civil war, has been economically growing without precedents, creating this way an attractive option for clubs as SLB to invest and try to captivate more fans from this Market.

Another advantage that Mozambique has when comparing to the rest of the countries mentioned, is the fact that this was the country where one of the greatest footballers of football history was born, Eusébio da Silva Ferreira. All of its player life time, he played only for SLB, being one of the most important, if not the most, players that have ever been playing in SLB. In addition, Eusébio is the only Portuguese player to have a statue in his name in front of “Estádio da Luz”, the home of SL Benfica.

2.2 Casas do Benfica

2.2.1 Concept

The concept of “Casas do Benfica” was created with the purpose of gathering different groups of SL Benfica supporters who were not able to either travel or to be present, at the

Business plan: “Casa do Benfica de Maputo”

stadium, every week. There, they would have the opportunity to organize trips to the games, share their experiences and mostly, just have a place where they could gather to talk about football. We need to bear in mind that the first “Casa do Benfica” was inaugurated in 1952, so there were no possibilities to watch the game at home, and even in Cafes could be almost impossible since the first TV channel was RTP1 (Radio e Televisão Portuguesa), created in the year of 1952.

With the evolution of the technology, these “Casas do Benfica” got improved and started to offer a wider variety of services such as bar where people can, not only watch the game, but also sign up as an official supporter and even buy tickets electronically. In the future, the concept will keep being improved and adapted to its time.

Although the concept is being constantly improving and changed, there are still deep changes to be made if Sport Lisboa e Benfica wants to get its brand with the correct awareness. Up to this point, “Casas do Benfica” are still considered as just a village bar where people gather to drink and eat while watching the games which cannot be the case since this description is too reductive for a club with the dimension of SLB.

The brand “Casas do Benfica” has the potential to be considered as an “embassy” of Sport Lisboa e Benfica where the services provided in the Stadium, would be the same as in the different “Casas do Benfica” spread around Portugal and the world. So this can happen, it is necessary to change the way this model is built, but especially to professionalize each subsidiary as it is not happening up to this date.

2.2.2 Casas do Benfica in Portugal and World

For the last decades, SLB is investing in the expansion of the network of “Casas do Benfica” and the result is the existence of more than 150 establishments spread around the world. The biggest number of them can be found in Portugal, as expected, although the number of them in Europe are also significant especially because of the presence of big Portuguese communities.

One of the biggest problems of those houses, relates to the fact that the new generations of emigrants are not looking at SLB the same way their parents and grandparents were. However, other places are being studied and in a near future we will see new markets, such as Africa or Asia, increasing their quota. A good example, is the recently opening of “Casa do Benfica da Cidade da Praia” in Cape Verde.

Business plan: “*Casa do Benfica de Maputo*”

The objective of this business plan is to keep improving the quota of “Casas do Benfica” in Africa by creating a new one in Mozambique, more precisely in Maputo. By what will be written in the literature review below in this report, this south eastern African country gathered all the conditions to be the optimal country to launch this project.

In the next chapters, further explanations will be shared to sustain the choice of opening a “Casa do Benfica” in Mozambique. Implementation strategy, market analysis and financial plane will be the chosen topics.

3. Literature Review

3.1 Business Plan

3.1.1 Business plan concept

There are a wide number of different assumptions on what a Business plan is and what the purpose of doing it is. However it is known that a business plan has its main purpose to help the entrepreneur to draw the first lines of a possible development of a product or idea. This plan should include an analysis on the Marketing, Management and Financial perspective which will provide an operational plan to guide and help who is in charge of such project. In addition, this plan should not only help a company that is trying to be created but also for one that is aiming on developing a new subsidiary or even expanding their business. In the end, the main goal of most business plans are made to be presented to possible investors, partners or even shareholders. All those objectives were identified by IAPMEI in their report, April 2016.

Authors like Magretta (2002) or Laudon and Traver (2014) a business plan should always reflect the company’s business model, which is why a good and well-structured one, is half way for a successful project even if it is just a new idea within an established enterprise. In addition, according to Osterwalder and Pigneur (2010), a business plan is the way to rationalize how to increase, create and deliver value within an organization.

The biggest difference between success and failure when developing a business plan, according to Simoneaux e Stroud (2010) is how can a manager deal with the adversities and therefore the change.

Business plan: “Casa do Benfica de Maputo”

Following the guidance of IAPMEI (2016), a business plan should be produced under the following suggestions if the company is willing to create added value on it.

- **Simple:** A project like this must have an easy comprehension and share its content in a structured and practical way;
- **Objective:** The objectives should be measurable, identifiable and should include specific actions with budgets activities and processes well defined;
- **Realistic:** Every analysis and assumptions should be real and achievable;
- **Complete:** Should always contain the necessary documents and elements for a correct and extensive development.

3.1.2 Types of business plans

As mentioned above the business plans can have different purposes and its concept will differ depending on the needs of the organization and on how the company pretends to achieve with it. For those reasons, IAPMEI (2016) decided to highlight three different types which are linked to the stage of the organization’s project.

The “Early Stage plan”, also known as the “Start-up plan”, will draw the first lines of a future project or a new business idea. The “Later Stage plan” as the name refers, is made for a company already established that wants to launch a new product, for example. Last but not the least, there is the “Turnaround plan” which focus on an identification of bottle necks and possible solutions out of those creating this way a promising restructuring of the organization.

The most common of those three is the first one, which focus more on a new development of a business idea and to create and bring value to this purpose. However, in this project and since SL Benfica is already an established and well-known brand we will focus on the “Later Stage plan” which will only require to create a solution for a new subsidiary of “Casa do Benfica” in the African Market.

3.1.3 Structure

As Haag (2013) used to state, “No single way of preparing a business plan is required” and therefore no specific rules are necessary to used so can a Business plan be considered as such. Although, there is a great number of authors who refer to certain guidelines for

Business plan: “*Casa do Benfica de Maputo*”

the production of such project. In this case, has been opted for taking into consideration the extensive and well explained guide of IAPMEI (2016), “Guia explicativo para a criação do seu plano de negócios e do seu modelo financeiro”, where all the necessary items are widely detailed and properly explained. To be more specific, the finance, marketing, management or technology are all in this guide since those should be the most important parts of our project.

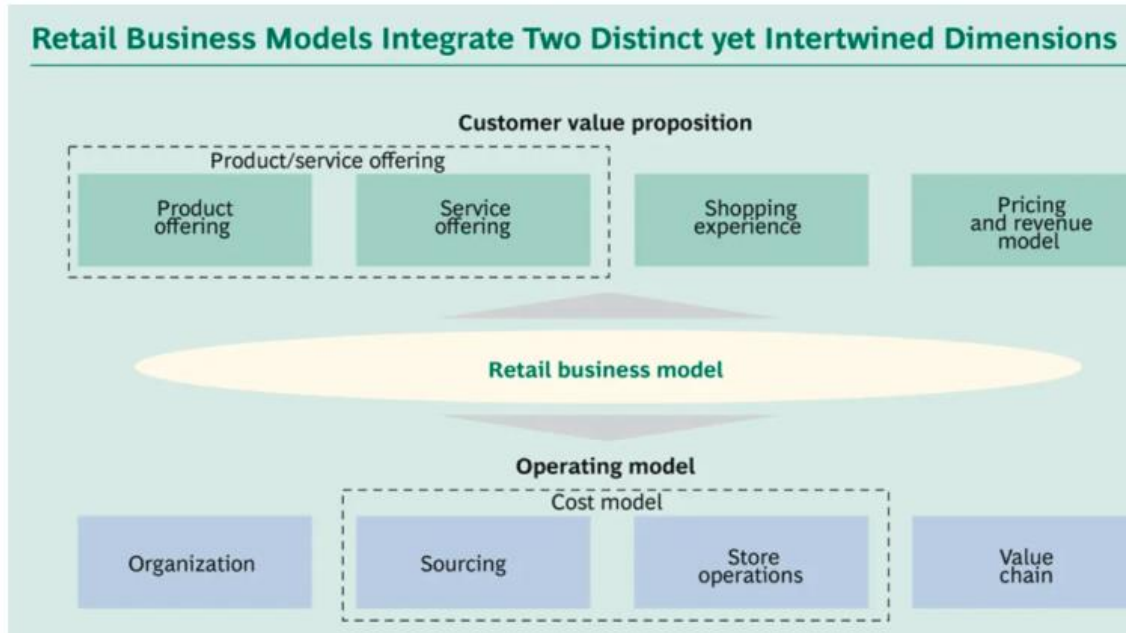
Below you will see an adaptation of the structure made by IAPMEI (2016) that will be turned in the structure of the business plan we are developing here.

1. **Executive Summary:** Brief introduction of the vision of the project, concise and engaging;
2. **Market Gap:** Explanation of the problematic and what should be done to solve the bottleneck;
3. **Solution Proposition:** Proposal of the new idea and brief explanation about its advantages;
4. **Competitive environment:** Brief analysis of direct and indirect competitors, advantages and disadvantages towards the competition;
5. **Marketing:** How to promote properly the idea, and the approach direction of the market;
6. **Commercial Strategy:** How the idea will be developed and how to make the implementation;
7. **Finance:** Financial analysis of the idea.

While developing this business plan, different models and theories were taken into account, not only to make this report more complete but also to support different ideas put in place.

3.1.4 Retail Business Model

Figure 1 - The elements of a retail business model



Source: BCG (2010)

Within the retail business model there are two main concepts to be taken into account: **Customer value proposition** and the **operating model**, where the first concept focus on how the company will offer a different proposition to the customers in comparison with the rest of the competition. As the figure 1 above can explain, this customer value proposition should be following three elements, **Product, Experience and Revenue Model**.

Product: In this case, not only the product should be mentioned since more than a product, the model can also rely on a service. Nevertheless, this topic will define how customers will look differently to your brand. “The depth and breadth of assortment, private-label options, and product quality” (BCG, The elements of a retail business model, 2010). The sentence above is the exact definition of how a product/service will stand out from the crowds.

Experience: Quoting a famous sentence from Steve Jobs “You have got to start with the customer experience and work back toward the technology” can be a good example on how important should be the customer experience, more precisely the way the product is

Business plan: “Casa do Benfica de Maputo”

arranged in the market and the organization of the “store” in order to better the experience of our customers. However, the product that will be developed further in this report should not have the same treatment as a retail store especially due to the fact that this place, normally, only attracts a special market niche. Nevertheless, the pride and the excellence put in place on this project should be the maximum if there is the will to achieve success.

Revenue Model: The purpose of focusing on a specific revenue model is to make sure that the product will have a specific placement and therefore be ahead of the competition due to the specific approach. As revenue models, Laudon & Traver (2007) defined the different revenue business models with its revenue source. Below those can be seen.

As an addition, the figure below also gives some company examples where the indicated model is working.

Figure 2- Laudon and Traver Business Models.

Business Model	Revenue Source	Examples
Advertising	<ul style="list-style-type: none"> Fees from advertisements in exchange for advertisements 	<ul style="list-style-type: none"> Yahoo.com
Subscription	<ul style="list-style-type: none"> Fees from subscriptions in exchange for access to content or services 	<ul style="list-style-type: none"> WSJ.com ConsumerReports.com
Transaction Fee	<ul style="list-style-type: none"> Fees commissioned for enabling or executing a transaction 	<ul style="list-style-type: none"> eBay.com Etrade.com
Sales	<ul style="list-style-type: none"> Sales of goods, information or services 	<ul style="list-style-type: none"> Amazon.com LLBean.com Gap.com JCPenny.com
Affiliate	<ul style="list-style-type: none"> Fees for business referrals 	<ul style="list-style-type: none"> MyPoints.com

Source: Laudon and Traver (2007, pg 62)

3.2 Markets

3.2.1 Angola

Back in the time of the colonial era, Angola was one of the most influence colonies for the Portuguese economy. Not only because of its size but also due to the fact that this country is the second biggest producer of oil in Africa (World Bank, 2019). The amount of natural resources Angola had to offer, was one of the biggest reasons for Portugal not letting them be independent. At that time, Portugal was under one of the darkest periods of its History a dictatorship that lasted for around 40 years (1933-1974). As it is common in every political situation like this one, the ones who are in charge always have the will of having the biggest possible empire, as we can take the examples from, Hitler, Mussolini or Franco just to mention the most well knowns dictators of the XX century (Meneses, 2010).

After the independence, Angola started slowly to rebuild itself although with a lot of drawbacks during the first 30 years, especially due to the civil war that made the evolution of Angola starting much later than supposed. The civil war resulted in complete destruction of roads, railways, bridges, agricultural infrastructures, most of these examples built by the Portuguese in the run-up to the war (Hanson, 2008). All those years led almost to a “reboot” of the country where most of the population did not know what was to live in a peaceful country. As it can be seen, there are a low percentage of skilled workers since more than half of the population is under fifteen years old, the child mortality is still among one of the highest of the world (there is a lack of health system) and aligned with the lack of skilled workers, the educational system does not reach more than 45% of the children’s population. A good measure to explain what the outcomes were of a civil for more than 30 years, is the UN’s Human Development Index where Angola is place in 162 out of 177 countries.

However, as a result of the abundance of natural resources in that country, Angola saw an opportunity to regain themselves from the war. According to the World Bank (2019), the years after the end of the civil war were the ones with the biggest growth in GDP, an average of 10% per year, during the first ten years. This can be explained by the increasing of production of oil and by consequence the increasing of oil prices in the early 2000s (World Bank 2019) that made Angola progress significantly on a macro economical point of view, align with those progresses, structural reforms were made to improve the competitiveness of the private sector. The biggest drawback of this improvements was

Business plan: “*Casa do Benfica de Maputo*”

the drop of the oil price for the last 5 years which took off their financial pillow creating uncertainty in investors who might wanted to invest in Angola.

Angola is at 173th place on the ranking of “Ease of doing business” (World Bank, 2019), out of 193 countries. At first sight, this African country does not look attractive to investors to grow their businesses although last reports show that Angola was already considering an emerging economy and it is forecasted to keep its economic power over the future. As previously mentioned, the new structural reforms made by the government are in line with a more advantageous market for foreign investment. These recent reforms were made on macroeconomic level to achieve stability and enhance a favourable economical environment, so companies could settle their business in a more structured and safe way (World Bank, 2019). Allied to the recent changes in the economic structure of the country, the president of Angola, João Lourenço, is determined to show to the world that steps are being made towards the transparency of the country by letting a more foreign exchange market based in their economy. Those new macroeconomic structures are being helped by the EFF with a supporting framework of 3.8 billion for the next three years.

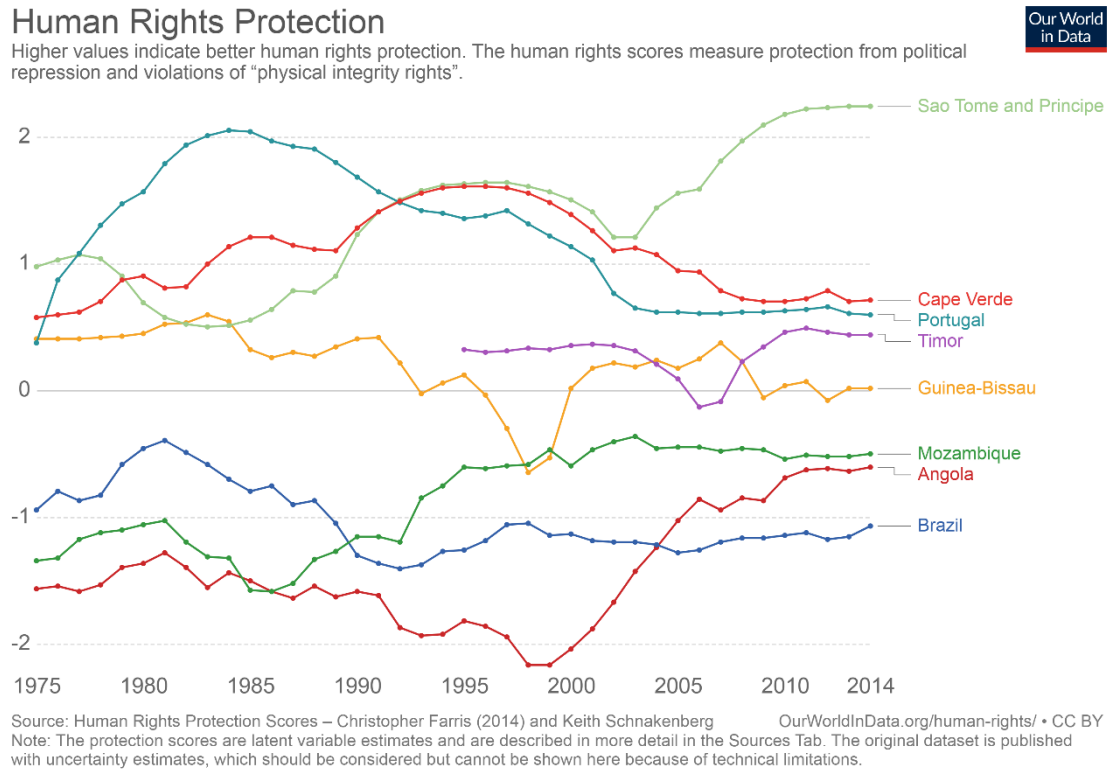
Despite all the recent efforts to create a better economic stability Angola is still too attached to the oil dependency which created an obstacle to the economic development of the country.

3.2.1.1 Political context

In 2018, Angola end up a 40 year old repressive regime that was ruled by Jose Eduardo dos Santos. This regime was marked by a “fake democracy” where the three main powers (executive, judicial and legislative) were not independent between each other which made this democracy as non-consolidated one. (Gomes & Ferreira, 2016). Moreover, the local media was controlled by the estate more specifically, *Jornal de Angola*, this one financed by the government as mentioned several times by the news agency *Lusa*. This was not the only problem as during these 40 years, there were always reports where the human rights were not being followed. A good indicator of this trend is the image below from the webpage: “our world in data” (Oxford, 2019).

Business plan: “Casa do Benfica de Maputo”

Figure 3: Humans right protection Scores, by country.



As it can be seen in the figure 3 above, Angola is the country, which will be talked about in this business plan, with the lowest protection in terms of human rights since its independence in 1974. At the same time, it is fair to say after the independence, Angola saw itself in a civil war which lasted for around 30 years, ending up in 2002 with an agreement between the two sides at that time, MPLA and UNITA. Directly linked with the end of the war, the respect of the human rights also increased as it can noted in the figure above.

However, the numbers are still not that positive and the most recent reports keep stating the enormous cases of human rights disrespect. From the organization of countries where Portuguese is the official languages, Angola comes in second place just after Brazil as the country who as less respect for the Human rights. As mention before, this is slightly changing especially due to the peaceful era after the war, but at the same time it is related with the fact that the 40 year government of José Eduardo dos Santos came to an end and the new president, João Lourenço, is putting in place new structural reforms that meant to end with the corruption, lack of respect of human rights but also with the inequality between social classes.

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The most recent and famous event was the hunger strike from Luaty Beirão protesting for the freedom of speech and for being incarcerated while was demonstrating his resentment against the regime. This happening escalated so much that even diplomatic relations between Portugal and Angola got affected, whereas the first one wanted Angola to be more flexible and to give the freedom to the rest of the protesters.

3.2.1.2 Diplomatic relation with Portugal

Up until the end of the war, Angola was still part of Portugal as a colony, so it is fair to say that there was no diplomatic relation since the country was “legally” the same. After the independence of Angola in 11 of November, 1975, this country saw itself in a civil war that last for 27 years ending up in 2002 (Tchivole, 2017). As it can be seen, the relationship between those countries was not the best during those periods, especially when, Angola was one of the stages where the cold war was played, as most of the new independent colonies of European countries (France, Great Britain, Germany, Spain or Netherlands). Both sides of the barricade were investing in the local military which was creating some drawbacks on the Portuguese relation with this ex-colony.

In order to Portugal develop their diplomatic relationship with Angola, it was necessary to maintain it at the most pragmatic level so companies, businesses, traditional interests but also to preserve the interest on the responsibility of Human Rights (Tchivole, 2017). Angola is one of the ten bests “clients” in the trade balance of Portugal, therefore the diplomatic relations need to be maintained at the best level.

As the years are going forward, Angola is positioning itself as a potential candidate to lead the organisation of African countries that speak Portuguese as an official language. Combined with the recent fast prosperity (growing rates over 7%) and helped by the abundancy of oil in the country and companies will to expand their businesses overseas, Portugal was the most expected choice due to language proximity but also because of their historic and cultural connections. In addition, Portugal as a European country where the peace and economic stability are key, this make it as a strategic market. This interdependence of commercial relationship can be beneficial to both countries if they will be able to maintain it as pragmatic as possible. As countries with weak economies, a healthy relationship can be crucial to support each other if an economic crisis strikes again. The last several years are a good explanation for that since the world economy is

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still recovering from 2008 crisis and, most specifically, in the case of Angola, the continuous decrease of the oil prices.

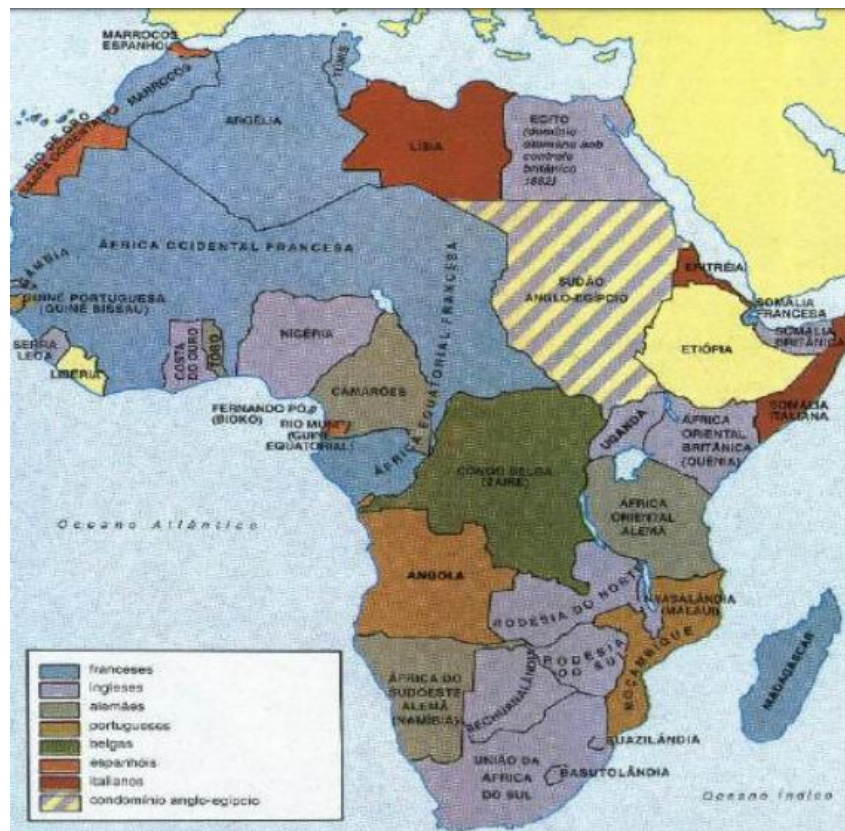
With the change of government in 2017, Angola left an authoritarian cycle of 30 years where the external market was never a focus and all the economy was set under the dependency of oil. With João Lourenço (actual president of Angola) and as it was mentioned before, new structural reforms are being made focusing on aiming at the external markets, letting local companies pursue the internationalisation. These reforms are also being performed on the human rights level, putting Angola on the spotlight as a country that is changing which will always attract other countries/companies to invest on it.

3.2.2 Mozambique

Mozambique, a country discovered by the Portuguese on the 15th century in which Portugal only had the control over a few regions on the coast line, due to their commercial interests, up until 1885. After the Berlin conference (1913) where the colonial power countries sat together to define formal boundaries, Portuguese military went through and defined the country as it is now known. As a historic context, the objective of Portugal was to unite the regions of Angola and Mozambique and implement their power within the African territory. This strategy was called “mapa cor-de-rosa” (as it can be seen in the figure nº4) and was only stopped by the power of the British Empire that wanted to connect their territory between Cairo and South Africa (Charles & Marques de Sá, 2011). Due to those wills, Great Britain did an Ultimatum to Portugal (1890) where they would go to war if the Portuguese did not back down on their aspirations to connect Angola and Mozambique. Since Portugal could not go “head to head” with the British due to the difference in military strength, the only option was to keep those regions as they are now known.

Business plan: “Casa do Benfica de Maputo”

Figure 4 - Division of Africa - Berlin Conference



Source: (Marques, 1969)

Taking the same example of Angola, Mozambique was also involved in the colonial war where the biggest opposition was Renamo (Resistência Nacional Moçambicana) which was supported by Rhodesia (now known as Zimbabwe). A lot of Historians have the theory that Portugal did not focus on this colony as Angola was fought especially since there was nothing, at that time, interesting enough in Mozambique worth to keep fighting for. When is said nothing, we are talking about natural resources like oil in Angola. If, at that time, it would be known that Mozambique is one the countries in the world with huge sources of lithium, the chemical agent that is widely used in phone batteries, the history could have been completely different.

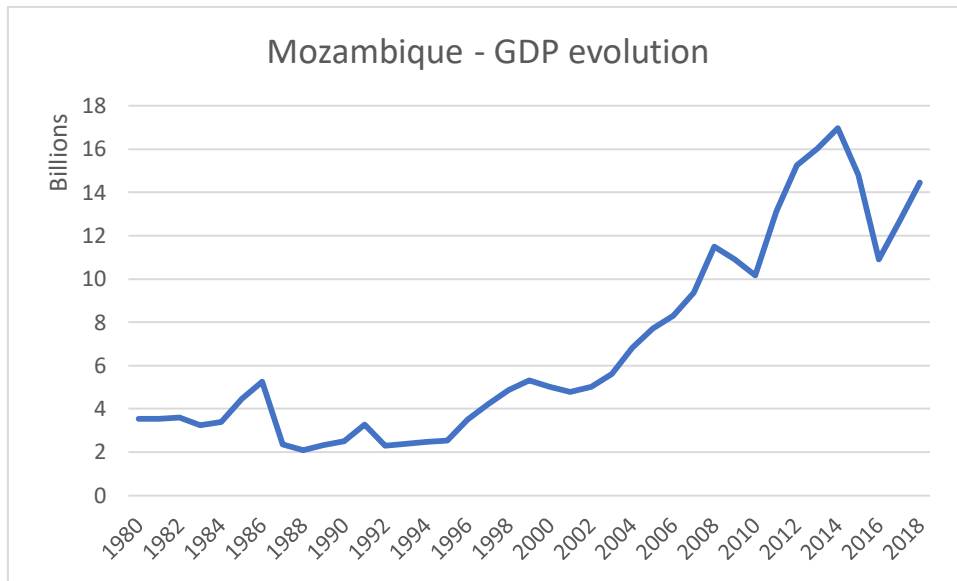
Even if the focus applied by the Portuguese forces was the same as in Angola, the rebels (FRELIMO and RENAMO) managed to play an important part on Mozambique’s independence while sabotaging and destroying every possible social and economic infrastructure. Trying to prevent those sabotages, Portugal was, by force, relocating the local population to what was called “Aldeamentos” (World Peace Foundation, 2015) which had three main purposes: Restrain the contact between FRELIMO and the

Business plan: “*Casa do Benfica de Maputo*”

local civilians; Provide basic life care (basic conveniences, health care and education) to the populations affected by the guerrilla war and last but not the least, to try to help the economic health of those areas, mostly in the long term. In theory, this strategy could make sense if the way Portuguese military acted was completely different. What was actually done was a forced relocation requested by the Portuguese Armed Forces at the expense of being considered as a terrorist and therefore either get killed or tortured. This last one was mostly done to prevail the fear among the local communities if they would not comply with the Portuguese rules.

As it can be expected, all this destruction and persecutions the Mozambican population had the necessity to move, as refugees, to the neighbour countries. Those migratory movements lasted until the fall of 1975 when Mozambique got independent. All of the arguments stated above, made this country as one of the poorest countries in the world, although, after the 1992 signed peace deal between the two big political forces in the government, Mozambique started to grow economically rapidly as it could not be seen on the other countries from the same region. On the figure 5 below, the map is showing the evolution of Mozambican economy and how the important was the peace deal to create prosperity in this country. An interesting fact, is the detail of 2013, the year where Mozambique achieved their best result, but at the same time, was the year that RENAMO called the peace deal to an end after those 21 years of economic progress. As expected the country resented itself and during the following years the economy decrease significantly by 14%.

Chart 1 - GDP of Mozambique



Source: (World Bank, 2018)

3.2.2.1 Political Context

Mozambique, as contrary to Angola, is a democratic country where two big political forces dispute the government places every mandate (RENAMO and FRELIMO). This dispute is active since the independence of the country in 1975 leading a civil war in 1977 that last until 1992. With the independence people thought they could come back to their home countries since the war was over but just after three years, the prosecutions, killings and war came back creating an uncertain environment for almost 30 years. Even after the cease fire RENAMO has still kept their militia creating then a few sporadic conflicts although, for the last few, negotiations have been made so the RENAMO fighters can be integrated in national army and therefore lead to the end of the disarmament agreement.

However, the most recent social/political problem that Mozambique is facing relates to the fact of the new Islamic insurgency in the richest provinces with an expected spread to the regions in the surroundings, possibly creating a political risk in the future. As the World Bank states, these happenings should not be underestimated and the government should be aware and prepared for any possible problem. In addition, with the provincial, presidential and legislative elections taking place in the fall of 2019 it is expected that the provincial governors will come up from these elections, contrary to what was happening in the previous elections. This can be considered as a huge step towards a more

democratic country since before, the governors were “appointed at the central level as members of the executive branch.” (World Bank, 2019)

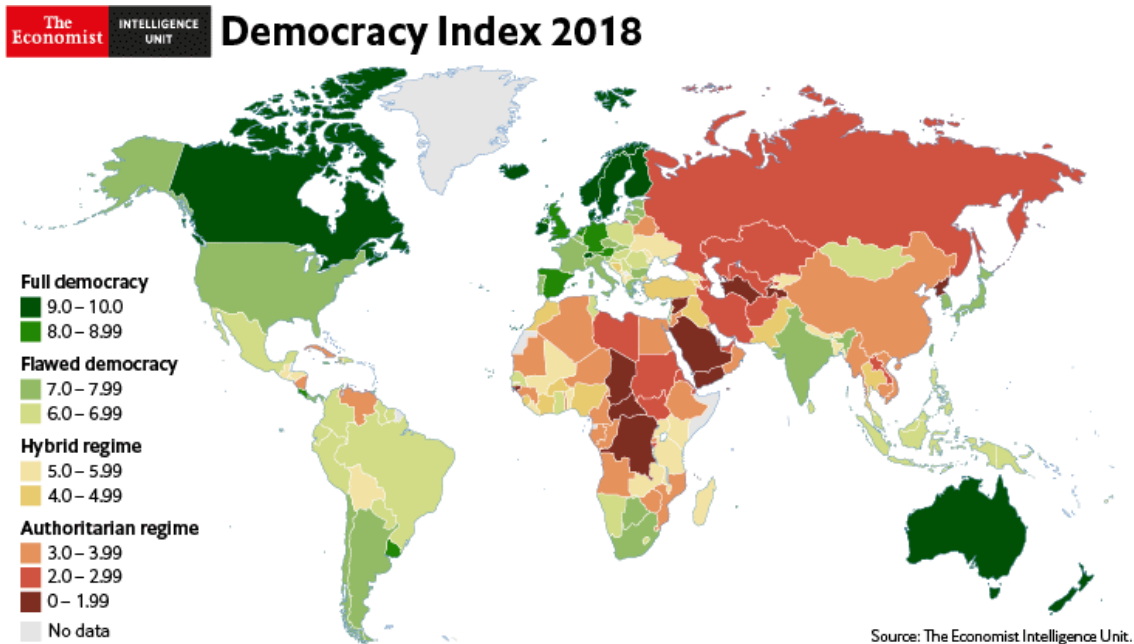


Figure 5 - Democracy index 2018

According to the last report on democracy index, published by the Economist Intelligence Unit (EIU), Mozambique is still considered as an authoritarian country with a score of 4 out of 10 points, as 10 being the maximum valuation. To have a comparison, it can be taken the example of Norway with a score of 9.87. For further comparison, above in figure 6, it can be seen the different scores of the countries of the world. When comparing with the PALOPs, we can see that those countries are more or less in the same cluster (The Economist, 2018).

One of the biggest explanations to this low score, can be explained with the violence and irregularities in the electoral process in regards to the last elections in the fall of 2018. It cannot be forgotten that in 2013, RENAMO called an end to the peace deal with FRELIMO, finishing an agreement that lasted for 21 years. This uncertainty between peace and war, make the countries stay away from the democratic tendencies which are normally followed by the most developed countries (The Economist, 2018).

3.2.2.2 Diplomatic relation with Portugal

Due to the fact that Portugal was never as interested in Mozambique as it was in Angola, it is fair to say that the diplomatic relations between these two countries could not ever been considered difficult. However, during the civil war that lasted between 1977 and

Business plan: “*Casa do Benfica de Maputo*”

1992 that relationship was not the best especially related with FRELIMO, the faction in charge in Mozambique, being allied to China and USSR. As it is known, during that period, cold war was taking place all over the world and Portugal was part of one of the sides, NATO, which was the opposite side of where Mozambique was standing. With the cease fire in 1992, Portugal started to get back their diplomatic relations up to the point of being the second biggest investor in the country in 2013, just behind the UAE (United Arab Emirates) (Expresso, 2013).

A good indicator for the increasing of the diplomacy between these countries has to do with the fact that conferences are being held by both countries in order to brainstorm new ways of improving their diplomatic relations and an example of that was the conference “Portugal e Moçambique – Ligações Fortes”, held in Portugal, in 2013. After that meeting, these two straighten their relationship as it can be seen with the recent new projects which are making Mozambique receiving foreigner investment and consequently being one of the countries in Africa with one of the biggest growth rates.

In addition, it is important to state that in the last 10 years, Portugal has been one of the biggest and better economic partners in most of the key sectors of the Mozambican economy such as agro-industry, construction, tourism, transports, communication and energy, being then responsible for the creation of a lot of working opportunities. According to the ministry of the Economy, in 2015, António Pires de Lima, the Portuguese investment is creating, on average, 58 new job opportunities, frankly bigger than the rest of the foreigner investment which is only creating, on average, 22 new job opportunities (Expresso, 2015).

Allied to this growth rates, the investment that has been made by the Portuguese construction companies is also a key factor for the development of Mozambique, helping on the creation of jobs and it is representing around 3% of the GDP, although in the last few years the sector has suffer an extraordinary increase of 12% which is something really abnormal when comparing with the rest of the other sectors.

Another good explanation for the good relationship between Portugal and Mozambique can be explained by the number of Portuguese emigrants going to the African country every year. According to the emigration report (Relatório da emigração) (Observatório da Emigração, 2016), the number of Portuguese citizens in Mozambique has been increasing year after year, letting the assumption of better conditions to the Portuguese

Business plan: “*Casa do Benfica de Maputo*”

but also the assumption of an easier regulation from the Mozambican government to welcome foreigners, especially the Portuguese.

3.2.3 Cape Verde

Cape Verde is an archipelago composed by 10 islands, located on the west coast of Africa, off the coast of Senegal. This country was discovered by the Portuguese explorers in the XV century, being first country where European settle their troops on the tropics, in 1462, at that time under the orders of King Henry, the first. Rapidly, Cape Verde begun to be part of the root of slaves that were coming from the west coast of Africa helping these islands to an economical thrive, at that time, due to these activities (Ramalho, 2010).

The golden era of Cape Verde happened in the end of 19th century and beginning of the 20th where the capital of the archipelago was one of the most important harbors for resupplying the British ships that were heading to America with the English coal. In fact, were the Anglo-Saxons who develop the harbor and consequently the city of Mindelo, in the island of S.Vicente. During this period, the British even created a coaling and a submarine cable station, creating then plenty of jobs for the local workers. Although, all this prosperity ended up with the World War II since the number of ships that were passing by the island decreased drastically ending up with the final strike in the 1980’s when the British coal went into decline, leaving Cape Verde without most of the available jobs. Due to this fact, a significant number of locals saw themselves to emigrate either to Europe or to the “neighbour” countries like Senegal and S. Tomé and Príncipe (Pinto & Lloyd-Jones, 2003).

Even though the colonial war did profound marks in the history of the country, Cape Verde did not suffer as much as the other colonies, especially due to their difference of colour when comparing to the continental African countries (their skin colour was lighter). At that time, this country was the only one Africa-Portuguese colony to have higher education school. To contextualize the importance of this fact, by that time, more than one quarter of the population could read and write which was frankly higher when comparing to the following colonies such as Portuguese Guinea, now called Guinea-Bissau (Pinto & Lloyd-Jones, 2003).

Since the war in Cape Verde was basically played in Guinea due to an alliance with Bissau, the process of independence was also a little easier when comparing to the rest of the colonies like Angola or Mozambique. The archipelago was proclaimed independent

Business plan: “*Casa do Benfica de Maputo*”

in the fall of 1974 and from then the negotiations of unification between Cape Verde and Guinea-Bissau intensified up until 1980 when the first decided to abandon the idea of unifying the countries by creating a new political party, called “Partido Africano da Independência de Cabo Verde” (PAICV). Although the relation between these two countries got slightly shaken during that period, after that everything got better and the good relationship is maintained up to these days.

According to the World Bank, Cape Verde is placed in the category of the lower middle income countries and it is placed on the 131th place on the ranking of *Ease of doing business*. Curiously, this West African country is placed higher than its fellow Portuguese speaking African countries such as Angola (173th), Mozambique (135th) or even Guinea-Bissau (175th). As it was mentioned in the other scoped countries, Cape Verde needs to perform structural reforms in order to create ways of increasing the number of jobs and consequently thrive the economy year after year. All the scores above are referring to the year of 2019, “*Ease of doing business, the World Bank*”.

Another advantage of Cape Verde when comparing to the other PALOPs, is the difference on the level of corruption within the country where Cape Verde can be seen in as the best placed nation, in the 45th place, just after Portugal currently occupying the 30th place. As mention before, it can be seen the gap between Cape Verde and the rest of the African Portuguese speaking countries, as for example Angola or Mozambique placed as one of the worst countries, placed respectively in 165th and 158th out of 180 countries (International Transparency, 2018).

3.2.3.1 *Political Context*

The biggest difference of Cape Verde when comparing to Angola or Mozambique is the fact of never having to deal with a coup d'état which made the country being much more stable. From this sentence above the assumption that can be taken is the fact Cape Verde is thriving economically year after year, although that is not the case. Having all the population divided by small islands can be a huge obstacle to growth and development. The economy of scale cannot happen and the connectivity between islands get affected by a natural obstacle, the ocean.

However, we should not discredit the effort of this country between 1990 and 2008 where a huge economic growth made these islands to develop some infrastructures and many services, such as, energy, water, education and health. The biggest responsible factor for

Business plan: “*Casa do Benfica de Maputo*”

this economic development was the intensification of new touristic routes which helped on filling a necessary gap existing since the 1980’s when the British dismantle all their operations related with the coal commercialization.

Even if the next 10 years were really tough, especially due to the world economic crisis, Cape Verde got back on tracks starting in 2016 and consolidating their economic growth during the following years with rates going around the 4.5%. Once again, this evolution is reflected not only by the tourism but also due to the investment increasing on energy and water, financial and transformation sectors. Although not everything are a bed of roses, since Cape Verde’s economy is based on an open economy but with a weak structure, enormous challenges can be created by the volatility of the external markets even if their local currency would be, as it is, indexed to Euro. The objective should be to go through a more diverse economy, not only centred in the tourism, so they can be more impermeable to those changes.

3.2.3.2 Diplomatic relations with Portugal

Since the end of the war in 1974 did not have the same outcome as in the other African countries, these relations were not really affected in Cape Verde. The fact this was a group of islands and any attack/defence on those were difficult, this could also have impacted the way the relation stayed.

One of the most important factors to Cape Verde to develop, even more, their international relations with different partners, is how their economy can be affected by those partnerships, as was stated by the Banco de Cabo Verde in their report about the monetary policy. The financial comeback of the country partners had a positive influence on Cape Verde economy, especially the positive response on international trade.

Already starting just after the independence and keep going up to the present, arrangements between both countries were constantly being made in order to help the development of this African region. Those agreements were underpinned from the perspective of helping Cape Verde in areas like health, education and international trade. This support was one of the reasons to make many Portuguese investors to focus on the islands, mostly the ones who had more touristic potential.

More recently, both governments are negotiating different agreements that will ease how people, goods and services move between countries. The same way the European Union works, Cape Verde wants to do the same but in this case with the “*CPLP: Comunidade*

Business plan: “*Casa do Benfica de Maputo*”

de Paises de Lingua Portuguesa”. This is the next step to a Portuguese language community more unified and stronger which will certainly not only help Cape Verde but also the countries belonging to this association (Expresso, 2019).

4. Limitations

4.1 Business case limitations

Developing a business plan can be the first step for creating a whole business from scratch and outline a strategy for a certain product or idea to become successful. A correct planning while setting up a business can reflect the difference between a long lasting project and a complete failure.

Although setting up a business plan can be really beneficial for the creation of a company or for a development of a project whining an already established enterprise, there are always some drawbacks that need to be addressed.

- a) **Uncertainty:** the purpose of a business plan is to outline a first preparation of how to put together an idea, and all the projections and the plans made can give a potential false sense of certainty. Not always the forecasts made while setting up a business can be completely reliable, mostly due to the way the business environment is always changing but also related with the fact that the company’s vision and strategy could have gone in a different direction.
- b) **Freedom:** Even though developing a project since the beginning can induce us to a sense of freedom where the company can feel everything they design can be achievable, not thinking of all the bottlenecks of implementation. This is something that can happen with this project, mostly due to all the uncertainty of expanding a type of business into a country where the execution of this type of idea cannot be accomplished in the same way as planned.
- c) **Bias:** The preparation of any project requires a specific amount honesty and accuracy to present the results/projections in the most truthfulness possible way. However, it is almost impossible to elaborate a plan that tends to be completely impartial since most of the cases Business plans are done internally. Managers tend to, even subconsciously, create the focus on the most positive aspects even if those are not the most important ones to be looked at, creating then a false sense of success in the long run.

Business plan: “*Casa do Benfica de Maputo*”

- d) **Resources:** Creating a Business plan may require the need for different types of expertise from the most distinct areas such as, accountancy, marketing, finance or even operations and because of this need, sometimes companies can lose the focus from other minor problems that could help fix the problem in a short term view. In addition the time and money spent in a project where there is always a chance of such an effort not being implemented due to different several reasons.

4.2 Confidentiality

Football clubs, more precisely the Portuguese ones, live in an era where every single drop of information leaked can dictate the success of one of their competitors, and Benfica is not an exception. Especially during the last year with all the leaked communication of the company’s correspondence, SLB could have lost an enormous competitive advantage towards their direct competition. Moreover, with all this scandals in the Portuguese football, the companies (since the professional teams of football are no longer considered as just sport clubs).

While producing this project, not all the information requested to SL Benfica was granted, especially information that could disclose secrets from the business itself. Therefore, there is a chance of not having the most accurate numbers due to what was mentioned above.

5. Business Plan

5.1 SWOT

This analysis was initially created by a research team involving Albert Humphrey, Robert Stewart, Marion Doshier, Dr Otis Benepe and Birger Lie during the 1970’s while working at the Stanford Research institute where they produced a first method called SOFT which was a strategic analysis of external and internal factors of a certain company. The first step was to divide the analysis into two big criteria, as it is also done in the SWOT model, Positive and Negative. On the positive side this would be separated into Satisfactory and Opportunity, and on the other side, the negative would be divided into Fault and threat. Below, on the figure 7, a brief chart can visualize what was written above.

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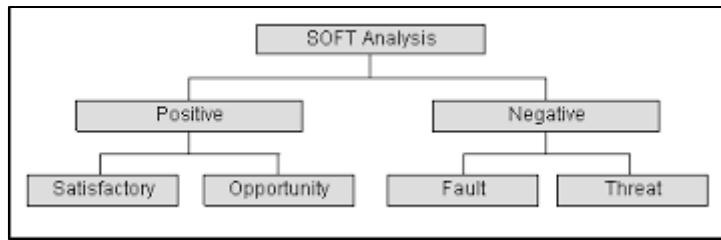


Figure 6 - SOFT Model

Eventually, this model got improved to the one we know this days, the so called SWOT analysis, which also relies on the same line of thinking:

Strengths

Weaknesses

Opportunities

Threats

Those four words that create this acronym are essential for a first business assessment on how the developed product can succeed or not in the chosen market.

Following the same line of thinking done when deconstructing this analysis, the SWOT model will be divided into two major factors, Internal and external. Nevertheless, the figure 8 below illustrate how this model is organized allocating the strengths and weaknesses on an internal level and the opportunities and threats as an external factor. According to (Gurel & Tat, 2017) this tool will help managerial positions to use this tool as a situation analysis to identify the potential factors on an organizational and environment level.

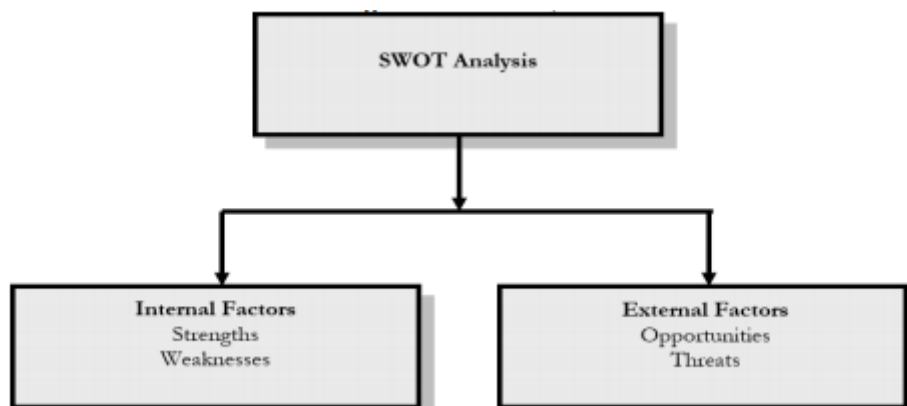


Figure 7 - SWOT analysis, (Gurel & Tat 2017)

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“SWOT Analysis is a simple but powerful tool for sizing up an organization’s resource capabilities and deficiencies, its market opportunities, and the external threats to its future” (Thompson & Gamble, 2007).

As referred in the previous chapters, the most preferred market to increase and spread the network of “Casas do Benfica” is Mozambique, more concretely in Maputo, the capital of this county.

For a correct analysis of the potential of the product while using the SWOT framework it is necessary to list, at least, three to four reasons for each letter of the acronym. This way, the choice made for the product development will be much more sustained.

5.1.1 Strengths

- Worldwide brand with more than 100 years of history;
- Business model already tested in other more than 150 “Casas do Benfica” spread all over the world;
- Technology development to close the gap between the club and the supporters. (E-commerce at different levels, not only merchandising but also anything related with supporters loyalty).
- Most prestigious Portuguese football club in the world.

5.1.2 Weaknesses

- “Just a football club”, meaning communities normally do not take football clubs with same seriousness as another “normal” company;
- Even though SL Benfica has a huge presence in the world, this one is not yet completely consolidated in the African market, leading to a possible lack of support due to the unfamiliarity of the brand SL Benfica.

5.1.3 Opportunities

- African market is growing year after year;
- Cultural connection with ex-colonies;
- Becoming an economy booster player on the country ecosystem;
- Tradition of football in those countries
- Football connection with Mozambique still present related with Eusébio (born in Mozambique and one of the greatest Portuguese football players in the world).

Business plan: “Casa do Benfica de Maputo”

5.1.4 Threats

- Low income of Mozambican population;
- Possible competition from bigger international clubs that are following the same strategy;
- Volatility of the Mozambican economy (this also applies for the rest of the African market)

5.2 Five Forces of Porter

“Awareness of the five forces can help a company understand the structure of its industry and stake out a position that is more profitable and less vulnerable to attack” (Porter, 2008). The use of the 5 forces of porter analysis has the purpose to access the competitiveness level of the studied company in the market it wants to get in. As it can be seen in the figure 8 below, the five forces of porter are divided in the following way: “Threat of new entrants”, “Bargaining power of buyers”, “Bargaining power of suppliers”, “Threat of substitute products or services” and “Rivalry among existing competitors”.

Figure 8 - The Five Forces That Shape Industry Competition



Source: Harvard Business Review, 2008

Business plan: “*Casa do Benfica de Maputo*”

5.2.1 Threat of new entrants

Level of risk: Medium

The number of competitors in the market of football are never too big due to the fact that not every club have the monetary power to invest abroad in such infrastructures (initial costs are high). In addition, the number of clubs that have a consistent number of supporters or a wide brand awareness are not so many, helping SL Benfica to have a consolidated position in this market.

One of the biggest risks for a club like SL Benfica is the possible investment in Mozambique from the biggest players in the world, such as Real Madrid, Barcelona, Bayern Munchen or Manchester United, just to state a small example. Those, are the football clubs that are not in the same level of Benfica, especially, in terms of supporters, monetary power and international brand awareness.

5.2.2 Bargaining power of buyers

Level of risk: Low

Even though the purchasing power of Mozambican people are not comparable to the European one, the model of business of “*Casas do Benfica*”, as stated in the second chapter, is based on a food court with some SL Benfica services attached. For this matter, is affordable to locals to attend an establishment like they would go for a normal café.

The Mozambican economy is also growing year after year, providing better quality life to its population. Therefore the number of buyers will grow year after year.

5.2.3 Bargaining power of suppliers

Level of risk: Medium/High

The development of Mozambican economy, following UN rankings, is on the lowest cluster of GDP per capita in the world ranked in 128 out 196 countries. This means that the network of service providers/ suppliers is not as developed as in Europe for example, meaning that bargain power will be much higher due to the lack of competition. Moreover, since the business model of “*Casas do Benfica*” tends to have a standardize model, the quality of this establishment will be affected if the necessary products do not come in their best shape.

5.2.4 Threat of substitutes

Level of risk: Low

Business plan: “*Casa do Benfica de Maputo*”

SL Benfica still has a strong brand awareness within the ex-colonies and for this reason the loyalty that customers have towards the club is still high. In addition, the African market is still not being so researched from the biggest “sharks” of the football clubs, giving a competitive advantage to SL Benfica during the first phases of implementation of the project in study.

The only expected risk in terms of number of substitutes relates with the fact of the rest of the Portuguese clubs, mostly FC Porto and Sporting CP, follow the same strategy since they could be the only ones to either, attract enough supporters and to have the enough financial power to invest in such infrastructures.

5.2.5 Rivalry among existing competitors

Level of risk: Medium/High

In the sector of catering and cafes, the competition is always fierce and tough, especially in the urban centres. In this case, we are focusing more in the food sector since the first steps of implementation will be related to how SL Benfica will be able to attract new clients from the service quality. We should bear in mind that the biggest competitive advantage of SL Benfica is the range of services that can be offered while in a “*Casa do Benfica*” and not forgetting the power of the brand of SL Benfica.

5.3 Competitive Environment

One of the key steps for a correct analysis of a market is to measure the competition while understanding their strengths and weaknesses, and how our product can win among the others.

Direct Competitors

In the business of football the main revenue source, according to the last report of Deloitte Football Money League 2019 (Ross, Winn, Wood, & Hammond, 2019), is related to commercial income such as, naming of the stadiums, merchandise or sponsorships. In the case of SL Benfica, we also need to mention the ability of this club to gather a different source of income by creating the model of “*Casas do Benfica*”, where merchandising, tickets, fidelity cards can be done there while a small food establishment will support and help the region to have a place to gather the people of the region. However, even if SL Benfica has a type o revenue source that is not being completely used by the other clubs

Business plan: “Casa do Benfica de Maputo”

in the world, those will still be the players that can “steal” supporters and market share to SL Benfica.

The first step for a correct direct competitor’s analysis there is the necessity to mention the fiercest competitors either at the sporting or commercial level, those are Sporting Clube de Portugal and Futebol Clube do Porto. As mentioned above, these clubs, since the inception, are always competing against each other at all different levels. Below, we will find several specifications about the most direct competitors of the brand SL Benfica.

Sporting CP

This club was founded in the year 1906, in Lisbon, being one of the oldest rivals of SL Benfica within the same city. It is a club with a number of supporters that flows between 80,000 and 100,000 (supporters with loyalty cards, since without that the numbers cannot be completely traceable) and it is called as third biggest club of Portugal.

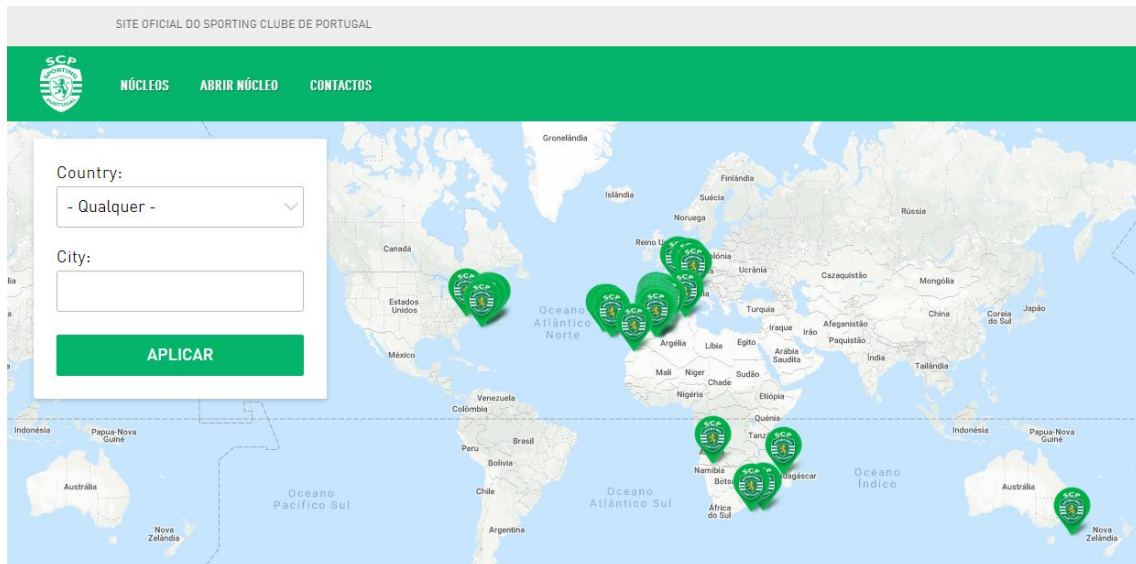
Although they do not have the same type of project as SL Benfica has, Sporting CP has a way of connect with the supporters who are far from the stadium by having something called “Nucleos do Sporting”. This type of establishment is only used to gather people that have the same in common: the love for Sporting CP.

The “Núcleos” are such an important thing for this club that they even have an own website just for this area. Below, it can be seen the website location and a picture of how the webpage looks.

Website: <https://nucleos.sporting.pt/>

Figure 9 - "Nucleos" of Sporting CP spread around the world

Business plan: “Casa do Benfica de Maputo”



Source: Official website of Sporting Clube de Portugal, 2019

Sporting SC in Mozambique

As it happens in SL Benfica, both clubs have a deep connection within the ex-colonies, more precisely with Mozambique where at the colonial times there were even two clubs with names of the Portuguese ones: “Sporting Clube de Lourenço Marques” and “Sport Lisboa e Beira” (Domingos, 2006). On behalf of Sporting CP, the connection can be even bigger due to the fact that this club already has two “Núcleos”, one on the capital, Maputo, and another in the north of Mozambique, in Pemba.

Figure 10 - "Núcleos" of Sporting CP in Mozambique



Source: Official Website of Sporting CP, 2019

Business plan: “*Casa do Benfica de Maputo*”

Apart from what is shown in the website of Sporting Clube de Portugal, the information related with these “Núcleos” is not wide, making the analysis of those establishments shorter. Nevertheless, these places are just small cafes where Sporting supporters can gather and watch the games as a “family”.

Futebol Clube do Porto

As it happens to Sporting CP, Futebol Clube do Porto is the oldest rival of SL Benfica and was founded in 1893 and since then both clubs evolve to the point of being the biggest in the country. This club has an estimated amount between 100,000 and 110,000 loyalty cards supporters’ holders, although the number of supporter or people that like the club can be much higher, as it happens with the rest of the clubs in Portugal. Moreover, Futebol Clube do Porto is considered as the second biggest club in its country.

Although, when searching in official pages of FC Porto, there is no mention to any “Casa do Porto”, a deeper search on the internet about this topic will lead us to different fan pages allusive to the club and there is where the information about “Casas do Porto” can be found. While searching, we could see that the network of these establishments is widely spread around the world, having “Casas do Porto” in six continents, including in Africa where we can also find one in Mozambique, Maputo.

FC Porto in Mozambique

As mentioned above, FC Porto has a one “Casa do Porto” in the capital of Mozambique, Maputo. Even though there is an assumption where this club has a smaller number of supporters in Africa, they still manage to create a place where those supporters can gather and share together their love for FC Porto.

Following the same example as Sporting CP, this establishment does not have much information about and as far as it could be search, this is only a small café with a full decoration of FC Porto symbols. In addition, the location this “Casa do Porto” is not disclosed anywhere, which leads an uncertainty in terms of whether this establishment really exists or not.

Indirect competition

In this section, we will need to make a distinction between two types of indirect competitors. Firstly, the ones who have are in the same industry as SL Benfica as example

Business plan: “Casa do Benfica de Maputo”

international football clubs and secondly, the different types of local commerce which are present in the surroundings of where the “Casa do Benfica” will be located.

Starting with the competitors that do not have a direct impact in the Mozambican market but are widely known international football clubs, there is the necessity to mention three clubs: Manchester United, Real Madrid and Barcelona.

Manchester United

Most supported team in the world and the club with more success in England. It is estimated that this club has over than 750 million fans spread around the world. Most of its presence is located in Asia but they also have a wide presence in several countries in Africa, such as, Egypt, Kenya or South Africa just to mention a few.

Moreover, Manchester United has a huge presence on the internet and social media, helping the fans to be more engaged with the club. Below we can see the amount of connections this football club has on social media (Over than 147M connections).

Figure 11 - Number of Social Media Connections of Manchester United as of 2017



Source: Manchester United Official Website (2019)

Another strategy taken into account by this club to increase the number of supporters around the world, was to create a “Supporters Club” which has the main goal of “provide a service to supports living in the area” with the purpose of “meeting like-minded people, all of whom are devoted to following the reds” (Manchester United, 2019). In another words, this “Supporters Club”, can be an approximation to what the Portuguese clubs are doing with the “Casas” or “Núcleos”, but on a smaller level.

Business plan: “Casa do Benfica de Maputo”

Even though, Manchester United does not have any presence yet in the Mozambican market, this can be a future option for this English club which can create a threat to a possible successful business from SL Benfica.

Real Madrid

In the last few years Real Madrid is trying to get closer to the status of Manchester United as the biggest club in the world. One of the biggest player in this process was one of the best football players in the world, Cristiano Ronaldo. The amount of fame and fans that this athlete had enabled Real Madrid to go further in their internationalization process.

There is an estimation of a fan base, spread worldwide, as of 350 million, almost half of what Manchester United has. Nevertheless, their social following on the internet is much bigger, by having over 200M followers on just the three main social networks. In addition, for the first year, Real Madrid was the named as the most valuable football brand in the world, according to *Brand Finance Football 50 Rankings*.

Figure 12 - Top 5 most valuable Football Clubs in the World



Source: (Brand Finance, 2019)

Business plan: “Casa do Benfica de Maputo”

Figure 13 - Top 10 most valuable Football Clubs in the World

	6 ← 6 +	2019: €1,191m 2018: €992m +20.0%		6 ↑ 9 +	2019: 88.7 AAA 2018: 88.6 AAA +0.1
	7 ← 7 +	2019: €968m 2018: €985m -1.8%		7 ↓ 6 +	2019: 88.0 AAA 2018: 90.4 AAA+ -2.3
	8 ↑ 9 	2019: €914m 2018: €753m +21.3%		8 ↓ 7 +	2019: 87.3 AAA 2018: 89.5 AAA+ -2.3
	9 ↓ 8 +	2019: €885m 2018: €893m -0.8%		9 ↓ 8 	2019: 86.8 AAA 2018: 88.9 AAA -2.1
	10 ← 10 +	2019: €758m 2018: €630m +20.4%		10 ← 10 +	2019: 85.5 AAA 2018: 84.3 AAA- +1.2

Source: (Brand Finance 2019)

Following the same example of Manchester United, also Real Madrid is presented in the world with its Fan clubs, even with a smaller presence they are still all over the the six continents. Taking into account the African market, “Los Blancos” as they like to call themselves, have a fan club solely in Morroco. However, a country like Real Madrid has much more financial power than SL Benfica which can create a threat to their businesses in Mozambique if they target this country as a potential country.

Futebol Club de Barcelona

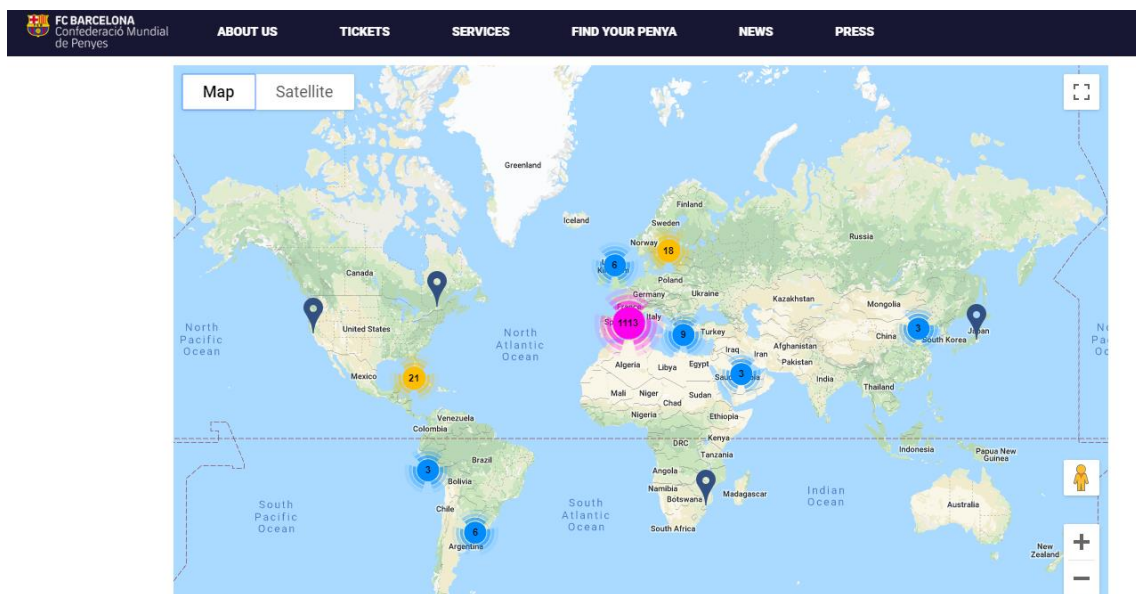
To close the top three of the biggest clubs in the world, we need to mention another Spanish club, Barcelona. As mentioned above, having a huge star (Messi) for some many years in a team like this one can consolidate and increase the number of fans that Barcelona can gather, it can even be said that players like Messi are already a brand just by themselves. Estimated to have around 450 million fans worldwide and 200 million just on social media, Barcelona is well consolidated on the third place having a strong presence all over the world.

This club have the most approximate model to what SL Benfica is developing. They also have a specific type of supporters club called “Penyes Barcelona” which is located in

Business plan: “Casa do Benfica de Maputo”

more than 1 262 locations including 5 in Africa (Algeria, two in Morocco, Mozambique and Tunisia). As it can be seen, of the mentioned clubs Barcelona is the only one with some presence already in the country we want to expand this business model. This “Penye” was launched in the end of the year of 2018 and it allows the fans to have a specific card, which will give them not only ownership but also the opportunity to watch games of different sporting activities such as futsal, handball and certain games of hockey, all from Barcelona teams.

Figure 14 - "Penyes", Supporters Club of Barcelona in the world



Source: (Confederacion Mundial de Penyes, 2019)

Local Commerce in Maputo

With the same importance as the competitors mentioned above, the local commerce present in the capital of Mozambique could be one of the most “dangerous” factors for the success of the “Casa do Benfica de Maputo”. As the main business of a “Casa do Benfica” always starts with a small commercial establishment which consists into a café and a merchandising sale point. Since the “Casas do Benfica” are usually located in the premium areas of the cities, the competition can be fiercer towards this one. In addition, the business of football schools also need to be mention, since the objective of SL Benfica is also to, connected with this “Casa do Benfica”, have the football academy of SL Benfica in Maputo.

5.4 Location

The idea of launching a “*Casa do Benfica de Maputo*” has one main purpose of helping the different SL Benfica supporters to get together in an easier way, which means that the place where this establishment will be situated needs to have a good access to the population. Thus, there is one possible location where is desired to launch this “house” going towards the main goal of having a “*Casa do Benfica*”: letting fans to share their love and passion for the club of Sport Lisboa e Benfica.

One of the options was to launch the “*Casa do Benfica de Maputo*” in one of the most noble zones of the city, Sommerschild. This district is known for being the place where most of the embassies are, the University and some commerce and hotels. Moreover, the football school of SL Benfica is situated in the University which would create a good proximity of the different services offered from the club. In addition, being located in the region where a bigger number of people with a higher social-economic status live, the offered services from this establishment, would be also easier to sell. As an example, the extra-curricular activities service would turn into a more successful strategy if the number of possible participants are higher. Last but not the least, since the demographic density in this district is not as dense as in the next option, there is a better chance for having space to grow the number of services and facilities of the “*Casa do Benfica de Maputo*”. Below, in the following figure 15, with the red marker, the most desired location within the district mentioned above.

Business plan: “Casa do Benfica de Maputo”

Figure 15 - Location proposed, option n°1



Source: Google Maps, 2019

5.5 Implementation Strategy

5.5.1 Name

Since SL Benfica is already a club established and the project of “Casas do Benfica” is an ongoing one, the name can only follow the same line of thinking as the other establishments. In this case, this place will be called “Casa do Benfica de Maputo” since it will be located in the capital of Mozambique.

5.5.2 Logo and brand

Starting off by explaining the logo, it is necessary to first say that behind the future logo of “Casa do Benfica de Maputo” there is a brand called “Casas do Benfica” and even though these establishments are independent between each other, they are under what can be called as a “Parent entity” since they are inside of the same network which belongs to SL Benfica.

Below, we can see the different logos of “Casas do Benfica”, firstly the general one (figure 16) which has the name of the brand and the symbol of the club and secondly, it can be seen the logo of “Casa do Benfica, Cidade da Praia” (figure17) in Cape Verde

Business plan: “Casa do Benfica de Maputo”

where one of the most iconic building of the city. This model works for the rest of the establishments available, for example, in Covilhã the image that appears is a mountain due to the fact that is in this city that is located the highest peak in continental Portugal.

Figure 16 - Logo Casas do Benfica, 2019



Source: Official website of SL Benfica, 2019

Figure 17 - Logo Casa Benfica Cidade da Praia



Source: Official Website of SL Benfica, 2019

5.5.3 Mission

All “Casas do Benfica” have the same bylaws and they need to be compiled and followed so this establishment can be launched. On the 3rd article of this bylaws, this “house” undertakes the obligation to defend the good name, prestige and concerns of Sport Lisboa e Benfica. At the same time, the “Casas do Benfica” is responsible to have and contribute, locally, to the good relationships of the club being here represented, but as well to improve and create new partnerships both with other sports clubs and non-sportive entities.

5.5.4 Vision

Under the bylaws of “Casas do Benfica”, on the 3rd article, n^o1, (c), the vision of these entities is to foster the love for Benfica and inclusively to help and develop a wider network of associates. Moreover, is expected that a “Casa do Benfica” will work together with the “Fundação Benfica” for the pursuit and achievement of its statutory objectives, as stated on the line (f) of the article 3rd of the bylaws.

5.5.5 Values

As it is expected from a company who is held by 100% from Sport Lisboa e Benfica, the values presented in both companies must be the same. Therefore, a “*Casa do Benfica*” to be launch needs to share the same values as Sport Lisboa e Benfica. Those, are the ones that made this club, not only, with the power and size of today, but also with a history of more than 100 years. Below, the following values will be presented with a brief explanation which will help to understand the reason for this club to have those values present in its culture.

Portugalidade

This value does not have a literal translation although it means that this club has the proudness of being part of a country with more than 800 years of history and the will to keep carrying this flag all over the world.

Tolerance

Every successful company, to be it, needs to be respectful and tolerant towards the society, especially in an industry where the emotions are playing a big part. In addition, a club like SL Benfica is obliged to set an example to the younger generations, which it does.

Unity and Community Spirit

Both values can be place in the same description due to its complementarity. The most well-known sports in Portugal are played in teams and therefore the only way to achieve success is to “row in the same direction” as your teammates and for that there is the need to be united with the rest of the team. This sense of unity will also lead to be someone who cares about the community and wants to help to develop the sense of aiding others.

Generosity and Attachment

Going into the same direction as the values mentioned above, there is a necessity of being different from the others when doing the right thing and while doing it the word of order is to be generous and attached towards the others. Hence, the creation of the Benfica foundation and the necessity for the “*Casas do Benfica*” to work closely with them reflects it.

Being engaged into associations

Business plan: “*Casa do Benfica de Maputo*”

As it can be seen above, this is not actually a value due to the fact that there is no translation for the one mentioned. In other words, what is meant to state is related to the proactivity of creating or being engaged into associations which in the case of “*Casas do Benfica*” is the true use of the company’s values.

Mysticism and Spunk

Being part of a worldwide known club, with more than 100 years of history, the two values explained were essential to the development and growing of the club. This is what makes the supporters fall in love for the club and follow it all over the place. Thus, the network of “*Casas do Benfica*” is one of the key factors to lead and embrace both of these values.

Democracy and Respect

One of the most important principles of a healthy association/company is to have a democratic and respectful organization. Moreover, in a business like football where the competitions and the rivalries can become unpleasant, the objective of “*Casas do Benfica*” goes also through the appeasement of these kind of relations between supporters from different clubs.

Eclecticism and Sportsmanship

Last but not the least, these two values are the ones more related with the sports available at Sport Lisboa e Benfica. Eclecticism reflects what this club is: a place where all the different sporting activities are welcomed, especially when the objective is to win. On the other hand, there is the sportsmanship which can be almost as an aggregation of all values mentioned above and this network should have the will, but mostly the objective, to spread and educate the local communities that a good human is also a true sportsmanship.

5.5.6 Organizational Structure

One advantage of designing this Business Plan relates to the fact that since the “*Casa Benfica de Maputo*” is integrated within the “*Casas do Benfica*” most of the necessary positions to make this project going forward are already being done at the level of SL Benfica. Nevertheless, it is still necessary to mention the ideal number of people to make this project happen.

In this example, the structure needs to be divided in two small teams: the in local team and the “Back office” team. The first will be responsible for managing the “*Casa Benfica*”

Business plan: “*Casa do Benfica de Maputo*”

de Maputo” where it is expected to grow during the first years due to the increasing of services that a “*Casa Benfica*” can offer. The second will be responsible for all the necessary tasks that need to be performed to make sure this establishment can run properly.

Starting with the **first** team, the in local one, it will be necessary to have:

President:

As a president, this role will have the responsibility for being the institutional representative of SL Benfica when it will be not possible to have the President of SL Benfica or the Director of “*Casas do Benfica*”. Moreover, the person in this position will also need to be able to create different partnerships with the local entities in order to held and increase the growth of this establishment.

In a first phase, the president will be also responsible to be the manager of both the store and the food court part as a way to not waste resources in an early stage.

Accountant/Controller

This person will need to make sure that the business is running in the healthiest way and to be aware that there are no stock or cash diversions. In this specific case there is the option to either have one person that will take care of the accounting or to outsource a company specialized in these matters. If the “*Casa do Benfica de Maputo*” opt for the second option, the president should be responsible for the communication between the finance department of SL Benfica and the chosen accounting firm since all the obligations towards the suppliers need to be addressed and fulfilled.

Cashier (Merchandising section)

For this specific role it is expected for the person who will fill it to be responsible for all the merchandising section. This includes to register the sales, manage the stock and be responsible for helping people who are in the store. Since, in a first phase the store will be small, this person should be also in charge of cleaning the space.

Waiter

In every food court there is always the necessity to have someone responsible for managing the space and make sure all the clients are being served with the most efficiency way. As in a normal food establishment this person will be responsible to serve the clients,

Business plan: “Casa do Benfica de Maputo”

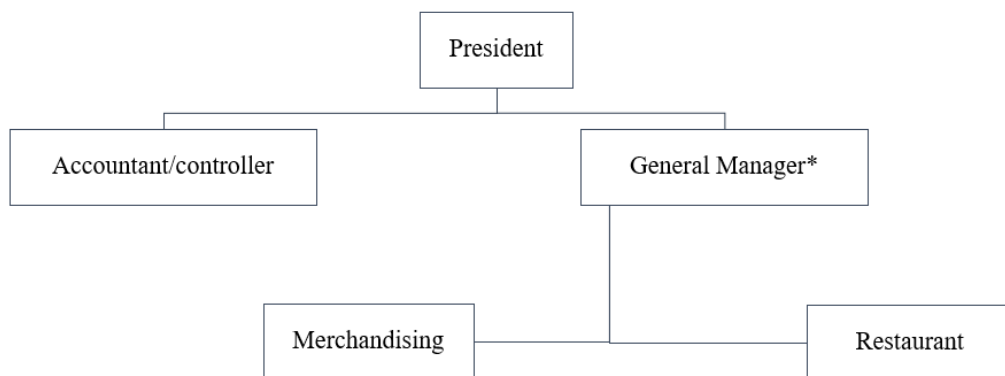
make sure that the kitchen receives the correct orders and to receive the payments from the meals. In addition, the cleaning will be also under its responsibility.

It is also important to state that this team design will take into consideration just the first year and taking a conservative approach towards the growth of this establishment. For a second phase it is desired to increase the number of worker both in the food court as in the store but also a person that could energize the dynamic of the establishment and find new ways to increase the volume of people and sales within this “Casa do Benfica”. (Marketing/Event manager).

On the other hand, there is a second team that can be called as “support team” since they will be responsible to help this establishment if any problem could arise, especially in the first few months. Moreover, this team will also make sure that the financial health of their branch is well managed.

Having this said, the departments that will be working closely with “Casa do Benfica de Maputo” are, in first place the department of “Casas do Benfica” and then, depending on the issue, help or information needed, this department will follow to either the Finance/Accounting or the Marketing/Sales department.

Chart 2 - Organizational Structure "Casa Benfica de Maputo"



* The existence of a General Manager will only be possible after the 3rd year, due to the increase of the team

Source: Author, 2019

5.6 Infrastructures

One of the greatest objectives of SL Benfica while redefining the concept of “*Casas do Benfica*” is to make this network of establishments all looking the same, following the example of multinational franchised companies such as Pizza Hut or Macdonald’s. In this case the strategy is to have an architecture as close as possible with the stadium of SL Benfica, which can be seen in the figure 18, below.

Figure 18- Stadium of Sport Lisboa e Benfica



The main goal would be to replicate the large steel arches, giving the sensation to the client that it is actually entering in the stadium and not in this supporter’s club. A good example of the success of this approach is the new “*Casa do Benfica, Cidade da Praia*” that was already built in this design, as shown on the figure 19, below.

Business plan: “Casa do Benfica de Maputo”

Figure 19 - “Casa Benfica, Cidade da Praia” in Cape Verde, with the new design



Source: Radio Cabo Verde, 2019

As it can be seen on the image above, the façade of this establishment is replicating the “Estádio da Luz” and is already offering the services mentioned in the previous chapters (Merchandising store and food court).

The project of having all “Casas Benfica” standardized is part of a so called project “Casas do Benfica 2.0” and the first establishment to be open in Portuguese territory will be in Santarém. Initially, the whole project was built around the house of Santarém, so below it can be seen the infrastructures desired for the model 2.0.

Business plan: “Casa do Benfica de Maputo”

Figure 20 - Casa Benfica Santarém, Main building



Source: Sport Lisboa e Benfica, 2019

Figure 21 - Top view of main building



Source: Sport Lisboa e Benfica, 2019

Business plan: “Casa do Benfica de Maputo”

Figure 22 - Sport complex next to Casa do Benfica Santarém



Source: Sport Lisboa e Benfica, 2019

Business plan: “Casa do Benfica de Maputo”

Figure 23 - Top View to inside of Casa do Benfica Santarém



Source: Sport Lisboa e Benfica, 2019

The figure 22 above, shows how the project model of “Casas do benfica 2.0” will look from inside. The same objective is to be done in Maputo, although the approach should be more conservative since it is the first time a “Casa do Benfica” is being built in Mozambique.

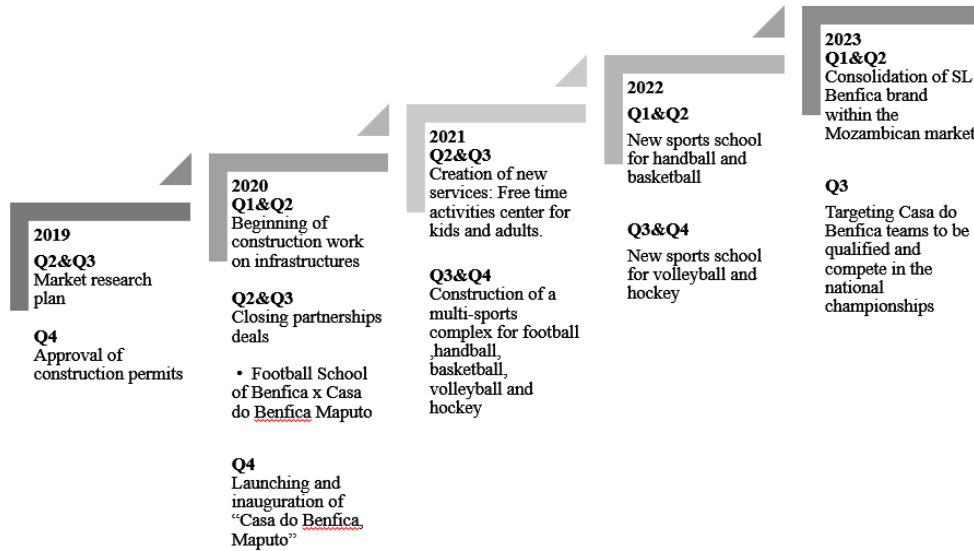
On the left side, the building will be divided into two big parts: the food court and *Megastore* (official name for the merchandising store). In regards to the first half of the building, the food court will need to have conditions to serve both meals and small snacks. The other side should be a normal retail store where the official products of SL Benfica will be present. Moreover, this is the first step of the project.

On the other side, and to be added if “Casa Benfica de Maputo” turn out to be a success, will be composed by an office for the President of the house, a place for studying and other educative activities, a small gym and finally several locker rooms.

Business plan: “Casa do Benfica de Maputo”

5.7 Timeline projection

Chart 3 - Timeline projection, “Casa do Benfica de Maputo”



Source: Author, 2019

5.8 Financial viability

While producing a business plan one of the most important parts is to access if there is financial viability for the project to come alive. Therefore, the objective in this chapter is to understand with the projected implementation strategy if this project will be profitable or not. The financial plan model of IAPMEI was taken into consideration for a better guidance.

For the production of this model was taken into account a timeline of slightly less than 6 years, from the end of 2019 until 2024, where is expected that after 2023, as per timeline projection, to have the “Casa do Benfica de Maputo” working at cruise speed. All of this analysis will include a **Sales Forecast, Personnel Expenditure, Expenditure Forecast Costs of Goods Sold, Investment Sources, Financing Sources, Balance Sheet, Income Statement and Cash Flows**. All those breakdowns will allow us to understand the viability and the evolution for the next years of how the business will behave.

5.8.1 Sales Forecast

Table 1 - Sales Forecast

Sales Forecast	2019	2020	2021	2022	2023	2024
1. Restaurant	0	50 000	76 500	117 045	202 956	372 627
2. Merchandising	0	30 000	45 900	60 863	93 121	104 482
3. Free Time Activities Franchising Company	0	2 250	9 000	12 000	12 240	12 485
4. Benfica Sports School	0	0	0	9 792	9 988	10 188
TOTAL	0	84 650	141 000	199 700	318 305	499 781
VAT (20%)*	0	13 983	22 338	33 949	54 112	84 963
TOTAL + VAT	0	96 233	153 738	233 649	372 417	584 744
*Mozambique VAT						

For a first analysis, the forecast of the sales was chosen in first place so it will show the volume of business the “Casa do Benfica de Maputo” can generate. As it can be seen in the Table1 above, the sales were divided into 4 subcategories: Restaurant, Merchandising, Free Time Activities Franchising Company and a Sports School of Benfica, this last one also explored from an external partner.

Business plan: “Casa do Benfica de Maputo”

Since the 3rd and 4th categories are explored by external parties, the income will be reflected in the same way as a sort of rent, totalizing in the end of the 5 years of activity an approximately amount of 78 000€.

On the other hand, for the predictions of the restaurant side is expected a slow start due to the unawareness of the establishment and difficulty in changing consumer habits. However, the forecast in this matter is promising as a result of cultural trend of Mozambican people which is related to the high attendance at recreational establishments, culminating in five years with a revenue of 372 627€. In addition, when speaking about merchandising, there is a gap in suppliers where the “Casa do Benfica de Maputo” will fill when launched. Is expected a steady growth during the 5 years.

5.8.2 Personnel Expenditure

Table 2 - Required Amount of Personnel

Personnel	2019	2020	2021	2022	2023	2024
Board	1	1	1	1	1	1
Accountant /Controller	0	1	1	1	1	1
External Consultant - Marketing	1	0	0	0	0	0
Restaurant/Merchandising	0	2	4	4	4	6
TOTAL	2	4	6	6	6	8

A strategy of growth in within a company should always taking into account a strategy of recruitment suitable for every stage of the growth process. In this case, it will be expected that the “Casa do Benfica de Maputo” is increasing the number employees at the same rhythm as the forecasted sales (please see table 1). During the first year of activity, the reason for only having two people allocated to this project is due to the 1st step of the Business Plan: Study and research.

Below, in table 3, it is demonstrated the obligations of “Casa do Benfica de Maputo” will have, during those 5 years, towards its employees. As a matter of fact, since the objective is to deliver the highest quality service, the first workforce group will come from Portugal, high qualified and already trained for the deliverable tasks.

Business plan: “Casa do Benfica de Maputo”

Table 3 - Personnel Expenditures

Personnel Expenditures	2019	2020	2021	2022	2023	2024
Salaries	1 650	64 974	95 162	97 065	99 007	131 643
Social Security	66	2 599	3 806	3 883	3 960	5 266
Insurance	41	1 624	2 379	2 427	2 475	3 291
Total	1 757	69 197	101 347	103 375	105 442	140 200

5.8.3 Expenditure Forecast

Table 4 - Expenditure Forecast

Expenditures	2019	2020	2021	2022	2023	2024
Forecast						
Specialized works*	0,00	4 000,00	0,00	4 000,00	0,00	0,00
Security	0,00	240,00	480,00	480,00	480,00	480,00
Office Material	150,00	300,00	600,00	600,00	600,00	600,00
Electricity	0,00	2 100,00	8 400,00	8 400,00	8 400,00	8 400,00
Water	0,00	6 000,00	12 000,00	12 000,00	12 000,00	12 000,00
Travel Expenses	960,00	1 920,00	3 840,00	3 840,00	3 840,00	3 840,00
Others	495,00	1 110,00	2 220,00	2 220,00	2 220,00	2 220,00
Total Exp. W/o VAT	1 605,00	15 670,00	27 540,00	31 540,00	27 540,00	27 540,00
Total Exp. With VAT	1 665,00	17 442,00	30 324,00	35 394,00	30 324,00	30 324,00
<i>*occasional maintenance due to possible harsh weather conditions</i>						

The expenditure forecast chapter, can be one of the most tricky when developing a financial plan for a company, especially when there are several entities that can vary year after year, depending on the consumptions for example the utilities (Water and Electricity). For a matter of better organization, all the costs were calculated as an annual

Business plan: “Casa do Benfica de Maputo”

average and then applied this number for every year with the same weight. As mentioned above, and since the main activities of this establishment are the catering and the merchandising, the heaviest costs would be related with the utilities. In addition, under the caption of others, there is the necessity that more than half of the value for that entry, are connected with telecommunications expenses, due to the need to contact the “Parent Company” (SLB) on a regular basis.

5.8.4 Costs of Goods Sold

As shown in the chapter 5.8.1, Sales forecast, it was opt to divide the cost of goods sold into four different categories since all of them have different percentages of gross margin. Since those margins are never the same for each establishment, a research was done both in restaurant/cafes and clothes shop to understand most approximated rate for this different businesses. Therefore, we came to the conclusion that 90% of gross margin would be acceptable for the restaurant part and 60% in regards to merchandising. In addition, we need to bear in mind that the costs of electricity/water in food preparation should not be considered here since they were already considered in the expenditures forecast.

Taking the same example as in Sales forecast chapter, the activities that will be franchised have 100% of Gross Margin, due to the fact of being only considered as just a rent. So, all income originated from those activities will be fully recognized in “Casa do Benfica de Maputo” books.

Table 5 - Cost of Goods Sold

Cost of Goods Sold	Gross Margin	2019	2020	2021	2022	2023	2024
1. Restaurant	90%	0	5 000	7 650	11 705	20 296	37 263
2. Merchandising	60%	0	12 000	18 360	24 345	37 248	41 793
3. Free Time Activities Franchising Company	100%	0	0	0	0	0	0
4. Benfica Sports School	100%	0	0	0	0	0	0
TOTAL Cost of Goods Sold		0	17 000	26 010	36 050	57 544	79 055
VAT	20,00%	0	3 400	5 202	7 210	11 509	15 811
TOTAL Cost of Goods Sold + VAT		0	20 400	31 212	43 260	69 053	94 867

Business plan: “Casa do Benfica de Maputo”

5.8.5 Investment Sources

“Casa do Benfica de Maputo” will be part of the new model of “Casas do Benfica” and so that can happens, several investments are needed to be done. At first place, all the infrastructures are required to be built which will mean the construction of the establishment in itself as a first step and then the development of a sports complex next to where this “Casa do Benfica” will be located.

Only after year 2 that a new investment will be done, meaning, the sports complex will start its construction works after the one year of fully running business. Since both of these investments are costly, it is expected that it will take more time to reach the turnover, although the project is estimated to be profitable after year 3, when all activities will be running at its best.

Since we are talking about two type of investments, both related with real estate, it was chosen to apply a 5% rate of depreciation which is equivalent to 20 years of life of the asset.

Table 6 - Investement sources details

Tangible Assets	2019	2020	2021	2022	2023	2024
Land	2 000	2 000	2 000	2 000	2 000	2 000
Buildings	200 000	400 000	450 000	500 000	500 000	500 000
Total Investment	202 000	402 000	452 000	502 000	502 000	502 000
Depreciations	2019	2020	2021	2022	2023	2024
Tangible Assets	2 500	22 500	45 000	70 000	95 000	120 000
Total Asset values	2 500	22 500	45 000	70 000	95 000	120 000

5.8.6 Financing Sources

Every company that invests in a project which has the requirement to either buy or build a building, will necessarily to get financing and the most common way to do it is to take out a loan. In this case, it was necessary to get two loans since the project is set to be divided in two phases, first the construction of the restaurant and the megastore and then the creation of the sports complex.

Below, on table 7, there is a detailed information of the equity structure of “Casa do Benfica de Maputo”, where an initial on the year of inception this establishment will start

Business plan: “Casa do Benfica de Maputo”

with a share capital of 100 000€ and a received loan of 300 000€ to help on the first step of the project.

Table 7 - Financing sources

Financing	2019	2020	2021	2022	2023	2024
Net Cash Flow	0	0	0	27 540	94 890	180 030
Share Capital	100 000					
Loans	300 000		100 000			
Total Financing	400 000	0	100 000	27 540	94 890	180 030

In addition, it must be said in which conditions the loans were conceded and what interest rates were applicable to the different loans. Both loans were conceded with the same rate, 5,24%, and for a period of 20 years which is the useful life of both assets. Taking into consideration that SL Benfica is a worldwide respected brand and this project is directly related with the club, the loans were traded down since the bank confidence was greater due to those facts, even though the risk of investing in Mozambique is higher than a regular investment in Europe.

On table 8, a detailed explanation of the payment plan can be found. The payment plan of the second loan can be also found on the Annex1.

Table 8 - Payment details of financing structure

Payment Details	2019	2020	2021	2022	2023	2024
Outstanding capital (beginning of the period)	300 000	300 000	285 000	270 000	255 000	240 000
Interest Rate %	5%	5%	5%	5%	5%	5%
Annual interest amount	3 930	15 720	14 934	14 148	13 362	12 576
Payback	0	15 000	15 000	15 000	15 000	15 000
Stamp tax	16	63	60	57	53	50
Debt service	3 946	30 783	29 994	29 205	28 415	27 626
Total	300 000	285 000	270 000	255 000	240 000	225 000

Business plan: “Casa do Benfica de Maputo”

5.8.7 Balance Sheet

The figures on the table 9 below are reflecting what a strategy that includes building a complex with several buildings will affect the profitability of the company. As it can be seen, this continuous investment in the “Casa do Benfica de Maputo” is affecting the number of years to reach the positive turnover. In addition, the fact that two loans are being issued in a short time reference period, is expected that the balance sheet will “suffer” on the liabilities side.

Table 9 - Balance Sheet

Balance Sheet	2019	2020	2021	2022	2023	2024
Assets						
Non-current assets	199 500	379 500	407 000	432 000	407 000	382 000
Tangible assets	199 500	379 500	407 000	432 000	407 000	382 000
Current assets	190 952	18 728	23 895	30 973	43 432	204 893
Inventory	0	708	1 084	1 502	2 398	3 294
Receivables	0	8 019	12 812	19 471	31 035	48 729
Tax receivables	15	0	0	0	0	0
Cash in bank	190 937	10 000	10 000	10 000	10 000	152 871
Total assets	390 452	398 228	430 895	462 973	450 432	586 893
Equity						
Share capital	100 000	100 000	100 000	100 000	100 000	100 000
Consolidated reserves		-9 808	-65 208	-131 460	-147 190	-62 825
Net profit of the year	-9 808	-55 400	-66 252	-15 730	84 365	163 329
Total equity	90 192	34 792	-31 460	-47 190	37 175	200 504
Liabilities						
Non-current liabilities	300 000	285 000	370 000	350 000	330 000	310 000
Loans	300 000	285 000	370 000	350 000	330 000	310 000
Current liabilities	260	78 436	92 356	160 163	83 257	76 389
Suppliers	139	3 154	5 128	6 532	8 281	10 433
Tax payables	121	3 224	5 083	7 314	11 511	65 957
Loans	0	72 059	82 144	146 317	63 465	0
Total liabilities	300 260	363 436	462 356	510 163	413 257	386 389
Total liabilities + equity	390 452	398 228	430 895	462 973	450 432	586 893

Business plan: “Casa do Benfica de Maputo”

5.8.8 Income Statement

As has been explained during this analysis, the initial investment is dragging down the profitability of this project. However, since the analysis made was done as a five year period it can be seen that after the year four the “Casa do Benfica de Maputo” will start to be profitable, even though in the previous year there is expected to be completed a new investment which would have a new loan as well.

Despite the huge amount of depreciations and interest during the life of the project, the break-even point of this one will happen by the year of 2023, the same one that will have all the services running fully and both restaurant and Megastore with exponential growths from the year before.

It is not expected to have distribution of results during until 2024, which means that all the profit generated will be reinvested in this establishment.

Table 10 - Income Statement "Casa do Benfica de Maputo"

	2019	2020	2021	2022	2023	2024
Sales	0	82 250	131 400	199 700	318 305	499 781
Cost of goods sold	0	17 000	26 010	36 050	57 544	79 055
Expenditure Forecast	1 605	15 670	27 540	31 540	27 540	27 540
Personnel Expenditures	1 757	69 197	101 347	103 375	105 442	140 200
EBITDA	-3 362	-19 617	-23 497	28 736	127 779	252 986
Depreciations + Amortizations	2 500	20 000	22 500	25 000	25 000	25 000
EBIT	-5 862	-39 617	-45 997	3 736	102 779	227 986
Interests	3 946	15 783	20 255	19 466	18 413	17 361
Result before income tax	-9 808	-55 400	-66 252	-15 730	84 365	210 625
Income Tax	0	0	0	0	0	47 296
Net profit of the year	-9 808	-55 400	-66 252	-15 730	84 365	163 329

Business plan: “Casa do Benfica de Maputo”

5.8.9 Cash Flow Statement

The observation that we can take from the cash flow statement map (table 11) is that our return on invested capital will only turn positive after the year of 2022, this ration will help us to understand the profitability of a certain project on its return on the capital invested.

Due to the fact of a huge capital expenditures (CAPEX) during the first 4 years of the project, it is understandable that our accumulated cash flow would stay negative throughout the 5 years of forecasts. Nevertheless, along the project, the free cash flow for the firm (FCFF) will turn positive by the year 2023, consequently meaning that the financial resources are higher than the financial obligations.

Table 11 - Cash Flow Statement

	2019	2020	2021	2022	2023	2024
ROIC (EBIT) x (1-IRC)	-3 986	-26 940	-31 278	2 540	69 890	155 030
Depreciation and Amortization	2 500	20 000	22 500	25 000	25 000	25 000
	-1 486	-6 940	-8 778	27 540	94 890	180 030
Investment in Working Capital						
Working Capital	-9 755	-2 595	-1 333	-3 443	-6 514	-9 289
Cash Flow	-11 242	-9 535	-10 112	24 097	88 376	170 741
CAPEX	-202 000	-200 000	-50 000	-50 000	0	0
Free cash-flow	-213 242	-209 535	-60 112	-25 903	88 376	170 741
Accumulated Cash Flow	-213 242	-422 777	-482 888	-508 791	-420 415	-249 674

5.8.10 Performance Indicators

After all the different analysis to our primary statements, we can understand at this point the financial viability of the project. Nevertheless, it is always important to calculate several ratios that will help us, at a first glance how confident the investors can stay towards the investment done.

Starting with one of the most used ratios, the return on investment (ROI) is already a good indicator on how efficient the investor will get its investment back. Therefore, what it is shown in the table 12 is that the investor will only see its investment paid back after the year of 2023, as it was mentioned already in the previous captions.

Business plan: “Casa do Benfica de Maputo”

On the opposite side, there is a relatively high asset turnover ratio (ATR) which will show us the efficiency of the company to generate revenue from the assets held, and as the table 12 illustrates, there is a steady growth during every year of the project.

Finally, we also wanted to present in which year the “Casa do Benfica de Maputo” will be independent and for that, the financial autonomy ratio was calculated, showing what was already mentioned in the previous chapters: This establishment will be at a cruise speed and fully independent after the year of 2023.

Table 12 - Performance Indicators

Performance Indicators	2019	2020	2021	2022	2023	2024
Return On Investment (ROI)	-3%	-14%	-15%	-3%	19%	28%
Asset Turnover Ratio	0%	21%	30%	43%	71%	85%
Financial autonomy	23%	9%	-7%	-10%	8%	34%

5.8.11 Investment Decision

As it is expected in every financial analysis, the investment decision is the chapter that will make investors reflect on if it is worth it to put their money on such a project. Therefore, to reach to this decision different types of models were calculated in the tables 13 and 14 below. In order to materialize the evaluation, the CAPM model was used although before this usage, it was necessary to update the present value utilising the factor of WACC.

To make a correct analysis of the model, we need first to evaluate the different costs which impact our decision. Therefore we should understand that our financing costs are the interest of our borrowings. This amount (5,24%) was assumed from an average calculation from the borrowed loans in previous years by Sport Lisboa e Benfica, as shown in the financial statements. In addition, it is important to say that the weighed cost of our capital cost will be 16,56% reflecting in the end an increasing of our Beta to 3,26 during the duration of the project.

Business plan: “Casa do Benfica de Maputo”

Table 13 - WACC costs calculation

WACC	2019	2020	2021	2022	2023	2024
Interest-bearing liabilities	300 000	357 059	452 144	496 317	393 465	310 000
Equity	90 192	34 792	-31 460	-47 190	37 175	200 504
TOTAL	390 192	391 851	420 684	449 127	430 640	510 504
% Interest-bearing liabilities	76,89%	91,12%	107,48%	110,51%	91,37%	60,72%
% Equity	23,11%	8,88%	-7,48%	-10,51%	8,63%	39,28%
Beta p = Bu * (1+(1-t)*CA/CP)	3,26184	3,26184	3,26184	3,26184	3,26184	3,26184
Costs						
Financing Costs	5,24%	5,24%	5,24%	5,24%	5,24%	5,24%
Cost of debt after tax	3,56%	3,56%	3,56%	3,56%	3,56%	3,56%
Capital Cost Rcp = Rf+Bp*(Rm-Rf)	16,56%	16,56%	16,57%	16,57%	16,58%	16,59%
Weighted cost	6,57%	4,72%	2,59%	2,20%	4,69%	8,68%

Table 14 - Evaluation after financig perspective

After Financing perspective	2019	2020	2021	2022	2023	2024	2025
Free Cash Flow to Firm	-213 242	-209 535	-60 112	-25 903	88 376	170 741	305 661
WACC	6,57%	4,72%	2,59%	2,20%	4,69%	8,68%	8,68%
Update factor	1	1,047	1,074	1,098	1,149	1,249	-
Present value	-213 242	-200 095	-55 954	-23 593	76 892	136 693	244 707
Accumulated Present Value	-213 242	-413 337	-469 291	-492 884	-415 992	-279 300	-34 593
Net Present Value (NPV)	-34 593						
IRR	2,30%						

After analyzing the table 16 above, the first value that will indicate us that we should invest in this project is our positive Internal Rate Return (2,30%) which will be only possible due to the overpass of the project to future investors and by that, the book value will allow the project to be profitable.

6. Conclusion

A project like the one developed in this working paper is supposed to not only understand the viability of launching a “*Casa do Benfica de Maputo*” but also to give guidance to any entrepreneur who feels opening a “*Casa do Benfica*” anywhere, but mostly in Africa. Moreover, the importance for SL Benfica for having an establishment like the one mentioned is beyond imaginable, more specifically, this importance can be explained into three different reasons.

Firstly, the objective of having a supporters club in a country with deep cultural and historical connections with Portugal, is the path to a more consolidated growth either from the SL Benfica brand perspective and from the reliability of a product inherent to the industry talked about. In addition, having a “*Casa do Benfica de Maputo*” is triggering also the nostalgia of any Portuguese citizen who is living in Mozambique, since all the connections to the Portuguese culture would be present.

Secondly, the project will be settle on the basis of gathering more supporters but also more athletes (due to the creation of the Benfica Schools). As it is always the objective of SL Benfica, the increasing of supporters connected with the development of better athletes are set to increase the influence and power of SL Benfica brand in the world.

Last but not the least, through this project we could understand that the African market was something to be explored due to its potentiality and while doing the finance analysis, it is shown that even after all the investments done in the beginning of the project, there is an exponential chance of success. Allied to this, the fact of SL Benfica being the first club with a structured strategy of expanding its business all over the world is just setting the bar at a level where only the biggest clubs can accompanied.

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8. Annexes

Payment details for second granted loan

Payment Details	2021	2022	2023	2024
Outstanding capital (beginning of the period)	100 000	100 000	95 000	90 000
Interest Rate %	5%	5%	5%	5%
Annual interest amount	5 240	5 240	4 978	4 716
Payback		5 000	5 000	5 000
Stamp tax	21	21	20	19
Debt service	5 261	10 261	9 998	9 735
Total	100 000	95 000	90 000	85 000