



## The Business of Sport

On the 11th of June 2009, sporting world records were once again broken. This was not due to a newer, more streamlined swimsuit, rather a record breaking soccer transfer. Real Madrid made an unconditional offer to Manchester United of 80 million pounds sterling for Portuguese winger Cristiano Ronaldo (equating to \$A162 million at today's exchange rate). This is a further example of Real Madrid's big budget transfers, similar to the 2001 transfer of Zinedine Zidane from Juventus, for which the club paid 76 million Euros (\$A131 million at today's exchange rate).



One must only look to the Forbes Top 10 Sporting Rich list to realise that sport is now big business. Kobe Bryant (basketball) earns an estimated \$42 million each year. James LeBron (basketball), Ronaldinho Gaúcho (soccer) and Roger Federer (tennis) all earn no less than \$40 million each year. What was once traditionally considered a pastime is now a recognised profession. As more and more children aspire to become sporting professionals, parents are now supporting their children in this quest, rather than hoping that they grow out of it. Sponsors and clubs are also scouting for younger and younger, sporting stars and attempting to dazzle them with offers of glory and fame.

As a result, it is imperative that as soon as one makes a decision to follow a professional sporting course, this should be treated as if embarking on a business venture. It is essential that the aspiring sporting professional creates the correct corporate structure and ensures they receive proper legal advice. Young sporting professionals are often blinded by the promise of their dreams coming true and it is all too frequent that they enter into contracts with sponsors or managers without receiving the correct legal advice.



Australia's Miss Universe contender for 2009, Rachel Finch is currently in such a position. Rachel has been labelled by the press as "crying herself to sleep" as she was allegedly "railroaded" into signing a very onerous three year management contract with event organisers. To make things worse, Ms Finch may also be stripped of her crown for allegedly bringing the Miss Universe competition into disrepute as a result of speaking out, yet another term allegedly contained within the contract. This is just one example demonstrating the importance of receiving proper legal advice and assistance from the outset.

Professional sport is now big business and the golden rule: make sure that you treat it like a business. Ensure you engage a lawyer to assist you in the negotiation process to ensure that your rights are correctly looked after and that you are protected. Know the terms of your contract; know your obligations and your entitlements and know what you can do and what can't you do.

Remember when David Beckham shaved his head? This led to the loss of a potential \$10 million sponsorship deal being renewed by Brylcreem and Vidal Sassoon. Perhaps he would have reconsidered his position if he had been aware of the consequences of his actions.

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For assistance with your sports law needs contact our experienced sports law advisors on the details below.



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