

# Marketing and Management Steps to be taken in setting a Sport Club in Romania

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## **Abstract**

*Setting up a sports club in Romania takes more than a coach and a gym or field, it is a complicated and elaborated system that needs to follow certain legal steps and a minimum marketing plan.*

*Usually information about the "how to" is not available on the government institutions and is scattered in bits and pieces on various blogs and websites, and it gets so complex that most people call for help an legal attorney.*

*The following essay will take you into the fine details that make a difference between a success and failure, of a sports club in Romania.*

*The paper work and legal steps that are necessary in founding a sports club, the human resources that are needed, the way you can attract sponsors or make legal contracts for members or staff.*

**Keywords:** marketing and advertising, sports economics, other economic systems, sports management, sports marketing

**JEL classification:** M30; M3; Z20; Z29; P40

**DOI:** 10.24818/RMCI.2021.3.389

## **1. Introduction**

The sports industry has a big impact in the general economy, with a contribution of € 294 billion to the European Union gross value that provide jobs for over 4,5 million people that work in the sport sector or other industries affiliated to it, in 2021 alone.

Besides, it has and great impact in tourism in Europe, where 12 to 15 million international trips are taken every year by sports fans traveling with their favorite teams or athletes.

In North America, in a 2021 paper by Christina Gough, the sports market has been rising from\$ 48.73 billion in 2009, to \$ 77,88 billion in 2021 and is expected to grow 10% more to the year 2023, where it's expected to exceed \$ 83,1 billion. It is amassing that in only one and a half decade the industry almost doubled in value, and it's still expected to rise.

Sport in Romania has been founded and has been supported heavily by the government till 1990, and had great results at the Olympics and Football World Cup, giving the world of sport iconic names like Nadia Comaneci (1<sup>st</sup> gymnast in

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history with a perfect 10), Ion Tiriac (tennis player) and Gherghe Hagi (top football player).

The begging of the fall of the communism in Romania, marked the end of proper founding for the sports clubs, who couldn't make the passing to capitalist free-market economy and continued to manage sports the way they were used to.

This have slowly but certainly changed from 2008 onwards, and private sports clubs have arisen all over the major cities and became an alternative for the state owned clubs. According to business publication NewMoney, in 2018 alone there more than 13.000 Romanians were working in the local sport industry, with a predicted growth of 3% per year for the next decade, with € 112 millions provided by the state through the Sport and Youth Ministry. (Neferu Andreea, NewMoney, 2018)

Setting up a sports association and starting its activity requires following simple but necessary steps to ensure success.

1. Club logo and colors;
2. Necessary documents;
3. Human resources;
4. Contracts for employees and members;
5. Accounting;
6. Website & social media;
7. Design flyers, posters, merchandising, game equipment;
8. Training camps for practicing members and training clinics for the coaching team;
9. Sponsors and ways to attract funding.

## 2. Literature review

Every European Union country member has its own policy regarding starting a sports club. Luckily, there are a few publications that talk about the Sports club policies in the EU, one of this was written by Danish Bjarne Ibsen and Geoff Nichols in 2016, in the Erasmus+ programme of the European Union.



**Figure 1. Member countries of the study**

Sports clubs in Europe are generally considered to be participated in voluntarily and led by volunteers or paid employees. As opposed to the North American model, where sport clubs are affiliated to schools, high schools and colleges or universities, and athletes are selected to represent the education institution they undergo.

Even though the share this common characteristic the population of sports club in Europe is highly diverse and therefore difficult to present in a clear and unambiguous definition.

Bjarne Ibsen and his team divided each country's sports club policies in the following framework:

- a) national, regional and local government policies and the influence on sports clubs;
- b) the relationship between sports clubs and the national and regional sports organizations;
- c) the history and development of sports policy and sports clubs.

According to the study European Union sport clubs can differ according to the welfare state typology, where you can find that management models differ largely between the Western European countries and Eastern European countries consist of several subgroups of welfare states: 'Former-USSR type', 'Post-communist European type' (including Hungary and Poland) and 'Developing welfare states type'.

**Table 1. Welfare state typology**

Type of welfare state	Countries
Liberal	England
The Conservative / Corporatist	Germany, Flanders, Netherlands, (Switzerland)
Social Democratic / Universal	Norway, Denmark
Latin	Spain
Post-Communist	Poland, Hungary

**Figure 2. Welfare state typology**

Although the political and social conditions that led to the formation of the policies and the organizational system have changed, sport policies and managerial system has had a inclination to remain unaltered. Throughout the years, organizations and institutions have been put in place to protect the former models opposed to new and competing forms of organization, this is why there are so many differences between countries and their business and marketing models.

Ever if they have a lot of differences regarding the legal policies regarding funding and financing, information in setting up a sports club can easily be found online for most of European Union countries in English and local language, except Bulgaria and Romania.

Across most of the European countries, “‘sport for all’ or ‘recreational sports’ is the priority in sports policies, but the support and promotion of elite sport also constitutes an essential part of the countries’ sports policies.” (Bjarne Ibsen, 2016)

### **3. Findings**

So, we are going to detail all the necessary steps to take in order to start and manage a successful sport club in Romania.

#### **3.1 Logo design and club colors**

The emblem is the cornerstone of any sports club, the reason that brings identity, uniqueness, and recognition. Along with colors (usually two colors) these elements will be the ones on which you will build your communication, marketing, you will attract practicing members and fans.

In fact, the logo and colors are required when submitting the founding documents to the competent authorities.

#### **3.2 Necessary steps for making the legal documentation**

##### *I. Reservation of the name of the club / association*

For the reservation, 36 RON is paid to the Treasury of the sector or city where you live, in the account of the Ministry of Justice, representing the fee for checking the availability of the name.

Submit to the Ministry of Justice, the Public Relations and NGO Records Service together with the receipt from the treasury a standard application for obtaining proof of the availability of the name, to the future association / sports club chosen by mutual agreement between the founding members.

The following phrases must be found in the name of the sports structures: sports club, county association on the sports branch, Romanian federation on the sports branch or professional league, as the case may be. It is forbidden to use in the name of the legal person some phrases or words specific to public authorities and institutions or to some liberal professions or other activities with their own regulations.

Within 5 working days from the date of submission you can pick up the application in person, it is valid for 6 months.

##### *II. Preparation of the Statute and the Articles of Incorporation*

Prepared together with the founding members (minimum 3 founding members and a censor), a Statute and a Constitutive Act, respecting the provisions of Law 69/2000 and GEO 26/2000.

The Association / Club must have a registered office included in the Statute and the legal documents for its use, so it is absolutely necessary to conclude a loan or rental contract for the future registered office.

The articles of association and the Articles of Association in 5 copies, accompanied by proof of reservation of the name, shall be authenticated by a notary or shall be certified by a lawyer.

Notary fees start from RON 800, and are agreed by the lawyer.

### *III. Deposit of the initial patrimony*

Open a club account at a commercial bank that accepts the realization of initial patrimony for NGOs, and deposit at least 850 RON. When opening the account in the name of the association / sports club, it is necessary to present a copy of the authenticated articles of association and statute. The account thus opened is not an operational one, but only you receive a document issued by the bank that represents the proof of the initial patrimony.

### *IV. Submission of documents to the court*

In order to be registered in the Register of associations and foundations, a file containing:

- a) Standard application - is annexed to the order of the Minister of Justice 954 / B / C / 2000 on the organization of the Register of Associations and Foundations;
- b) Fiscal record sheets for the founding members of the sports association / club - valid at the date of submitting the application - according to Government Ordinance no. 75/2001;
- c) Proof of the premises - loan or rental contract and certified copy "for conformity with the original" of the title deed on the afferent space;
- d) Proof of the initial patrimony;
- e) Proof of reservation of the original name (valid);
- f) Judicial stamp duty 100 RON, to be paid to CEC;
- g) Articles of incorporation - 3 original copies and one copy;
- h) Status - 3 original copies and one copy;
- i) CD - with the constitutive act and statute signed and attested (scanned in PDF format)

After 14 working days, if the file is complete, the decision will be "pronounced" (normally it will be favorable). You will receive by mail, at the headquarters, consisting of a copy of the court decision to register the association in the Register of Associations and Foundations. If you are impatient, you can also find out the decision at <http://portal.just.ro/>, but you have to wait for the official communication to go further.

Within 14 working days after the ruling, submit an application for the issuance of the Civil Sentence and the Certificate of registration in the Register of Associations and Foundations. A fee of 5 RON is paid, for each copy of the final

decision of the requested civil sentence (ask for at least 5 copies), and the certificate of registration in the Register of Associations and Foundations is issued in a single copy.

#### V. *Fiscal registration certificate*

In order to carry out any financial operations you need a Fiscal Registration Certificate, it will be issued by the Public Finance Administration of the location where you have your headquarters, where you must submit a file containing:

- a) Articles of Association and Articles of Association (in copy);
- b) court order (copy);
- c) Certificate of registration in the Register of Associations and Foundations (copy);
- d) Fiscal stamp 10 RON;
- e) Two completed "code 010" forms (given to you by the tax inspector).

#### VI. *Making the stamp of the sports association / club*

To do this you need a copy of the CIF and a copy of the identity card. The costs vary between 70 and 200 RON and most of the time it is done on the spot.

#### VII. *Opening the bank account*

To activate the bank account we need:

- a) Articles of Association and Statute (original);
- b) Account opening request;
- c) Copy of the identity card of the founding members;
- d) Proof of headquarters (original);
- e) Copy of the final judgment of the civil sentence (original);
- f) Copy of the certificate of registration in the Register of Associations and Foundations (original);
- g) Minutes of the members of the association / sports club specifying the opening of a bank account, activation of the account package and activation of the internet banking service.

After performing these steps the account is opened and we can perform financial operations.

#### VIII. *Obtaining the Sports Identity Certificate (CIS) and the Operating Permit*

The following must be submitted in a file to the National Agency for Sports - Sports Register:

- a) Standard requests (one for CIS, one for obtaining Operating Notice);
- b) Statute (legalized copy);
- c) The Articles of Incorporation (legalized copy);

- d) Proof of headquarters;
- e) Copy after reserving the name of the sports association / club;
- f) Irrevocable and final Judgment (original);
- g) The certificate of registration of the club in the Register of Associates and Foundations (original + copy);
- h) bank account statement.

#### *IX. Affiliation to the Specialty Sports Federation*

Affiliation to a sports federation is necessary for participation in national championships and official competitions held by that federation, the right to legitimize athletes.

Affiliation usually requires the following documents:

- a) Application for affiliation;
- b) Statute (legalized copy);
- c) The Articles of Incorporation (legalized copy);
- d) Sports Identity Certificate (legalized copy);
- e) Irrevocable and final Judgment (copy);
- f) The certificate of registration of the club in the Register of Associates and Foundations (original + copy);
- g) Proof of headquarters;
- h) Account extras;
- i) Proof of payment of the affiliation fee (differs depending on the federation).

### **3.3 Human resources**

A sports club needs more than an administrator and coaches, so you need to consider the positions of:

- a. accountant;
- b. secretary;
- c. acquisition manager;
- d. legal adviser;
- e. social media manager;
- f. it specialist;
- g. graphic designer;
- h. sales manager.

### **3.4 Contracts for employees and members**

The Romanian legislation allows according to the law of physical education and sports no. 69/2000 the realization of sports activity contracts, which are taxed only with 10% of the gross income.

The sports activity contract is defined in the annex to Law 69/2000 as the agreement concluded for a determined duration between the sports structures and

the participants in the sports activity (athletes, coaches, doctors, nurses, masseurs, physiotherapists, researchers), which has as object carrying out a sports activity. (<https://www.fiscalitatea.ro/oug-252018-impozitarea-veniturilor-din-contracte-de-activitate-sportiva-18387/>)

The income from sports activity contracts enters the ceiling according to which CAS is due - respectively 12 minimum salaries per economy (22,800 lei), and in the case of CASS, the gross income from sports activity contract will enter into the calculation of the ceiling according to which determines whether the beneficiary of the income will pay CASS or not. Also, the social contributions (CAS and CASS), if they are due, are withheld at source by the income payer.

The income resulting from the sports activity contracts is declared by the income payers in the 112 declaration.

### **3.5 Accountancy**

Accounting is the basis of any successful financial activity, which any entrepreneur should understand and ensure that its principles are implemented in a fair, professional manner, without errors of calculation or evidence. Otherwise, they can lead to business bankruptcy.

Thus, an accountant is needed to collect membership fees, pay staff, sell equipment, or receive sponsorship.

### **3.6 Website & social media**

Dieter Zetsche, CEO of Daimler AG, said that "If you currently have business ideas, don't start them if they don't work in harmony with your smartphone." The same goes for a sports club.

Communication with future members, results obtained, attracting sponsors everything is done online.

You need to have a well-developed website and profiles on the following social networking sites: Facebook, Instagram, Twitter, SnapChat,

### **3.7 Design flyers, posters, merchandising and game equipment.**

It is necessary to consider a unitary design for anything that promotes the sports activity of the club, so you need to create a template for flyers and posters. Remember that they must contain the place where the trainings are to be held and the contact method, optional and the price for the membership fee.

### **3.8 Training camps for practicing members and training clinics for the coaching team**

An extremely important element in sports training is the training camps, practically a centralized sports training that aims to prepare us for a contest or



competition. Camps are also an important source of income for a sports club during competitive breaks.

So it is good to look in advance for locations suitable for the specifics of the sports branch practiced at your club, in the mountains or at sea, in the country or abroad.

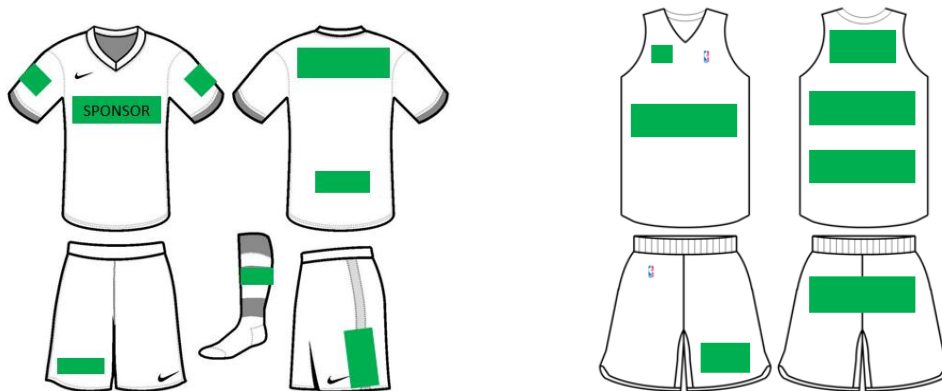
Coaches need constant training like athletes, so it is necessary to look for sports training clinics either organized by the sports federation or organized by specialists in the field in the country or abroad.

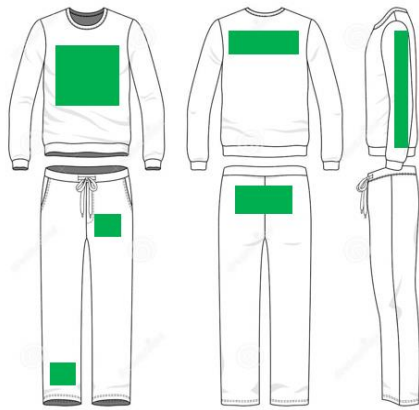
### 3.9 Sponsors and ways to attract funding

Attracting sponsors usually comes from among club members and can take many forms such as the 230 redirect return of 2% of each employee's profit tax. According to art. 79 of the Fiscal Code, employees have the right to dispose of an amount of income tax to transfer it to non-profit entities, religious units or private scholarships.

Just as individuals can distribute 2% of the income tax to non-governmental organizations (NGOs), and companies can make such donations according to the Tax Code, they can donate amounts of up to 20% of the profit tax, up to 3 to thousands of turnover.

In addition to donations based on the Fiscal Code, any sports club can sell its "space" on game / competition equipment, as can be seen in the examples below.





#### 4. Conclusions

Across most European Union countries ‘sports for all’ or ‘recreational sports’ is the main priority in sports policy, but there are great differences in how strong the practical support for recreational sport is some being private owned or receive support from the public sector, directly or indirectly by local state financing.

Sport clubs have the opportunity to get financial support from the public sector, and clubs can obtain such financial support, by following the state imposed guide lines or access programs put in place by local authorities, local government or municipalities.

In regards to starting a sport club one must first chose a brand logo and representative colors.

Necessary steps that are needed to be taken in putting apart the legal paper work required by the Romanian institutions, cannot be skipped in any way, other wise you can’t get the necessary authorizations to start your sports activities.

Human resources can differ depending on the size of the organization, but beside coaches or trainers, certain departments like accountant, legal adviser, marketing department and acquisition expert must not miss your organizational chart.

In terms of work contracts, Romanian law allows special benefits for sports workers in the form of Sports Activity Contracts, that has a ceiling of 12 minimum salaries per economy, a quite simple form of doing taxes that any legal accountant can handle easily.

Presenting your club and facilities to potential members is very important that is why you either have to employ a graphic designer or an advertising company to build your image both for print and online, and also equipment design. This is the key to attract sponsors or public funding form the local authorities.

We can thus conclude that the establishment of a sports club in Romania, regardless of the scale you are thinking of, requires after making the legal documents, a series of steps that will make a difference in the long run, for members and employees.

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