

THE CAREER



A PAST AS ATHLETE

Gerry Cardinale was a member of the rowing team at Oxford, a university he attended thanks to the prestigious Rhodes Scholarship. In England he competed in both the Royal Henley Regatta and the Boat Race on the Thames, the legendary challenge between Oxford and Cambridge.



AC MILAN'S HISTORY

Founded on 16 December 1899, AC Milan has won 49 official trophies, among them 19 Scudettos, 7 Champions and Champions League Cups, 3 Intercontinental Cups. Eight of its players have received the Ballon d'Or while wearing the Rossoneri jersey.



WAITING FOR THE DERBY

From the top of the Serie A standings, AC Milan and Inter - the only teams with full points after the first three matches - will play the first derby of the 2023-2024 championship tomorrow. The appointment is at the San Siro stadium with kick-off at 18:00.

CHIAYON

ALWAYS MILAN



Gerry Cardinale

“Not only AC Milan, let’s change football”

By Venanzio Postiglione and Arianna Ravelli

Photo by Federico Guida

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The biggest mistake you can make with Gerry Cardinale, 56 years old (“I was born on 8 May like Franco Baresi”), the last of which he spent as owner of AC Milan, Italian origins from both parents (“my mother is a D’Annunzio, related to the poet, her family comes from Abruzzo, my father’s from the Naples area and Sicily”), is to confuse him with one of the many Americans who have invested in football. Because Cardinale, a Harvard degree, a scholarship to Oxford, twenty years at Goldman Sachs before founding RedBird and launching his thousand partnerships, from the Yankees to Liverpool to the Red Sox, brings with him an experience in the world of sport or, as he puts it, “in the valorisation of intellectual property” that few can boast. And then because he himself feels a somewhat peculiar American: “I am considered an American and therefore guilty until proven innocent. But I believe I have a very European sensibility”. He knows everything about us (“Before buying AC Milan I studied over 200 European clubs for five years”), we know little about him: he has never spoken to the Italian press since the takeover from Elliott a year ago. With a coffee in his hand he tells of his vision to become, he says, “a Berlusconi 2.0” in football. With a guiding principle: “Change is not a bad word”.

Cardinale, the first image we saw of you, a year ago, was a photo of you standing in Piazza Duomo mixed in with the fans celebrating the Scudetto: you hadn't yet bought AC Milan. Why did you go there and what did you understand from that experience?

“Actually we had already defined everything, but we had decided not to make it public before the last game so as not to interfere. There's a backstory that nobody knows: my dad used to send me to Italy when I was a child. I was here in 1982 when the Azzurri won the World Cup: I used to watch Franco Baresi, Daniele Massaro, Paolo Rossi, I had their poster in my room, I'll have to talk to Franco and Daniele about it! I was in a small village, Santa Maria di Castellabate, I celebrated with the fans in the street, I was 15 years old and I had never had such an experience. That's why I went to the Duomo, it was like reliving a very strong moving moment; a very intimate feeling. That photograph reveals my being passionate, even if not emotional, there is a difference”.

Please, explain.

"Emotions belong to the fans, my responsibility imposes me to auto-discipline them. The Curva Sud is amazing. The fans are our partners, part of the cultural heritage of the club: here there is a community, in America it's different".



Gerry Cardinale in Piazza Duomo 22 May 2022, with AC Milan fans during the Scudetto celebrations. Cardinale was not yet officially the owner of the Rossoneri team, but in the interview he reveals: "In reality we had already defined everything"

Why did you choose AC Milan?

"I've always thought it's one of the 4-5 top clubs in Europe. We are here because of what our predecessors did, Silvio Berlusconi, Gianni Rivera before him, Sacchi, Baresi, Maldini... I am picking up the baton".

What does Berlusconi represent for you?

"I have enormous respect, he was a great visionary, the results speak for him. Berlusconi took AC Milan to the top, then it was difficult to keep up because the world was changing, with a strong evolution in the use of content and technology. This is a great lesson, you can never rest on your laurels. It's the same one I learnt at Goldman Sachs: every year we used to get together to look at the results, we were always first, but if you had seen us you would have thought we were last in everything because we analysed every business evaluating how we could have done better".

"Twenty years ago, sport was considered a hobby for the rich, but now the money is all in the money, so you have to have a plan"

You said that football clubs "are pieces of intellectual property that have a legitimate right to be monetised". What does that mean?

"Football clubs are content creators and as such they hold the intellectual property: it is a huge potential to be unlocked to realise their true value. I started over 20 years ago, when sport was considered a hobby for rich people. With George Steinbrenner of the New York Yankees we created the Yes Network from scratch, today the No.1 regional sports network in America. The thing I like about intellectual property is that it is resilient, it overcomes financial crises and pandemics, but it requires constant work. Technology continues to change and fans increasingly want to 'consume' content in different ways: on cable, streaming, through social. It's not enough to just show up with money and buy: nowadays everyone has money, you have to have innovative ideas and a business plan".

And are you satisfied with your first year at AC Milan?

"I haven't done anything yet! I tiptoed in, I kept the organisation I inherited. After all, I have great respect for Paolo Scaroni, chosen by Elliott, who did a great job and whom I thank: he is so consistent with the world I come from and at the same time so Milanese and authoritative. One of my best moves was to bring to AC Milan Giorgio Furlani (CEO) and Stefano Cocirio (CFO) who left Elliott without any controversy. It gave me time to evaluate what worked and what didn't. This is the first season in which I put my hand to the football market, to the stadium project and we start to apply our ideas to enhance the brand".

"TO PURCHASE I COULD HAVE RAISED A BILLION IN CASH, I COULD HAVE INVOLVED THIRD PARTY BANKS... I CHOSE TO DO IT WITH ELLIOTT, BECAUSE I HAVE ENOURMOUS RESPECT FOR PAUL AND GORDON SINGER. IT WAS AN INTELLIGENT WAY TO BUY AC MILAN "



On the sidelines with actor and former wrestler Dwayne Johnson during a match of XFL, the professional American football league

You mentioned Elliott: everyone knows that RedBird was financed by a vendor loan for the acquisition. As you know, this has generated a lot of rumours. This is an opportunity to clarify.

“Garbage. The reality is that RedBird owns 100% of AC Milan: we put up €600 million in equity and we control 100% of that capital. I felt that continuity with Elliott was a virtue and so I preferred a pure loan from them, without shares in the capital, for €550 million at a very attractive interest rate, which I will pay in three years. I could have raised a billion cash, I could have involved third party banks, I chose to do it with Elliott, because I have enormous respect for Paul and Gordon Singer. It was an intelligent way to buy AC Milan: certainty, speed, the possibility of ensuring continuity to start off strong right away”.

Much has been said about the Moneyball model: do algorithms choose the players?

"It is crucial to understand that data is only one of the tools in our 'toolbox'. From what I read it seems that if you are a data expert then it means you don't do scouting well. This is ridiculous. Moneyball was written 20 years ago, today everyone uses data but in our portfolio there is an analysis company with 13 researchers from Mit. European football is not baseball, it requires a different level of sophistication and we believe we are at the forefront”.

What did you understand about football in Italy and what contribution do you think you can bring?

"The thing that has impressed me most in this first year is seeing the distance with Chelsea in the two Champions League challenges. So I wanted a more physical, faster, more intense AC Milan. In the first games the team showed that. I will do everything to have a winning club, but as partners in Serie A we must hope for equal commitment to reduce the gap with the Premier League. To achieve this we need to change. I believe I can contribute, I have 30 years of experience, I have worked with the best. The partners of companies in our portfolio are Apple, Amazon, Paramount, Disney, Espn, Fox, I have found innovative ways to maximise the value of the product. I am disappointed that Serie A has not taken this into account and that I have not been asked for an opinion on the negotiations for the TV rights, I was willing to make my experience available, but no one seems to consider it relevant.

"The San Donato stadium project has encouraging presupposes, shame that Milan missed the occasion"



Manager Gerry Cardinale, 56, at the AC Milan headquarters, club he owns.

In this growth, the stadium is a fundamental point: will AC Milan's facility be in San Donato?

"The assumptions are encouraging. With the approval of the City of San Donato and the Region, which we thank, we have already held several very productive sessions. Our proposal is supported by an impressive number of technical reports: it will be a state-of-the-art stadium, 10 minutes by metro from the Duomo, we will bring live events, world famous artists will play there.

A missed opportunity for Milan, to our great regret, because I have developed great esteem for Mayor Sala. I am disappointed above all because there were some prejudicially opposed minorities, who blocked the way also for the project at La Maura: it would have been the greenest sports facility in the world, with 85% dedicated to greenery and only 15% concrete area".

Do you regret having invested in Italy? Does you think the bureaucracy is too oppressive?

"No, I feel at home here. When we bought AC Milan, in America they said to me: 'You're crazy, you can't do business in Italy. There's bureaucracy, there's politics'. And when I thought about building a new stadium, I was told: 'Forget it. Have you seen what happened in Rome?'. But, apart from being told that I won't be able to do something increases my determination, I see Italy with different eyes, I think Italians are collaborative and open to dialogue. I would like to invest more here. When we build the new stadium it will be a one billion project and it would be a good sign if it was also supported by Italian capital. It would be an answer to those who claim that you can't do business in Italy".

"I love walking in Milan to hunt for restaurants, the fans have started to recognise me, I like that they come closer"

Did you manage to visit Milan? What did you enjoy most?

"I love going around and discovering little restaurants I don't know, I want to integrate, to become a bit Milanese. I love being Milanese, part of this community. Now people recognise me, I like them to come closer".

This summer there was a change in management. Aren't you afraid that at the first defeat someone will hold it against you?

"At that time someone commented: 'There, Cardinale doesn't want to spend in AC Milan'. But do you think I invest €1.2 billion to make an immediate profit? It's a long-term project: I want to win, but not just once, many, over time. In football I want to be a Berlusconi 2.0, to have the same impact as him in a completely changed scenario. Now, with the highest turnover in the history of AC Milan and a balance sheet that will close in the black for the first time since 2006, we face a new phase: we want to be No.1, but we can't do it without any changes".

At Harvard and Oxford you rowed, did the sport teach you anything?

"I grew up in Philadelphia, there John Kelly, Grace Kelly's brother, was a very famous rower. The great thing about rowing is that it is the ultimate team sport: when you row you actually go backwards, with each stroke you create a vortex in the water and everyone can see who has pulled and who has not. That's the ethics of rowing. Today I'm more about the car and playing tennis, which I'm interested in as an investment for RedBird. I have a great relationship with Novak Djokovic, a big AC Milan fan".

On the Curva Sud he says: "It's fantastic. The fans are our partners, part of the club's cultural heritage: there's a community here, in America it's different"



Cardinale at the San Siro stadium.

We know you are not active on social media, but do you think they play a role in football?

"In principle I'm morally against it. I have young children, a 16-year-old daughter who is quite good at not following them too much. Nobody teaches kids how to use social media: they can become dangerous for them. I believe in face-to-face communication, in writing a letter, in making a phone call. Social media can be great for uniting our fan community, but they must be used responsibly".

How is the relationship between Americans and football? Has it remained a 'sympathy' or is it becoming a real love with the arrival of Messi?

"Good question. Now that streaming has allowed European football to be broadcast live in America, it will be very difficult to compete, most US fans watch European teams. Messi's arrival has led to an increase in interest, but Beckham did that 15 years ago: two players don't get American soccer where it needs to be".

What do you think of the Saudi Arabian phenomenon? Will it last?

"I don't know if it will last, but I have enormous respect for the Saudis. If, as it seems, they want to enter the ecosystem of world sport and improve it, bring new ideas, I think it's good. In general nowadays those who have money invest in sport: there has been a massive escalation in evaluations. I have said it before in America, we are in a bubble. But nothing goes up all the time".

And when the bubble bursts, not everyone survives.

"There needs to be an evolution in the type of capital that owns sports teams. I don't write cheques, I write business plans. And if you write the business plan and underwrite it with the other components of the value chain, like the fans, like the local institutions, like the media, you will write a business plan that will work".