

## Note 113



### The growth of budgets

The effect on the budgets of Grand Prix motor-racing teams of ever-wider TV coverage, inducing more non-motor-industry sponsors to pay increasing amounts for on-car advertising, can be seen from the following comparisons (this funding source opened in 1968 with Lotus' contract with Imperial Tobacco).

| <u>Date</u> | <u>Data Source</u> | <u>Team</u> | <u>Budget</u><br><u>£M</u> | <u>No.</u><br><u>of</u><br><u>Races</u> | <u>Retail</u><br><u>Price</u><br><u>Index</u> | <u>Budget</u><br><u>2002 £M</u> | <u>Results</u><br><u>Position in</u><br><u>Championships</u><br><u>Drivers' Constructors'</u> |                   |
|-------------|--------------------|-------------|----------------------------|---|---|---------------------------------|---|-------------------|
| 1969        | (878)              | BRM         | 0.1                        | 11                                      | 63.7  | <b>1</b>                        | 11 <sup>th</sup>  | 5 <sup>th</sup>   |
| 1983        | (878)              | Lotus       | 5                          | 15                                      | 335.1   | <b>10</b>                       | 12 <sup>th</sup>  | 7 <sup>th</sup>   |
| 1999        | (879)              | Jordan      | 25                         | 16                                      | 652.5   | <b>27</b>                       | 3 <sup>rd</sup>   | 3 <sup>rd</sup>   |
| 2002        | (758)              | Ferrari     | 95                         | 17                                      | 695.1   | <b>95</b>                       | 1 <sup>st</sup>   | 1 <sup>st</sup> . |

#### Notes on the reliability of Data Sources

(878). *Grand Prix International* 8 June 1983. This gave an interview with Tony Rudd, who was Chief Engineer and Racing Manager of BRM in early 1969 and held the same posts with Lotus Cars/Team Lotus in early 1983, so his budget figures can be relied upon.

(879). A Jordan spokesman quoted their 1999 Budget as \$40M in *Autocar* (24?) January 2003, equivalent to £25M at the then-prevailing rate of \$1.6/£1.

(758). Figure is an *estimate* in *Autocar* (22?) February 2002 and therefore is not very reliable. The Ferrari figure in that source was exceptional: McLaren-Mercedes were estimated as £85M; Williams-BMW as £70M. The slowest team, Minardi, were put at £30M. The Jordan spokesman in (879) illustrated the growth of costs in only 4 years by contrasting their 3<sup>rd</sup> place results in 1999 with a rather higher spend by Minardi in 2002 producing only back-marker places.

The BRM and Lotus budgets did not produce the desired results and it must be assumed that the Championship-winning teams spent more (Matra-Tyrrell in 1969; Brabham & Ferrari in 1983).

#### Scope of budgets

There is doubt over the scope of the budgets listed – did BRM include engine supply? It seems unlikely that it included engine development. Did the figures include the drivers' salaries? In the case of Jordan in 1999 engines *may* have been supplied free-of-charge by Mugen. The Ferrari figure for 2002 *may* have included engine development and *presumably* included the reputed-to-be-extremely-high salary of Michael Schumacher (which was suggested to be £20M in 2001 by (739)).

#### Team profit

The 1969 BRM budget would have been funded mostly by its owners, the Owen Group, with some help from motor industry contributions. The later sponsored team budgets, with some income from the "circus", may or may not represent income or costs but there was some profit to the team.

#### Conclusion

Although the precise ratio of fund escalation cannot be certain it is clear that – in constant money value terms - the increase in the money available for Grand Prix technology improvement from 1968 to 2002 was truly remarkable.

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