

THE LIFE AND TURBULENT TIMES OF TEAM PRINCIPALS

# BusinessF1™

FORMULA ONE'S BUSINESS MAGAZINE

January 2021  
Vol 6 Issue 1



**Ellie Norman:  
Can she  
reconnect  
with F1's man  
in the street?**

Professional  
Planning and  
Analysis versus  
Instinct - Which  
is best for  
Formula One?  
Pages 34-35

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# Letters

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## The History

Dear Tom,  
It was very interesting to read your letter last month outlining the magazine's history and your motivation for publishing it in the first place and now its subsequent relaunch. I wish you great success in piloting once again a great read.

Yours  
Trevor Dunmore  
Clubhouse Librarian  
The Royal Automobile Club  
89 Pall Mall  
London  
SW1Y 5HS  
United Kingdom

## Very dull without you

Dear Tom,  
I have no idea why I am writing this as, in your previous incarnation, you continually mis-quoted me and mis-reported my activities. But I am secretly glad you are back. As they say life has been very dull without you.

Yours  
Professor Kevin Morley  
Crosby Farm Estate  
Slinfold, West Sussex  
United Kingdom  
RH13 ORX

*The editor replies: Whenever I call Professor Morley to ask him something, he rings back an hour later and says "don't print that." Whenever I ask him for a quote, he calls back the next day and says "oh you know that was off the record."*

## So many memories

Dear Tom,  
I greatly enjoyed your pilot. It brought back so many memories. Extraordinary how about ten people, all with a common interest, cannot collaborate to increase what they are competing for. Nothing would change except their incomes. But I doubt they will ever get together and act rationally.

Yours  
Max Mosley  
60 Trafalgar Square  
London  
WC2N 5DS  
United Kingdom

## Chinese readers

Dear Tom,  
I know BusinessF1 is strictly only available in magazine format. But how about a digital edition especially for your Chinese readers?  
Yours  
Jaap Grolleman  
No. 194-196 Zhengmin Road  
Yangpu District,  
Shanghai  
China

*The editor replies: We have created a digital edition especially for our Chinese readers who request it. But because of the information the magazine contains it is usually only published in magazine format.*

## Opening up the USA

Dear Tom,  
We are delighted to have you back. The US market, which is mentioned frequently in your pilot issue, is opening up tremendous opportunities for UK based suppliers because of the new trend towards road racing and the facilities that are being developed. Naturally the MIA is following this very closely,

Yours  
Chris Aylett  
Chief Executive  
Motorsport Industry Association  
Stoneleigh Park  
Kenilworth  
Warwickshire  
CV8 2LG  
United Kingdom

*The editor replies: Chris is right. The US market is the only market that matters for Formula One in the next decade. Failing to open up America was the Ecclestone regime's biggest failing. Now that must be put right. Everything else is just noise.*

## Goodbye to all that

Dear Tom,  
Thanks for all your good wishes and support over the years but it's time for me to step back from the frontline. It's been a dream but it has taken its toll and with a heavy heart I have made the decision to step away from the commentator's role at Channel 4. It's been nine years, first with the BBC and now Channel 4 and frankly I didn't expect it to last this long. Now it's not where I want my life to be. Travelling to 22 races is a big commitment. It's time to step aside. Alex Jacques is an excellent choice as my successor. I think he will do very well.

Yours  
Ben Edwards  
Jasmine Cottage  
Long Green  
Worham, Diss  
Norfolk  
IP22 1PU  
United Kingdom

*The editor replies: This feels like déjà vu. I was personally upset when Murray Walker retired and I did all I could to try and make him change his mind - but to no avail. People like Murray and Ben have a phobia about staying on too long and outstaying their welcome. It's all nonsense of course because we get used to their style of commenting and wish it would never stop. It just isn't the same when a newcomer comes in. We will miss you Ben.*



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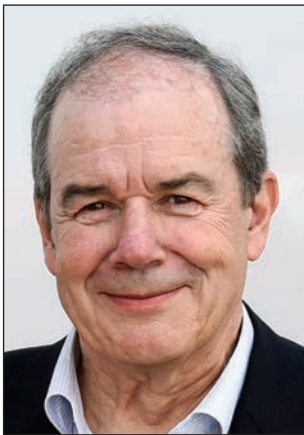
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**Tom Rubython**  
Editor-in-Chief

Readers may not have noticed the very sad end to the WEC's season in Bahrain last month. In fact, it was beyond sad, it was tragic. The top class of a world championship, yes a world championship, was reduced to just two competitors from the same team. That's what the WEC has come to.

# Paddock Patter

## The coathanger comes good

I don't like the halo. I never have. I've always called it the coathanger. I like the Mallock U2 Clubmans type windscreen on IndyCars even less. But no one can deny the halo was vitally important in saving Romain Grosjean's life and therefore we have to like it. And after Grosjean's accident, it's clear that Ayrton Senna could still be alive if his car had been fitted with a halo.

But no one should think it has made Formula One any safer or that drivers are indestructible – that would be a dangerous mindset to have. Grosjean's survival was down to the coathanger but it wasn't. A conundrum yes, but that was not a survivable accident, halo or not. No driver goes through the middle of an

armco barrier at 140mph and survives - no driver. So Grosjean's survival was a miracle, fate whatever you want to call it. The bullet was fired, grazed his forehead but did not have his name on it. You could re-run that accident 100 times and Grosjean would not survive it. Equally you could re-run Ayrton Senna's accident 100 times and he would survive it. Senna's bullet did have his name on it.

So, we can talk about it as much as we like, investigate it as much as we like, congratulate ourselves as much as we like, but in the end, we must accept that it was only a miracle that saved Romain Grosjean's life.

And those are not made by man.

## Formula One can't wait for 2026

Ross Brawn has erred with his premature pronouncements about the next change in engine regulations for Formula One. Apparently, there will be no change in engine regs until 2026, some five seasons away. In an era of great change in propulsion that is simply an unacceptably long time. The current engine was never really fit for purpose anyway. Few can forget the unforgettable roar of the old 3/3.5 litre V10 and V8 engines that preceded it. Formula One has never been the same since.

There have been nine engine formulas in Formula One since 1950, an average life span of eight years each. That always seemed to make sense as the engine regulations moved with the times. But Brawn's announcement will mean that the current formula will have lasted 12 years. And this in the period of the biggest method of propulsion change the motor industry has ever seen.

The current engines have been developed within an inch of their lives and to find one extra horsepower now probably costs around \$20-\$30 million. They are also massively over regulated and the specification alterations have micro managed creativity out of the design equation. It's

no wonder Honda has withdrawn.

In 1966 Keith Duckworth worked to a very simple set of rules. In fact only one rule: The cylinder capacity must be no more than 3-litres. From that one rule the engine regs are now so complicated that no one, not even the most astute TV commentators could tell you what they are. I recently asked a former team principal what the current engine formula was. He didn't have a clue – I asked him how many cylinders? "I don't know" – What is the engine capacity? "Don't know" – How does the hybrid system work? "Don't really know."

That tells you all you need to know. Formula One urgently needs a new engine formula as soon as the 2022 season. Where the only rules are maximum displacement capacity and the amount of electric power that can be deployed. It should also as a matter of course be only able to use fuel close to that readily available from a forecourt and that the engine is able to be started under its own power (i.e. not by an external starter motor and lap top). Formula One is the premier race series in the world and the new engine formula it adopts must reflect that. Only then will the next Keith Duckworth emerge.

## Uncomplicate, or go the same way as the WEC

Readers may not have noticed the very sad end to the WEC's season in Bahrain last month. In fact, it was beyond sad, it was tragic. The top class of a world championship, yes a world championship, was reduced to just two competitors from the same team. That's what the WEC has come to.

And the WEC's tragedy has been exclusively self-inflicted. It has produced one set of nonsensical regulations after another and complicated the series so much that it has self-destructed. So much so that next year's set of regulations, completely brand new, will only last one season before they are superseded by the next set. The WEC has been destroyed by one set of complicated rules and regulations being layered upon another and another and another. And so it has gone on for the last five seasons until oblivion.

Why is this relevant in a magazine principally about Formula One. It's relevant because this is where Formula One could end up – destroyed by over regulation. Every day Formula One seems to move closer to the WEC in regulatory style. New rules are being piled on top of new rules and more new rules. Formula One needs to go on an uncomplication diet urgently - for the sake of its own survival.

**Tom Rubython** Editor-in-Chief

# Montezemolo invests \$4 million in Aston Martin

*Ex-Ferrari chief sees the potential in car company*

Luca di Montezemolo, the former Ferrari chairman, has bought a stake in Aston Martin. Montezemolo is believed to have invested around \$4 million in Aston Martin Lagonda Global Holdings plc, alongside Lawrence Stroll. Montezemolo is an old acquaintance of Stroll's from the day when Tommy Hilfiger was a Ferrari sponsor.

A person close to the situation told *BusinessF1* that Montezemolo believes in Stroll which is why he invested. Privately, Montezemolo believes that Aston Martin can become another Ferrari. Ferrari is currently valued on the stock market at around \$35 billion and Aston is worth just over a billion dollars. He believes there is some way to go yet and plenty of upside in the deal and he plans to be a long-term shareholder. He told friends that he believes Aston's share price will be up fivefold within a year. But Stroll is reportedly anxious to dampen down such enthusiasm



Luca di Montezemolo and the 2020 Aston Martin DBS Superleggera: flagship of the range.

and people close to him say he is worried about over-promising and under delivering. One said: "Despite the enthusiasm Lawrence knows he is in the fight of his life to make this work."

Stroll has gathered a formidable roster of investors, some of the most powerful people in European business, including Swiss pharmaceutical billionaire, Ernesto Bertarelli, who is believed to have invested over \$20 million with a promise of more.

Stroll has already moved decisively to make his mark at Aston Martin. He quickly sacked Andy Palmer, the chief executive and has overseen a household clearance of the marketing department - half of the personnel having left their posts already. The insider said: "Lawrence didn't like what he found, not at all."



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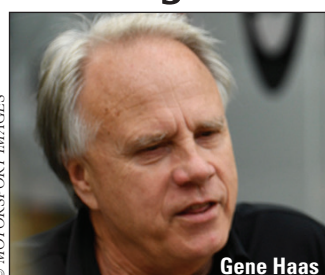
*Urgent need for American team to balance the budget*

## Haas future tied to selling drives to highest bidder

The announcement that Haas sacked both its drivers for the 2021 season and will announce a new line-up has shocked the Formula One world after four years of absolute stability in the team. As has the news that the team is open to employing two drivers who have money to bring to the team.

The Haas move has prompted speculation that the team may be up for sale. But the real explanation is that the team is moving to a pay driver model rather than paying salaries to drivers as it was with Kevin Magnussen and Romain Grosjean.

Haas has a budget of around \$120 million a year and most of that (\$85 million) comes from TV fees and the balance from billionaire owner, American industrialist, Gene Haas. The team has virtually no income from sponsorship. Now the seats



© MOTORSport IMAGES

### Haas Team Budget 2016 - 2020

2016 Season	\$124 million
2017 Season	\$103 million
2018 Season	\$125 million
2019 Season	\$128 million
2020 Season	\$117 million

will be offered to pay drivers at around \$20 million each to relieve the financial strain from Gene Haas. It is believed that Sergio Pérez's manager Julian Jakobi is talking to the team about securing his driver a slot in the team at a cost of between \$15 million and \$20 million. This is substantially more than Pérez was paying for his seat at

the old Racing Point team.

Gene Haas is reportedly determined to end the financial subsidy he supplies and has told team principal Guenther Steiner that he must balance the books in 2021. Haas first demanded that the books were balanced in 2020 and Steiner found a title sponsor called Rich Energy which signed a deal worth \$35 million a year. Rich's chief executive, William Storey, paid a small deposit to the team (believed to be less than \$100,000) but the team never received a cent more.

Steiner's patience ran out in September 2019. The deal was cancelled and Rich's branding removed from the car.

The collapse of the Rich Energy deal has dented the relationship between Haas and Steiner and it is believed that Steiner has just a few months to come up with two drivers

paying \$20 million each. An observer said: "If he doesn't then Guenther is gone and the team may follow."

However, with its grandfather rights well established the team could be worth up to \$70-\$100 million to any buyer. The Williams team was sold for an enterprise value of \$160 million last year but it included assets worth at least \$60 million. The Haas team has no such assets.

Gene Haas has spent \$380 million establishing the team in the past five years and is resigned to a substantial loss if he decides to sell.

It almost certainly spells the enforced retirement of both 34-year-old Romain Grosjean and 28-year-old, Kevin Magnussen from F1. Grosjean has been the victim of continuous disparagement from British TV pundit, Jeremy Clarkson. Magnussen however will probably find his way into an IndyCar drive and is still regarded as a latent talent.

# US market continues to vex Formula One's owner Liberty

## Viewing figures inexplicably low

There is considerable anxiety at the headquarters of Liberty Media over the continuing poor performance of Formula One in the United States of America. Sources have told BusinessF1 that both John Malone, chairman and Greg Maffei chief executive officer are "very concerned" about F1's TV ratings across America.

Their concern has been heightened after Nielsen, the research company that supplies all of Formula One's performance figures, revealed that the USA has 34.6 million active Formula One fans. It makes it the fourth biggest market in the world for fan engagement after China, Brazil

and Mexico.

But this is not being reflected in the TV viewing figures where the US is not even in the top ten.

Less than one in fifty of active fans is tuning into the TV broadcast for every race. It also looks like at least half of the captive fans never watch any of the 22 broadcasts during the year, not even the home race in Texas.

The source who asked not to be named said: "Greg brought it to John's attention. John's mind is razor sharp and he initially thought one of the figures must be wrong. However, on further analysis he concluded that both were right and it showed

the potential for the future in Liberty's home market."

Maffei has put pressure on Chase Carey, the outgoing chief executive of Formula One but he is said to be leaving it to his successor, Stefano Domenicali.

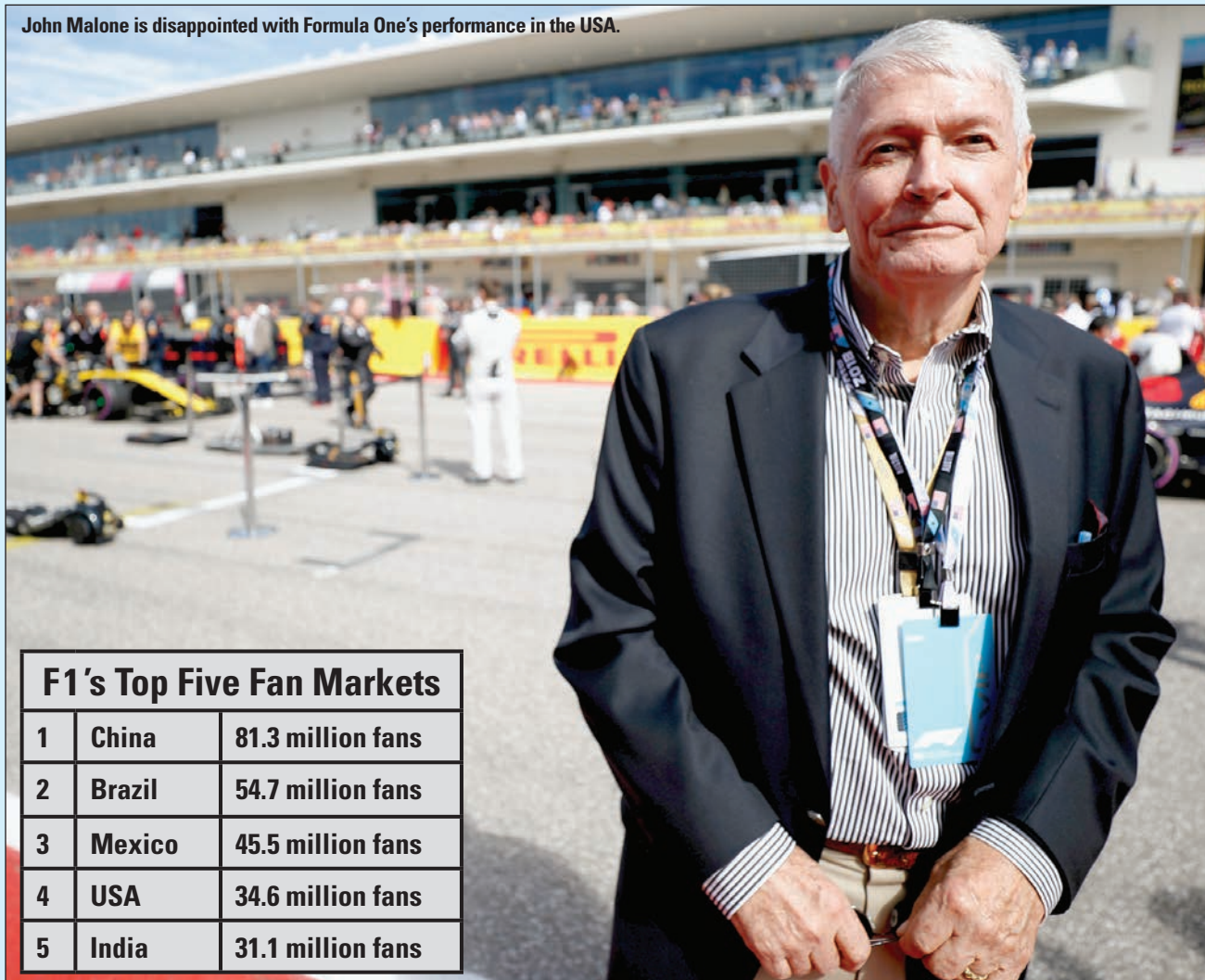
The job of solving the problems belongs to Ellie Norman, the chief marketing officer of Formula One. Norman has been criticised in the past for her lack of attention to the US market. The same observer said; "The problem is deep rooted. There was a lot of pressure to appoint a US native to run F1's marketing but Sean (Bratches) decided to give the job to Ellie, figuring he could handle the US himself." A Team Principal who is very

supportive of Liberty Media and its running of Formula One said the problem was even more deep rooted than that: "Look F1 is too parochial. It has concentrated all its resources in London. It needs a fully staffed US office and a big commitment to the continent. Ellie is a nice kid but she hasn't got a clue what to do in the US."

But there is no doubting Norman's success in expanding Formula One's overall fanbase. It has grown massively in the three years she has been in charge. But that growth has not been converted to eyeballs watching a TV screen which is where the money is.

According to recently released figures from the Nielsen research organisation, Formula One, as a sport, now has over 500 million active fans across the world and 62 per cent of the new fans have been accumulated in the last two. And they are mostly under the age of 35.

John Malone is disappointed with Formula One's performance in the USA.



### F1's Top Five Fan Markets

1	China	81.3 million fans
2	Brazil	54.7 million fans
3	Mexico	45.5 million fans
4	USA	34.6 million fans
5	India	31.1 million fans

## Streaming TV ratings for motorsport are "not worth the effort"

The Indianapolis 500 has recorded extremely low streaming figures for the running of the 2020 race, despite spectators being banned from the event. Only 17,800 viewers streamed the race live down from

last year's 45,000. 3.67 million people watched it live on NBC. Streaming is known as OTT in the broadcast industry and was heralded as the next big thing during 2018 and 2019 with many so-called experts predicting

it would quickly overtake traditional broadcasting but this has not been the case.

The only sports where OTT has taken off have been wrestling, boxing and martial arts all endeavours that are dominated

by pay-per-view. One former executive at NASCAR TV said: "It's not been worth all the effort we all put in a few years ago. People don't want to watch motorsport on their phones as a lot of experts thought."

Nicky and Bob Warren: transition of power is complete.



### Formula One travel veteran has gone Bob Warren finally retires

Bob Warren, the chairman of Travel Places, a major supplier of travel services to Formula One for many years and a close associate of Bernie Ecclestone, has retired from the business. The 74-year-old resigned from the board in 2017 and his wife Christine a year later. He has now fully removed himself from the day to day running of Travel Places which has been taken over by his sons Nicky, 42 and Matthew, 44 both of whom have sat on the company's board for 12 years.

Travel Places has been hit hard by the coronavirus crisis and the sharp decline in travel and the number of Formula One personnel attending races. At one point there was doubt that

the company could survive but the Warren brothers have vowed to see the company through the current crisis.

In its last accounts published it showed the company had a net worth of \$4 million and over \$900,000 cash in the bank. But the timing of the crisis has been bad as the company took out a loan from Lloyds Bank for \$550,000 in early 2019 believed to be payment for the brothers buying out their father's 26 per cent share in the business. Their mother, Christine is believed to still own 26 per cent of the shares and the brothers 37 per cent each.

The offices in Worthing, in the south of England have been shuttered since March and all the staff are working from home.

## Stroll set to sell off his Ferrari road car collection

Lawrence Stroll, who controls Aston Martin, the British sports car maker, has put his entire collection of Ferrari road cars up for sale. Stroll has faced a conflict of interest since getting control of Aston Martin last year. An associate in Switzerland told *BusinessF1* that he feels it is a serious conflict of interest to own a collection of a competitor's cars, hence the sale.

Stroll is believed to have the biggest collection of Ferrari road and race cars outside of the Ferrari factory itself. Pride of his collection is the ex-Mark Donohue/Roger Penske Ferrari 512M which Penske threw out as scrap 35 years ago and is now worth around \$25 million.

Stroll also owns other Ferraris

including a 512BB LM, P4, 288 GTO, 412P, 250 GTO, F40 GTE, F50, FXX, FXX-K and a host of lesser Ferrari cars all worth more than \$1 million each.

The whole collection is thought to be worth upwards of \$220 million and Stroll would prefer to sell it as one lot. It is thought that Stroll will re-invest the proceeds in Aston Martin cars.

Separately Stroll is also concerned about the increasing trend of manufacturing continuation cars which is growing apace following the lead of Aston Martin. But the trend may be dissipating after Aston Martin's Goldfinger DB5 continuation project failed to sell in significant numbers after being priced at over \$4 million.



Lawrence Stroll's Ferrari 512M and Ferrari P4

## Whitmarsh pushes new sail technology

### Ex-McLaren men seek to introduce wind power to cargo ships

Martin Whitmarsh and John Cooper, former executives at McLaren Racing, have launched a new start-up called Bar Technologies. Bar, a spinoff from Sir Ben Ainslie's America's Cup operation, is seeking to persuade cargo ship operators to install sails to lessen dependence on fossil fuels. Cargo shipping is currently the world's sixth largest generator of carbon dioxide emissions. The technology called WindWings

consists of three strategically placed 45 metre sails to catch the wind. The technology was given to Whitmarsh and Cooper by Ainslie when they left the America's Cup team after it failed to qualify for the Cup. Bar is developing the technology in conjunction with Cargill, the agriculture conglomerate and Deltamarin, the naval architects. John Cooper said: "Wind is a near marginal cost-free fuel. The efficiency gains in operating

costs is substantial." Sails on maritime vessels have been tried before and failed but the WindWings concept embraces the latest technology and is deemed to be "promising" by experts.

But it faces obstacles. By the last count there were at least a dozen projects developing similar technology. Diane Gilpin's Smart Green Shipping has been working on the concept for some time and is thought to

be the market leader. But there are many cynics. Christopher Gibson, a consultant and a person with some knowledge of the sail concept, says: "Anybody who remembers *The Onedin Line* (a BBC drama series from the seventies) will know this technology is controversial with ship owners. Cargo carrying is a commodity business. Getting from Port A to Port B as quickly as possible is the only consideration." Gibson added: "If Ainslie, who is nobody's fool when it comes to wind power, let this project go it tells you all you need to know."

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Former German banker faces financial ruin

# Gribkowsky pays back every dollar of Ecclestone's money

**D**r Gerhard Gribkowsky, the former chairman of Formula One owner, Slec Holdings Plc, is facing personal financial ruin, after paying back \$44.4 million he received illicitly in 2006. He recently completed repayment of the monies he received from Bernie Ecclestone to his former employer, Bayern Landesbank.

Gribkowsky served 62 months in prison after being convicted of receiving payments of \$44.4 million from the Ecclestone family. The former chief risk officer was sentenced in 2012 to eight and a half years in prison but it was never established exactly what the payment was for. Ecclestone claimed Gribkowsky was blackmailing him and it was never proved otherwise as Gribkowsky stayed silent as was his right under German law. Ecclestone later paid a fine of \$100m as part of a settlement after he was charged by the German authorities.

Gribkowsky served five years of his eight year sentence and walked free on 3rd March 2016 after agreeing to repay the money, which he did in instalments, completing repayment last month. If he had not done so he would have had to serve the remaining three years of his original sentence.



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Dr Gerhard Gribkowsky and Bernie Ecclestone in happier times.

The money appeared to be connected to the sale of Formula One by Slec Holdings in 2006 to CVC Capital Partners, run by Michael Smith. Bayern

Landesbank had inherited its shareholding after calling in loans owed to it by Kirch Media. Gribkowsky was appointed to handle the sale of those shares

and those of the other Kirch lenders.

Gribkowsky was undone when bank accounts he held at the Liechtenstein Global Trust (LGT) were uncovered by the German tax authorities. Details of the accounts were amongst those passed to German prosecutors by Heinrich Kieber, a bank computer technician, who passed on the data of accounts of hundreds of German citizens who held accounts in Liechtenstein.

Gribkowsky was detained in 2009 and could not explain where the \$44 million in his bank account had come from. The German tax office quickly established that \$22.8 million had come from Bernie Ecclestone privately and \$21.2 million directly from his family trusts. Gribkowsky was found guilty of corruption in 2012.

Gribkowsky said when he was released from jail: "It took me a long time to come to terms with what I have done and to admit even to myself, yes it was bribery and yes, I should have paid tax."

It was later established that Gribkowsky had originally asked Ecclestone for the money and then arranged for his employer to pay Ecclestone a matching commission payment to fund his own payment. On behalf of Bayern Landesbank he arranged for Ecclestone to be paid a matching commission of \$44.1 million ostensibly to secure an indemnity to CVC. This fact was apparently not known at Gribkowsky's trial and was only discovered later.

Unusual personal attack by McLaren's Zak Brown

## Szafnauer criticised for lack of transparency

Zak Brown, Team Principal of McLaren Racing has taken the unusual step of heavily criticising a fellow team principal for a "lack of immediate transparency." Brown was referring to Otmar Szafnauer's failure to immediately inform the FIA of the positive Coronavirus test for both Lance Stroll and his father Lawrence Stroll. Stroll junior tested positive with a number of team members after the Russian Grand Prix. It was followed by a positive test for Lawrence Stroll himself. Formula One has maintained a strict Covid control policy and



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Otmar Szafnauer: accused of lack of immediate transparency.

all the teams with access to the paddock have been issued with a 10-page directive on how to behave in the Covid era. The directive has been modified and updated for every race.

After Lance Stroll was unable to drive at the Eifel Grand Prix, Szafnauer initially said he had been suffering from flu-like symptoms, upset stomach and fatigue which are listed Covid-19 symptoms. Incredibly Stroll junior was not tested in Germany and only returned a positive result when he returned home to Switzerland. Even then Szafnauer did not immediately

inform the FIA, or release the news generally. The FIA has confirmed a warning letter was sent to the team.

Szafnauer is in a difficult position after denying Racing Point had any positive cases after Russia. He said: "We didn't have an engineer test positive after Russia. I think we've now done nearly 20,000 tests. We test more than any other Formula One team. We test all of our employees every Tuesday and every Friday and we test everybody that's at the track upon landing in Britain." He added: "I know that we didn't have a positive test after Russia."

Hence Brown's accusation of "immediate transparency" problems.

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