

THE BEST WAY TO MAKE A SMALL FORTUNE IN RACING IS TO BEGIN WITH ONE

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Written by Abhishek Banerjee Edited by Hazel Alagappan

As a mental exercise, lets say one day a far-off relative passes away and you are in the will. It doesn't affect you much, maybe you just pause your day to think about that relative.

But then, you get a call from their lawyer, and learn that they were one of the early investors of cryptocurrency, and that you now sit on a fortune.

So, as an avid Formula One (F1) fan how would you spend the money? Isn't it obvious? You decide to create your own F1 team from scratch. So how much money would go into creating this team? What are the costs associated with creating an F1 team, and joining the top tier of motorsports?

Photo by Abed Ismail from Pexels

Entry Fee

The Concorde Agreement was signed in 2021. One feature of this agreement is that new teams pay a \$200 million entrance fee, to receive a proportional share of the revenue in the first year. The \$200 million would be evenly split between the 10 teams to compensate for the loss of revenue.

The Staff

A Formula One outfit can have anywhere from 300 – 1000 members working for it.

In 2018 Toro Rosso released a statement stating that they had spent \$40 million on 310 staff members. Lets say you recruit or hire 400 people to be apart of your team. That would cost about \$52-55 million including, a team boss, managers, junior managers, and other personnel.

Raw material / clothing / software / testing

Developing and testing software would see you open your pockets for upwards of \$1 million.

Carbon-fibre is going to be very prevalent but is obviously not the only material you will need. You will require other materials like aluminium and stainless steel. Titanium though expensive is going to be essential for a few parts . Magnesium alloy had been stipulated by the FIA to be used for the wheels. Fibres like Zyon and aramids are important too. The latter was mandatory to be used in the front wing of a car.

Buying the appropriate clothes for the team (safety gear for crew and driver gear) is also essential. Most of it would be fire-proof and something very interesting is that a helmet would set you back about \$6500 – 7500.

Total Cost : \$60-63 million at the very least

Services

I would recommend doing the smart thing as a new team and get one pay driver to lessen the financial burden to avoid paying the driver fee for two drivers. Pay drivers also bring a sponsor or if not pay the team directly to drive for them.

Services like consultancy,maintenance, logistics, team lodging, warehousing, repair of equipment and cost of labour for repair of the actual car, and other miscellaneous expenses e.g (electricity, water, mail, and rent for headquarters) are inevitable.

Logistics is an integral part of getting the car on the grid for the next race. An efficient logistics team or a similar alternative to the other ten teams cost around \$10 million itself.

Total Cost : \$45 – 50 million

The Car

The body:

Cost of the body for one car = \$ 885,000

Keep in mind this is the body for one car and we will need enough spare parts to cover two cars.

Rest of the Car:

Item	Cost
Gearbox	\$ 500,000
Fuel Tank	\$150,000
Steering Wheel	\$ 50,000-100,000
Hydraulics	\$ 200,000
Tires (1 set)	\$ 2700

But wait, we missed the Engine. **A single engine costs upwards of \$13,000,000** and we need two of them for two cars.

Cost of the rest of the car = around \$14,000,000

But, we can't keep only a single set of each. What happens if your driver looses his/her cool and throws the steering wheel in frustration? Maybe they can't take care of their tires and boxes more frequently or they keep getting into crashes and have their front and rear wings damaged. What about crashes which absolutely ruin the car and render the chassis unusable?

Each team carries about 2500 litres of fuel costing about \$500,000 and minimum of forty sets of tires(40 x 2700 = \$1,08,000 at least).

A report from the FIA in 2014-15 stated that costs of repairing cars may go upto \$600,000 depending on what exactly happened to the car. In 2020, Toto Wolff, Mercedes Team boss said that each time lewis Hamilton crashed they had to spend about \$300,000 repairing the car.

So being on safe side we keep \$ 5 million extra for repairing expenses and another **\$ 5 million for unforeseen expenses like fines.**

So in total :

Particular	Cost
Entry Fee	200 million
Staff	52-55 million
Services	40-45 million
Raw material / clothing etc	60-63 million
The Car	40-45 million

Total = \$408 million

This a spartan cost of getting the most basic F1 team, with exactly two cars and two engines, the cost will slowly decrease over the years but increase with, factors such as the wind tunnel and engine developments

The best way to make a small fortune in racing is to start with a big one.

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Featured Formula 1

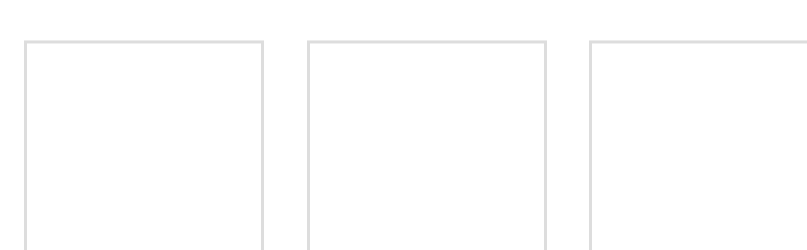
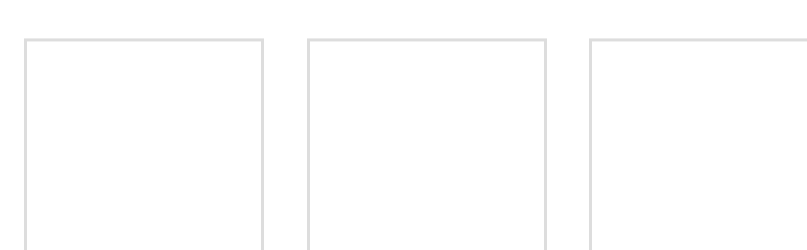
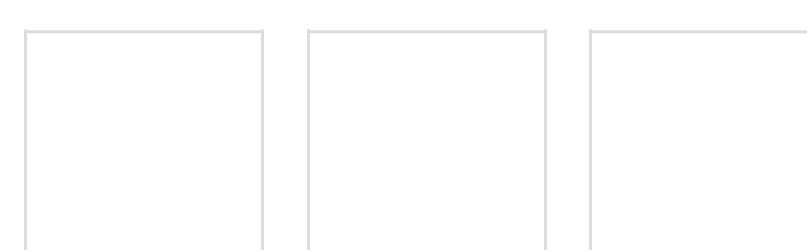
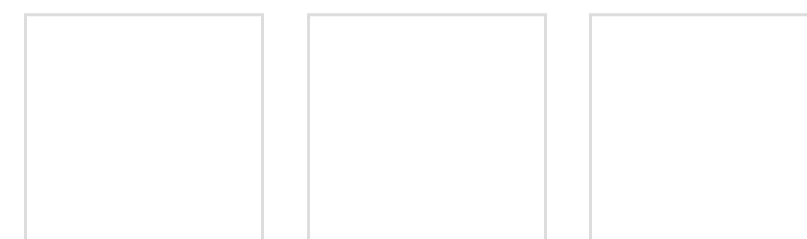
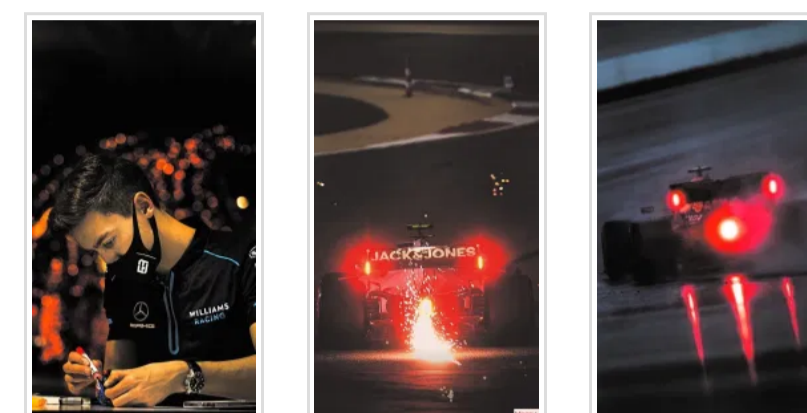


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