

Chapter 1

RINGS SIDE SEAT



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Picture the scene: Chinese President Hu Jintao steps up to a podium in the spectacular new Beijing Olympic Stadium. Watched by more than four billion television viewers across 220 countries, he declares open the 29th Olympiad of the modern era.

Jintao's speech follows in a tradition. Over the last century, American Presidents Reagan, Clinton, and George W Bush; along with King George VI and Queen Elizabeth II of Great Britain; King Juan Carlos of Spain; President Mitterand of France; President Brezhnev of the Soviet Union; and Emperors Hirohito and Akihito of Japan have all opened the world's greatest sporting festival. As the speech concludes, the Olympic cauldron is ignited. China's spectacular party, firmly establishing its position on the world stage, can officially begin.

And what a celebration it will be! Over 10,500 athletes from 202 nations will be present. More than 20,000 media representatives will attend. More journalists will visit China during the 17 days of the Olympic Games than visited the country in the previous 100 years. The financial figures are equally impressive. By the time the 2008 Games are officially declared open, companies from around the world supporting China's Olympic effort will have invested more than \$2 billion in the event and many more billions globally in advertising and promotional campaigns connected to the Olympics. Two hundred broadcasters from around the world will have paid around \$2.5 billion to the International Olympic Committee (IOC) for exclusive broadcasting rights.

For China, the Beijing Olympics marks a symbolic turning point. At an estimated cost of \$40 billion, the Chinese Government will transform the nation's capital. The new stadium will be the most visible sign of a huge capital investment programme in China's sporting, transportation and economic infrastructure. No expense will be spared. After decades of isolation, China's leaders see the Games as a key instrument of change, both symbolic and economic.¹

For China it is a golden opportunity to enter the global community and open its gates to the future. China's pursuit of the Olympic dream started in 1908 when a news magazine called Tianjin Youth asked: 'When will it

be possible for China to host the Olympic Games on its own territory?'²The dream took a century to become reality.

The 2008 Beijing Olympic Games will make history. It will usher in a new era in global commerce and relations. China's economic renaissance and desire to host the Games has quite rightly attracted huge media attention. But another remarkable transformation story will also be celebrated on the Beijing stage: the renaissance of the Olympic Movement itself.

Since the drably politicised Moscow Games of 1980, the Olympic Games have undergone a dramatic reversal of fortune, the result of a quiet revolution and unique business turnaround.

It is difficult, today, to fully appreciate quite how close the world came to losing the Olympics in the early 1980s. With the world's greatest cities now falling over themselves to host the Games; with media empires paying billions of dollars for the right to televise the event; and a roster of the world's most prestigious companies lining up to associate themselves with the Olympics, it is easy to forget that twenty five years ago, one of the great icons of global civilisation was very nearly lost due to lack of funding, political interference, and a general lack of interest.

What would it have meant to the world, if the Olympics had come to an end? What inspiration would have been denied to the children of the world? What aspiration would have been lost by mankind?

The Olympic renaissance

The Olympic Games represents the highest summit of sporting achievement. Yet, the Olympic Games have always transcended sport. As individuals and nations, they raise us all – athletes and spectators alike – to a higher plain.

Nelson Mandela observed that: 'Sport reaches areas far beyond any sphere of political influence and has probably done more to unify nations than any politician has been capable of.'

No other sporting event embodies that aspiration in quite the way that the Olympic Games does. This is no coincidence. It was the intention of Baron Pierre de Coubertin when he founded the modern Olympic Move-

ment more than 2,500 years after the original sporting festival in Ancient Greece.³

‘Why did I restore the Games? To ennoble and strengthen sports, to ensure their independence and duration, and thus to enable them to fulfil the educational role incumbent upon them in the modern world. For the glorification of the individual athlete, whose muscular activity is necessary for the community and whose prowess is necessary for the maintenance of the spirit of competition,’ de Coubertin said.

An educational theorist, de Coubertin believed that sport had a vital role to play in the development of the individual. At an international sports conference at the Sorbonne in Paris in 1892, he proposed that the Olympic Games be revived. Two years later, he founded the IOC and established the founding four principles of the modern Olympic Movement:

- 1 To promote the development of those physical and moral qualities which are the basis of sport.
- 2 To educate young people through sport in a spirit of mutual understanding and friendship, thereby helping to build a better and more peaceful world.
- 3 To spread the Olympic principles throughout the world, thereby creating international goodwill.
- 4 To bring together the athletes of the world in the Olympic Games every four years.

From these are derived the Olympic ideals of fraternity, friendship, peace and universal understanding.

Central to de Coubertin’s creation was establishing the framework to run the Games. Taking the leading role was the International Olympic Committee, a non-profit international organisation. For want of a better word, the IOC is the ‘owner’ of the Olympic Games. The IOC was initially just a collection of individual members – until recently co-opted for life – who acted as trustees to the Olympic ideal. The members were selected from all corners of society – from heads of state, to industrialists and lawyers through to sports administrators and Olympic champions. The primary role of the IOC members was to select the site of the Games. Today, the 130

IOC members are supported by a professional administration of over 250 employees based on the shores of Lake Geneva in Lausanne, Switzerland. Next down from the IOC are the National Olympic Committees (NOCs), which administer the Olympic Movement in their respective country and send their teams to the Games. Finally, de Coubertin enlisted International Federations to manage the technical aspects of their sports at the Games. These three groups – the IOC, the NOCs and the International Federations – form what is loosely known as the Olympic Movement.

The first modern Games were held in 1896 in Athens. On April 6, King George of Greece opened the Games at the Acropolis in front of a crowd of 60,000. Two hundred and twenty men (women didn't participate until 1900) from 13 countries competed in nine sports: athletics, cycling, fencing, gymnastics, shooting, swimming, tennis, weight lifting and wrestling. There is some confusion over the exact number of competitors, as some tourists, who happened to be in Athens at the time, took part. The athletics took place at the Panathenaic Stadium, where the bends on the tracks were so tight the competitors had to slow down to stay in lane. The swimming events were held in the Bay of Zea. Only three competitors lined up for the 500m.

The first Winter Olympics were held over 11 days at Chamonix, France, in 1924. Originally titled the International Winter Sports Week it was only later designated the first Winter Olympics. Norway and Finland captured 27 out of the 43 medals available. One medallist had to wait a little longer than usual for his medal. US competitor Anders Haugen won a bronze medal in the ski jump, but a scoring error meant that no one realised. He didn't receive his medal until 1974 – when he was 83.

Starting at the finishing line

By the 1970s, decay had set in. After the tragedies of the 1972 Munich Olympics, when Palestinian terrorists killed 11 members of the Israeli team, an air of resignation enveloped the entire Olympic Movement. As he handed over the symbolic keys to the IOC presidency in 1972, the American industrialist Avery Brundage reluctantly told his successor, Lord Killanin: 'You won't have much use for these; I believe the Olympic

Movement will not last more than another few years.' Indeed, Brundage forecast that the demise of the Olympic Movement would occur before the end of Killanin's presidency.

By July 1980, when the IOC gathered in Moscow for its 83rd session, and the election of a new president, Brundage's forecast looked as if it was about to come true.⁴ The Olympic Movement's obituary was already being penned. Critics had come to view the Games as too political and too expensive to stage.

Writing about the IOC presidential elections, John Rodda, long-standing Olympic columnist for the UK's Guardian newspaper, observed that the presidential hopefuls were 'prepared to become king of a crumbling castle'. The candidates to replace the Irish aristocrat Killanin, and become the seventh president of the IOC, were Jim Worrall, a lawyer from Canada; Willi Daume, organiser of the 1972 Munich Games; Marc Hodler, the long standing International Ski Federation president from Switzerland; Sir Lance Cross, a New Zealand television executive; and Juan Antonio Samaranch.⁵

Samaranch was a little known 60-year-old Spanish industrialist and diplomat. He had spent three years from 1977 to 1980 serving as Spain's first Ambassador to Moscow.⁶ Samaranch was co-opted onto the IOC by Brundage in 1966. At the time, this broke the IOC's own rules which limited countries that had not staged the Games to one member. Spain already had a member, but Brundage saw something in Samaranch. He believed that one day the Spaniard could lead the Olympic Movement.

A lot has been written about Samaranch in the intervening 25 years. Some of it has been misinformed, unfair, if not plain wrong. Not only did Samaranch go on to lead the Olympic Movement, but in many ways he saved it. Working alongside the IOC president for nearly two decades, I experienced first-hand his political and strategic skills. Through his vision, an extraordinary work ethic and dogged perseverance, he reunited the diverse factions within the organisation and built the stature of the IOC and the core foundations that led to the success enjoyed by the Olympic Games today.

Samaranch had, and continues to have, his critics, of course. My own view is unapologetically positive. It is informed by what I saw with my own eyes. This does not mean he was without flaws. For all of his strengths,

Samaranch was not a particularly good media communicator and was uncomfortable with the discipline of modern day public relations. Throughout his presidency he faced a largely unsympathetic Anglo-Saxon press who often had little knowledge of the broader political agenda he was pursuing.

Samaranch focused on long-term results, achieved through a fine-tuned diplomatic agenda and insight into the key issues. He rarely worried about what he regarded as petty operational or administrative details – although he maintained a remarkable attention to detail when he wanted. Samaranch was, paradoxically, a pragmatic idealist. His focus on uniting the Olympic Movement meant that, occasionally, he turned a blind eye to indiscretions within the Olympic family. Anyone faced with managing the agendas of 200 countries deals with similar issues. His own personal tastes were extremely modest. But, in his desire to build the stature of the IOC as a global international organisation that would be received on an equal basis by heads of state, he gained a reputation for a grandiose lifestyle. This is something for which he was often criticised.

The Samaranch presidency began in the famous Hall of Columns of Moscow's Central House of Trade Unions. After a secret ballot of IOC members, Lord Killanin stepped out in front of his colleagues to announce the Spaniard's elevation to the most political – and most fragile – position in the world of sport.⁷

The cancer of politics

Taking over the leadership of an organisation which manages two events every four years should be comparatively straightforward. There is time, you would imagine, for leisurely contemplation; time to reach considered judgements. There are no investors eyeing quarterly results with a gimlet gaze.

But in 1980, when Samaranch took over the IOC presidency, the political problems were both pressing and depressing. From day one, Samaranch faced intense pressure and imminent bankruptcy. With the Moscow Games about to begin, the Olympic Movement was on the brink of its second serious boycott. The first boycott had occurred four years earlier in Montreal, when 17 African nations walked out over New Zealand's continued sporting links with the apartheid regime in South Africa.⁸

When the Moscow Games opened, a few days after Samaranch was elected IOC president (though his formal office began after the Games), 65 nations responded to US President Jimmy Carter's call for a boycott, in retaliation to the Soviet Union's invasion of Afghanistan. Some teams were forced to pull out because of financial pressures. This was one of the weaknesses in the way that the Olympic Movement was structured at the time. What many observers didn't realise was that once governments withdrew their support for the cost of sending the team to the Games, many National Olympic Committees had no other source of funding. Whether they agreed with the policy or not, they had no choice but to withdraw from the competition. Eighty-one nations finally did turn up but, without complete teams from the United States, Australia, Canada, Japan, Germany and Norway, the sporting field was decimated. Moscow was the largest boycott in sports history. It plunged the event into crisis. The Olympic Movement was on the verge of unravelling.⁹

The idea of the Olympic Movement as a catalyst for promoting peace around the world – one of its founding principles – was sorely tested in Moscow. Doves of peace appeared incongruous when Russian tanks were rolling through Afghanistan. 'Russia is a country that tries so hard to impress but does so much to depress,' observed the BBC's sports commentator David Coleman. The depression seeped out from Moscow to the entire Olympic Movement. The threat of more boycotts was an Olympic cancer, eating away at the Movement's very survival. The political machinations undermined what the Olympic Games stood for.

With the Olympic Games a Cold War battleground, the United Nations had begun to debate whether it should even take over the Olympics, reasoning that the IOC had failed. And there were more clandestine threats, with rumours of Eastern Bloc nations, led by the Soviet Union, lobbying to shift control of the Games from the IOC to UNESCO, where every nation could have a vote. This was more manipulative than it now looks – the Soviets calculated that under UNESCO control, Third World countries would dominate the Games and they could, as a result, wrest control of the Games away from what they saw as Western dominance. With Los Angeles selected to host the 1984 Olympic Games, talk had already turned to whether the Soviets would seek their revenge for the American-led boycott of their Games.

Running on empty

The other looming issue was financial. The Olympic Movement had not come to terms with the spiralling costs of organising a world event. Putting on the Games was increasingly costly and increasingly difficult for cities to justify. When Montreal was awarded the 1976 Games, the city's mayor, Jean Drapeau, was quoted as claiming that 'the Olympics could no more produce a deficit, than a man a baby'. He was wrong – and by a large margin. The original cost of hosting the Montreal Games was estimated at \$310 million. But cost overruns on the construction of Montreal's Olympic stadium left the city burdened with debts of \$1 billion. By the time these are cleared in 2006, the final cost will be about \$2 billion.¹⁰

The Judge Malouf inquiry on the financing of the Montreal Games produced a scathing indictment of how they were organised and run. Quebec's then Prime Minister, Rene Levesque, described it as a massive abuse of funds. The citizens of Montreal when asked what should be done about the main stadium simply suggested the use of dynamite. Not surprisingly, this and other financial disasters made cities reluctant to host the Games, casting a shadow that remained over the Olympics for decades.

The finances of the Moscow Games were, as you'd expect at the height of the Cold War, shrouded in mystery. The official figure was that the Moscow Games cost \$1.3 billion (861 million roubles). But unofficial figures mentioned sums of over \$9 billion. The Winter Olympic Games in Lake Placid, a few months earlier in 1980, were also pushed to the edge of financial ruin thanks to a combination of administrative problems, insufficient revenue and poor publicity as a result of the Moscow boycott.¹¹

To make matters worse, the IOC itself was also perilously close to bankruptcy. At the time of Samaranch's election to the presidency, the IOC had less than \$200,000 in liquidity, and just \$2 million in assets. What revenue potential did exist came from US broadcast rights. Total broadcast revenue from the 1980 Lake Placid and Moscow Games was \$122 million, 83 per cent of which came from the US, and nearly all of which was pledged to the organising committees to try and help defray some of the costs.¹²

But even this revenue source was under threat. With the boycott of the Moscow Games underway, the US Department of Commerce placed an embargo on any payments by the American broadcaster NBC to the Moscow organisers. President Carter subsequently extended the embargo to the IOC.¹³ It was estimated that even with Lloyds insurance cover, Moscow cost NBC between \$20 and \$40 million in lost advertising revenues – losses not covered by insurance.

The Moscow experience was also likely to make US networks reticent about bidding for future Olympic rights. Pundits forecast that TV rights fees would level off and, perhaps, decline. There was talk of the networks combining to place a single bid for the Games, thus killing any form of competitive bidding to drive up the price. The three networks – NBC, ABC and CBS – had already met with the US Justice Department to explore an anti-trust exemption and were discussing how to pool resources to bring the rights fees down and divide the coverage between them.

Mission impossible

Given all this, many viewed Samaranch's task as the new IOC president as mission impossible. One of those looking pessimistically to the future was Dick Pound. Elected to the IOC in 1978, Pound was a former member of the Canadian Olympic swimming team at the 1960 Olympic Games in Rome, and went on to serve two terms as IOC vice president. Dick Pound was one of the most influential IOC members during Samaranch's presidency. He chaired many of the IOC's most important commissions and, in 2001, himself ran for the IOC presidency, losing to Jacques Rogge.¹⁴

Looking back on the early days of the Samaranch presidency, Pound reflected: 'In 1980, the Olympic Movement was under sustained attack from political powers and was, indeed, a virtual hostage to world tensions. It was disunited, well short of universal and had no financial resources to give it the autonomy and independence it needed to resist political pressures.'

Samaranch himself was far from optimistic. In an uncharacteristically frank analysis, he later recalled: 'I felt so alone that I couldn't cope with all the demands of the job, with the sizeable problems that I knew there

were and had to be handled. It was a feeling that lasted maybe two weeks, during which it even crossed my mind how I might withdraw.'

Samaranch wasn't the only one with problems. The organisation of the 1984 Los Angeles Games was established on fragile foundations. Eighty three per cent of the population of Los Angeles had actually voted *against* providing any funding for the Games. For the first time, the Games were being staged by a private commercial group of individuals, led by Peter Ueberroth, rather than a city and national government. It was a step into the unknown.

Many IOC members were far from comfortable with Ueberroth's approach. Sir Reginald Alexander, the longstanding IOC member for Kenya, set the scene when he addressed Ueberroth, following his report to the IOC Session in Moscow: 'You, Mr Ueberroth represent the ugly face of capitalism... and its attempt to take over the Olympic Movement and commercialise the Olympic Games.'

And so, sitting in Moscow, facing the true impact of the US Government-led Moscow boycott, Peter Ueberroth was beginning to wonder whether the few sponsors that he had persuaded to sign up for Los Angeles would defect. 'Would all the TV negotiations come to a halt ... and would the IOC yank the Los Angeles Games?' he reflected. There was growing scepticism about whether Los Angeles would ever really happen.

Gentlemen amateurs

Dealing with this cash flow crisis, apparently diminishing future returns and crumbling confidence was the IOC's administration in Lausanne, Switzerland. This was made up of one full-time director along with a small, and somewhat amateur, administrative staff. One story exemplifies the IOC's amateurish approach. In 1979, the IOC counsel was given a cheque for \$25 million by Peter Ueberroth as the Olympic Movement's then share of the Los Angeles TV rights.¹⁵ Rather than bank the proceeds and earn interest, he headed off for a few weeks' holiday with the cheque in his wallet.

The IOC was as inept at generating money as it was at looking after it. Despite having one of the world's best known brands, the limited mar-

keting experiments undertaken by the IOC and Olympic organisers, more often than not, failed. In 1977, for example, the IOC entered into an agreement with a company called Interlicense for a 70-year term to license the pictograms – the graphic icons designed to depict each sport – from Montreal. By 1980 the contract was in dispute – a dispute that was not finally settled until 1990. At one stage, the Swiss courts ruled that the IOC should pay 60 million Swiss Francs in compensation. The IOC eventually settled the case for \$2 million.

With the IOC impotent – or worse – Olympic organisers had begun to develop their own sponsorship and licensing programmes. But the revenue they generated did little more than cover the cost of administering the programmes. Montreal attracted the support of 628 companies, with 42 official sponsors paying an average of Can\$50,000 each and generating a total of \$5 million in cash and another \$12 million in value in kind (products and services provided free) – just two per cent of the total receipts. Moscow issued some 6,972 certificates to manufacture over 17,500 different products but was unable to fill the yawning funding hole. Even Lake Placid, with the power and potential of the US market, could only generate \$26.5 million in cash and \$30 million in value in kind from some 200 companies. And, after the Games, organisers were faced with numerous lawsuits from companies who felt they had been cheated.

Any takers?

At the start of the 1980s, the situation looked bleak. Given the political boycotts and an unappealing commercial proposition, it was little wonder that the IOC was having great difficulty in finding any city willing to stage the Games. The risks were simply too great. For many it was seen as commercial suicide to even apply to host the Games. In fact, Lake Placid was the only city prepared to host the Winter Games in 1980.

When the IOC met in 1978 to select the city to host the 1984 Games, things weren't much better. Tehran, Iran, had originally considered bidding but lost interest when the Shah's regime collapsed. Islamic fundamentalism and sport are unlikely bedfellows. 'Tehran had a management problem at the time,' Peter Ueberroth wryly noted. The shortage of willing

candidates gave Los Angeles a strong bargaining position. The Los Angeles organisers simply demanded that the Games be staged on their terms. So difficult were the subsequent negotiations between the IOC and the organisers, that Lord Killanin began to explore whether there were any other potential host cities.¹⁶ There were none.

Similarly, the queue of candidates in 1981 applying to host the 1988 Summer Games was short.¹⁷ At the time of the Moscow Games, only one candidate had formally confirmed its intention to bid – Nagoya, an industrialised city in central Japan.

A possible second candidature came from Seoul in South Korea which was still a developing nation. Perhaps more worryingly, it was technically at war with neighbouring North Korea.¹⁸ The demilitarised zone, one of the most volatile places on earth, was less than 50 kilometres from Seoul. Howard Cosell, the distinguished ABC TV sports commentator remarked: 'You can't hold an Olympics in the middle of a war zone.' The country bidding to host the world claimed diplomatic relations with only 60 of the 160 nations scheduled to participate in the Olympics.¹⁹

Although a nominal democracy, politically South Korea was precariously balanced. The nation's president, Chun Doo Hwan, a former army general, had assumed power in the latest of a series of military coups, just a few months before the 1981 IOC Session. Based on the country's track record of military coups, it was more than likely that there would be several more in the intervening period between election and the eventual hosting of the Games.

These were some of the worries Samaranch inherited. Most disturbing of all was a growing sense that the Olympic Movement was becoming a political football. Unless it could become financially independent and free itself from political interference, it risked losing the moral authority imbued in it by the Olympic ideals.

Hostage to ill fortune

In the weeks after Moscow, Samaranch identified the priorities for building a solid foundation for the IOC. They were three-fold. First, he made it clear that the IOC needed to stand on its own two feet financially. Given the IOC's

parlous financial state, there could be little debate about the need for it to become self-sufficient.

In his first letter to IOC members after election, Samaranch wrote, with typical understatement, that 'the financing of the IOC is a matter of some urgency'. For the next two decades Samaranch devoted all his considerable energies to building a solid financial base for the Olympic Movement, so that cities would want to and could afford to host the Olympic Games, and National Olympic Committees could afford to make their own decisions, and not be solely subject to the financial whims of their governments. Providing a firm financial foundation for the Games was Samaranch's primary focus throughout his time as IOC president.

From the moment that Samaranch took over the IOC presidency, he turned to his close friend Horst Dassler, president of Adidas, and began to explore how to create a global marketing strategy for the Olympic Movement.

Dassler was no stranger to the workings of large sports organisations. He was closely connected to Joao Havelange who became president of the Fédération Internationale de Football Association (FIFA) in 1974. He was also friends with Sepp Blatter who succeeded Havelange in 1998. Dassler eventually became FIFA's marketing partner handling its marketing rights.²⁰

While there were prophets of doom aplenty, Dassler was an enthusiastic Olympic supporter and a voice of commercial sense and optimism. Dassler's vision for the Olympic franchise eventually provided the inspiration for its financial salvation. But all that was in the future. In the year after his election, Samaranch created a new commission, the New Sources of Financing Commission, with the specific mandate to explore additional revenue generating programmes for the Olympic Movement. It met for the first time in December 1981.²¹

The second element of Samaranch's turnaround strategy was to take control of the Olympic agenda. He would use his honed diplomatic skills to depoliticise the agenda, so that the term boycott could be banished from the Olympic lexicon and the Olympic cancer cured.

When he took over, the Olympic Movement was powerless in the face of politically motivated boycotts. Samaranch set out to change this by

creating a dialogue with world leaders. His idea was to avoid problems by anticipating and engaging with issues at an early stage – rather than attempting to solve them at the last minute. No longer would the IOC trail behind politicians and others whose short-term focus meant they were only interested in tomorrow’s newspaper headlines. Instead, the IOC would run its own race – with its own strategy. Samaranch invested time and energy in developing relationships with the world’s political rulers.

To establish close relationships with the rulers of the world, Samaranch had to appear their equal. He set out to visit each and every country. He sat down and talked face-to-face with each head of state and a range of government leaders to explain the role of the Olympic Movement. He explained how the boycotts were not only hurting them, but undermining the potential of the Olympics as a tool for peace. With this personal contact and access, Samaranch calculated that next time there was a crisis he might be able to speak to world leaders in person, or enlist their support before the situation escalated. His priority was to create a dialogue so that at least political leaders would talk before they did anything to jeopardise the Olympics.

The third element in Samaranch’s recovery strategy was unity. The entire Olympic Movement faced a crisis, he explained, and it was only by working together that it could get out of it. In this simple plea lay the insight that the Olympic brand is bigger than any one person or group. Perceived wisdom says that consensus can most easily be built on the lowest common denominator, but the Olympic Movement exemplifies the opposite. It is a cause that appeals to our aspirations, a brand that appeals to our highest instincts, one built on the *highest common denominator*. Samaranch understood this and used it to unify the Olympic family.

Mission possible

Over the next two decades, Samaranch and the IOC set about achieving his objectives of unity, setting the agenda and establishing the Olympic Movement’s financial independence and strength. Of course, in reality, the three are inextricably linked. Strong finances allow you to set the agenda and so on; and what was achieved was usually slightly different from the

initial objective – such is organisational life – but what was achieved was substantial and significant.

On the financial side revenues were raised dramatically. By 2008, global broadcast revenues had increased over 30-fold to \$3 billion, with NBC and the European Broadcasting Union paying a further 35 per cent increase in rights fees for the next quadrennial through 2012. This bucked the downward spiral that nearly all other sports events were facing. Coverage of the Olympic Games more than doubled to over 220 countries, with a global audience of close to four billion people – making it the largest broadcasting event in the world.

Increased broadcast revenues allowed the IOC to dramatically expand its funding support to the National Olympic Committees and International Sports Federations around the world.²²

This was further boosted by the establishment of the premier global marketing programme of its kind – the TOP programme – which attracted the support of some of the world's leading blue-chip corporations, including Coca-Cola, Kodak, McDonald's, Visa, Samsung, Swatch, and Panasonic.

Cash began to flow into, instead of out of, the Olympic coffers. Sponsorship revenues grew from \$56.5 million at Lake Placid to over \$850 million at Salt Lake City in 2002. The first sponsor for Vancouver 2010 paid over \$150 million, nearly triple the total amount generated in Lake Placid from 200 corporations.

Today, the Olympic marketing programmes are among the most powerful available. 'The Olympics provides companies with a marketing opportunity unlike any other,' noted the *Wall St Journal*, 'The 17 days of competition, many of the Olympic sponsors and suppliers say, offer a unique chance to test new products, ideas, concepts and programmes.'

Less is more

Paradoxically, this financial success was achieved with less commercial association, not more. There was a dramatic reduction in the number of marketing partners. It was also achieved without compromising the cherished Olympic ideals which make the Games unique and special.

The IOC was not seduced by higher offers from private broadcasters. Instead, it chose to keep the broadcast on free-to-air broadcast. This ensured that everyone in the world can afford to watch, and that economic access is not a barrier to following the Games. The Olympic stadiums and athlete bibs also remain free of any form of advertising. Tobacco and spirits sponsorship is also prohibited.

Maintaining the values and ethical principles of the Olympic ideals – and not selling out to Mammon – is a fine and continual balancing act. How to keep the Olympic soul and yet still provide the funding basis that allows the Olympic Movement to grow and thrive, is a formidable ongoing challenge. There is an obvious tension between the idealistic and commercial principles which resonate with modern Olympic philosophy and the need to finance the world's largest athletic and media event. More and more Olympic observers admit that this tension is no longer a conflictual one, but rather a dynamic balance where the identity of the Olympics, as the embodiment of a special set of values, engages in a delicate dance with commercial entities eager to use that identity to sell products.

It is important to remember that Baron de Coubertin's inspiring vision of the Olympic Movement contained one serious flaw: it paid little attention to financing the Games. Most Olympic Games in the twentieth century were made possible by imaginative scrimping and scraping – by athletes, NOCs, host cities and host governments. The ethics and ideas of the Olympic Movement were clear but their execution was built on a fragile commercial edifice. By 1980 this was teetering on the brink of collapse. The Olympic Movement had a choice: to continue on its amateurish and peripheral way into extinction or to reinvent its organisation and outlook for the modern age.

It chose the latter.

The journey began with the election of Samaranch to the IOC presidency. Just four years later, and despite all the predictions to the contrary, a bidding contest for TV rights offered the first glimmer of financial salvation. Yet, what seemed to be a massive shot in the arm for the Olympic Movement nearly killed it. The Scorpion Wars were about to begin, and for the IOC, the sting was in the tail.

NOTES

- 1 The leaders of the biggest and most powerful companies will also be in Beijing. For many, China represents the company's fastest growing market. By 2008, it is estimated that China will have become the world's second largest advertising market. The rapidly expanding ranks of Chinese corporate executives will be equally transfixed; aware that the Games is a unique global platform to build an international profile and brand. According to Chinese State Council spokesman Ye Zhen, the 'Olympic Factor' could contribute between 0.3 and 0.4 of a percentage point to GDP growth. Wang Naisheng, an economist at the China Agricultural Academy forecast that the Olympics would create 1.3 million new jobs per annum in building new subway lines, roads, stadiums. Tourism is forecast to rise by at least 5 per cent per annum, with the number of starred hotels in Beijing doubling.
- 2 It also asked: when will it be possible for China to send an athlete to compete in the Olympic Games? The first Chinese athlete, Liu Changchun, participated at the 1932 Los Angeles Olympic Games unbeknown to the Chinese Government. He finished last in his heats for the 100 and 200 metres. Embarrassed by the fact that the world's most populous nation was represented by only one athlete, the Chinese government decided to create a special training fund with 200,000 Yuan (approximately \$24,000) to prepare 36 athletes for the 1936 Games. The Chinese team returned from Berlin empty handed, prompting the delegation's official report to record that 'we were a far cry from many countries in the results and athletic abilities. We were ridiculed as having bought back nothing but a duck's egg.' The Chinese team did not return to the Olympic Games until Los Angeles 1984 – when, with a team of 225 athletes and 50 coaches, they won fifteen gold, eight silver and nine bronze medals, coming fourth in the national medal ranking table. Twenty years later, in Athens, the Chinese delegation won a record 32 gold medals, with second place in the global medal rankings. By 2008, the Chinese are expected to dominate the medal rankings.
- 3 The ancient Games were first staged in Olympia, Greece, in 760 BC. The Games survived over twelve centuries and 292 Olympiads until

AD 393, when the abolition of paganism by Christian Roman Emperor Theodosius I put a stop to them.

- 4 The IOC Session is the General Assembly of the IOC, much like a Parliament, and brings together all IOC members. Due to the boycott, only 77 members attended the IOC Session in Moscow. The Session normally meets once a year and reviews all matters of policy.
- 5 Sir Lance Cross was an early candidate but later withdrew from the race, giving his support to Samaranch.
- 6 Born in Barcelona in 1920, Samaranch showed an early interest in sports and sports administration. He studied at the Barcelona Higher Institute of Business Management. While there, he played roller hockey going on to organise the world roller hockey championships in Barcelona in 1951 (which Spain won). After college, he worked in the family business and also became involved in politics. He was a municipal councillor by 1954; a member of the Spanish Parliament by 1967; and served as Spain's national delegate for sport for three years. From 1967 to 1970 he served as president of the Spanish Olympic Committee. He was president of the Barcelona Provincial Council between 1973 and 1977, resigning to pursue his diplomatic career.
- 7 Moscow is a geographical thread running through the Olympic turnaround. In the same city, on July 13, 2001, Samaranch was handed an envelope by the election scrutineers following another secret ballot to decide which of Beijing, Istanbul, Osaka, Paris and Toronto could host the 2008 Games. Samaranch nervously fiddled with the envelope in front of IOC members and a barrage of TV cameras and then calmly announced: 'And the winner is Beijing.' It was also in the same Hall of Columns that, with perfect symmetry, the secret ballot results were announced that declared Jacques Rogge as Samaranch's successor.
- 8 Twenty-seven African nations were absent from Montreal – 10 never entered, and 17 withdrew, in addition to Iraq and Guyana. On the eve of the opening ceremony, a delegation of African NOCs asked to meet with Lord Killanin to avert a boycott. For whatever reason, IOC director, Monique Berlioux, refused the meeting. The Africans left Montreal on the next day.

- 9 President Carter even tried to stage an alternative event in Africa. Lord Killanin nearly repeated his Montreal African NOC mistake. The president of the American NOC organisation, Mario Vasquez Rana, rushed to meet Killanin to tell him that he had persuaded all South American NOCs to attend. He was kept waiting for four hours and very nearly went back on his decision not to boycott.
- 10 The Montreal Organising Committee actually generated revenue of \$430 million against operating expenses of \$207 million, thereby technically making a profit on the Games operation of \$223 million. The capital expenses of the Games, and the building programme charged against the Games budget dragged the overall operation into the red.
- 11 Lake Placid's attempts to get federal assistance to cover the \$8.5 million shortfall were repeatedly rebuffed, and were only eventually covered the following year by the Governor of New York.
- 12 Total broadcast rights for Moscow were \$101 million, with NBC paying \$85 million for US rights. Total broadcast rights for Lake Placid were \$21 million, with ABC paying \$15.5 million.
- 13 NBC's contract for the rights fees for the Moscow Games was valued at \$85 million – \$50 million in technical fees payable to the Moscow Organising Committee, and \$35 million in rights fees. Of this \$22.3 million was payable to the organisers and \$12.7 million to the IOC (for further distribution to the NOCs – Olympic Solidarity and International Federations). At the time the US Government issued its embargo on further rights fee payments, some \$12.32 million was still due to the Moscow organisers, and \$6 million to the IOC. In August 1981, NBC paid the amounts due to the IOC having recouped some of its losses from insurance coverage from Lloyds of London.
- 14 Dick Pound chaired numerous IOC Commissions including the IOC New Sources of Finance Commission (subsequently renamed the IOC Marketing Commission), IOC TV Rights Commission, IOC Co-Ordination Commission for the 1996 Centennial Olympic Games, IOC Centennial Working Group and the IOC Ad Hoc Commission into the Salt Lake affair. He is now chairman of the World Anti-Doping Agency (WADA).

- 15 While the IOC could bank the cheque and collect interest, it could not spend the capital until 1984 – once the Games had been successfully delivered.
- 16 On one occasion, when Killanin met with Mayor Tom Bradley, the mayor reportedly handed the Games back to the IOC president – noting that things had just become too difficult and the IOC's demands too burdensome.
- 17 The election of the host city for the 1988 Summer Games was scheduled for the IOC Session in Baden-Baden, Germany in 1981.
- 18 Seoul's bid nearly defaulted, as it failed to reply to the IOC questionnaire and make a presentation by the required date. The bid was only saved when Samaranch, now acting as President, insisted that the IOC evaluation commission visit Korea. Costs for the Games, even in the bid phase were already starting to escalate. The first budget analysis for the Government jumped from \$237 million to over \$900 million.
- 19 Seoul beat Nagayo by 52 votes to 27. The next seven years tested Samaranch's political skills to the limit.
- 20 Dassler's first role in a sports marketing agency was as the silent partner in the UK sports PR agency West Nally. West Nally was founded in the early 1970s by Patrick Nally, a young PR executive, and Peter West, the BBC sports commentator and presenter of the classic TV show, *Come Dancing*. West Nally rapidly became the foremost sports event marketing agency in the world. When Nally joined forces with Host Dassler, West Nally built up an international portfolio of sports properties (including soccer's World Cup and tennis' Davis Cup as well as helping establish new events like the Athletics World Championships and the Rugby World Cup). It also created the concept of event packaging, with product category exclusivity for sponsors. Many West Nally executives went on to hold leading positions in sports federations and agencies around the world, giving the agency the title 'the global sports marketing university'. In 1982, Dassler and Nally fell out, and Dassler established a new agency ISL – taking with him nearly all of the international federation clients. The Japanese advertising giant, Dentsu, was anxious to get back into

the sports sponsorship field, and unseat its rival Hackhudo which, through West Nally, had cornered the sports market in Japan and was poaching Dentsu clients. It aligned with Nally, helping Dassler build ISL quickly into the global force in event marketing. After Dassler's death in April 1987, following a short battle with cancer, his heirs inherited the company, with his brother-in-law Christoph Malms, a former McKinsey consultant, taking over day-to-day operations despite knowing nothing about the business. Soon all the experienced executives left: Klaus Hempel and Juegen Lenz created the Team agency that founded the Champions League; Stephen Dixon and Peter Sprogis founded Prisma to market the broadcast rights to the World Cup; and Andrew Craig left to run cart motor racing in the US. With no experienced executives left, ISL soon lost its way and was eventually declared bankrupt in May 2001.

- 21 The New Sources of Financing Commission was officially approved at the IOC Executive Board Meeting in Sarajevo, December 1981. Its chairman was Louis Guirandou-N'Diaye, the IOC member from Ivory Coast, along with IOC members, Reginald Alexander (Kenya), Henry Hsu (Chinese Taiwan), Berthold Beitz (West Germany) and Taek Soo Kim (Korea).
- 22 Broadcast revenues for the Winter Games rose from \$21 million at Lake Placid in 1980 to over \$738 million at Salt Lake City in 2002. Similarly, revenues for the Summer Games grew from \$101 million in Moscow to over \$1,497 million in Athens in 2004. Revenues to NOCs through Olympic Solidarity (the IOC's grant aid organisation to distribute funding to NOCs, especially the Third World) grew from \$8 million to over \$210 million.