

## Chapter 9

# TO THE BRINK AND BACK



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## The city of saints

It all began quietly. On November 24, 1998 a Salt Lake City television station, KTVX-TV, reported that a scholarship had been provided to the daughter of an IOC member, Rene Essomba from Cameroon, to attend university in Washington. The news report was based on an unsigned letter, dated September 17, 1996, from David Johnson, one of the leaders of the Salt Lake bid team, to Sonia Essomba advising her that the Salt Lake Organising Committee (SLOC) was unable to continue its scholarship support.

The letter had been handed over by Stephanie Pate, the former secretary to SLOC President Tom Welch, who had been pressured by Olympic trustee, Ken Bullock to 'find dirt' on Dave Johnson. All this was unhelpful internal politicking, but then the letter reached KTVX Channel 4 reporter, Chris Vanocur, who broke the story. At this point it became clear that the payments were part of a larger scheme to woo the family and friends of IOC members to win votes for Salt Lake City to host the 2002 Olympic Winter Games.

At first, media coverage of the scandal was limited to the local press in Salt Lake City. But it soon had massive worldwide media coverage, with far-reaching repercussions that eventually threatened the very existence of the IOC. It was one of the biggest crises in Olympic history.

For the IOC marketing team, it meant a frantic exercise in shuttle diplomacy, involving a whistle-stop tour of the world's most powerful companies. At stake was the then still fragile Olympic marketing programme – and all that we had achieved. David Miller, the chief sports correspondent of *The (London) Times*, noted that 'this initially minor revelation was on a par with the Watergate break-in. The ramifications were to prove similarly far reaching.'

As is often the case, the seeds for the crisis were planted much earlier. The starting point was Salt Lake's original bid for the 1998 Olympic Winter Games which it lost to Nagano, Japan. Salt Lake officials were convinced that they had been cheated. In this they were plain wrong. It was unthinkable that the IOC would stage consecutive Summer and Winter Olympic Games in the same country. With Atlanta hosting the 1996 Games, there was no chance of another North American city hosting the 1998 Winter Games.

The Salt Lake team didn't see it like that. Utah Senator Orrin Hatch wrote to Salt Lake's bid leader, Tom Welch, shortly after they had lost to Nagano,

stating: 'Had it not been for the prejudice and corruption in the system, we would have been winners.' Senator Hatch later told the *Salt Lake Desert News* that Salt Lake had lost its bid to host the 1998 Games, 'because Japanese leadership just basically bought the Olympics ... We were swindled out of it'. Ill feeling had bred a determination to win the next bid at all costs.

I first heard of the imminent crisis from the IOC director general, Francois Carrard. It was a passing comment at IOC headquarters. At first blush, it seemed a local story which would probably stay local. Samaranch, however, immediately recognised the potential gravity of the issue and instructed the IOC Juridical Commission and Francois Carrard, to begin a discreet investigation. Carrard contacted Frank Joklik, chairman of the Salt Lake Organising Committee, to establish what exactly was going on, and asked him to immediately bring a full report to Lausanne.

## The loose cannon

Things came to a head at the IOC's Executive Board meeting on December 11. This was the final meeting of the year. It was business as usual – the agenda included reports from the future Games organising committees, a debriefing on the Nagano Winter Games, along with regular reports from the various IOC commissions and the IOC administration.

For IOC Marketing, this was an important day. At lunch time, the new TOP partnership technology agreement was to be signed with the chairman of Sema, Pierre Bonelli, and senior vice president, Tidu Maini, who had led the negotiations over the past six months. Sema was to replace IBM as the overall systems integrator and provide the critical technology backbone to the Games.

At this stage it was still far from clear exactly what had happened in Salt Lake. The IOC had only read brief media reports and had not yet received any hard facts or evidence or a report from Salt Lake.

Straight after opening the meeting, Samaranch announced that a formal inquiry commission would look into the allegations. Samaranch asked Dick Pound, as an IOC vice president, to chair the commission.<sup>1</sup> This appeared to be a strong response, which would hopefully stop the problem escalating.

But any hope of a discreet inquiry was lost when veteran IOC member Marc Hodler rushed out of the meeting and into the lobby of the IOC headquarters to hold an impromptu press briefing. The usual crowd of around 15 or so journalists that follow the Olympic Movement were waiting for the standard mid-day board press briefing. No major decisions were expected, and the journalists were hanging around for odd bits of gossip and anecdotes of future Games preparations. They were surprised, therefore, to be confronted with the elderly Hodler in a state of considerable excitement.

Rather than waiting for the full report from Salt Lake, Hodler immediately started talking of bribery and corruption. He was not sure, he said, whether other Olympic cities had been elected cleanly – and talked of agents and secret encounters. ‘The cities have been the victim and not the villain,’ he insisted, pointing the finger of suspicion firmly in the IOC’s direction. Within five minutes of Hodler starting his ad-hoc press interview, the journalists had a lot more than mere gossip to report – they had the makings of a global front page story that would stop the presses and run for months and months.

Hodler was then in his eighties, one of the elder statesmen of the IOC. On the occasions I had any dealings with him, he struck me as highly principled and dignified. Elected in 1963, he had served at the top of the Olympic Movement for several decades. A leading Swiss lawyer, he had presided over the International Ski Federation for 47 years – the longest serving president of any international federation. He had been the chairman of the IOC Finance Commission since 1989, and had served as chairman of the co-ordination commissions for the Calgary, Albertville, Lillehammer, Nagano and now the Salt Lake Winter Olympic Games.

Hodler was also a senior member of the IOC Juridical Commission and, with concerns about the cost of bidding for the Games spiralling out of control, had been appointed by Samaranch to come up with a set of rules for bidding cities. These became known as the ‘Hodler rules’. Hodler had served three terms as a member of the IOC executive board and as a vice president of the IOC from 1993 to 1997. He had even at one stage been seen as a potential front-runner to succeed Lord Killanin as a future IOC president and actually ran for the post in Moscow. Hodler was highly respected, a major establishment figure within the Olympic Movement. Given this, his behaviour over the coming days and weeks was unusual to say the least. Hodler was not just some maverick outsider, he was the ultimate IOC insider.<sup>2</sup>

Not surprisingly, Hodler quickly had the media pack's undivided attention. Broadening the agenda, he started talking of Ferraris being given away so that Italy could host the World Ski Championships, and the role of the Agnelli family. (This did not please Evelyn Cristillin, Agnelli's niece, who was in Lausanne presenting Torino's candidature for the 2006 Winter Games. She threatened to withdraw the bid.) The journalists could not believe their luck. A trip to a quiet executive board meeting that had been hard to justify to their editors had suddenly become front-page news. The Sema announcement now seemed curiously unimportant – not to say embarrassing.

Eventually, Hodler was persuaded by IOC secretary general, Françoise Zweifel, to leave the press conference dais to make way for the formalities of the contract signing. Bonelli and Maini, along with the director general of Athens 2004, Costas Bakouris, and Salt Lake president, Frank Jocklik, joined Samaranch, Pound and Carrard on the stage.

Bonelli talked about his pride in joining the most prestigious marketing programme in the world, and Samaranch talked of the importance of corporate support to the Olympic Movement. But, hardly were the set speeches over when the questions started. None were about the new technological partnership, the largest and most important Olympic sponsorship agreement ever signed. Instead, they locked on to Hodler's outburst. Did the recent revelations mean that the IOC would withdraw the Games from Salt Lake? Was this the first time that the IOC had heard of any bidding indiscretions? What action was the IOC going to take against the members implicated? Would investigations be launched into other cities? How would the other losing cities react?

This was only the beginning. Over the following days, the media interest began to mount. Hodler cast himself as the conscience of the Olympic Movement, claiming that Samaranch had muzzled him from speaking to the press. In reality, Samaranch had simply suggested that the impromptu press conference would do more harm than good. Christmas only provided a brief respite, merely allowing journalists to gather their resources and start the New Year with a renewed energy for the scandal. By this time, the story had been passed from the sports journalists to some mainstream investigative journalists.

Curiously, when Hodler appeared before the IOC Inquiry he revealed that his allegations were actually based on hearsay rather than concrete facts and

much of the corruption he referred to had actually occurred in his own ski federation rather than the Olympic Movement. Even so, he continued being quoted extensively. The oxygen of publicity can become addictive.

## Bunny business

The Salt Lake Organising Committee freely acknowledged it had broken the rules. Ken Bullock, a SLOC trustee, said: 'The Games are an aphrodisiac. If you want something bad enough, you stretch the boundaries.' Visiting IOC members had been transported in private jets. Various IOC members had received support for education, their relatives had been given jobs, debts had been paid off and some had received hospital treatment. The SLOC had gone to imaginative – as well as excessive – lengths to gain support. It even spent \$1200 on sending a dozen rabbits to Dick Pound after he had suggested that their bid was running out of inspiration and there were no more rabbits they could pull out of the hat. The story looked as if it had the potential – scandal, bribery, high powered corruption, sex – to run and run, and all connected with the clean-living lifestyle of the Mormons.

As the negative headlines increased, the IOC's main focus was to communicate directly with all partners to let them know what was happening.<sup>3</sup> There was just one problem – we did not really have a clue what was happening. By early January 1999, the rumour mill was running overtime. Allegations and accusations were coming from all sides, with no hint where the next grenade might come from.

Such was the media onslaught that, on more than one occasion, I arrived at the office for the daily 8.00 am crisis meeting and wondered whether the IOC, which had survived 107 years and two world wars, would even make it through the next 24 hours. The IOC simply did not have the internal media resources to deal with the growing media barrage. Sponsors were increasingly concerned by the escalating negative coverage.

Typical of the coverage was an article in the *Financial Times* which observed: 'Faster, Higher, Stronger is the Olympic motto – to which could now be added Deeper, as the IOC plunges further into the mire of the Salt Lake scandal ... The carefully constructed image of honour and probity has been shattered ... dragging the Olympic name through the mud.' Another newspaper reported: 'Bribes scandal reveals sham of Olympic

ideal. The credibility of the Olympic Movement is shattered, the five interlocking rings blown apart.' Jerre Longman wrote in the *New York Times*: 'The Olympic Games are as decayed as a bad tooth, perhaps facing permanent extraction sometime in the future.'

Hodler continued to throw even more fuel onto the fire and, after originally defending SLOC, was now proposing that maybe the Games should be moved. Cities which had lost out to Salt Lake City in the election started talking of legal claims against the IOC. Rene Paquet, president of the Quebec bid, announced that the city, provincial and Canadian governments, along with the private corporations which had supported the bid, deserved some recourse. 'We had a budget of \$12 million..... that's a good place to start ... and then there is punitive damages.' Christer Persson, who led the Ostersund bid from Sweden, talked of Salt Lake being ordered to pay \$14 million in compensation to its competitors.

### Who pays the piper?

But Salt Lake was not simply about acting decisively to regain credibility. The media soon identified the real risk to the IOC – sponsors jumping ship – and began to home in, arguing that the power had shifted in the Olympic world to the sponsors. Calls in the media for Samaranch's resignation began to mount. The *Financial Times* and others reported that the final word on whether Samaranch stays or not 'may well rest with the Olympic Movement's new masters in the corporate world'.

*The Economist* put the issue more bluntly in its lead article 'Saving the Olympic Spirit': 'The obvious risk for the IOC is that the public will be appalled, the sponsors will take fright and the TV companies will lose heart, in other words the Olympics will slowly die.' *The Australian* wrote how 'Sponsors will check Olympic corruption ... And how one concerned group can provide a modicum of accountability to the almost untouchable IOC – the Olympic sponsors'. *The New York Times* broadened the attack to question not only sponsor support but broadcast advertiser support, commenting that while 'NBC will deliver the audience, negative public vibes will cause advertisers not to shy away, but run away'. The next report was that the local Salt Lake telecommunications partner, US West, was considering withholding a \$5 million payment to the Organising Committee.

Sponsors increasingly came under the media spotlight and, although most still refused to comment publicly on the situation, privately alarm bells were starting to ring, and ring loudly. Among those sounding the alarm was David D'Alessandro who, during 15 years at John Hancock, had quickly risen through the ranks from corporate communications to become chief executive. D'Alessandro was unsure whether the IOC would react quickly enough and believed that his own company's image – an image that in the world of life insurance was founded on 'trust and integrity' – would be tarnished if the scandal dragged on.

Three years before the crisis, D'Alessandro writing in *Fortune* noted that what 'we sell is trust. The credibility of the Olympics is very important to a company like ours'. As an old New York PR man, who had once handled publicity for an Ali-Frazier fight, D'Alessandro knew how to grab the media's attention with a short, sharp sound bite.

'We woke up one morning in late 1998 to discover we were now linked with a situation that represented the opposite of integrity ... and we believed that if the scandal had gone on too long without a resolution, it might well have hurt our brand,' he said. 'If they fail to investigate, the rings won't be tarnished, they will be broken. A failure to do so will cost the IOC its golden aura and the Olympics will become a mere mortal like the NBA and the NFL.'

### Message to our sponsors

All of this had an effect. Mud sticks. From a commercial point of view, the most worrying news was that Coca-Cola was reported to be reconsidering its sponsorship. Coke had been an Olympic sponsor since Amsterdam in 1928. If the company was to withdraw, then the end was potentially very close at hand.

Samaranch placed Dick Pound in charge of the investigative commission. This was a very public demonstration of the IOC putting its house in order. Carrard was dealing with the politics and communication. My brief from Samaranch was to meet with key sponsors to explain exactly what the IOC was doing to fix the problems.

Normally, giving CEOs of major corporations 72 hours notice of a meeting is not a good idea. They are busy people. This time, however, they were

keen to talk – very keen. Such was the urgency that I flew by Concorde to meet with the public relations firm Hill & Knowlton and from there late at night chartered a private jet to fly to Atlanta to meet Coca-Cola's top management. At the meeting were Doug Ivester, Coke's chairman and chief executive, Chuck Fruit, senior vice president marketing, and Scott McCune, head of global sports. After a 30 minute presentation, they all reassured me that they were not going to pull the plug. While they were understandably concerned about the scandal, they had enjoyed a long-standing partnership with the Olympic Movement and wanted it to continue.<sup>4</sup>

The message to the sponsors was simple. The IOC understood the extreme seriousness of the issue. The IOC leadership was committed to getting to the bottom of the matter and would take whatever measures were necessary to restore confidence in the Olympic ideal. Overall, the partners were surprisingly understanding. I spent an hour in a one-to-one meeting with Paul Allaire, chairman and CEO of Xerox, and he gave some of the best advice. Acknowledging that every company and organisation goes through a crisis, the challenge, and the true test of leadership, he said, was whether you could use the situation as a catalyst for reform and change. If you did, a lot of good could come out of the crisis.

The US trip was followed by a two-day visit to Korea and Japan to meet with Samsung and Matsushita. Both companies pledged their continued support for the Olympic Movement, although you could see that they were also struggling with increasingly aggressive media coverage. The Japanese, in particular, hold the Olympics in high regard and any suggestion of its ethics and standards being tarnished was difficult for them to take.

## Managing the media

Although Samaranch had built the IOC into a highly professional administration, there had always been one major weak spot – the communications department. The IOC did not really have one. Samaranch was never comfortable dealing with the media and had failed over the years to engage or keep a senior communications director. As they had come and gone, Samaranch had simply shrugged his shoulders.

So, when the crisis hit, the IOC paid a terrible price. The failure to address the communications issue meant that the IOC was misunderstood and had limited goodwill to deal with the press. Samaranch himself paid a high price. The toll on his personal reputation for failing to properly court the world's press was significant. Even today many people associate Samaranch personally with the Salt Lake scandal, something that is both unfounded and unfair.

Francois Carrard formed a small crisis review committee with a few senior IOC directors. The group reviewed each day's media headlines and the latest batch of rumours, so that we could try and respond accordingly, and advise all of our stakeholders on where things stood, so that they would not be blind-sided by the headlines or media calls for comment.

The first objective was to build up the IOC's communication resources so that we could begin to respond to the media inquiries. At the peak of the crisis we had over 1,000 journalists following the story on a daily basis. We looked around for the best crisis communications team we could find, and chose a specialised unit from Hill & Knowlton. They spent much of the next few months living in Lausanne. Dedicated information lines were set up in New York and London for the media, at times pulling in several hundred calls a day. Hill & Knowlton later compared the level of coverage and global media attention to the Monica Lewinsky story.

## Next up

Then a new scandal arose. On January 22, 1999, John Coates, president of the Australian Olympic Committee, and the key strategist behind Sydney's bid campaign for the 2000 Summer Olympic Games, released a set of documents. They indicated that the night before Sydney's election, at the IOC Session in Monaco, he had offered \$50,000 in athletic scholarship grants to two African members from Uganda and Kenya to encourage them to vote for Sydney. As Sydney had only won by two votes, the implications of Coates' revelations were dramatic.<sup>5</sup> Would the Chinese, who had lost to Sydney, demand that the Games be withdrawn from Australia? Would other cities come forward to sue the IOC over a mismanaged or perceived fraudulent election process? The drip, drip nature of the allegations looked like becoming a deluge that would kill the IOC.<sup>6</sup>

The Australian press were now on a witch hunt. They were soon digging up new stories about the IOC member Phil Coles and the number of times he had visited Salt Lake to inspect their facilities, with accusations of freeloading. In themselves, most of the allegations were pretty petty. But there was a conviction that there was much more behind all this, and the heavy mob of investigative journalists continued to weigh in. There was no let up.

Politicians, and especially those in the US Senate and US Congress, were soon starting to talk of special hearings, with a view to amending US Federal legislation on how broadcast and US sponsor payments might be remitted to the IOC. Senator John McCain talked of introducing a bill that would expand the Foreign Corrupt Practices Act to include the IOC. 'This legislation is in response to what I believe is a failure of the IOC to adequately respond to corruption in the selection of cities to host the Olympic Games,' McCain said.<sup>7</sup>

Meanwhile the Salt Lake Organising Committee and the US Olympic Committee had set up their own investigations.<sup>8</sup> The FBI, too, was allocating ever greater resources to the investigation. It was claimed that federal expenditure on investigating the Salt Lake scandal would eventually exceed the amount spent on the Oklahoma City bombing.

To make matters worse David D'Alessandro upped the ante by announcing that he was pulling the Olympic rings from John Hancock's advertising and marketing material until the scandal was resolved. Similarly he would not be buying any airtime on the NBC Olympic telecast. 'The IOC is not listening to the NOCs, or the press – perhaps they will listen to the people sending the money,' he said. On February 14, he sent the IOC a Valentine message with a difference. In a blistering piece for the *New York Times*, under the heading 'How to save the Olympics', D'Alessandro wrote: 'Every government forgets about the people who give it power ... it happened to Louis XVI, it happened to the Soviet Communists' and closed with 'a call for an immediate search for Samaranch's successor'.

I called D'Alessandro to explain that, in spite of the media comments, the IOC was a democracy and it would take time to get all the IOC members and countries on board to pass the necessary reform. D'Alessandro told me to go and consult a history professor and read up on the Magna Carta to understand the meaning of democracy.

In the weeks that followed, D'Alessandro made other unhelpful comments – about Olympic sponsorship becoming 'radioactive'. The IOC, he suggested was caught up in an enterprise killing scandal. Combined with challenges from *Business Week* that corporate America should grab the Olympic torch and take it back from the IOC, these remarks did little to bolster confidence in corporate board rooms.

D'Alessandro had his own agenda. He wanted to provide impetus for change, giving the Olympic Movement a nudge. The trouble is that his nudges felt like full-bodied heaves from a line-backer. His views didn't go down well with other sponsors and, from the IOC's point of view, no one enjoys having a gun put to their head.

The bullets kept on flying. The *Wall Street Journal* became particularly aggressive. 'Sponsors consider new Olympic Event: Jumping Ship,' it reported, noting that the Olympics were 'one of the costliest, most restrictive and tightly regulated sports sponsorships in the world.' Most sponsors tried to ensure that their comments remained neutral, but it was not easy. 'We won't be fully satisfied until this is completely put to rest,' was Coca-Cola's communication director, Ben Deutsch's response.

With unceasing and unfavourable media coverage and a vocal and negative sponsor in John Hancock, calls for Samaranch's resignation continued unabated. *The (London) Times* reported 'Olympic sponsors want Samaranch to step down'. Anonymous sponsor quotes began to appear in the media. 'If there was news that Samaranch was going to resign, there would have been great relief around the room,' one TOP sponsor marketing director was quoted as saying after an IOC-sponsor meeting. *The Herald Tribune* wrote that if 'Juan Antonio Samaranch falls on his sword next month when the tottering IOC weighs its bribery habits, it will have been Mr. D'Alessandro who furnished the blade'.

Sydney Team Millennium Partner, automobile maker Holden, part of General Motors, spoke for many sponsors when its spokesperson said: 'It's difficult for a sponsor in the current environment to maximise its association with the Games for as long as these revelations keep coming to the surface.'

Michael Knight, president of the Sydney Organising Committee, and 'Minister for the Olympics', in the New South Wales Government, began to worry that the crisis could have a serious negative impact on ticket sales,

and scare away additional companies from supporting the Games. Concerned with how to balance the budget, Knight also turned his attention to the IOC, demanding that the IOC agree to cutbacks in operations, and even consider making up any shortfall in finances from IOC resources.

### Not a resigning matter

Some of the coverage was as humorous as it was hysterical. Investigative journalists like Craig Copetas of the *Wall Street Journal* piled in, thinking perhaps that this was their ticket to a Pulitzer prize. Conspiracy stories were rife, with talk of dark, hidden forces trying to bring down the overly powerful IOC.

I will never forget when Copetas called me with the latest, confirmed story coming out of China. This was that, during Beijing's bid for the 2008 Olympic Games, the Chinese had given Samaranch one of the priceless 2000 year-old Terracotta warriors from Xian. Samaranch, so the story went, had spirited the diminutive stone warrior out of the country. Copetas wanted to know what Samaranch had done with it – as the warrior was not on show at the Olympic Museum. The implication was that it had been sold. I asked Copetas where he came by this information – only to be told that someone had seen Samaranch on the plane with it! I told Copetas I would check with the IOC accounts to see if we had an airline ticket receipt for a warrior from Beijing to Geneva.

Against this hysterical background, Samaranch wasn't going anywhere. I tried to explain to sponsors and the media that if we changed president now, we would be up the creek without a paddle. To have an election for a new president would be suicidal. The last thing we needed was more turmoil. The media accused me alternately of either flaunting my loyalty, or being scared for my job. It was the latter – not just my job, but also everyone's job within the Olympic Movement. We were perilously close to total collapse. The scandal threatened the very existence of the IOC.

If Samaranch had resigned I don't believe it would have helped. It was clear to anyone who understood the inner workings of the Olympic Movement that such a move would have simply left the IOC without a leader. The corporate model of having your CEO step down, to quickly stop the

media criticism and turn a new page solving all of your past problems, just would not work for the IOC. The quick fix public relations solution, to send a signal that there had been a change in direction, would have been just that – a short term PR fix to respond to the media. It would not have dealt with the real issue: driving through a reform process and restructuring the organisation.

The IOC simply could not operate on the traditional corporate model. It had over 100 members scattered around the world, with different customs and traditions, and all of whom were volunteers who normally only met together once a year. It would take time for consultation among the IOC membership. The last thing anyone needed at this stage was more instability with a big internal political campaign and power struggle. The level of change that was needed to fix the IOC's problems was radical. Samaranch had to stay in charge to call the shots and drive through the changes and reforms – not all of which would be popular or well received by the members. Turkeys tend not to vote for Christmas.

## The tide turns

Slowly, sponsors and the media began to accept that a Samaranch resignation would not solve the problems and that, if we wanted reform, he was perhaps the only man who could deliver. The headlines began to turn.

With Dick Pound dealing with issues through the Ad Hoc Inquiry Commission, Samaranch set about examining the broader strategic issues and putting in place a basis for reform. He called a special session of the IOC for March 17 in Lausanne to set about acting upon the recommendations of the Ad Hoc Commission, the expulsion of six members, and to discuss the necessary reforms.

Opening the session, Samaranch dropped his usual diplomatic guard and asked the Session to allow him to address them 'with the utmost frankness and to consider with the utmost seriousness what (he) had to say'. Samaranch continued, 'It is my firm conviction that unless we act quickly, decisively and unanimously at this extraordinary Session, the damage which may be done to the Olympic Movement, and to the IOC, as a result of the recent disclosures will be very, very serious. In the past, it did not matter that very few people understood what the IOC was and how it

operated. Now the world expects us to be more open – the word of current choice is transparent – and more accessible.’

Concerned that some members, especially those outside Europe and North America, who were not at the centre of the crisis and having to deal with the media furore on a daily basis, might not realise how desperate the situation was, Samaranch piled it on: ‘It is important, vital, that you understand the extent of this crisis. Make no mistake, however, that there has never been a crisis of this magnitude facing the IOC, and the Olympic Movement. It is our IOC that is now on trial.’

Following Samaranch’s sobering address, the IOC Session turned its attention to dealing with the report of Dick Pound’s Ad Hoc Inquiry Commission and the recommendation that six members be expelled from the IOC.<sup>9</sup> Each of the six members was given the opportunity to address the Session and respond to the case against them, after which the Session would vote on whether to expel their colleague. All six were expelled.

Next Samaranch proceeded to address his proposals for reform. He proposed a special Ethics Commission which included five members of impeccable standing and reputation from outside the Olympic Movement.<sup>10</sup>

Samaranch then proposed that a special commission, to be known as the IOC 2000 Commission, be established with the mandate to study just how the IOC should reform, adapt and modernise itself for the new millennium. A further special session of the IOC would be called at the end of the year to review and vote on the reform recommendations. Some 80 individuals were invited onto the Commission – less than half of them IOC members and 26 from outside the Olympic Movement. It was deliberately set up as a large group, to include all of the different stakeholders from within the Olympic Movement – the IOC members, the International Federations, the National Olympic Committees, as well as to ensure a full geographical and political representation. It was designed so that by the time the reforms were presented to the Session, they would have the maximum support from the membership.<sup>11</sup>

It was taking time, but the IOC was starting to show its partners that it was taking concrete actions. A road map for definitive reform was falling into place. Daily communications with the partners continued. Senior IOC executives were spending several hours each day talking to each of

them, briefing them on the latest developments and reassuring them. The IOC wrote to all the partners asking for their perspective and suggestions on the reform process. The mere act of involving them directly in the process sent another strong message from the IOC, that we wanted to take full advantage of the crisis and turn it to our advantage.

All of the TOP partners took the IOC's request very seriously, with chairmen and CEOs responding in considerable detail. Several of the suggestions were subsequently adopted by the IOC 2000 Commission.<sup>12</sup>

As a sign of the IOC's commitment that it would never again let its guard down on the ethical standing of the Olympic Movement, it was decided to introduce a morals clause into the sponsor contracts. The clause would allow sponsors to walk away from their agreements if there was ever a further lapse in ethical standards. It was a two-way street, though, as it would also allow the IOC to drop a sponsor if the sponsor was involved in a scandal that impacted upon the Olympic brand. 'It's the kind of clause that forces the IOC in the end to pay real attention if there is a real problem,' said D'Alessandro in one of his more helpful moments. 'It's also designed so that a sponsor can't walk away on a whim.' In reality, the inclusion of the morals clause in the sponsor contracts was more symbolic than anything else. It sent a clear message that the IOC was wholly committed to operating to the highest ethical standards.

## Brand collateral

Other leading industry commentators finally began to put some perspective on the affair. 'I think companies have come to the conclusion that the American public is not as concerned about this as the media would have us believe,' noted Neal Pilson, a sports business consultant and former president of CBS Sports. 'The fact is people distinguish between the [IOC's practices] and the excitement and competition of the Games themselves. It just isn't really a big story.' A poll by US research agency Eisner & Associates noted that, in spite of the media onslaught, only about a third of Americans were even aware of the controversy and almost none blamed the sponsors.'

Another poll, by Olympic partner General Motors, which was investing over \$1 billion in sponsorship and broadcast airtime buys in the Olympics through 2008, noted that although around 68 per cent of adults were

aware of the scandal, double the Eisner study, 90 per cent also said that the bribery allegations would not diminish their enjoyment of the Games.

As the IOC's reform process began to gain momentum, confidence built among the sponsors, and this became a turning point in media coverage.<sup>13</sup> Nicolas G Hayek, chairman of Swatch, came out stating 'The IOC is a victim of its own success by, in recent years, making the Olympics such an emotional event. It is still very much there – and the IOC is doing what it has to do, and what is necessary, to address the recent problems.' Xerox's Paul Allaire continued, 'There are few, if any, institutions in the world that enjoy the respect and prestige of the IOC and the Olympic Games. This made the recent disclosures all the more tragic. I expect however, that the IOC will respond positively to the events and take this opportunity to update the IOC's governance in recognition of its success'. Coca-Cola's sports marketing boss, Scott McCune, stated that, 'Contractually, while we're committed to the Olympics through 2008, philosophically, we are committed to the Olympics forever'.<sup>14</sup>

Although no sponsor had jumped ship, others in the line of fire began to find the going getting too tough and the future outlook grim. John Krinsky, the United States Olympic Committee marketing chief, who had run the US marketing programmes since 1986 as his private fiefdom, bailed out. For all his bluster and directness, used to good effect over the previous 13 years to try and beat sponsors and organising committees into submission, Krinsky wanted out. 'We have presented to probably 32 companies since the scandal broke,' Krinsky announced on his resignation, 'but we have not signed any new sponsor as of today.' This was not helpful at a time when we were desperately trying to build confidence among the US local sponsors.

## Fuelling the fire

Partners were also beginning to tire of D'Alessandro's negative commentary in the media. Most felt he was not helping by continually throwing oil on the fire and that it was better to stay quiet and let the IOC get on with the task of reform. No sponsor had until now publicly challenged D'Alessandro's outbursts, although in private, several insinuated that he had a hidden agenda.

D'Alessandro saw things very differently, comparing the Olympic situation to Watergate and the Monica Lewinsky scandal. In his view, it was not so much the initial reports of scandal that were the cause of the problem, but the slow reaction and perceived attempts at a cover up. For D'Alessandro, the question was not why he was so outspoken, but why the other sponsors remained silent.

'The others scream and yell at these meetings about how there's not enough reform, and some sponsors have tried to use this to try to get a discount, but they won't do it publicly,' complained D'Alessandro. 'Had those sponsors spoken their minds in a public forum, it would be over. It would be done ... Sponsors did not push for reform when they had a chance, and they've done a terrible job of insulating themselves. The problem is that without significant reform, there's a good chance you'll continue to get hit, if not by this scandal, then another one.'

One partner did finally break ranks and speak out, not against the IOC, but against D'Alessandro himself. Dick Ebersol, NBC Olympic and Sports chairman, had finally had enough, and launched into a blistering public attack. 'I am sick of watching this two-bit bully get on his soapbox. His actions demand a response – and that response is shut up ... D'Alessandro's tongue lashing will only hurt American athletes. His controversial seeking of front-page publicity, for no other reason than to get his name in the paper, is a tragedy. (He should) spend more time managing his own company.'

D'Alessandro quickly responded, accusing Ebersol of 'a desperate, unprofessional attack – [he] has a problem justifying a \$3.5 billion purchase.' Ebersol was right, though. D'Alessandro did have his own set of problems back at John Hancock. *The New York Times* had earlier run an in-depth article detailing how Hancock had settled a \$350 million lawsuit from policyholders 'for having sold policies that they did not need. The company had also had to pay \$1.1 million to settle Federal and Massachusetts state charges that its lobbyists illegally gave state lobbyists golf outings and other gifts in the 1980s and 1990s'. *The New York Times* went on to note that the original policy action suite revived 'questions about the integrity and management of John Hancock, striking at the core of the company's own values of trust ... With policyholders demanding the resignation of D'Alessandro,' and claiming back more than \$4 million in legal expenses.

Journalists noted that whilst D'Alessandro demanded a squeaky clean image for the Olympics and the IOC, his own company had struggled to remain untainted itself, after having admitted to illegally providing gifts to elected officials. D'Alessandro was fighting to win back the trust of his own customers. Questioning the integrity of the Olympics allowed him to take the high ground.

IOC members were now calling on a daily basis urging us to cancel the John Hancock TOP contract. Their anger was prompted by outbursts that were becoming ever more personal. 'The news media may be right when they compare the IOC to royalty,' D'Alessandro remarked. 'The IOC is like a royal family, one in which the cousins have been marrying each other so long it's no wonder that their ideas of what means what are a little daft.' The name-calling was getting out of hand. But I knew that cancellation of our contract with John Hancock would achieve nothing positive, only cause more media furore.

Thankfully, few at the IOC were aware of Hancock's own problems. If they had, it would only have added to the demands that the IOC drop the company as a sponsor. Tempting as it might have been at the time, I knew we had to try to keep the company on board. Doing so had become a key factor in showing the world that the IOC was prepared to take criticism and to reform itself. Within a few months D'Alessandro went from being the IOC's biggest critic to being one of its biggest and most public supporters.

The IOC 2000 Commission held its first full plenary Session in June 1999, at the Olympic Museum in Lausanne. Over the next few months a number of working groups thrashed out some 55 reforms. By December, a full package of reforms had been worked out and the IOC Session reconvened again on 11–12 December, to discuss the reform package. All 55 recommendations were approved unanimously. These ranged from fixed terms of office for members, which had to be renewed every eight years; through to the age limit for new members being reduced from 80 to 70 years. It was agreed that the active members of the IOC Athletes Commission be co-opted onto the IOC, which led to 15 athletes, with a number of gold medals between them, joining the IOC, including Sergei Bubka, Olav Koss, Manuela di Centa and Alexander Popov.<sup>15</sup>

It was also agreed that visits by individual members to candidate cities, the cause in large part of the Salt Lake crisis, be abolished. In a few short

months, the IOC had pushed through a reform programme that under any other circumstances would have taken over 30 years to implement. By the Sydney Games support and recognition for the sponsor role was at an all time high.

## New shoes

On Sunday, December 12, 1999, as Samaranch was closing the press conference for the session and reviewing the extent that the reforms would have on the Olympic Movement, I passed him a scribbled note that made him smile. It advised him that 72 hours of round the clock negotiations between the IOC, Nike and the Sydney organisers had led to a deal that would see Nike becoming a sponsor of the Sydney Games – replacing Reebok, which had suddenly withdrawn.

With all that had gone on with the crisis over the year, Reebok's announcement would have been devastating – the first sponsor to actually withdraw. Instead, we were able to announce a new deal with Nike. The former bad boy of Atlanta was joining the Olympic family. The tide was turning. The IOC's *annus horribilus* was nearing its end.

Despite the Olympic reforms, however, the US Congress continued to chastise the IOC. Like a terrier that won't release its grip, the US legislatures were locked on to the Olympic Games. There was still a risk of legislation to undermine the Movement's financial and legal basis. After the adoption of all the reforms by the IOC, Samaranch decided to accept the invitation of the House Commerce Subcommittee on Oversight and Investigation.

On December 15, 1999, Samaranch faced the chairman of the subcommittee, Fred Upton. A Republican Congressman from Michigan, Upton opened the proceedings with a series of inflammatory remarks. His comments seemed designed to provoke a response from Samaranch, and ensure that he, Upton, made the network news that night. Samaranch, though, refused to be riled. In a masterstroke of media management, the IOC president elected to only speak in his native language, Spanish, and therefore through a translator. This promptly killed off any attempt by Upton to give the news networks their 30-second sound bite.

The sub-committee went on to question the power and independence of the IOC Ethics Commission with its five independent members. When

two members, Congresswoman Diane DeGette from Colorado and Fred Upton, noted that, just like the US Senate Select Committee on Ethics, 'the US Congress has a self-policing ethics committee,' it failed to recognise any hypocrisy. As Olympic historian Dr Bill Mallon later commented, this was a classic example 'of the pot calling the kettle black'.

Former US Senator Howard Baker told Upton and his committee that, 'While I was initially sceptical about whether the IOC would undertake serious ethical and structural reforms in a fairly short period of time, it is now my distinct impression that the IOC – its leaders and its members – fully recognise the need to restore the Movement's credibility'.

### **Crisis over**

If there were any doubts that the crisis was over, an announcement a few weeks later put paid to them once and for all. The IOC Executive Board was holding its final meeting before the Games in Sydney. Samaranch decided to hold his press briefing on the field of the main Olympic stadium. As he completed his review of the issues discussed at the Executive Board, he concluded with an announcement that, for once, literally left the press corps speechless. 'Today, I am pleased to announce that we have completed discussions with one of our TOP partners for them to continue on through TOP V, to the Olympic Games in Athens in 2004. I am pleased to confirm that John Hancock will be renewing their Olympic partnership for another four years.'

The media had expected that, with the Olympic crisis now slowly drawing to a close, the IOC would re-sign many of the TOP partners. But they were convinced that we would never ever bring John Hancock back into the fold. D'Alessandro, who had been one of the strongest critics of the IOC, had once again become one of our biggest supporters: 'We made no secret of the fact that, in order for the IOC to regain our confidence, as well as that of the public, it had to become a more democratic, transparent and accountable institution. We believe that with its reform vote in December, the IOC has addressed these issues. Its members listened to voices for change from inside and outside the organisation. The IOC leadership deserves credit for this progress.'

John Hancock was putting the rings back on its annual reports and buying more than \$10 million of Olympic airtime from NBC. The media took note.<sup>16</sup>

Other sponsors began to come forward and express their confidence in the IOC and the future of the Olympic Movement. Visa renewed its sponsorship through Athens. 'We are pleased with the reforms enacted by the IOC,' commented Coke sports marketing boss Scott McCune. 'We believe that there is a serious effort underway to bring about real reform and we commend the IOC for working to protect not only our business interests as a sponsor, but the interests of millions of people around the world who are passionate about the Games – which is the basis for Coca-Cola's continuing commitment to the Olympic Movement.' Rod Eddington, chairman of Sydney Team Millennium Partner, Ansett Airlines, noted '[The controversy] has in no way impacted on our commitment to the Olympics or our support for it. It is a distraction ... But we don't think it undermines the perception of the Olympic sponsorship we're involved in'.

Dick Pound, who with Samaranch had led the IOC through the crisis, commented: 'I believe that our sponsors understand that the IOC took the crisis very seriously, that it acted quickly to address the governance issues and went far beyond solving the crisis – putting in place a more open and modern organisation reflecting best practices. This together with the global marketing strategy developed by the IOC to add more value to Olympic sponsorship, has generated increased confidence among the sponsor group regarding their Olympic investment.'

It has been interesting to look back at the crisis and why it generated such a media frenzy and ferocious onslaught from investigative journalists. The Salt Lake crisis had revolved around a potential \$400,000 – \$500,000 of misappropriated funds and questionable contributions, and dominated the global media for close to a year.

The same week as the Olympic crisis broke, the European Commission in Brussels revealed that auditors estimated some five per cent of its annual budget of \$100 billion went missing through fraud. In other words, over \$5 billion was being lost to fraud – an amount thousands of times greater than the IOC was accused of misplacing. Yet it hardly gained a mention in the press outside of Europe, while in Europe the story soon died down. The morale? People have lower expectations of bureaucrats and politicians

than of the stewards of the Olympic Games. It is the IOC's job to make sure they are never disappointed.

### Putting things in perspective

It took some time for everyone at the IOC to appreciate that the media outrage should be taken as a compliment. It didn't seem that way at the time, but the concerns underline how much people truly care about the Olympic Games, and why the Olympic brand is unique. With an almost magical aura going back to the earliest Olympic Games, the modern Games had traded on its illustrious past of idealism, fair play and international competition of the world best athletes in the interest of excellence and global peace. Disclosures of improper payments by those lobbying for their city to be awarded the Games was a fundamental breach of the ethical principles on which the Olympic Movement was founded. It was because the Olympic Movement had founded itself on a set of values and ideals beyond any normal sports event, that the disillusionment ran so deep.

In the end, it did not really matter whether it was a \$1 million or \$100 that had gone astray – people's trust had been broken. They looked to the IOC to be the true trustees of the ancient Olympic ideal and to keep it on its pedestal. In a perverse sense, the crisis had validated all the brand research findings of the previous year.

After the crisis, our PR advisors Hill & Knowlton produced a report analysing 'Why the media engaged in a feeding frenzy of the IOC'. Hill & Knowlton had never seen anything like it in their corporate history. They came to five conclusions.

First, the Olympic Games are held to a higher standard and are much more than just a sports event. Anything that brings into question the Movement's integrity, risks undermining the Olympic values and damaging the brand. The IOC had frankly underestimated the huge social significance of the Games.

Second, the IOC was an unknown entity and had historically been a private and inaccessible group. It was, at times, perceived as arrogant and elitist. The general public gave little thought who actually put on the Games.

Third, the communications management was a challenge. Rather than a tightly controlled media message, as any corporation would have been able to impose, the IOC was unable to control the multiple different sources from within the Olympic Movement that were speaking out to the media. The situation was not helped when some IOC members would respond with their own attacks on the media such as ‘the criticism has been exaggerated and it has done disproportionate damage’ (which it had) but this only continued to feed the media coverage as journalists interpreted this as a challenge to their journalistic integrity.

Fourth, the changing nature of communications with the growing role of the internet was ready made to fuel the rumour mill. Internet search engines provided easy access to local media stories that, within a few hours, would be turned into global headlines. The story was also somewhat unique in that it was multi-phased, impacting on so many different sectors, with athlete comments on sports pages, sponsor comments on business pages, and the alleged scandal seen as hard news, on the front pages.

Fifth, and finally, various politicians also saw the scandal as a potential opportunity to try and exercise control over the independence of the IOC – independence that arguably had been the very reason why the institution had survived the twentieth century.

The fact is that, whether we like it or not, scandals sell and this story had all the ingredients to make this a front-page story everyday – and the media threw all the resources at it they could.

In the end much good did come out of the crisis. Ultimately, I believe it will be seen as the catalyst for radical change and reform. At times, back at the beginning of the year in 1999 it looked as if the IOC would not survive. There was a very real risk of the sponsors jumping ship and the whole pack of cards tumbling down. But, by the end of the year, it was clear that the IOC had come through the crisis better equipped to play its part in the modern world than before. ‘There is always a positive side to a crisis,’ Samaranch said in closing the Session. ‘Without the crisis, the IOC would never have undertaken the massive and fundamental programme of reforms, which were approved at this historic Session. Thanks to these reforms, the IOC will enter the new millennium stronger, more modern, more democratic, more transparent, more accountable for its actions and more responsible.’ Samaranch would later say, ‘No revolution has been possible without scandal’.

## After the storm

On Friday December 5, 2003, just under five years after Hodler gave his first unscheduled press briefing in Lausanne, US District Federal Court Judge Tom Sam launched a stinging attack on the prosecutors who had brought the case of bribery against the bid leaders Tom Welch and Dave Johnson.

The judge said that, 'In all my 40 years' experience in the criminal justice system, as a defence and prosecuting attorney, and as a Utah State judge and United States District Court judge, I have never seen a criminal case brought to trial that was so devoid of criminal intent or evil purpose'. He said that the evidence never met the legal standard for bribery, and the case 'offends my sense of justice'.

Judge Sam then went on to ask the million dollar question: 'Now that the court has determined that enough is enough and brought this misplaced prosecution to conclusion, I would be interested in knowing how much taxpayers money was spent in investigating and prosecuting Mr Welch and Mr Johnson over the past six years.' It is unlikely anyone will ever know, although the rumours were of over \$20 million, more than twenty times the amount that the bid committee was accused of misdirecting. At one stage it was claimed that there were more FBI agents working on the Salt Lake Olympic case than the Oklahoma bombing.

What are the key lessons we learnt from managing the crisis? Communicate often, openly and honestly with your stakeholders. Try not to let your partners be blind-sided by unexpected developments, and ensure that they have the facts and information to manage issues and expectations internally. Try to give them some inside track as to how things will evolve. In the end, the IOC's openness, accessibility and candour with our partners stood us in good stead. But it was a close call.

Happily, Sydney sweetened any bad taste left in the mouth by the Salt Lake scandal. Sydney, as expected, was a huge success. But what about the next Olympic venue – Athens? What would happen when the Olympic flame finally went home? It is no coincidence that crisis and chaos are both Greek words and, as we were soon to be reminded, the Greeks do them spectacularly.

## NOTES

- 1 The IOC Ad Hoc Inquiry Commission, chaired by Dick Pound, became known as the Pound Commission. Samaranch appointed IOC vice presidents Kebe Mbaye, (Senegal, chairman of the IOC Juridical Commission and a former vice president of the International Court in The Hague); Pal Schmitt (Hungary, Olympic Gold medallist in team épée fencing in Mexico 1968 and Munich 1972 and then Hungary's ambassador to Spain); Thomas Bach (Germany, Olympic Gold medallist in individual foil fencing from Montreal in 1976 and a lawyer) and Executive Board member Jacques Rogge (Belgium).
- 2 An editorial in *Sports Business* spelt out the significance of Hodler's outburst: 'Almost anybody beyond their teens will be aware that allegations of such skulduggery are nothing new. The whistle-blower was not some maverick journalist, who might be silenced by threat of court order, but one of the IOC's own. That meant the allegations were sure to be taken seriously.'
- 3 The city was once called the City of Saints and the press saw the 'sins of the Olympic family being revealed in more scandalous detail than ever expected'. Headlines included 'Sinful book of revelations'.
- 4 Coke was supportive enough to issue a press statement: 'As a supporter of the Olympics for over 70 years, we believe in and are committed to the Olympic Movement. We are very confident that they are taking the right steps'. This prompted headlines such as, 'Coke satisfied with IOC Efforts' and 'Coke sticking with the Olympics', which dampened some of the media speculation about sponsors pulling out.
- 5 Sydney was elected during the final round of voting by 45 to 43. It was the closest city election in recent times. The result could have been even closer, if one IOC member David Sibandze (Swaziland) had not left before the final round of voting to catch a flight.
- 6 Graham Stringer, the former leader of Manchester City Council, one of the defeated bid cities announced in *The Times*, that the 'IOC should take a very serious look at whether the Games can be moved from Sydney'.
- 7 Other US politicians who waded in included Senator Ted Stevens, who circulated draft legislation that would limit the IOC's tax-exempt

status, limit global sponsors ability to deduct payments as business expenses and transfer all rights to award the US broadcast rights from the IOC to the USOC. US Congressmen Henry Waxman and Rick Lazio tried to introduce a bill to prevent anyone from doing business in interstate commerce in the United States from providing financial support to the IOC until the Committee adopted certain reforms. Waxman would later note in a House Subcommittee testimony, 'It was a tough bill, a controversial one, but a necessary piece of legislation'. None of the acts were passed, probably to the chagrin of Dick Schultz, the USOC executive director, who continued to quietly work the agenda to try and take control of commercial issues away from the IOC for the benefit of the USOC. Barry McCaffrey, the White House Drug Policy tsar, launched a public, and very scathing, attack on the IOC, at the World Doping Conference in Lausanne, calling the IOC a Byzantine organisation and saying the failure of leadership had challenged the legitimacy of the institution. McCaffrey's lecture to the conference about the lack of drug standards by the IOC and many NOCs was seen by some as highly hypocritical a year later, when it turned out that the USOC and the American sports system faced sports-related drug issues at least equal to the rest of the world.

- 8 Investigating the IOC and the bidding process suddenly became a very popular and high profile pastime. At one stage, there were four separate investigative commissions – in addition to the IOC's. The Salt Lake Ethics Board was chaired by the Honourable Gordon R Hall, the former Chief Justice of the Utah Supreme Court. The five member commission released their 57 page report to the SLOC Board of Trustees on 8th February 1999 detailing the extent of SLOC's aggressive lobbying efforts to win the Games, but did not find any new information of substance not already dealt with in the IOC's report. The USOC established a Special Bid Oversight Commission, with George Mitchell, the former US Senator from Maine, as Chairman. The Mitchell Commission released its findings on 1 March 1999, in a 50-page report that took a broad look at the overall bidding process, the IOC structure and the USOC. The New South Wales Government turned to Tom Sheridan, the former Auditor General of Australia, to review the records of the Sydney bidding process.

The Georgia House Subcommittee on Oversight and Investigation turned to Griffin B Bell, the former US Attorney General to conduct a review of Atlanta's bid for the 1996 Games. The Bell report, released on 15th September, did not find any wrongdoing, noting that 'this is not a corrupt system, but is subject to abuse. We had a couple of cases where we gave gifts of \$1,000, and given all the people fighting for the same thing, I'm amazed it didn't go higher'.

- 9 The IOC Ad Hoc Commission recommended the expulsion of six members: Agustin Arroyo (Ecuador); Zein El-Abdin Ahmed Abdel Gadir (Sudan); Jean-Claude Ganga (Congo); Lamine Keita (Mali); Sergio Santander Fantini (Chile) and Paul Wallwork (Samoa). Charles Mukora (Kenya) whose expulsion had been recommended earlier had in the interim resigned. Three members also resigned before the Ad Hoc Commission had presented its initial findings on 23rd January – Bashir Mohamed Attarabulsi (Libya); Pirjo Haeggmann (Finland); and David Sibandze (Swaziland).
- 10 Howard Baker, former majority leader of the US Senate and White House Chief of Staff under Ronald Reagan; Kurt Furgler, former President of the Swiss Confederation; Javier Perez de Cuellar, former UN Secretary General; Robert Badinter, the former French Justice Minister and President of the French Constitutional Court and a representative of the IOC Athletes' Commission; and five time Canadian Olympian Charmaine Crooks all joined the IOC Ethics Commission.
- 11 Outside members of the IOC 2000 Commission included political leaders such as US statesman Henry Kissinger; Boutros Boutros Ghali, the former UN Secretary General; and Oscar Arias Sanchez, the 1987 winner of the Nobel Peace Prize and former President of Costa Rica. Business leaders included Paul Allaire, the chairman of Xerox; Fiat's Giovanni Agnelli; Nicolas G Hayek, chairman of Swatch; Japanese sports goods manufacturer, Masato Mizuno; Peter Ueberoth, the organiser of the Los Angeles Games along with Dick Ebersol, chairman of NBC Sports and Albert Scharf, president of the European Broadcast Union to represent the interests of our broadcast partners.
- 12 George Fisher of Kodak noted how 'there can be few international organisations, whether governmental or businesses, that do not have some form of term limits for their governing members. Appointment of

members for a life term seems to create an atmosphere that is counter to good governance and sensitivity to the constituencies represented. Effective governing bodies need to be continually refreshed with new ideas and perspectives to remain in tune with ever changing global conditions and values.'

- 13 Press headlines included 'Sponsor Support Steadfast' (*Washington Post*); and 'Scandal? What Scandal – Olympic sponsors aren't fazed by allegations of corruption' (*Business Week*).
- 14 Kodak came out with a strong statement applauding the IOC's reforms. 'Basically from the onset, we have been telling the IOC to go deep and go wide in their investigations and it appears they are now doing that,' said spokesman, John LaBella. 'The good news for the IOC is that they seem to be in a position to avoid an internal meltdown. They clearly had their ducks lined up (for the house cleaning and reform process at the Lausanne Session),' another sponsor representative told the *Wall Street Journal*. Coca-Cola commented 'We expect the IOC to continue to review other opportunities to rebuild public trust and support. Ultimately the success of this week will be determined by the IOC's ability to quickly define, embrace and enforce new reforms'; Jack Greenberg, McDonald's CEO noted: 'We're all concerned about what happened and don't want it to happen again ... but today we believe in the values, the athletes and the power of the Olympics'.
- 15 IOC athlete commission members co-opted onto the IOC: Roland Baar (Germany); Hassiba Boulmerka (Algeria); Sergei Bubka (Ukraine); Charmaine Crooks (Canada); Robert Ctvrtlik (USA); Alexander Popov (Russia); Jan Zelezny (Czech Republic); Manuela Di Centa (Italy); Johann Olav Koss (Norway); and Vladimir Smirnov (Kazakhstan).
- 16 'The IOC in a deal that suggests that sponsors are trickling back ... a deal [that] represents a mile stone for the IOC, reeling from a bribery scandal,' was how *The Wall Street Journal* finally acknowledged that the IOC had turned the corner. *USA Today* reported that 'Hancock's renewal is a major boost for the IOC in its campaign to convince the public the reforms enacted in December are real and meaningful'. 'Despite the tarnish of the Salt Lake bidding scandal, the Olympics remain good as gold for marketers and media buyers', was *Advertising Age's* perspective. And the Salt Lake media, where the whole crisis

had begun, was reporting that it was finally over: 'In what is sure to be called a turning point in the Olympic credibility crisis ... by re-signing John Hancock, the IOC can claim the recovery is complete and the power of the Olympic brand is as strong as ever.' Industry commentators like John Hoberman, an historian and long-term critic of the IOC noted that, 'There is a kind of Teflon coated appeal to the Olympics'. Professor Rick Burton noted how D'Alessandro had been the IOC's 'biggest critic and he came around. This reflects the great integrity of the Olympic property. He has been very sincere about the ethics issue almost to the point of becoming a pariah. In challenging the sacred icon that is the Olympics, D'Alessandro stood alone. He was the 12th angry juror for quite a while and a lot of people threw sticks at him, including Dick Ebersol. He could not have taken what he took without having some intuition and integrity of opinion'. Lisa Ukman in *IEG* commented that 'there was no more dramatic comeback in 2000 than the one the IOC has made on the sponsorship front. Stronger than ever financially – the negative fallout just did not happen'.