

Chapter 11

THE FUTURE OF THE RINGS



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The Olympics now

In July 2001, Jacques Rogge succeeded Samaranch, becoming only the eighth President of the IOC. Rogge is a Belgian surgeon and former Olympic sailor. He immediately embarked on consolidating the IOC's position, focusing on the operation of the Games and taking a zero tolerance policy towards doping. An accomplished communicator, Rogge quickly won over the media with his open and relaxed style.

Rogge inherited a very different IOC from his predecessor 21 years previously. The IOC was no longer facing bankruptcy; politicians no longer saw the Olympics as a political football. The Olympic Movement today is probably stronger than at any time in its history. The Games of Athens, Salt Lake City and Sydney were among the most successful ever – both athletically and financially. Interest in the Games is at an all-time high, with record broadcast audiences and frenzied bidding for future Olympic rights.

Broadcasting rights for the major territories of North America and Europe are all sold through to 2012. Sponsors remain highly committed to their involvement with the Olympic brand. Strong marketing revenues have allowed the IOC to significantly increase revenue support for NOCs, Sports Federations and athletes. Add in fierce competition among the world's leading cities to host future Games, and the Olympic brand, and all it stands for, continues to resonate around the world.

As we have seen, none of this happened by chance. There are, I believe, eight key lessons from the Olympic turnaround. The future success of the Olympic Games rests on these. Together, they provide a new marketing framework for sports franchises as well as broader lessons in leadership and management.

1 Leadership is multi-dimensional

The Olympic turnaround was driven by leadership. Although it was sometimes misunderstood by those outside the IOC, Samaranch's leadership – long-term and strategic – was fundamental to saving the Games. It helped the IOC seize the agenda. Instead of being constantly on the back foot, the IOC began to dictate terms. Samaranch offered a clear vision. He wanted to modernise the Olympics while remaining true to its ideals; to

commercialise without compromising. It also helped that, according to one observer, Samaranch had the strategic skills to play chess in three dimensions.

Samaranch understood the special attributes of the Olympic franchise and he was patient. The Olympic Movement works to long-term plans. It is not driven by quarterly results. At the same time, clarifying what constitutes success for the Olympics is an important element in its resurrection. The key measures of the Olympics' success are: whether the Games is still the ultimate prize for athletes; whether it is true to its values, philosophy and brand; and the size of the broadcast audience (as the unequivocal test of the public's interest).

Samaranch's focus on getting the IOC to stand on its own feet financially and to act as a united body was crucial in the early years.

The entire Olympic Movement faced a crisis, he explained, and it was only by working together that we could get out of it. In this simple plea lay the insight that the Olympic brand is bigger than any one person or group.

2 Financial independence buys freedom of action

It was clear that the Olympic Movement had no future unless it could break its political dependency and become financially independent. This financial imperative led to the creation of what became the most successful global marketing programme in the world.

TOP represents a marketing strategy that, over time, has come to provide companies with a unique platform to fast track their development, enhance their brand and motivate their employees.

All this was achieved with less commercial association, not more. There was a dramatic reduction in the number of marketing partners and a strategy was developed to avoid compromising some of the basic tenets that helped make the Olympic Games unique and special.

3 Higher values set the commercial value

Maintaining the values and ethical principles of the Olympics, and not selling out to Mammon, is a fine balancing act.

But there is a paradox here. Over the years, it has become increasingly clear that the non-commercial values provide the Olympic brand with its true commercial value to marketing partners.

The Olympics possess a set of attributes that are undeniably valuable to any marketer. The Olympic Games value honour, integrity, determination and commitment to excellence, all qualities that most companies aspire to. The Olympic Games possess attributes such as dignified, worldly, global, modern, multi-cultural and dynamic – all of which reflect well on sponsors and project a positive image.

As David D'Alessandro, chairman and CEO of John Hancock Life Insurance, observed 'the Olympic Games may be the biggest marketing opportunity on earth, but only because they were something else first'.

And that is the crux of the proposition. The Olympic Games are far more than just another sporting event. The unique value proposition of the Olympic Movement, carefully nurtured over the past century but able to trace its roots back nearly 3,000 years, is what has driven the value of the partner association. The Olympic franchise is built on the Olympic values. It can only be sustained though carefully managed and long-term relationships.

This then is the benign paradox at the heart of the Olympic brand. Any erosion of the Olympic ideals would also erode the value of the brand. Contrary to what the critics say, the Corinthian values and the commercial value are intrinsically linked. Safeguarding the Olympic principles relies on the brand stewards being prepared to communicate this – and fight to protect it.

4 Zero tolerance – 'sorry' doesn't work

Greater clarity about what matters for the Olympics has been matched by greater assertiveness about what the commercial success of the Games depends on. Defending its rights, its image and what it stands for is central to the Olympic turnaround. Exclusivity is key. Sponsors need to know that they can invest in the Olympic Movement and be certain that they are not going to be undermined by a last-minute surprise promotional campaign by their competitor.

If the IOC had sat back and taken the easy option, turning a blind eye to the occasional borderline promotion or partner presence marketing indiscretion, the marketplace would have rapidly been cluttered and sponsorship fees would have stagnated at 1980 levels.

5 Hold the torch aloft

It is not enough, though, to simply protect the Olympic brand – unless that brand is truly cherished. The Olympic heritage is the Olympic brand's greatest asset and that should never be forgotten.

In the centre of Lausanne, overlooking Lake Geneva, is a museum dedicated to the Olympic spirit. It is a permanent reminder of what the Olympic brand really stands for. It was built in 1994 and houses a wealth of Olympic memorabilia, much of it donated by former Olympic athletes. To the uninitiated it looks like a curious assortment of vintage sports clothes and outdated equipment. But to the Olympic aficionado – and that's most of us in some way or other – it is an Aladdin's Cave.

Here, for example, are the very shoes that Jesse Owens wore when he won the gold medal for the long jump in front of Hitler at the Berlin Games of 1936. Here, too, are the medals that have been produced for every Games of the modern era. The museum also houses an archive of some of the most memorable sports footage ever filmed – from American swimmer Mark Spitz winning seven gold medals at Munich in 1972 to British rower Sir Steve Redgrave capturing his fifth gold medal in Sydney.

Managing this heritage and making people – internally and externally – aware of its importance is crucial to creating a sense of belonging in the organisation, a sense of meaning among other stakeholders and a sense of permanence and magic in the brand.

6 Manage the grey areas

There are two aspects to this element in the turnaround. First, is the simple fact that you cannot nail down every detail of a long-term relationship in a contract. There will always be grey areas. You have to be prepared to deal with the inevitable issues these create as and when they emerge. Flexibility is essential if you are to build long-term relationships. At times, it comes down

less to what the contract says but whether an action enhances and supports the Olympic brand and strengthens the partnership for the future.

The second grey area is that the Olympic brand will always attract people with their own agenda. Beijing will be no exception. Every Games brings its own ethical challenges. Burying your head in the sand is not a viable strategy. The long-term protection of the Olympic brand requires its custodians to engage with the grey areas. This is the nitty-gritty of brand management. Failure to do so is an abdication of responsibility.

There are times, too – not often but occasionally – when it is necessary to bend the rules. The key to this is recognising that rules are not the same as principles. Rules can be bent, but you must never break the fundamental Olympic principles.

7 Develop fast reflexes – use crises as a catalyst

Crises happen. It is the mark of an organisation's management and leadership as to how it responds. It is the mark of its resilience as to how it emerges from the crisis.

Surviving a crisis requires leadership. When the IOC was threatened with the Salt Lake crisis, Samaranch dropped the diplomatic niceties, acted quickly and decisively, and, perhaps most importantly, drove through further changes. The crisis was used to totally reform the IOC – pushing through changes that under normal circumstances would have taken decades, in under six months. These actions not only saved the IOC from the immediate crisis, they also ensured its long-term credibility.

8 Appeal to the highest common denominator

When times are tough it is tempting to compromise standards, to forget founding principles. The Olympic turnaround, however, was built around cherishing the Olympic principles and bringing them into the lives of more people. It was founded on the highest common denominator rather than surrendering to the needs of short-term commercialism.

In the 1990s, the IOC was not seduced by higher offers from private broadcasters. It took the view that the Olympics stand for equality of access to opportunity and should be open to all. As a result, it kept the broadcast



on free-to-air broadcast so that anyone in the world could watch. Money must never become a barrier to following the Games. Similarly, the Olympic stadiums and athlete bibs are free of any form of advertising – and tobacco and spirits sponsorship are prohibited.

Always better

As strong and healthy as the outlook is today, it is essential for the Olympic Movement to continue to reach forward, push the agenda – not sit back, and become overly bureaucratic. It must continue to push for the big ideas, realise the full potential and power of the Olympic ideal – like the athlete, always aspiring to do better.

Success tends to have easily disturbed foundations. In the case of the Olympics it is always one flawed Games away from trouble. Another Atlanta could see the IOC on the defensive, fighting to keep sponsors on board and trying to ensure the Olympic brand image is not compromised. Nor can the IOC legislate in an increasingly fragile world for security, medical or other events which have the potential to disrupt the Games – or even prevent them happening.

Performance-enhancing drugs will remain an issue. There is always the potential for drug taking to erode the ethical basis of sport. If competition is tarnished by drug users the Games could be seen as a cynical deceit. Victor Conte, the Balco chemist, and advisor to many leading US sports stars, talks of the child-like gullibility of the public. 'The Olympic Games are a fraud,' he has said. 'It's almost like what I am here to tell you right now is that not only is there no Santa Claus, but there's no Easter bunny or tooth fairy either in the world of sport. The whole history of the Olympics is full of corruption, cover-up, performance-enhancing drug use.'

The IOC's stance has always been unequivocal. Jacques Rogge has made tackling drug users a core part of his presidency, and Dick Pound now leads the worldwide anti-drug body. Both advocate a zero tolerance policy and together they have made major inroads into the fight against doping, finally persuading governments around the world that they must also share in the responsibility – that the sports movement cannot solve the problem alone.



Success in the future requires the Olympic Family to remain both vigilant and credible in these areas. On the commercial side, too, there are a number of issues that the Olympic Movement must address in the next few years. Failure to do so could damage, or even destroy, it.

- **Decisive leadership.** There must be clear and decisive strategic leadership. There is a danger of retreating into the comfort zone. The IOC is not a savings bank, nor a simple administrative body where the management of the process is more important than the result. It must seek out opportunities, be able to react quickly, while remaining true to a long-term strategic vision. It must be exceptional rather than accepting of mediocrity. It must also understand that decisive leadership requires long-term vision.
- **Revenue distribution.** Few spectacles are as unbecoming as different members of the Olympic Family squabbling over money. If they are allowed to, these squabbles will continue to threaten and undermine the overall unity of the Olympic Movement, and place marketing programmes like TOP at considerable risk.

Sooner, rather than later, the political leadership of the IOC needs to grapple with the problem. It will need to develop a clear and transparent revenue distribution formula for all members of the Olympic Family. With the economies and sporting performance of countries like China and Russia continuing to grow, they will soon be demanding a much larger share of the revenue cake. The question will be where to take it from. Something will have to give. Always taking money from the organising committee share is not necessarily the solution. The IOC must also focus on ensuring that the actual product – the Games themselves – are properly funded and continue to set new standards.

- **Multi-city bids.** The third issue is maintaining a healthy climate for cities to bid for the privilege of hosting the Games. The host cities are the lifeblood of the Olympic Movement. No host, no Games. It really is as simple as that. Twenty years ago, the IOC had to beg and plead with cities to host the Games. Today, too many people have forgotten those dark days. We have become used to seeing cities falling over themselves in their desire to bring the Games to their city.

Following the Salt Lake scandal, the IOC introduced tight guidelines on the bidding process, overseen by an energetic and, supposedly, independent IOC ethics commission. However, the guidelines have become so suffocating and, at times, petty, that there is a very real risk that cities and their governments will begin to question whether it is worth the hassle of bidding at all. Cities must be able to promote their candidatures – and benefit from just being a candidate. Politicians should be encouraged to support their bid, and speak out for the Olympic ideal. Balance must be found between ensuring a fair playing field and preventing a repeat of the ethical problems and excesses of past campaigns.

The Olympic ideal is best served by having multiple bidding cities competing against each other. The day when the number of cities falls to one or two candidates is the day the IOC will no longer be in the driving seat. When that happens, as Los Angeles showed in 1984, the city will dictate its own terms. That could threaten the integrity of the Olympic brand.

- **Managing new technologies.** In the coming years, there is no doubt that new technologies will present exciting new opportunities. The fourth challenge will be to find the right balance – making sure that the end result is really enhancing the viewer experience – giving the viewer greater choice of when to watch, what to watch, how to watch, in which language to watch and so on. Effectively this will allow everyone to create their own customised Olympic viewing experience. But in the rush to embrace new technology, we need to be careful not to undermine one of the critical elements of the Olympic presentation – the family viewing experience. The Olympics are about a shared experience.

New technology will also challenge the existing commercial advertiser-based models. In time, the only commercial message that the sports viewer will see will be the messages he or she wants to see. The viewer will be in control. This is already happening. TiVo and other video recorders allow viewers to delete advertising messages. If advertiser-supported television is slowly eroded over time, how will commercial rights fees be funded?

- **Avoiding political interference.** Samaranch spent much of the first decade of his presidency engaging with the political leaders of the world so that the Olympic cancer of boycotts could be banished. Although boycotts now seem a distant memory, there is a new and growing political threat on the horizon, and the IOC leadership must continue to engage with the world's political leaders.

The European Commission is already trying to use sport and sports broadcasting as a vehicle to facilitate technological development across the continent. Whether the IOC, and other sports bodies, should be used to promote the development of 3G telecom and other technologies, is a cause of much debate. If there is no real demand yet for the service, is it right that the sports bodies be forced to license their rights, to create such demand? Especially when doing so might undermine the broader economic model on which sports broadcast rights had been founded?

During the bidding for the European broadcast rights to the 2010-2012 Olympic Games, conducted in 2004 prior to Athens, the IOC was required to separate the tenders for mobile and new media rights from broadcast rights. This the IOC reluctantly did – only to find that not a single company wanted to bid for the stand-alone mobile rights. In the end, everyone realised – everyone except the offices of the EEC in Brussels, that is – that it only made sense if there could be one overall gatekeeper to co-ordinate all rights and maximise the potential promotion for the viewer.

The EEC came to the rescue of the Athens Games by providing financial support for infrastructure development. But the IOC and all sports leaders must stay alert to ensure that the sports agenda is not once again captured by political leaders for their own ends.

- **Risk management.** Would another ethical scandal among the IOC membership create the same furore and confusion as the Salt Lake scandal did? Probably not. For one thing, there is now a mechanism to deal rapidly with such issues. The IOC president, Jacques Rogge, has both the authority and the will to act.

The broader issue, though, is the overall question of security of the Games in today's global environment. One of the most worrying developments of the Athens Games was the enormous cost of bringing

the security infrastructure up to a satisfactory level and responding to the global media's onslaught to find holes in the armour. And for all the security at Athens, a defrocked Irish priest was still able to disrupt the men's marathon. But this paled in significance next to media speculation. There was talk of sabotage, chemical and biological attacks, poisoning of the food supply to the athletes village, and cyber attacks to close down the Games information system.

Some commentators have begun to ask who can afford the security costs now necessary to protect the Games. Who, for example, should foot the bill for the cost of F16 fighters patrolling over the host city 24 hours a day? Insurance premiums have spiralled in the last decade and the insurance market is no longer anywhere near big enough to cover all the Olympic market needs, never mind the added pressures of other major events like the soccer world cup.

The threat is not just at the event itself but also in the lead up to the Games. Would the Salt Lake City Games have been able to take place, if September 11 had taken place on January 11, one month before the Games? Would the Beijing Games take place if the SARS epidemic were to break out for the first time in the summer of 2008?

Olympic Games have been cancelled three times over the past 100 years. It is not unreasonable to assume that, at some stage in the future, the schedule of the Games will again be compromised by events outside of the IOC's direct control. The IOC has moved to try and in part cover such an eventuality by building up a set of financial reserves that could carry the organisation through a quadrennial without an Olympic Games.

- **Realising the full potential of the Olympic brand.** Finally, the Olympic Movement has a responsibility to develop and use the Olympic brand to its full potential. The power of the Olympic Games is potentially awesome. The IOC has a duty to be more than simply the Olympic administrator. The question the Olympic Movement must ask itself is whether the IOC is using its resources to carry forward its mission beyond the Games themselves?

The danger is that if too much attention is focused on the operational aspects of the Games – creating multiple reporting systems, excessive focus on cost control – other aspects may be neglected. The

Olympics celebrate humanity's highest aspirations. The most diverse congregation on the planet meets to pay homage – not to one God, but to a wider faith in human ability and aspiration. The Olympic Games are a microcosm of global civilisation.

The three pillars of the Olympic ideal are sport, culture and respect. The five Olympic values are: sportsmanship; education; exceeding one's expectations; solidarity; and peace and happiness. Those who serve it are charged with advancing that agenda. These values are the foundations upon which the Olympic franchise is based. They are immutable. They are the reason why athletes are prepared to dedicate years of their lives to pursuing the Olympic dream. And we, like them, are elevated by the spectacle of their endeavour as they strive to live up to the Olympic ideals. That must never change.

As Baron Pierre de Coubertin, the founding father of the modern Olympic Movement, put it, the objectives of the IOC are: 'To celebrate the Games regularly. To make this celebration evermore worthy of its glorious past and in keeping with the lofty ideals that inspired those who restored it. To instigate and organise all events and ... take all measures to ensure that modern athletics develops in the desirable manner.'

Higher, faster, stronger is the Olympic motto. It continues to inspire athletes to compete for the honour of being called Olympians, but it must also be the aspiration of those who manage and safeguard the future of the Olympic Games. The Olympic brand is one of the most powerful brands in the world. To remain so, its future stewards will have to be vigilant in defending its honour, and yet also have the courage to grasp new opportunities as they present themselves. It is only by constantly reinventing itself – and by striving for greater glory – that the Olympic Movement can remain relevant and vital in a changing world. In an era when cynicism seems to have reached epidemic levels, it is inevitable that the Olympic ideal is constantly being challenged – whether it is through attitudes to doping in sport or inappropriate attempts to exploit the Olympic brand. But the Olympic dream is also more sorely needed now than at any time in its history. It is the responsibility of the Olympic leadership to serve mankind. We owe it to future generations not only to defend the Olympic ideal but to advance its agenda into every sphere of human endeavour.