



OLYMPIC CAPITAL quarterly

Sports Management Update from the City of Lausanne and the State of Vaud

Trends to Track

by Richard Worth, CEO,
SPORTFIVE Group

The economic crisis: an opportunity for sport?

While “the crisis” continues to hit the worldwide economy, it is legitimate to reflect on its potential impact on the international sports world. Mr. Richard Worth, CEO of the SPORTFIVE Group, shares his view on the issue, and suggests that the crisis might even be an opportunity for sport.

Is there any convincing reason to conclude that the dramatic impact of the ongoing financial crisis, the worldwide collapse of confidence in the markets, and the scarcity of credit will not have a proportionate effect on the business of sport, and the main financial drivers of media and sponsorship income?

On the surface there is no doubt that growth will certainly be limited, that sporting bodies and rights holders will be lowering their expectations, and must work far harder to maintain the current income streams, than at any time in the past decade.

The logical conclusion must be that if the ranks of the unemployed workforce (in particular those that regularly attend sporting events and pay their sports channel subscriptions) are swelling on a worrying basis, and that strategic sponsorship investments by major companies in top quality sport are reined in, then the revenues which underpin the funding of the sports marketplace must naturally diminish.

The counter-argument is that sport, especially at the highest level, is somehow insulated from the financial storms for a variety of compelling reasons. Sport sustains us in difficult times, sport consistently inspires us, and the greatest sporting occasions extract us from our everyday worries and provide reason to celebrate, even more so in the darkest of times.

In recent weeks we have evidence to support market optimism, with an approximate 5% reported increase from the domestic media rights renewals of one of sport’s glowing commercial performers, the English Premier League. The news that BSkyB, Setanta Sports and the BBC have all renewed their relationships until May 2013 will have comforted the Premier League clubs, cushioning the impact of any potential bad news from falling gate receipts, or collapsing sponsorship agreements.

However, within this very network of broadcasters lurks a grave danger that the shift of ownership of the six available live rights packages from the current four-to-two in favour of BSkyB against Setanta, to a more dangerous five-to-one for BSkyB, could threaten the survival of the secondary Pay TV platform altogether.

Already in the same league, AIG, a substantial victim of the financial fallout in the United States, has announced it will not continue its high-profile support of Manchester United, just about the biggest global brand in sport, while others in the Premier League struggle to attract any healthy income from shirt sponsorship at all.

Every market will suffer, by varying degrees

It is almost impossible to generalise, since every market will suffer, by varying degrees. Certain sports will hold up better than others and those more reliant on support from the financial sector will be more adversely affected.

Inside

| | |
|---|---|
| Trends to Track | 1 |
| The economic crisis: an opportunity for sport? | |
| In the Manager’s seat | 4 |
| “We need to mobilise our federations’ army of fans” | |
| From the Seminar Room | 6 |
| Selling your sport by telling a story | |
| MSI Lausanne | 8 |
| The Olympic Capital continues to grow – be a part of it! | |



OLYMPIC CAPITAL quarterly

From the Olympic Capital



Dear friends from
Lausanne and beyond,

As the economic climate continues to be unsteady, we have all asked ourselves how this will affect our own lives, jobs, and futures. This issue of the Olympic Capital Quarterly looks at what the economic crisis could mean for sport.

The crisis certainly hasn't stopped us in the Olympic Capital! We are eagerly continuing to invest and improve in the facilities we offer to sports organisations based in Lausanne and its surrounding area. As a major part of these facilities, we are in the final planning stages of the extension of the International House of Sport (MSI). Inaugurated in 2006, the MSI is currently home to more than 30 sports organisations. The extension, due to start in September 2009, will comprise of the construction of a fourth building adjoining the current three buildings that are just minutes away from the IOC headquarters, the lake and the Alps.

There are many benefits of joining the MSI, and more details can be found on the last page of this issue, or visit our website, www.msi-lausanne.ch, to find out more.

Enjoy this issue and we look forward to seeing many of you at Sportaccord in Denver!



With kind regards,

Patrice Iseli
Head of Sports
City of Lausanne

“Market leaders have shown in the past how, in an economic slowdown, effective brand cultivation strengthens their position in the industry and in the money market.”

► The last days of January brought news of the liquidation of the Gateway Broadcasting pay-TV service, which was an ambitious provider of sports content across the African continent, following a string of withdrawals from sporting relationships around the world. Honda's retreat from Formula 1, followed by similar longer term announcements from Credit Suisse and ING, and those of Suzuki and Subaru from the World Rally Championship are clear indications that all is not healthy in the automotive category, while in apparent contradiction, the IPL cricket circus is paying extraordinary sums for star players to appear in its second spectacular series, and the Superbowl 30™ slot prices (always a barometer of the health of the flagship sports properties) reached a record €3 million in 2009.

Although the TV channels' annual budgets are bound to decline, mainly as a result of lower advertising sales revenue, the above mentioned Premier League deal is not the only indicator that overall, media rights will be less hard-hit by the crisis. However, rights owners must prepare to be flexible. One probable strategy is to grant media rights for shorter periods, at least until a clear upward trend is discernible in the economy. But each right has to be assessed and analysed on a case-by-case basis and agencies in particular are tasked with finding creative, flexible solutions that will yield acceptable prices and prevent damaging panic sales in the market. I expect that we will continue to see ramifications from this crisis for the next 3-4 years.

Opportunities will arise from the current situation

The challenges ahead must be met by all parties in unison, the major sports federations and rights holders as well



Richard Worth.

as agencies and marketers, and anyone who commercialises sports rights in the media industry. And it is of highest importance for us to not lose sight of the spectators in the stadiums and TV audiences. In the scramble for the best strategies to effectively combat the spread of a global financial crisis to our business, the sports fans must remain the focus of our activity. They are the reason why our industry may even emerge from this crisis stronger than before, because the public interest in sport is in no way diminished in these times of economic uncertainty. The universal appeal of sport remains as great as ever. The product we are dealing with is highly emotional: in general people love sport. Their enthusiasm is the reason why the sports industry is actually among the more lucrative branches of economic activity, especially in this crisis.

We must now emphasise that opportunities will arise from the current situation. In the area of sponsorship, those who act counter-cyclically and increase their expenditure on sponsorship and brand communication in the crisis can profit in the long term. Even compara-



tively low advertising spend will give brands stronger penetration and higher Share of Voice. Market leaders have shown in the past how, in an economic slowdown, effective brand cultivation strengthens their position in the industry and in the money market.

At SPORTFIVE, we draw our partners' attention to this potential: the stability offered by sponsorship is an exceedingly effective and relatively inexpensive measure in a company's wide range of communication strategies. A survey on "Recession, Reality & Recovery" by the European Association of Communication Agencies, which examines data gathered over the past 85 years, repeats the assertion that overall, brands which maintain their budget during a crisis emerge from it stronger and with greater revenues than competitors who curtailed their budgets.

Sadly however, what is certain is that there will be significant victims of this financial turmoil, from across the sporting spectrum. A global industry worth in excess of \$100 billion annually will need to exhibit prudence, caution, and in many cases nervousness, if the casualty list is not to grow to frightening levels.

Top assets in international sport will not all expect significant decreases in income

It will probably become more difficult to recruit sponsors for the less popular sports, smaller leagues and even smaller clubs in the major leagues. Investments are now subject to greater scrutiny from the companies' heads of sponsorship and the quantifiable success of any action is analysed even more meticulously. The crisis could alleviate the appetite for sponsorship of secondary and tertiary properties, but

the top assets in international sport will not all expect significant decreases in income.

One persuasive argument is that such a crisis, which attacks the weakest points of relationships within the sporting landscape, although it is damaging and dramatic is no bad thing in general. A market correction might even introduce greater focus and concentration into a market fuelled by elaborate and often unrealistic expectations that the commercial sector will always foot the bill for the overindulgence of the industry.

If one outcome of a global downturn in sports marketing investment will be that individuals, clubs, leagues and federations must be more measured in their judgements and expectations, and even for instance that the salaries of some

of the more journeyman professional sports performers are brought towards levels that the ordinary sports fan or supporter can relate to, then some good will have been achieved.

Flavio Briatore, the managing director of the Renault Formula 1 team, summed up the issue when financial services company ING announced the withdrawal of its sponsorship at the end of the coming season, in saying "we have been aware for quite some time that the world's financial climate was calling for a restructuring of our sport".

The ride will be bumpy and unpredictable but with good management and proper focus, sport will surely survive.

About SPORTFIVE



SPORTFIVE is one of the largest sports agencies worldwide and covers the entire spectrum of sports rights marketing, from the worldwide TV rights trading to stadium advertising, shirt sponsorships, stadium development and hospitality programs. In all, the group markets more than 30 national football associations and over 250 international clubs and 10 leagues. In addition to its core business, SPORTFIVE also does business in international handball, rugby, tennis, rallying, triathlon, athletics and more.

Head Office:

Zurich (Switzerland)

Shareholder:

Lagardère Sports

Management:

CEO: Richard Worth

COO: Trevor Birch

Employees Worldwide: 500

International Offices:

Argentina, Australia, Belgium, Brazil, Bulgaria, China, France, Germany, Israel, Italy, Luxembourg, Malaysia, Netherlands, Poland, Singapore, Spain, Switzerland, UK, USA

Homepage: www.sportfive.com

For more information please contact:

Caroliene Götz, Vice President
Corporate Communications
caroliene.goetz@sportfive.com



■ In the Manager's seat

Exclusive interview with
Hein Verbruggen, President
of the General Association of
International Sports Federations
(GAISF), Chairman of Sportaccord



■ Sportaccord, now in its sixth year, has definitely marked its place on the international sporting calendar. What is the reason behind this success?

Perhaps it is not only success, but just a logical development. I came up with the idea of Sportaccord myself, and there was never a doubt that it would develop. We used to have meetings all over the place which wasn't logical as at the time most sport administrators were volunteers. So eight or nine years ago we started thinking of how we could organise things to be more logical, efficient, less costly, etc., and immediately we saw the potential of a yearly meeting.

The first year it was a bit difficult. We then moved to Lausanne, where it was good but already the platform had become too big. In our third year we hired Anna Hellman, Sportaccord's Executive Director, and she understood immediately what our target group needed. We then moved to Berlin, where everyone was able to stay together at the same hotel, and since then Sportaccord has been a growing success. Now it is just a matter of controlling that it doesn't grow too big.

■ What do you think has been Sportaccord's impact on the management of sport over the past few years?

Sportaccord is much more than a platform to exchange knowledge; it is even more than just a networking platform. It is meant to

“We need to mobilise our federations' army of fans”

In each issue, the Olympic Capital Quarterly gains insight on the actual issues sports managers based here in the Olympic Capital face on a daily basis in their organisations. In this issue, we asked Mr. Hein Verbruggen, President of the General Association of International Sports Federations (GAISF) and Chairman of Sportaccord about his views on the role of this major sport gathering and its impact on sports management.

foster a spirit of cooperation that is necessary for federations. We are all in the same situation, confronted with the same problems and opportunities. Based on what we have done with Sportaccord, we, GAISF, are moving to the next stage where we want to increase our services to international federations in fields that have to be addressed, such as anti-doping, rules for betting, etc. It is silly that every federation tackles these issues alone. If we do it together it will be cheaper and more efficient. The world of sport is still rather amateuristic, but I don't mean that in a negative way. We need to find ways to become more professional. This is the role that GAISF should play – we need to offer services to enable federations to increase their resources.

■ Sportaccord is the one place that the sports industry comes all together during the year. How do you think sports organisations can continue to exchange knowledge and experience between this annual meeting?

Sportaccord is the place where problems are discussed and come to the surface. We take stalk of what is happening within all of the federations. This is only useful however if at the end of the convention we start working to ensure something is done about these problems. As long as Sportaccord allows us all to pick up a few things, gives leads on how to move forward, and the speakers are relevant, then we can work together to ensure something comes out of it after it is finished.

■ This is the first Sportaccord to take place in the United States. Do you think that more bridges could be built between US sports and the “European sports model”?

First everyone has to clearly understand these two different models; the American model and the non-American model. The so-called European model is in place in many other parts of the world. I see the following development taking place in the non-American model.

There is a danger that the professionals want to get out and set-up their own pro-leagues. We have seen this in football, with the G14 and also in basketball with the Euroleague, and cycling with the Tour of France. This is the first attack on the structure of a federation. If the top of their pyramid, the professional leagues, is gone how are they going to finance the rest of their activities, for example the grassroots activities, etc? This is a dangerous development and one that the politicians in Brussels aren't aware of. As long as they continue to see sport as a purely economic activity they are promoting this dangerous trend.

Our role, as GAISF's, is to predict these trends. The response needs to be to make IFs stronger. We have a huge potential that we don't tap into – the fan base around the world. We need to mobilise our federations' army of fans.

“ Some still believe that the 'love of the sport' is all that counts. But love alone will not get you very far. ”



Denver, Colorado.

■ **How do you feel that the management of governing bodies has evolved and how do you think it should evolve in the future?**

Federations are slowly realising the potential of their brands. And I mean brands in the large sense of the word. This indicates that market oriented thinking is increasing. Federations are not a business, but they need to be run like a business. I have often been criticized because I am too business oriented. I am proud to be a business man. Some still believe that the 'love of the sport' is all that counts. But love alone will not get you very far. The second thing is that we, as sports federations, are becoming more a part of the world and

politics are more involved. We are no longer small groups of people that get together on Sunday to play a match. We have become more professional. This means that we have automatically become more a part of society and are therefore confronted with the rules of society. This creates an opportunity we need to tap into, fans are more interested in sport than in politics, we need to activate them.

■ **If you could give one piece of advice to young people dreaming of a career in sports management, what would it be?**

I would give the same advice to everyone, whether they are young or old; try to be the best.

Graduates are entering a more and more professional environment. It is unavoidable that the role of volunteers will decrease in sport and be replaced by professionals. As in all walks of life, people are becoming more specialized. Even athletes are becoming more specialized: a few years ago cyclists would compete in road, track, etc., now they have a specialty and only compete in that one discipline. Sport administration is no different. The world of sport, at least the administration of sport, is not a big world, but it will continue to grow and people will find their place. But federations will be forced to select the best people as the environment develops.

■ ■ ■ ◆ **Fast track**

How to receive feedback successfully

Often, when it comes to feedback, advice is directed at providing tools to managers on how to give feedback more effectively. The other side of the story is of equal importance – how can you make sure you are making the most of the feedback you receive? Feedback is a powerful tool for personal development, so if you want more and better feedback you need to take responsibility in making it happen. Here are a few fast tracks to get you started.

Track no. 1

Ask for it. If you want feedback you have to ask for it! While it is often best to ask for feedback before the situation, so the other person can watch for and observe in a way that allows them to prepare for their comments, asking at any time is a great strategy for getting more feedback.

Track no. 2

Listen to it. Listen with your ears to what is being said, but listen too with your eyes and your heart. Try to understand what isn't being said as well. Giving feedback isn't always easy, and the person giving you feedback may feel uncomfortable, so listen closely and actively asking questions to clarify questions and for additional details and insights.

Track no. 3

Be open to it. Some feedback is easy to agree with as you are expecting it, but often it can be a surprise. You may have barriers in your mind and when others sense those barriers, you are making it less likely that they will want to share future feedback with you. Be open and you will get more feedback in the future, and you'll make better use of the feedback you are currently receiving.

Track no. 4

Depersonalize it. The single biggest barrier to receiving feedback is defensiveness. When you get defensive it is usually because you are taking the feedback personally. With practice, you can learn to decouple feedback from you personally and keep it focused on your behaviour. When it is about your behaviour and not about you as a person, it is easier to drop your defense and hear and be open to the feedback.

Track no. 5

Use it. You probably can't use every piece of feedback that is given to you, and that is ok. But, even if you do the first four tracks well but never take any action to change you not only aren't using the feedback to improve, but you're telling others through your actions that you don't really want or need any future feedback.



“ The rapid extension of technology has forced print and broadcast media to respond by generating more dramatic story lines creating a value-added interpretation of events.”



From the Seminar Room

by Greg Curchod,
Director, TSE Consulting

Selling your sport by telling a story

The International Federations based in Lausanne and its surrounding area meet regularly for an interactive seminar organised by the City of Lausanne and State of Vaud. The sessions' topics vary, but their objectives are always the same: to provoke interaction, cross-organisational exchange of ideas, and networking. The first seminar of 2009 looked at the area of marketing and more specifically at how to sell your sport by telling a good story.

The modern sports fan has changed the way he or she connects with sport. Traditional print and broadcast media are no longer the primary way to deliver sports news and results. The rapid extension of technology that allows quick and real-time delivery of sports information has forced print and broadcast media to respond by generating more dramatic story lines creating a value-added interpretation of events. So, how can sports marketing and communication managers create a story that sells in today's media landscape? In their book *The Elusive Fan*¹, Rein, Kotler and Shields explain what makes a good sports story and how the right story told in the right way can activate new and/or dormant sports fans.

Sport is nothing without a good story

The best way to connect with fans in such a crowded environment is to leverage the unique strength of sport – the drama it creates.

Drama is everywhere in sport: the tension of the final round, the controversy over which player will start, the rivalry between two teams, etc. The relationship between story lines and sports brands is a powerful one.

Some sports have naturally more attractive or high profile stories than others. The trick, then, for less recognized sports, is rather than leaving the creation of story lines to chance, the conscious development and design of story lines needs to be done. Marketing and communication departments can do this by creating “dramatic reality”.

Dramatic reality structures an existing story (about an athlete, a team, a league, etc.) with a beginning, a middle and an end. The creation of a complete story line will ensure that the audience stays engaged until the final outcome. A good story is one of the most effective means to delay the remote control fan from switching off the programme. A story can run through an event, or through a season, or through both.

The six components of a good sport story

Most successful sports stories can be broken down into six components:

1. **Drama:** a story based construction with a clear beginning, middle and end. It follows a situation – complication – solution structure. This keeps audiences enticed and eager to follow through until the end.

2. **Adversity:** a barrier is introduced that presents a challenge. Whether it is an individual's life story or the story of a struggling league or club, the premise should be that an obstacle needs to be overcome.

3. **Crisis:** an uncertain event or series of events that magnifies the challenge. Limited resources, family obligations of an athlete, or an unaccounted for surprise, can all arise during the course of the stories development.

4. **Mentors:** the support system that offers advice to overcome the obstacle. A coach, a parent, a role model often plays this role in a good story.

5. **Persistence:** a commitment to solving the problem. Whatever is the subject of the story, it should show constant persistence in achieving its goal.

6. **A final reward or climax:** the pay off of the quest and the culmination of the story. This should of course be preferably a “happy ending” (the team wins the championship, the new league is successfully launched, the wounded player wins the title, etc.), but stories of failure and loss also have a great dramatic power.



OLYMPIC CAPITAL agenda

Some forthcoming sports events in Lausanne & area

| | |
|-----------|---|
| April 25 | Running: 20km de Lausanne www.20km.ch |
| April 28 | Cycling: Tour de Romandie www.tourderomandie.ch |
| May 16 | Cycling: Bicycle Day www.journeeduvelo.ch |
| June 4-7 | Cycling: Tour du Pays de Vaud www.tpv.ch |
| June 9-14 | Volleyball: Montreux Volley Masters www.volleymasters.ch |
| July 2-5 | Volleyball: International Beach Volley Tournament www.beachvolleylausanne.ch |

These six components need not always be featured in a story, but the most successful of sporting stories that have made the biggest headlines have included each of the six. **Tiger Woods'** evolution from dominating child prodigy to multi-sectored brand is one of them.

Since story lines are strategic communication units for interaction, use of dramatic reality can help establish the fan connections that are so universally sought.

Put the fan at the center of the story

A good story is not the only thing that will effectively attract new and retain old audiences. The story needs to be communicated in a way that puts the fan at the centre. "Fan-centred" strategies encourage and enable fans to identify with and become involved in the sport and the sports story itself. The core components of a fan-centred strategy is that it is accessible, interactive, and responsive.

Accessibility means that the message is clear, interesting, and appears reasonable to fans who want to understand the sports brand better. This can only be done if the sports organisation itself constantly monitors all of its communication channels to make sure the message is being received and understood.

Interactivity will ensure that the fan is playing a participatory role in the sports experience. Interactivity is most common in PR events, during which fans can, as an example, meet their favourite stars. Interactivity can also be present

through online platforms via chat rooms and blogs, which are certainly the future of personal communication.

Responsiveness engages the fan by reacting to their interactivity and demonstrating a response to their comments and feedback. Sports organisations need to demonstrate that they are always listening to their fans. This can translate into small gestures, such as opening a new online fan forum or releasing prize money lists at the end of the season as per requests from fans. All too often, with the busy daily activities of a sports organisation, taking precious feedback or suggestions into account can be forgotten.

Being fan-centred should be the focus of communication strategies for all sports organisations as attracting, engaging and retaining fans will continue to become more difficult as audiences get more and more bombarded with alternative choices to following sports.

Upcoming IF Seminars in Lausanne

| Seminar Topic | Date |
|---|--|
| Events | |
| The packaging and promotion of your events | Tuesday, April 21 st , 2009 |
| Communications/Publications | |
| Tools for effective communication | Wednesday, May 6 th , 2009 |
| Administration/Finance | |
| Managing risk in your federation | Thursday, May 28 th , 2009 |
| Development | |
| Building efficient programmes | Tuesday, June 9 th , 2009 |
| Personnel | |
| Developing and motivating staff – the importance of HR within your federation | Tuesday, June 23 rd , 2009 |

¹ Irving Rein, Philip Kotler and Ben Shields (2006). *The Elusive Fan: Reinventing sports in a crowded marketplace*. McGraw-Hill.

For more information and registration, please contact Sabrina Tramparulo at msi@lausanne.ch.



The Olympic Capital continues to grow – be a part of it!

In September 2009 construction will start on the fourth building of the Olympic Capital's International House of Sport (Maison du Sport International – MSI).

Why should you come join the MSI?

Once a year the sports world meets at Sportaccord to share experiences, discuss trends, and develop ideas for the future. For those based in the MSI – this is just part of daily life!

At the core of the Olympic Capital, the MSI currently hosts more than thirty sports organisations, of which approximately twenty are International Sports Federations. The remaining tenants are a mixture of top-level solution providers and partners to these organisations.

The specific services offered by the MSI are as diverse as they are useful: on-site specialised travel agency, access to fully equipped meeting rooms, a fitness studio and a cafeteria. On top of this, tenants can also take advantage of all the benefits offered to Federations

based in the Olympic Capital and the State of Vaud, such as:

- Rent-free office space for the first 2 years if you move your headquarters to Lausanne
- Exemption from direct tax on profit and capital
- Special conditions for questions concerning entry into Switzerland, residence and work permits, direct taxation, customs regulations, value added tax (VAT), real estate
- A free seminar series for sports federation's staff in various topics pertaining to sports management.
- Close proximity to the IOC headquarters, 40 minutes from Geneva's International Airport

The new fourth building will be adjacent to the existing three and will offer the exact same services.



The Olympic Capital awaits you – come join the ever growing sports community in Lausanne.

For more information about moving to the fourth building of the MSI, or to learn more about the specific conditions offered to sport organisations that wish to establish themselves in Lausanne, please contact Ms. Sabrina Tramparulo at msi@lausanne.ch, +41 21 315 42 15. For more informations about special conditions for IFs in Lausanne/Vaud go to www.ifsports-guide.ch or come see us at Sportaccord, Denver – STAND 316!

Rental price for the 4th house

| Type of floor space | Net annual rent (services included) | Floor space |
|----------------------|-------------------------------------|----------------------|
| Offices | CHF 300.-/m ² | 1'328 m ² |
| Storage areas | CHF 175.-/m ² | 236 m ² |
| Underground car park | CHF 180.-/space per month | 26 places |

The purchase prices are available upon request.
All prices are subject to change.

Impressum

Published four times a year
Distribution: 2500
Edited by: City of Lausanne / State of Vaud
Editorial Board: Nicolas Imhof • Patrice Iseli • Sabrina Tramparulo • Cosima Deluermoz
Graphics: Next Communication
Photography: © Service des Sports, CIO/John Huet, Hugues Siegenthaler, Steve Mohlenkamp.

Articles do not reflect the own views of the City of Lausanne/State of Vaud.



This newsletter is available online at www.ifsports-guide.ch

Send questions, comments and article proposals to Editor, Olympic Capital Quarterly, Ch. des Grandes-Roches 10, 1018 Lausanne 18, Switzerland, or email sabrina.tramparulo@lausanne.ch