



OLYMPIC CAPITAL quarterly

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

Trends to Track

by Lars Haue-Pedersen,
Managing Director, TSE Consulting

Establishing a frame for the 'new' sports organisation

Sports organisations are often referred to as “not-for-profit” organisations. The benefits for these organisations to be labelled as such are key, and the current European debate on the specificity of sport is there to prove it. But what does it mean for today’s sport manager to be leading a not-for-profit organisation that needs to operate like a competitive business if it wants to remain successful tomorrow?

It wasn't so many years ago that the core activity of most sports organisations was related only to the development and coordination of grassroots activities. Today, sports organisations also have the responsibility of operating the business side of the sport, managing high level politics, promoting social responsibility and being effective partners to cities and regions around the world who are using sports events as a facilitator for destination branding and tourism purposes.

These many areas of activities and interests – which at times are often conflicting – make the focus of many sports organisations unclear and the

implementation of any management strategy very challenging. A sports organisation today operates both within a political and regulated environment with a supply-driven approach and at the same time in a commercial and market-driven approach where the focus is on the demand side.

Managing a sports organisation has therefore become a very complex operation and it is not sufficient to identify what the organisation is not, e.g. “we are not a traditional business”, “we are not a traditional not-for-profit organisation”, etc. Statements like these are indeed right – but they still don't provide an answer to “what are we”?

Traditionally the main word used to categorize a sports organisation is “not-for-profit”. This is of course primarily justified by the fact that sports organisations redistribute revenues to their members, therefore contributing to the continuous development of the sport and the spread of its values worldwide.

The not-for-profit label is also used to differentiate from the corporate world and therefore tends to move sports organisations closer to the cause-

related not-for-profit organisations like Greenpeace, Red Cross and other charitable and humanitarian organisations. The not-for-profit label has also been used to justify governmental financial support, and in general a kind of “protected” position being seen as an important pillar in society.

While this position is of course very beneficial to the sports organisations, the question must be raised whether it is actually correct to say that today's sports organisation, both in terms of objectives and operational frame, are closer to a not-for-profit organisation than to a commercial business.

We think the answer is clearly: No. First of all, it does not help a sports organisation in its move towards high performance if it has a not-for-profit notion at the centre of its purpose and objectives. A sports organisation – defined here as a national or international governing body of a particular sport – is of course not a profit-driven corporation. But in fact, the frame in which today's sports organisations are operating is closer to that of a corporate than that of a traditional not-for-profit and it should be managed accordingly.

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From the Olympic Capital



Dear friends from
Lausanne and beyond,

The year of 2008 was full of great sporting successes. The Olympic Games celebrated one of their best editions in Beijing, and the

EURO in Austria and Switzerland was one of the most successful EUROs ever.

But sport is about more than just mega events. It is also about all those that make these events possible.

The State of Vaud and the Olympic Capital are proud to be called home to all those who, every day, work hard on managing sport and creating events that make us celebrate and dream.

As we constantly work to improve the conditions for the International, Continental and other sports organisations that are based here, we are very happy to have the continued support of our National Government which has now officially confirmed that sports organisations who chose to relocate to Switzerland will continue to be tax exempt.

This has encouraged us in our effort to continue to create space for new organisations wanting to join us in Lausanne. We have already confirmed our plans to add a fourth building to our "International House of Sport" and look forward to sharing more details with you in our next edition.

In the meantime, as we dive into 2009, we want to wish you all a very happy New Year, and to thank you again for your continued support.



With kind regards,

Nicolas Imhof
Head of Sports
State of Vaud

**“The high performing manager
of the new sports organisation must master
how to stimulate competition,
activate customers and create top-line growth.”**

► We can try to close in on this by comparing a sports organisation with the traditional, cause-related not-for-profit organisation as well as a corporate from three different aspects, that any sports organisation must be able to define very clearly in order to establish the operational frame of the new sports organisation:

- Customers
- Competition
- Growth

When many customers don't buy anything

International Red Cross, Amnesty International or any cause-based not-for-profit organisation cannot be expected to focus on customers. These organisations survive on contributions from the public but they have only limited on-going relations with the people who contribute to them. They don't serve these people because their mission is to serve the cause, not the people contributing.

For a corporate, however, "the customer is king" and the customers who are buying their products or services are the centre of everything that the corporate is undertaking. No customers, no corporate.

What about a sports organisation? If the organisation was viewed mainly as a not-for-profit the notion of customers would not be relevant. But that is of course not the case. In fact, sports organisations have a wide range of customers and the interesting aspect is that whilst the customer of a corporate only becomes a customer when actually buying something from that corporate, many customers of a sports organisation must be viewed as customers even though they don't buy anything.

Whilst a customer of a corporate often just buys the product and consumes it, the various different "customers" (fans, sponsors, media) of a sports organisation must be activated in order to provide on-going revenues for the organisation. The fans must follow the teams, the media must write about the sport, the television viewers must tune in, the sponsors must invest and the people in the street must talk about it.

It is not enough for the sports organisation just to sell to its various customer groups – it must also activate them. The more active the various groups are, the more revenues they will create in the short and long term.

When the competition is the product

While competition basically shouldn't play a central role for a cause-based, not-for-profit organisation (the International Red Cross will never claim to be competing directly with another non-profit organisation in a specific market), competition is a fundamental element in the operational frame of any corporate with a clear objective: to beat the competitors and ultimately to eventually force them out of the market.

For a sports organisation however, "competition" is a more complex question. Even the weakest national hockey team in the world would not want to force its competitors to leave the market. Maybe the fans would be happy to see any competing team disappear – at least short term - but it of course does not make sense because of one main difference between sport and business: in sports – from national governing bodies to local clubs – the competition is the product.



What a sports organisation can sell to sponsors, media and spectators are its competitors. The most viewed match (by far) played by the Chinese men's basketball team during the 2008 Beijing Olympics was the one they were sure to lose – against the US "Dream Team" with their many NBA stars.

Manchester United's main products are the football games against other Premiership or Champions League teams – and the stronger and more qualified competitors that the team faces, the more sponsors, spectators, television viewers, etc can be attracted and the more income will be generated for the club.

Compare that to Microsoft benefiting financially from the launch of a new attractive product from Apple! – but in sports it is actually the case. The sports organisation cannot grow alone: it needs its competitors to grow with it.

The "competition is the product" syndrome in sport leads to an interesting paradox that sports organisations need to be able to handle. Sporting success, to a certain extent, is based on weak competitors whilst financial success is linked to strong competitors. The drafting system practised in many US professional sports where the weakest teams have first pick of the best players for the following season is an example of how to balance the financial with the sporting aspect.

A sports organisation can't succeed without its competitors and while it cannot be the purpose of the organisation to actively support the competing

organisations, it must be recognized that – in strong contrast to the corporate world – a kind of cooperation with the competition is a condition for success and a key component of the organisation's operational framework.

When growth is focused on the top-line

For cause-based not-for-profit organisations, growth is normally what they are there to prevent! They are working on reducing pollution, the number of political prisoners, or poverty, for example.

Many not-for-profit organisations might have grown over the years and some of them are now employing thousands of people all over the world, however, their aim is fundamentally to become superfluous and growth can never become a strategic objective.

In the business world growth is a main driver and the value of a corporate is often based on its potential for growth rather than on its current performance. Whilst top line growth (increased revenues) might be a strategic issue in short/medium term, the focus for any corporate will at a certain stage always shift to growing the bottom line which can be achieved by an increase in revenues or a decrease in costs.

What about the sports organisation? Maybe growth is the keyword when trying to determine the core objective for a sports organisation and thus the central part of defining the framework.

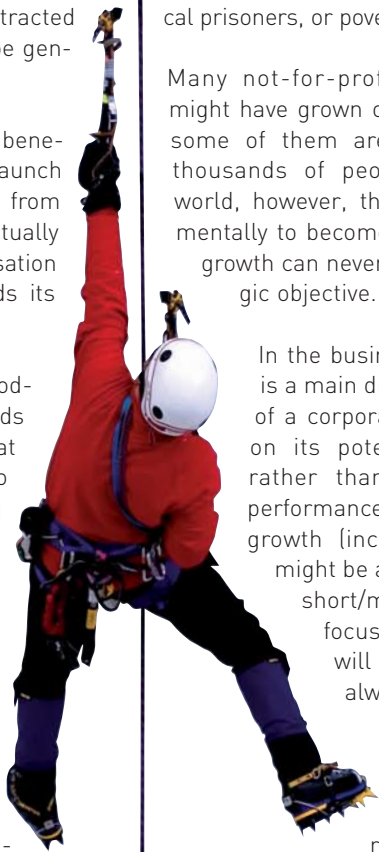
For the 'new' sports organisations growth is the main criteria of success – but growth here means top-line growth through an increase in revenues which will allow the organisation to increase spending and thus further develop the sport. At the same time, sports management will have to strategically handle the various interests related to growth. What comes first: sports related success or financial success, in other words "fan value" or "shareholder value"? It could be stated that sporting success will not always lead to financial success while financial success seems to be the best way to sporting success.

What it means to the managers of the 'new' sports organisation

If growth (in various forms and within various areas) is the core objective of a sports organisation, we can conclude that what sports managers should focus on and should be really good at is managing the various aspects of competition within sport, managing the activation of the various customer groups and ensuring constant growth.

This means the high performing managers of the new sports organisation must master how to stimulate competition, activate the customers and create top-line growth. All skills which are different from, but comparable to, a manager of a corporate whilst not even close to the skills needed to run a traditional not-for-profit organisation.

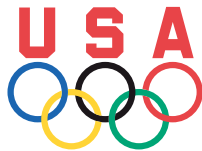
This text is an excerpt from the forthcoming book by TSE Consulting, "The New Sports Organisation", to be published in March 2009.





■ In the Manager's seat

Exclusive interview with
Robert Fasulo, Chief of
International Relations
of the United States Olympic
Committee (USOC)



■ **Mr. Fasulo, it is great to see you back in Lausanne. Since you left in 2006, the city of Lausanne has been very active in animating its international sport platform. What do you think these efforts have achieved for the Olympic Movement and international sport in general?**

I very much enjoyed living in Lausanne and am happy to return as often as I can, mostly for the extraordinary opportunity the city offers to personally engage and interact with the international Olympic and sport community, which is so important to the USOC's new international strategy. I think the most important benefit of such a community in Lausanne has been to empower sports leaders by giving them the opportunity to learn from each other and in the process grow and strengthen the Olympic Movement. Thanks to Lausanne's various initiatives, but also to the various high-level educational programs such as MEMOS, AISTS, Olympic Studies and others, Lausanne has developed a reputation as the intellectual capital of the Olympic Movement.

■ **Having experienced the 'European' and 'American' sports models, what do you think they can learn from each other?**

Certainly there are cultural differences, but the fundamental goals and objectives of sports management across the continents are the same at the core – to take a more professional, client-centred and service-oriented approach to sport. I have a greater appreciation now for the US system which

Building bridges between Europe and America

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 caught up with Mr. Robert Fasulo, who was once based in Lausanne as former Director of the Association of Summer Olympic International Federations (ASOIF), and is now the Chief of International Relations of the United States Olympic Committee (USOC), on a visit to the Olympic Capital.

is very much based on performance, measurement and accountability – this may have something to do with the extremely competitive environment of professional sports in the US – but I do think that this kind of focused, strategic approach is of great value to the entire Olympic Movement as it faces the challenges ahead. A good part of the reason why I accepted this challenge to return to the US was to help bring those two worlds closer together, to help build bridges between European and American sports leaders that will ultimately serve to heal past divisions and unify and strengthen the Movement as it looks to the future.

■ **What are some of the biggest challenges you see in the relationship between National Olympic Committees and International Federations?**

The first big challenge is to help these stakeholders better understand and respect their different roles while appreciating the critical contribution each makes to the overall success of the Olympic Movement. Their roles inherently provide a powerful foundation for partnership. National federations are looking more and more to both their IFs and NOCs for guidance not only with athlete development and promotion of their sport, but also for support in their management and marketing development. Programs such as FIBA's Academy, aimed at further strengthening the expertise and skills of the executives within its National Basketball Federation Mem-

bership and the USOC's Olympic Sport Leadership Certification program taught in conjunction with Northwestern's Kellogg School of Management and aimed at NFs and USOC staff, are both good examples and proof of this growing trend.

■ **What are the main objectives of the USOC over the coming years, and how do you measure progress within the organisation?**

As an organization, our primary objectives are centered around five key themes: leadership, relevancy of the Olympic Movement in our country, international relations, resource development and sport performance. For each of these areas we have created a number of specific measures which help us track our progress. From an international point of view, our strategy is founded on the development of meaningful partnerships throughout the Olympic Family. To do so, we have launched a number of programs to reach out to the rest of the Olympic Movement and to make our resources available in a way as to create opportunities, but also to engage and develop dialogue.

■ **How do you assess the impact on the USOC of the recent election of Barack Obama as President of the United States?**

We have worked hard over the past few years to communicate to the Olympic Family a desire of the USOC to change and be more engaged with the rest of the world. In

“Our primary objectives are centered around five key themes: leadership, relevancy of the Olympic Movement in our country, international relations, resource development and sport performance.”

fact, we have been working closely with the current administration for several years on facilitating the visa and entry process of Olympic Family as well as on sporting exchanges (i.e. Iran). The election of Barack Obama embodies the desire of most Americans to change the way our country is viewed in the world and with the new administration we have the unprecedented opportunity to build upon and align the USOC with this new vision of the President-elect who is both sympathetic and supportive of the Olympic Movement.

■ **Lausanne is focused on ensuring the exchange of knowledge between the various International Federations. What are some of the tools that are used by the USOC to exchange knowledge and experiences between the national governing bodies?**

We have a division inside the USOC which is solely dedicated to helping our National

Federations be successful and operate more effectively. Based on the principles of partnership and performance, this team sits down with each NF and builds a four-year plan with clear objectives and benchmarks. This is also the basis upon which we distribute 60 percent of our funding to our athletes and NFs. Some of our specific tools include annual seminars to share best practices, management courses to develop leadership skills and specific training in the areas of media, communications, marketing and other essential skills.

■ **How do you think the current financial crisis may affect the international sports world?**

For the large majority of the sports world, the economic crisis will clearly make sponsorship and television revenues harder to come by. On the other hand, it will force us all to rethink the traditional sponsorship-television model of the past,

and at the same time better understand the economics of why corporations and broadcasters invest in sport. Most importantly, the depth and gravity of this crisis underlines the need for the Olympic Movement to be united in looking for solutions to safeguard our financial stability while ensuring reasonable growth.

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

Don't be tempted by the glamour or sexiness of modern, professional sport into thinking that there may be a short-cut to success. The most important life lesson that sport taught me was that nothing worth achieving can be done without passion, hard work, sacrifice and a strong belief in yourself. Sometimes the most accomplished careers start with humility and knowing that the journey is usually more important than the finish line.

■ ■ ■ ◆ Fast track

How to write effective sales material

Sports organisations often need to sell, whether it be an idea to their members, an event to a city or region, or their sport in general to a sponsor or the media. Here are a handful of hints inspired by Robert Bly, author of 'The Copywriter's Handbook: A step-by-step guide to writing copy that sells,' that you can first consider before writing your next piece of sales material.

Hint no. 1

Put the reader first. When trying to sell something you must ensure that the reader will understand what is being written. They need to understand the terminology you are using, and find the facts you are presenting both relevant and interesting. Remember you are not always writing for someone already involved in your sport/organisation, but often for an outsider who may need some guidance in understanding what you are trying to sell.

Hint no. 2

Prioritise your selling points. Your selling points need to be organised in a clear fashion and not mixed all together. The organisation of selling points depends on their relative importance, the amount of information you give the reader and the type of sales material you are producing. Before you start writing, list all of your selling points and organise them in a logical and persuasive order.

Hint no. 3

Keep it short and simple. Sales writing, as a general rule, uses much shorter and simpler sentences than other types of writing. There is an average of 6 to 16 words per sentence, while regular business writing has an average of 34 words. And don't try to impress people with big words; often they will just be misunderstood.

Hint no. 4

Get straight to the point. Effective copywriting is concise and doesn't waste the reader's time with diluted messages. Avoid repetition or redundancies, run-on sentences, wordy phrases, and other stylistic habits that add little meaning or clarity. Sounding nice, but not saying anything specific does not make for good sales material.

Hint no. 5

Write in a friendly, conversational tone. Advertisements, brochures, and other sales material are often a substitute for a sales person. A light, conversational tone is nicer than reading stiff, formal prose of business writing. While you write think about speaking to the reader and becoming their friend, but avoid any inappropriate or offensive language.





From the Seminar Room

by **Andreas Korner**
Head of Human Resources,
UEFA



Trends in sports recruitment

The European Union of Football Associations, UEFA, provides us with their view on the state of recruitment in today's sports administration.

A few weeks ago, UEFA started recruiting for a commercial apprentice by placing an ad in a local newspaper. Like many other companies, we require a formal application, above-average school marks, good language skills and preferably evidence of an extra curricular activity, ideally, in our case, as a football player, youth referee or assistant coach. Eighty young women and men applied and their applications were assessed on the basis of the above traditional criteria. Does this mean that the requirements to become a sport administrator have not changed?

The "new" sports administrator

We would say that requirements have not changed, but they have increased. Classical values such as professionalism and a willingness to work hard are as important now as they were ten years ago. But new skills have been added to these requirements such as multitasking, acting under pressure, coping with change and the ability to communicate to various stakeholders.

It is more the title 'sports administrator' that has actually become quite a mis-

leading term. It conjures up images of someone who is reactive, slow and bureaucratic. Such an attitude is well and truly a part of the past. When it comes to concluding major TV deals, organising a Champions League final or fighting in Brussels for the core values of football, the former 'administrator' has definitely become more of a manager, a leader and even at times a visionary. So what is the best way to "study sport"?

This is not meant to discourage students of the different sports master's degrees, but studying sport is not a guarantee for success. UEFA employs a good handful of carefully selected graduates of sports master's degrees. Their backgrounds helped them get short-listed for job vacancies, but without the above skills the doors to the world of sport would not have opened. However, any student who is curious, eager to learn and takes on voluntary responsibilities at an organisation such as a sports club will acquire the necessary knowledge and experience. It's less important to study sport; it's crucial to live sport.

New trends in recruitment

So what are the new trends in recruitment? In the run up to EURO 2008, we recruited 300 employees. The vast majority of them, more than 90%,

responded to ads on our website and were selected from the 6,000 applications we received. Some other employees joined us through the football family network, based on positive experience gained at previous sports events. One such example is the assistant to the COO: she worked as a volunteer at the EURO 2008 qualifying draw in Montreux, did a great job on site and was offered an employment contract a few months later. Due to the high number of applications, we were in this case in a position to ignore those from recruitment agencies and save a considerable amount of money.



What's next for HR in sport?

The sports industry will remain dynamic and so will UEFA. Built on constructive cooperation, HR will maintain active dialogue with the internal business leaders and try to anticipate new challenges. The key project for the coming months and years is EURO 2012. As always with such big projects, many things are not clear at the beginning and many a surprise awaits us. This stimulating uncertainty, paired with our passion to care about football, is our reality today, not only in HR, but in the entire organisation.



Some forthcoming sports events in Lausanne & area

Until Feb 23 A century of International Ice Hockey
Olympic Museum
www.olympic.org

Until March 1 Olympic'Art
Olympic Museum
www.olympic.org

Jan 27-Feb 2 37th Prix de Lausanne International Dance Competition
www.prixdelausanne.org

Feb 3-4 Art on Ice
Malley Ice Center
www.artonice.com

■ ■ ◆ ■ Knowledge exchange

Registration open for 2009 IF Staff Seminars

The City of Lausanne and the Canton de Vaud are happy to announce that registration for the 2009 edition of the IF Staff Seminars is open. Now in its fourth year, the IF Staff Seminars programme aims at developing knowledge for all federations through exchange and sharing of ideas. Here are three things to remember about the Seminars:

1. IF Staff Seminars are **free half day seminars offered by the City of Lausanne and the State of Vaud** to any International or Continental Sports Federation **based in the State of Vaud**. There is no limit to the number of staff each federation can send to each seminar.
2. All seminars take place **at the Maison du Sport International, Lausanne**, from 9:00-12:00. They are followed by a sandwich lunch.
3. IF Staff Seminars are **an excellent opportunity to share experiences, test new ideas, learn from other federations, and meet your colleagues in the world of international sport**. The seminars are informal and prepared by your colleagues in sports federations.

Eight seminars will take place in 2009. Registration for the first four is now open. Stay tuned for dates for the four remaining seminars; Development, Communication/Publications, Administration/Finance, and Personnel.

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

Seminar N° 1: Marketing/Sponsorship

Topic: Three key ingredients for selling your sport

Description: Every sport needs a good story, to understand its assets, and to understand the need of modern sponsors. These three key ingredients to selling any sport will be discussed. This seminar is open to everyone working in the area of marketing/sponsorship.

Date: Wednesday, January 21, 2009
(Registration deadline Friday, January 16, 2009)

Seminar N° 2: Anti-doping (Clean sport)

Topic: Increasing the efficiency of anti-doping programmes

Description: In an effort to be more efficient in the daily challenges faced in sports organisations, this seminar will look at increasing the efficiency of three distinct, yet interrelated areas of anti-doping programmes; cost efficiency, efficiency in communication, and efficiency in operations. This seminar is open to anyone working in anti-doping or programme coordination.

Date: Wednesday, February 4, 2009
(Registration deadline Friday, January 30, 2009)

Seminar N° 3: IT

Topic: Building an IT strategy

Description: Through a mixture of presentations and group discussions, this seminar will look at how an IT strategy can be built, different means of communication technologies available to organisations and how to manage the risks of new IT opportunities. Anyone working in IT or communication may find this seminar interesting.

Date: Tuesday, March 17, 2009
(Registration deadline Friday, March 13, 2009)

Seminar N° 4: Events

Topic: Packaging and promoting your events

Description: Looking at two main areas of events, this seminar will focus on how sports can package their events for a successful bid and how to promote your events to ensure full capacity crowds. Anyone working in the area of events or competitions will be interested in this seminar.

Date: Tuesday, April 21, 2009
(Registration deadline Friday, April 17, 2009)



Shortcuts

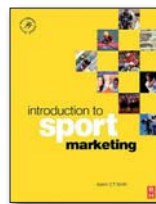
Research, books, and seminars – this is the place to look for new ideas and hints on the latest trends in sports management!

■ A report covering the second edition of the IF Forum, held in Lausanne last November, is now available. During the event, over 200 IF representatives explored a wide variety of issues on the topics of leadership and media, in a format intended to stimulate discussion and provide practical tools for improving sports governance. The report covers topics discussed in the leadership working groups, including transfer of knowledge, the management of teams of volunteer workers, risk assessment for sporting events and better budgeting and financial management. On the media side, discussions on issues such as crisis management, creation of revenue from sports content, generation of press coverage, understanding of new media, the user-friendly design of website are all summarized in a format that makes for an easy and useful read. The next edition of the IF Forum will be held in Lausanne in November 2009. The 2008 report can be downloaded at www.sportaccord.com

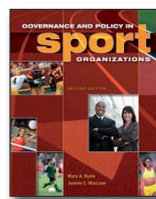


■ In 2008, the State of Vaud and the City of Lausanne commissioned a study on the economic impact of the International Sports Organizations based in its region. The result showed that their various activities generate around 200 million Swiss Francs per year, and the equivalent of around 10'000 full time jobs. The full results of the study (in French language), can be downloaded here: www.vd.ch/seps.

■ Introduction to Sport Marketing: A Practical Approach (Butterworth-Heinemann, July 7, 2008) is the first book to take the beginner through the sometimes baffling world of sports marketing. Written in a very accessible manner specifically for students at the very start of their careers, this book explains the basic principles and practices of strategic marketing in the sports industry.



■ Governance and Policy in Sport Organizations (Holcomb Hathaway Publishers; second edition, July 2008) introduces the reader to the power and politics of sport organisations who will learn the basics of managerial activities necessary for governance and policy development in sports organisations, as well as the structure and function of the various organisations with which one will work and interact when entering the workforce. Current policy issues and the ethical questions they raise are also addressed. Designed to encourage the integration of management theory with governance and policy development practices, the second edition of this book provides with an very good overview of the sport industry.



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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

■ 2008 Global Conference: The Business of Sports (Milken Institute, October 2008)

It's not just about the love of the game anymore. The wide world of sports has become a \$213 billion behemoth, comprising marketing, endorsements, media, merchandising, travel and more. Cities are willing to pour billions into financing new stadiums and arenas. But can the business of sports continue to grow at such a breakneck pace? Which sports are best positioned to win over a truly global audience and capture a new generation of fans? Can small-market franchises compete with teams from larger and more lucrative markets? The 2008 Milken Institute Global Conference brought together a panel of heavy hitters, including Sumner Redstone, Fox Sports' Ed Goren and NBC sportscaster Jim Grey, to give their first-hand insight into exactly how the game is played.

