

Notes for Remarks by Richard W. Pound

Play the Game Conference

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Global Sport – a SWOT Assessment

Ladies and Gentlemen,

It is great to be back at yet another Play the Games Conference and a pleasure to have been invited to speak on this occasion.

These are delicate times for global sport. On the one hand, sports are enjoying the outcomes of the communications revolution and the monetization of new platforms and technologies that have produced audiences and revenues that exceeded the wildest expectations of even a few short years ago. On the other hand, there has rarely been so much serious criticism of sport, especially in matters of governance, criticism that will not – and should not – go away.

My organization, the International Olympic Committee, has emerged from its own governance crisis, that relating to selection of Salt Lake City as the host of the 2002 Olympic Winter Games. Because the IOC positions itself as the leader of an ethically-based global sports movement, disclosure of unethical conduct on the part of those insisting on ethical conduct by athletes and other organizations was particularly devastating. I believe it is no exaggeration to say that the very existence of the IOC was in doubt at the height of the crisis.

Only the fact that we took the crisis seriously and did our best to get rid of the members who had behaved improperly, as well as engaging in comprehensive governance reform allowed us to emerge from the situation. It took several years to demonstrate that we were committed to the reforms, but I think that from a governance perspective, we are now regarded as an example of best practices.

Our current problems are not governance problems. They are not, at the moment, even financial problems. Instead, we face more perceptual problems, such as costs, sustainability, relevance and demographics. It is clear that we were slow to react to a developing tendency to judge potential Olympic hosts on a one-size-fits-all notion, all focussed on the period of the Games. This led to less than optimal planning for the after-use of facilities and over-concentration of facilities in the host cities, which in turn failed to create a residual satisfaction in many Olympic cities. The recent reforms in this aspect of Olympic candidacies has yet to fully play out, but at least the mental set has been adjusted.

We failed to respond instantly to the media reports that the Sochi Olympic Winter Games cost something in the order of \$51 billion. They did not, but, once the story was out, that figure stuck in the public mind. Can you imagine politicians in Norway, host of the immensely successful Lillehammer Games only 20 years earlier, railing that Games in Norway would now cost \$51 billion? It is breathtakingly stupid

analysis, but dangerous nevertheless. Similar faulty analysis in relation to the Montreal Games in 1976 took years to be overcome, long after the enormous increases in television, sponsorship and ticketing made the Montreal model entirely obsolete.

The IOC needs to pay special attention to the relevance of the Olympic Games. We live in a different world than the one in which I grew up. In a digital world, what appears on the screen is often more real to today's youth than what actually happens. Recreation is less physical than mental. There is a demand for instant gratification. People will not watch events they consider to be too long or too uninteresting. All sports, not just Olympic sports, face this generational challenge and must be prepared to respond to it or perish – no interest, no audience, no revenues, no participants. I speak here, as you will understand, from the perspective of organized competitive sport, whether international or domestic. There will likely always be some sort of informal competition, but money comes from a public that has certain expectations.

Change and adjustment are required. In the process, a balance must be found which takes into account the dramatically shorter attention spans of the younger generation, with the resulting fickleness, as well as not letting the entire world and its conduct be determined by that generation. Of course, we should not forget that a growing percentage of the world's population will fall into that category! Every generation has its challenges: ours is to maintain a certain stability; theirs is maintaining a three dimensional existence in a digital environment.

To sharpen the focus somewhat on aspects particular to sport, it is all too clear that sport has not paid enough serious attention to varying forms of corruption, whether on or off the field of play.

FIFA has long known about match fixing, but despite the hundreds of millions, even billions, of dollars of revenues from football, very few resources have been devoted to an active program to identify suspicious betting activities or suspicious results. Unwillingness to provide adequate compensation for players and on-field officials makes those players and officials particularly vulnerable to efforts to affect the outcomes of matches. Recent efforts seem to have acknowledged the existence of the problem, while falling far short of constituting an adequate response.

Football authorities seem unaware that the essence of spectator interest in matches is the uncertainty of the outcome. Once it becomes known that an outcome is fixed, there is no further interest in the competition. A history of the disappearance of sports and events seems to have no impact on current consciousness.

From a governance perspective, FIFA is a current nightmare. Several members of its Executive have been indicted on criminal charges in the United States and others have now been implicated as a result of investigations by the Swiss criminal authorities. There is an astonishing lack of transparency. Desultory efforts to deal with the charges of corruption within FIFA have, to date, been completely ineffective. There is little expectation that, absent unlikely concessions from those sitting at the table, new efforts will be successful. The inherent conflicts of interest and vested interests make major progress all but impossible. No one gives up a perceived entitlement voluntarily, especially if it includes a seat at

the table where decisions having economic impacts are made. And, if you personally stay at the table in a position of power, no one else will have access to information that might bring any corruption to light.

Interestingly enough, the oft-reviled sponsor group may have a therapeutic role to play in this matter, should it be willing to get itself organized. Without sponsor funding (of players, of teams, of leagues, of competitions, of television broadcasts), any sport could be like a car that has run out of fuel – it will stop. Sponsors understand that there is brand association or linkage involved in sponsorship. They do not want their brands to be diminished by association with corrupt behaviour. It would not be difficult for them, collectively, to call for major reform by FIFA, failing which their support will be withdrawn. Their efforts to date have been blandly and completely rejected by FIFA. We shall see whether the sponsors will follow through. Don't forget that sponsors are involved because they believe that their customers want them to be involved. If that changes, sponsors will leave the scene.

It is within the power of governments to do the same thing. If I were King for a Day, I would prevent any business from deducting for tax purposes any amount paid to or on behalf of any organization whose governance did not meet acceptable standards, whether as regards corrupt conduct or inadequate anti-doping programs. If you wanted to see funds dry up, just think what such a measure could accomplish.

The only place where international sports organizations feel pain is in their wallets, so hit them where it hurts.

It is not difficult to anticipate that one of the ritual responses in the face of calls for conduct change are directed at sports organizations is that their "autonomy" must be respected. I do not wish to sound unsympathetic, but that mantra is an outdated relic from an earlier era. When organized sport was in its infancy, there was no legal order that included sport. Governments were much smaller and had limited interest in matters outside of the criminal, property, shipping and business competition aspects of society. Family law, consumer protection, education and social welfare were concepts of the future. Sport was well beyond the horizon. Sport, therefore, was free to make its own rules and to enforce those rules in its own way, unaffected by the legal order. It was, in that regard, autonomous, or completely self-governing.

That has changed. Society has changed. The legal order has expanded beyond anything imaginable in the late 19th Century. Sport is now practiced within society and within the legal order. There is no particular right of autonomy, for sport to say to society that it is not subject to law and social standards. The right to "autonomy" in the sense of making and administering sport rules must be earned through responsible conduct, not mere assertion of a former and now irrelevant status. Those days are long gone. Why should a corrupt organization be afforded deference by society? Why should a corrupt organization be rewarded? Why should a corrupt organization not be required to demonstrate governance that conforms with best practices? There is an easy answer – it should not.

At the last Play the Game Conference, I spoke about the reasons for the ineffectiveness of testing for doping. Recent events may suggest that the problem is worse than previously thought. I am currently in the midst of chairing an Independent Commission of which most of you will be aware. Unfortunately, the investigation is not yet finished and the Commission is of the view that commenting on its work prior to the completion of the investigation might risk compromising portions of the investigation, so we have decided not to comment until the report has been issued. I am sure you will understand the need for such a precaution, and respond accordingly at this time.

One of the conditions that the Commission negotiated as part of the terms of reference with WADA is that if WADA does not release the report within 30 days of its delivery to WADA, the Commission is free to do so. We were not willing to get into another FIFA situation, of a report that is effectively buried within the organization.

My working title for this presentation was “Global Sport – a SWOT Assessment.” I have discussed many of the elements of such an assessment already, but can group them here for convenience.

Strengths

- Sport remains unique in its ability to entertain
- The excitement of competition and the uncertainty of outcome are compelling
- Strong visual aspects and minimal need of language
- Most of the positive aspects of sport can be monetized
- Expanded reach for “distribution” of sport on different platforms makes it universal

Weaknesses

- Physical activity is apparently less popular than ever before
- Unwillingness to confront serious problems (e.g., doping, corruption, governance, etc.)
- Weak leadership and maintenance of status quo
- Lack of commitment to ethical standards

Opportunities

- Move to more transparency
- Improve governance
- Update traditional and outdated events
- New approaches to sedentary youth

- Convince public authorities of importance of sport

Threats

- Loss of public confidence in the integrity of sport
- Crowded competition schedules lead to meaningless events and unreasonable physical demands, which further encourages doping
- Complacency
- Unwillingness to change
- Tolerance of corruption
- Lack of transparency
- Insufficient leadership changes (term limits)

The next steps are up to sport. Will it have the necessary intelligence and commitment to solve its problems and remain an important part of tomorrow's society?