



THE ROLE OF SPONSORS/VENDORS IN SPORTS GOVERNANCE

Rapha.[®]

How Cycling Brands are Assessing their Ability to Improve the Sport's Economy

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BACKGROUND

- Suppliers or vendors represent a critical stakeholder in most sports
- They play a vital role in supplying equipment and enhancing performance, through product evolution and improvement
- They have an interest in seeing the sport grow: increasing the overall size of the audience also increases the market for the company's products
- Hence, activist vendors have an incentive to improve the governance and economics of their individual sports.

EXAMPLES IN SPORTS GOVERNANCE

- **Constructive contributions and involvement by vendors can often be a positive thing for the sport**
- **When is there too much involvement? When does the influence of the vendor grow too great, or become too self-serving?**
- **Nike - pros and cons of its widespread involvement in sports:**
 - *Co-branding of Michael Jordan helped accelerate the popularity of the NBA and its brand of lifestyle clothing choices*
 - *Its co-branding of the Lance Armstrong Foundation, Livestrong, helped promote cycling to a new audience - until his downfall*
 - *The 'Breaking 2' project has proven one of the biggest topics in elite running, in recent years - creating excitement, controversy and discussion around long-distance running.*



A SPECIFIC EXAMPLE: RAPHA

- Rapha is a leading international cycling apparel manufacturer and lifestyle brand, based in London
- Our business exists to help make road cycling the most popular sport in the World, it defines everything we do
- Rapha believes the current state of pro cycling -archaic regulations, limits on innovation, an uncoordinated presentation to fans and inadequate outreach to the public - is a key factor preventing both the sport and the company from reaching their objectives
- Given the complexity of the sport of professional cycling, it was necessary to research the field as it currently stands before starting a conversation about how the sport can evolve and expand.

THE RAPHA ROADMAP: WHAT WAS THE INTENT

- **Modern sport is experiencing fundamental changes; if cycling does not engage with these changes, it is in danger of becoming less interesting, or even irrelevant to a modern audience**
 - *The economic and governance challenges facing pro cycling are not well understood outside a small group of industry insiders and stakeholders*
 - *Rapha decided to address this challenge by drafting an overview of the challenges and opportunities facing the sport – collaborating with consultants from **The Outer Line**, University of Leuven, and elsewhere to draft a new roadmap for the future of the sport*
 - *The Roadmap will be used to produce a series of recommendations about how Rapha can have a positive influence, and how the sport could evolve*

CURRENT STATUS

We are now preparing to publish recommendations of how the sport could evolve and how Rapha will commit to promote change

- *The Roadmap details the challenges and opportunities facing the sport*
- *Rapha held discussions with almost 50 high-level executives, officials, athletes, organisers, journalists and observers inside and outside of pro cycling to discuss the topics identified by the Roadmap*
- *Many different points of view were heard, often contrasting different views of the same issues, highlighting the difficulty of consensus in governance decision-making*
- *The final Roadmap will address various viewpoints and opinions uncovered during its outreach to other cycling stakeholders and suggest guidelines for the future*

NEXT STEPS

Rapha will publish the Roadmap to engage as many people as possible in a conversation about the future of the sport

- *After six months of outreach discussions, and ten months of overall work, the Roadmap is being used to inform Rapha's business priorities and is being prepared for wider circulation in February 2018*
- *This document will be a blueprint for reforms addressing governance and organisation, format and calendar structure, team and athlete management, media and broadcasting and broader economic opportunities*
- *Summary versions, supported by detailed infographics will be developed, to broadcast the vision and findings to as wide an audience as possible.*

OVERALL IMPACT OF THE RAPHA ROADMAP

- The professional sport needs to become easier to understand, more accessible and exciting, if cycling is to become more popular with a greater fan base around the World
- Professional cycling is a small driver of participation but developing the pro sport overall can have the benefit of increasing overall participation levels
- Cycling can attract new fans and encourage more participation in organised events if we improve the sport and connect with a wider public audience
- Growth in the sport increases the potential audience for Rapha's products, but also provides opportunities for all of the sport's vendors to grow the economy



IMPLICATIONS

- The Rapha Roadmap is an important experiment in “doing well by doing good”
- Vendor involvement in sports can be a catalyst to help a sport to grow more quickly - and more responsibly
- But what are the proper limits, and at what point does a vendor become overly influential in its sport?
- Vendors can be contributors and participants in governance, but must be fair and respectful to all the other stakeholders, as well as to the sport’s regulation