

## Sustaining Sports beyond 2012



October 2011. The excitement is building towards the Olympic and Paralympic Games in London (with less than 300 days to go). The city will undoubtedly host a glorious festival of sport. Meanwhile most UK sports are planning nervously (or they should be) for the next quadrennial in an atmosphere of complete uncertainty amid a climate of cut backs in public sector spending and pessimistic early indications of levels of government funding in the future.

The recession that began over two years ago is now likely to continue, effectively throughout the next 4-year funding cycle. There will be less to go around, almost irrespective of the 2012 performance. The reality is that British NGBs (National Governing Bodies of sport) have received record levels of funding over the last decade, relative to other competing nations. Those who have delivered value may hope to retain 80% of their funding levels; those who have not will be forced into survival mode. No one has a divine right to the status quo.

Given current and forecast economic conditions, businesses, NGBs and not-for-profit organisations should, despite the gloomiest future, still plan for the long-run and ensure their strategies are sustainable across a number of potential scenarios. Sustainability is often defined as managing the triple bottom line of risks, obligations and opportunities in financial, social and environmental aspects of sport. These three are sometimes referred to as **profits, people and planet**.

A more robust definition of sustainability is **resiliency over time** – organisations that can survive shocks are intimately connected to healthy economic, social and environmental systems. These organisations create economic value and contribute to strong communities.

Sustainability in sport must address important issues such as: **economic efficiency** (revenue growth, innovation, productivity), **social equity** (contributing to society and the issues it faces) and **environmental accountability** (resource efficiency).

There are a number of good practices that foster sustainability, and help organisations move along the path to long-term success. These practices include:

- **Stakeholder engagement:** Organisations can learn from customers, employees and their surrounding community. Engagement is not only about pushing out messages, but understanding opposition, finding common ground and involving stakeholders in joint decision-making.
- **Life-cycle analysis:** Those sports wanting to take a large leap forward should systematically analyse the economic, environmental and social impact of their performance as a sport, a business and an employer. Traditionally this is done every 4 years rather than continuously scanning the horizon or considering divergent scenarios.
- **Managing the Environment:** These systems provide the structures and processes that help embed environmental efficiency into an organisation's culture and mitigate risks.
- **Reporting and disclosure:** Measurement and control are at the heart of instituting sustainable practices. Organisations collect and collate information, and can also be entirely transparent with outsiders. The Global Reporting Initiative is one of many examples of well-recognised reporting standards

Organisations that are sustainable have been shown to attract and retain employees more easily and experience less financial and reputation risk. They also tend to be more innovative and adaptive to their environments.



Examples of specific sustainability strategies include:

- Based on reality, establishing the valuable assets and capabilities that can be deployed
- Raising revenues and lowering fixed costs simultaneously, using a value-based approach, even sharing resources with others
- Boards getting closer to stakeholders and addressing what their people – staff, customers, athletes demand, not what the board thinks they should have. This includes a fresh look at leadership and governance from a stakeholder perspective
- Commitment to make a difference to people’s lives as well as winning medals e.g. Swimming in the UK
- Switzerland’s approach to improved sustainability ([Sustainable Switzerland](#)).

Unfortunately, short-term thinking is endemic in sport and usually confined to the size and shape of their begging bowls. To endure in a changing world with greater limits on resources and less credit, organisations must develop and execute a strategy for sustainability. This does not merely mean a green strategy. Sustainability is much bigger than green because it takes into account every dimension of the sport environment: athletic performance, economic, social, and cultural, as well as natural. Those that take into account broader social issues will be better able to thrive and to lead. Until the 1980s, leaders used the word sustainability to mean the ability to increase revenues steadily. Nowadays sustainability means a sport that can thrive in the long term.

Imagined and implemented fully, sustainability drives a bottom-line strategy to save costs, a top-line strategy to reach new consumers and a fresh revenue base – beyond membership subscriptions and grants. It also includes a talent strategy to acquire, keep, and develop great, creative employees. The strategic framework, with four key components, for sustainable sport is illustrated below:

- **Economic:** to meet the sport’s economic needs for
  - Business: identifying new sources of revenue and raising more from them while optimising costs
  - Replacing grants: reducing public sector dependency
- **People:** securing value-for-money talent and leading them to the world class; staff and volunteers
- **Social and Cultural:** to understand how sport can benefit society by addressing the big issues – health, crime, violence, poverty – defining a richer purpose than before, while protecting and valuing diversity in communities. Leadership and governance play a key role here. Society, of course, benefits too.
- **Environmental:** to protect and restore the natural resources - for example, by controlling climate change, preserving natural resources, and preventing waste.

Although the challenges to sustainability are acute, there has never been a better time than the present for an organisation to play a critical role in helping to resolve them while achieving lasting success.

The current context creates a **red ocean** of competition between sports. Any sport aiming to achieve greater sustainability must therefore craft a strategic direction (including strategic goals or outcomes) that embodies finding a **blue ocean**, clear water between competing organisations and of greater value to stakeholders. Such goals should:

- Be consistent with the strengths of the sport – connected to a strong core
- Differentiate it from the pack
- Have a connection to its core purpose and activity, and
- Elicit the personal contributions and passions of its members.

Red Ocean	Blue Ocean
Competing in existing industry	Create uncontested space
Beat the Competition	Make the Competition irrelevant
Exploit existing Demand	Create and capture new Demand
Make the Value-Cost Trade-off	Break the Value-Cost Trade-off
Align the whole system of the sport’s activities with its strategic choice of differentiation or low cost	Align the whole system of the sport’s activities with the strategic choice of differentiation <b>and</b> low cost

Finally, the goals ought to be optimistic and aspirational but not impossible - achievable, incrementally, within 5 to 15 years. As leaders in sport you must point to a destination, even though at the start of the journey you may have no idea how to reach it. Your people will figure out how to cast off, when to shift sails, and what to do to move the organisation forward.