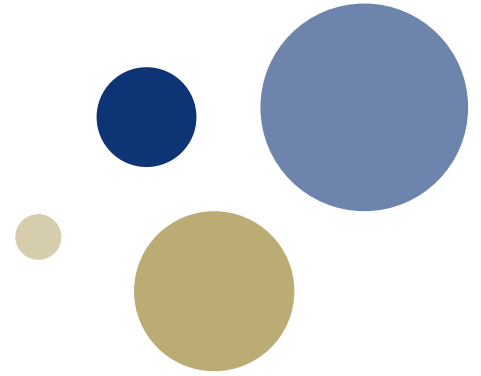




Norwegian University of
Science and Technology



Major Sports Events – The Challenges of Hosting Them Efficiently

Per Ståle Knardal, Associate Professor

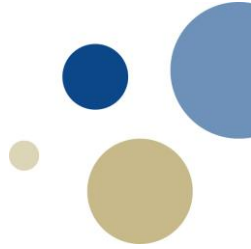
Harry Arne Solberg, Professor

NTNU Business School, Norwegian University of Science and Technology

NTNU Center for Sport and Culture Management Research

Introduction

- Takes on the perspective of the local organizers
 - Major events – many of these
- There is risk connected with organizing sports events
 - Operational
 - Media
 - Political
 - Etc.
- Financial risk
 - Loss in revenues
 - Unanticipated costs



A stakeholder perspective





How do the characteristics of the IF and the relationship between the local organizer and the IF influence the local organizer's opportunity to control its financial risks?



Findings



Financial data

EUR	COT	WC	BG
Revenues	1 713 310	553 042	1 751 228
Costs	2 174 249	557 459	1 740 456
Result	-460 939	-4 417	10 772
Revenues from international federation	0	312 392	228 520
Revenues from international federation in % of total revenues	0 %	56 %	13 %

FIDE Chess Olympics

- FIDE – unpredictable
- Take advantage as the federation
 - Trying to stage auctions
- The hosting of the World Cup in 2013
 - Unexpected
 - No choice but to accept

“The World Cup was not expected and made quite an additional cost. The rules seemed to change and develop during the process, supporting the interests of FIDE”.

- A higher number of participants than predicted
 - The Russian female team enrolled late
 - COT rejected the enrollment – with support from FIDE’s regulations
 - FIDE supported Russia – threatened to move the Olympics to Sochi
 - COT accepted Russia’s enrollment

FIS World cup

- FIS/NSF – Strong, Local organizer - Weak
- A different relationship
 - Detailed contracts
 - Stability – but also challenges
- Opportunities - stability
 - 56 % of income from FIS/NSF
 - Costs – known well in advance
- Challenges
 - FIS controls the commercial revenues: TV-rights and sponsor revenues
 - Difficult for local organizer to generate own revenues
 - Limited opportunities for local sponsors to promote themselves
 - Professionalization of FIS
 - High power - competition with other organizers
 - Accepted – the world cup is an instrument for other goals – the world championships

IAAF Bislett Game

- IAAF (and NFIF) weak(er)
 - Local organizer (and athletes) strong(er)
- More hands off from IAAF and NIF
 - IAAF regulations, but little involvement
 - The hosts must to a larger degree control costs and revenues
- Revenues
 - 13 % from IAAF
 - Responsible for own sponsors
- Costs
 - Auction – controllable, but potentially financial risk
 - Star athletes = promotion investments



Discussion and conclusions



1. It is challenging to organize sports events
2. The events are under influence of their international federations – strong or weak
3. Different logics, or cultures, are present in the federations – influencing the preferences they have in the control relationship with the local events
 - Market forces
 - Ruling in athletics
 - Weak(er) in skiing
 - Absent in chess

The paper shows that the conditions under which the local organizers organize their events are very different, and as such it is difficult to find universal or general ways of how to organize events.



**Thank you for your
attention!**