

Chapter 5.3

Working with public sector

Benefits of this chapter

In the previous section, you considered how to attract and retain commercial sponsors. And there is no doubt that commercial sponsors play an important role in generating revenue for your federation. But commercial sponsorship is not the only way.

The most successful sports federations diversify their approach to generating revenue beyond commercial sponsorships. One practical way of diversification is to develop partnerships with the public sector. This chapter outlines the potential opportunities of working with the public sector to strengthen your financial position.

Introduction

In an increasingly competitive market, it is challenging for sports federations to maintain existing sponsorship revenues, let alone increase overall income through commercial sponsorships. How then can federations increase revenues through diversification?

One potential solution is to develop new relationships with the public sector. Many sports federations have never considered the financial potential of partnering with the public sector, but evidence suggests that real synergies and compatible interests exist between sport and the public sector that can generate revenue for sports federations.

Public sector entities – cities, regions and countries – are becoming increasingly interested in playing an active role in sports and sports events for a variety of reasons, and they often have a more authentic, long-term interest in building relationships with federations. This makes the public sector a good partner to work because your federation can work with them over a longer period of time and establish more consistent streams of revenue. Moreover, the public sector is often less experienced in partnership agreements than the private sector, which means public sector partners are less demanding and potentially easier to work with and manage.

So, how can the public sector help your organisation, especially in terms of financial support and revenue generation? The topics covered in this section will outline some of the basic elements of the public sector and how partnering with cities, regions and countries can benefit your federation, aquatics sports and the public sector.

These topics include:

- Why is the public sector interested in sport?
- How are sports federations adjusting to work with the public sector?
- How can your federation stand out as a good partner for the public sector?
- Are there benefits to creating circuit events with the public sector?

The commercial future of your federation will increasingly depend upon the relationships you build with the public sector. Your federation can become a valuable partner in helping cities, regions and countries develop and promote their brands, and these public sector entities can offer access to healthy government budgets that can support those branding efforts and your federation's own development goals.

Why is the public sector interested in sport?

Before considering how your federation can partner with cities or regions, it is important to understand why the public sector is even interested in sport in the first place. Knowing this will help you position your federation and appeal to public sector entities in the most impactful way possible.

The public sector today is interested in sports because sports and sports events offer a wide variety of benefits to a city, region or country. In particular, by hosting events, cities can become identifiable with certain sports and align with certain values and images that promote the city's brand.

The relationship between sports events and their host cities, regions or countries is often discussed in terms of the physical legacy that the events leave behind (e.g. stadiums, training centres, transportation networks, etc.). While other "softer" benefits exist, the physical, tangible infrastructure and urban regeneration are often seen as the most positive and lasting to make hosting events worth the investments required.

Sports can undoubtedly play a major role in the development of a city, not only by providing new facilities, but also through the much broader and long-term values that sport can bring in terms of social benefits. If sports events are properly leveraged by the host city as a first step in driving social programmes (e.g. fitness programmes, after school programmes, social integration and inclusion programmes), they can improve health and wellness practices around the city or country and bring different communities closer together.

Considering that sports events (if organised effectively) can help achieve social objectives, then it would seem that "legacy" projects and physical infrastructure are not the only reasons why the public sector would be interested in aligning with sports federations. So, what are the other primary drivers behind hosting such events?

The answer is branding, or more precisely, place branding. As places have to compete more and more to attract the attention and money of business, tourists and media, they have to distinguish themselves and stand out. Thus, place branding is the art of influencing people's perception of a specific place.

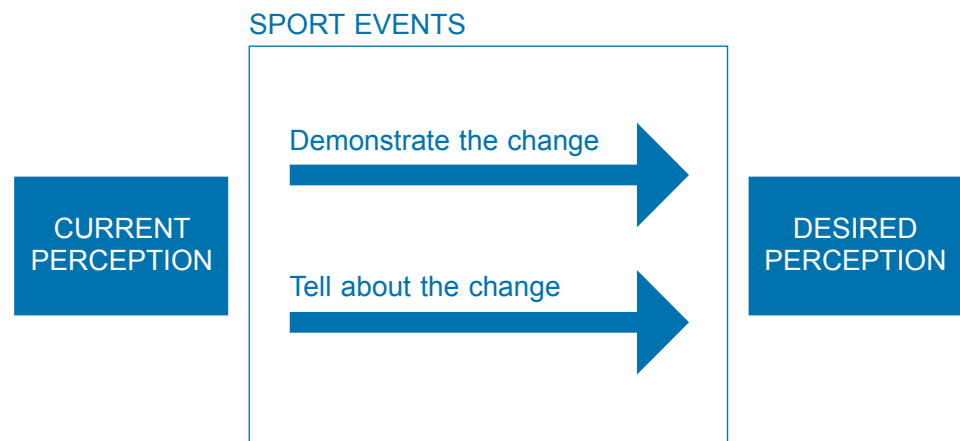
To start with, it is extremely difficult to change the perception that people have of a place. Place branding is about changing perceptions, which is in itself a challenging goal to achieve. That is why sports events have become such a valuable branding tool – when organised and conducted well, they can have real impact on the perceptions of a place.

What sport events can do for branding of a place?

Sports events can be extremely powerful for branding a place for two main reasons: first, they can demonstrate that the place is actually different than how the public has perceived it to date, and secondly, the high profile of sports events provide a unique platform to tell the public how the place is different.

In the 2006 FIFA World Cup, Germany showed the world that it is a warm and welcoming place. But demonstrating this did not happen automatically. The organising committee used the event to build on the long-standing impression of Germany. The organisers wanted to show that Germany is not only a place that can produce high quality products in an organised and efficient manner; they also wanted to show that Germany can do all that in a welcoming and friendly way.

Diagram 5.3 a



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By bringing the World Cup to the streets and engaging all of Germany in a big party, they managed to demonstrate a new angle on Germany's brand. The world expected to see a perfectly run World Cup on television, and on the pitch, Germany delivered a well organised event. However, the organisers also delivered a radically different picture of Germany by organising one of the biggest parties the world had ever seen. Through the organisation of the event, Germany actually demonstrated a new aspect of the German brand.

But more than just demonstrating, Germany also told the world that it was a friendly and welcoming place. They did this by taking reporters and journalists to the fan parks and street parties during the event so that stories and images of these huge parties during the World Cup were reported worldwide when the media spotlight was on them. Germany's desired shift in perception was also expressed and told through the official slogan – "A time to make friends" and a logo depicting three friendly faces.

Germany's efforts actually advanced their reputation. Germany became the second-most admired country brand (up from sixth) on the Nation Brand Index, a measurement system that ranks countries according to the popularity of their brand around the world. Perhaps Germany's Interior Minister, Dr. Wolfgang Schäuble, summarised best the reason why the public sector is interested in sport. Following the 2006 World Cup, he said "Germany projected a fabulous image abroad – so good it's almost scary. Our nation has rarely enjoyed such a positive image."

And it's not just major events like the World Cup or Olympic Games that are attractive to the public sector. Smaller cities, regions and countries are also experiencing the benefits of partnering with sports federations and smaller events to promote place brand objectives. Big or small, sports events are unique because they provide their hosts with an "all-in-one" opportunity: first, the chance to demonstrate the brand image and values, and second, the tremendous media platform that will enable them to talk about it to the world.

How are sports federations adjusting to work with the public sector?

Sports federations have already been working with the public sector for years, especially in the development and production of their events. Since federations actually have experience working with the public sector, why and how can federations adjust their approach to maximise the financial benefit of the relationship?

The answer is that federations must look at the public sector as more than just venues to host an event. Instead, federations must look at cities and regions as real partners in the overall success and development of their sport. It may have been that the public sector was just a logistical piece of organising an event, but the increasingly competitive sports market – along with the financial requirements to compete in it – have changed the playing field.

As governments become more knowledgeable of and specific about what their brand image should be, they are ready to invest much more when they see a fit between their message and the specific message that a sport represents, including the way certain sports events are organised.

As equal partners, sports federations must allow the public sector to be an integral part of organising their events. In doing so, these public partnerships and the communication platform they represent could become the most powerful marketing tool sports have ever seen – the public learns more about the place because it is the setting for the event, and the public learns more about the sport by watching it on television, reading about it in newspapers or following it online.

How can your federation stand out as a good partner for the public sector?

Because the public sector offers a unique platform that can help take your federation to the next level, it is important to consider what practical strategies your federation can use to develop and benefit from public sector partnerships.

The following section offers some strategic approaches to maximise your relationship with cities, regions and countries with whom you partner with:

1/ Begin with bidding

Federations usually make first contact with potential public sector partners during the early phases of the bidding process to host sports events. Therefore, the way your federation conducts the bidding process will make important first impressions about what a relationship in the future may look like. So, make the bid process easy to understand and be as transparent as possible.

2/ Treat interested partners like you would treat members of your federation.

Your federation should take pride in the cities and regions that show interest in hosting your event. And the higher profile these public sector candidates become, the more attention they can bring to your sport. However, the bidding process should not be about you

and your federation – it's about finding the best partner for your federation. As such, show all candidates the respect, responsiveness and customer service you show members of your federation. Doing so will help your federation develop a reputation as organisation that the public sector wants to partner with, which will attract higher profile cities and regions that offer greater prospective revenues.

3/ Make sure partners win even if they lose

Countries, regions and cities rarely enter a bidding race unless they can honestly answer the following question: "If we do not win this bid, will we gain something from the process that makes the bid worthwhile?" In other words, every bidder must believe that they will "win even if they lose."

Your federation should ensure that the bidding process allows all candidates including the losing candidates to gain something from the bidding process. This ensures that you preserve future relationship (losing cities may want to bid again for future events) and demonstrates to the public sector that a partnership with your federation brings added value, even when they lose a bid.

4/ Communicate change quickly and honestly

Any city, region or country that has hosted sports event in the past knows that changes are going to happen between winning the bid and hosting the event. Some of these changes are outside your federation's control (e.g. weather, natural disasters, national economic challenges, etc.), but others are very much a part of your federation's oversight and management. Whatever changes might occur, be sure to communicate those to your public sector partners quickly and honestly. Better yet, allow public sector partners a seat at the table when coming up with strategies to adapt to these changes. This will promote trust, cooperation and a deeper partnership.

5/ Give public sector partners some creative freedom

Very often, public sector partners are welcomed into a federation during the bidding phase and then made to sign a rule book and guidelines that prevent them from creatively leveraging the sport and the event to achieve their objectives in this new partnership. While your federation should protect the quality of its own brand and reputation, allow public sector partners to engage, collaborate and cooperate with you. Remember, it is a partnership – learn from each other, ask questions and seek advice. Public sector professionals have expertise in areas that your federation may be able to benefit from, so keep an open mind.

Are there benefits to creating circuit events with the public sector?

As mentioned, public sector partnerships offer a place to host your events on top of solid financial support. But to have the biggest positive impact possible – for both you and your public sector partner – the real trick is daring to be dif-

ferent and be open to new ways of organising events. Change can be difficult to implement, and many within your federation may be resistant, but the most successful federations are capable of staying current and relevant while balancing business-as-usual with change.

One way public sector partnerships can be win-win for both sides is to create a circuit format for your events. It may sound like a big departure from your federation's typical approach, but there are some key benefits that a circuit format offers both your federation and your host cities that a one-off event cannot.

These benefits include:

1/ Added value for public sector partners.

Like commercial sponsors, host cities are not always able to optimise the benefits of hosting an event on their first attempt. After hosting one-off events, cities have gained a lot of experience and are often eager to make improvements and host again, but they have to wait for another chance which can take years. Circuit events put that experience to use quickly by providing regular opportunities e.g. yearly to implement better ways of organising an event.

Circuit events foster long-term partnerships that afford cities and regions multiple years to introduce themselves and build their brand. Unlike one-off events, which are often forgotten in a crowded sporting calendar, the return of the event to the same city year after year makes people more aware of the place. This adds value to your public sector partners by giving them more opportunities to connect with people, make lasting impressions and change perceptions.

For example, many people may forget where the Diving World Championships were had two years ago, which means the host city may not have benefited as much as it could have if events returned there on a regular basis. However, mention Wimbledon, and people instantly think of elite tennis and London, England. When events return to the same city year after year, your federation can build a true partnership that brands the host, promotes the sport and generates more revenue for both.

2/ Added value for sponsors

It can take years for sponsors to see the benefit of their investment in a sports event, especially when that event only takes place once a year, or even once every two or four years. Hosting multiple circuit events each year with the same sponsors increases exposure for sponsors, which means they have a better chance of seeing a faster return on their investment and reaching a wider audience. Sponsors can also adapt their sponsorship approach from event to event rather than having to wait until the next year.

3/ Added value for fans

Your federation knows that fans are fundamental to the success of aquatics sports. A circuit structure provides fans with more content to consume. It gives fans a string of events to enjoy throughout the season instead of just one that occurs once a

year at most. More competitions also mean more statistics for fans to follow and discuss throughout the season. For example, when Michael Phelps has more swimming events to participate in, he has that many more opportunities to break world records – and other swimmers have that many more chances to beat him. This promotes interest and discussion in the sport, which is always good news for a federation. Circuits also provide increased access to events for the sports fans. With a circuit format, elite athletes from aquatics sports can move around your country or region in a single year, bringing fans closer to aquatics sports.

4/ Added value for media

Your federation and your public sector partners want your events to attract media attention. As such, the media need a reason to believe that the event is important and relevant. For aquatics sports, a circuit structure can provide a seasonal calendar of events that regularly attract media attention. The media can plan ahead and cover events as part of a larger season, which generates regular coverage and spectator interest.

Consider the Professional Golf Association in the United States and Europe. Events take place regularly each year and typically provide a lead up to the “major” events such as the Masters, the US Open and the British Open. The media cover golfers who are doing well in the circuit events and speculate about their chances of winning one of the majors. A similar effect could develop in aquatics sports with the right level of partnership between your federation and interested public sector partners.

5/ Develop organising expertise

Having regular circuit events allows organisers from your federation and the public sector to improve their skills year after year. This provides consistency and can help your events grow each year without having to train new staff each time.

Useful tips

Public sector partners are a critical piece of your federation’s financial future, here are some things to keep in mind:

- Where your events are is just as important as who wins the competition.
- Strong partnerships between your federation and cities and regions interested in being a part of aquatics sports can create mutually-beneficial opportunities that strengthen your federation’s financial position.
- New markets, new venues and new fans are just some of the exciting potential that public sector partners can provide.
- Diversify your partnerships to include the public sector and you can experience rewarding benefits – financial and otherwise.