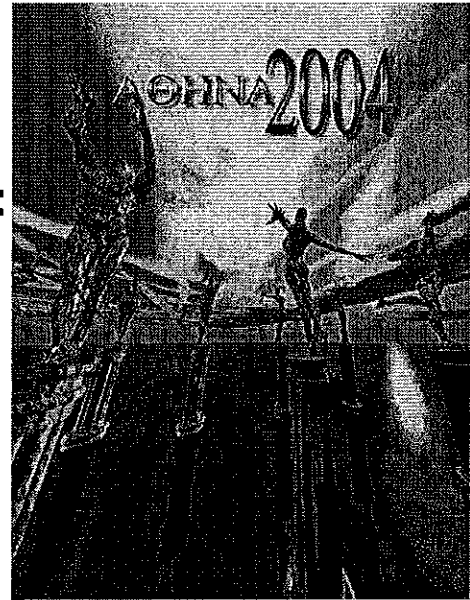# The Olympics:

The Ultimate Management Challenge

The 1996 Atlanta Centennial Summer Olympics reached a worldwide television audience of 19.6 billion people in a record 214 countries. Nagano's 1998 Olympic Winter Games were broadcast to 180 countries and territories and Nagano's website received 646 million hits during the Games - an Internet record. The world is, to state the obvious, quite interested in and impressed with the spectacle, drama and color of the Olympic Games. Impressive as these two-week events are, even more remarkable is the extraordinary and largely unsung story of the effort required to bid for, plan, organize, build and operate an Olympic Games program.

Getting Out of the Blocks: The Bid

The current requirements for undertaking an Olympics program entail more than a decade of effort which starts with preparation and presentation of a two-stage technical and financial bid. These bids, providing information on a variety of subjects including weather, transportation, security and finance, are first made by proponent cities at the national level of their respective countries; thus, at the first stage competing cities from the same country are pitted against each other to come up with a winning proposal. In addition to those cities currently selected to host Winter and Summer Games - Athens 2004, Turin 2006, and Beijing 2008 - there are numerous locations around the world preparing bids for events in upcoming years: Winter 2010 and Summer 2012. At the present time there are four U.S. cities [*San Francisco, Houston, New York and Washington*] proposing to the United States Olympic Committee to become the U.S. candidate for the Summer Games of 2012 - a little more than ten long years from now. The USOC estimates that the cost of the bid effort required to reach the international level is to the order of $7 million. Financed primarily through contributions by local boosters, a considerable amount of volunteer effort is usually needed to supplement the "hard costs" involved in the Bid efforts.

At the second stage, as a country's designated candidate for an upcoming event - Winter or Summer - for a future date, the proponent cities refine their bids to highlight particular features of their proposals in the hopes of winning the International Olympic Committee's award of the Games. Sydney, for example, chose an environmental theme which, in addition to developing an exciting concept for the development of a new complex of facilities, gave Australia a competitive edge which carried the day; Athens' differentiated their bid from the competitors by making a commitment to stage a Cultural

Olympiad which includes a program of events in years prior to the Games, as well as during the Games themselves.

We've Won! - What Now?

Subsequent to a brief, yet intense period of euphoria and celebration when a city actually wins the opportunity to host an Olympic Games, the people charged with the Games' organization are inevitably subjected to a period of some confusion and change. Many if not all of the people who were involved in the Bid usually depart from the organization and a new cast of players emerges to begin the organizing process. One of the first challenges which the organizers become aware of is finance. Hosting a modern-day Olympic Games program entails managing a budget which can range from more than US$1 billion, for a Winter Olympic and Paralympic Winter Games to several billions for a Summer Olympics and Summer Paralympics program. If new or upgraded facilities such as sports complexes, airports, highways and housing are included, these budgets can easily be doubled or trebled. Given historical trends on factors which affect both costs and revenues, as well as international concerns for security, organizers of future events can expect these figures to increase. In spite of financial challenges, with increases in international tourism, the emergence of several "new" countries through the breakup of the former Soviet Union, and the globalization of commerce and business, the Olympics would appear to be a formidable phenomenon which should continue into the foreseeable future.

Organizing for the Ultimate Management Challenge

The process of organizing the Olympics demands a thorough understanding of the unique needs of this undertaking, an undertaking which is "The Ultimate Management Challenge". Some of the factors which make this process so challenging include:

- Unlike the process of creating a major business wherein the ultimate goal is to create an enterprise which will function for many years, the organization of the Olympics must be designed *to go out of business successfully.*
- In addition to the many tasks required to actually carry out the Games, the process of creating the organization to plan and operate is, in and of itself, a major undertaking involving:

    o recruiting and training needed human resources
    o developing appropriate work scopes and task breakdowns, schedules, budgets and the related systems and tools to manage them.
    o coordinating and managing the many interfaces between the organization, the International Olympic Committee and the International (Sports) Federations and others.

The need to simultaneously build the organization and carry out the work places the organizers in a highly demanding, constantly changing management environment. Failure to maintain control and achieve progress at any given time can place the Olympics enterprise at serious risk.

Because each Olympics is different, due to factors such as the physical setting, changes in sport and competition requirements, financial commitments, and the increasing expectations surrounding this world class event, the organizational approach which an organizing committee adopts must be conducive to the evolution of the Games

development process:

- *Pre-Games*
- *Planning*
- *Testing and refining*
- *"Venuization" (territorial deployment)*
- *The Games, and*
- *Post-Games & Legacy Program*

If the organizational approach is not planned correctly from the outset, the organizers will suffer the fate of many previous Olympics, requiring reorganization and restructuring which is both costly and time-consuming.

With relatively few exceptions, most notably Los Angeles, an Olympics program will typically require and make use of a variety of major infrastructure and urban facilities which are not built at the time of the award of the Games. Thus, the Olympics organization must ensure that this potentially large design and construction program is carried out in a timely and coordinated manner so that the temporary works required for the Games can be put into place and tested to ensure their functional and operational soundness. If time runs out on this program, the Games will be put at significant risk, not only because of the additional expenses which will be incurred, but also because of the potential for operational difficulties.

In addition to the many specific facilities and services which must be developed and operated, like the Olympic Village and the transportation services, there is also a plethora of "soft" requirements which must be planned and implemented. Many of these, from a budget point of view, are relatively small, such as Protocol or Accreditation, yet, they are critical to the realization of a successful Games operation.

The Olympic Games as a "Project"

The process of organizing and hosting the Olympic Games has the following kinds of organizational and management requirements:

- A definitive beginning and end.

- A series of evolutionary steps, leading from the broad and general, to the highly specific and detailed.

- A need to measure and ensure progress on a progressive, continuing basis.

- A structure which can quickly shift from planning to testing, then operations to close down.

- A structure which can quickly and efficiently grow from a staff of several hundred to many thousands of people.

Because of these requirements, the Olympics organizing process may be characterized as a "project", consisting of several phases of development, the Games-time operations and, ultimately, close down. In this regard, the organizational approach to managing this

unique project is quite different from that needed by most businesses and large-scale enterprises. Thus, thus the organization required to host an Olympics will be an expression and manifestation of an approach to:

- Breaking down the complexity of the Games into manageable units according to the specialized nature of the activity required, identifying all required functions (e.g. Transportation, Sports, Security, Protocol, Accommodations, etc.) and activities.
- Understanding the span of control which the Organizers can reasonably employ at each stage of the evolution of the project to guide and direct the accomplishment of the various required tasks.
- Making the appropriate, timely and necessary transitions between planning, executing and operating the facilities and services needed to host the Games.
- Designing and implementing a Program Management System (i.e. Workbreakdown structure, milestone schedules, progress reporting mechanisms, etc.) which can be used by the entire organization to manage the day-to-day planning and development of the Games' facilities and operations, while also serving senior management's needs to identify critical problems, resolve them, while always looking forward and anticipating upcoming issues.
- And finally, the key to the ultimate fiscal success of the Games: the creation and implementation of a financial system designed to facilitate acquisition of revenues, tracking and forecasting cashflows, understanding and maximizing the utilization of Value in Kind (VIK) contributions and other critical activities associated with the financial management of the Olympics enterprise.

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