



OLYMPIC AGENDA 2020

THE BID EXPERIENCE

Evaluation of the Winter Games Bids 2010 – 2018 and Recommendations for the
IOC's Olympic Agenda 2020

June 2014

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1 Reason Why

In this context, the collective of the Austrian Olympic Committee, the German Olympic Sports Confederation, the Swedish Olympic Committee and the Swiss Olympic Association decided to share their latest experience in bidding with the IOC. All four committees were planning Olympic bids in the recent past: the Austrian Olympic Committee was considering a bid of Vienna for the 2028 Olympic Games while the German, the Swedish and the Swiss Olympic Committees were looking into the possibility of bidding for the 2022 Olympic Winter Games. The striking element welding all four committees together is the fact that all above mentioned bids were not lost in the official bid process, but due to a lack in national or at least regional public or political support. In Switzerland and Germany, citizens rejected potential bids in public referenda with 53%, in Sweden national politics decided not to support a bid and in Austria public opposition even received 72% in a referendum. And the trend continues: As this paper is issued, Krakow, one of five candidates left in the race for 2022, just had to withdraw its bid as almost 70% of its citizens opted against hosting the Games. Oslo, now one of four candidates, is also struggling as one of the Norwegian government parties voted against supporting the bid. The latest opinion poll conducted in Norway showed that 60% of the public was against the bid, with only 35% in favour.

What is the problem of established European nations to bid for the Olympics? The grounds cited sound very similar in all four countries: public and politics seemingly fear the high costs of bidding for and hosting the Games, especially in the aftermath of the increase of costs that was witnessed in Sochi as well as concerns relating to human rights and sustainability. The situation is aggravated by the media picturing mistrust in the IOC.

Yet, it would be an oversimplification to limit the problem's analysis to these grounds. The affected committees therefore initiated a comprehensive review of past bid processes to identify the challenges of the current bidding procedure as well as to propose possible solutions. This initiative shall not be interpreted as criticism, but rather as a basis for discussions and an impetus for new ideas which may be valuable for the development of the Olympic Agenda 2020. It is the main aim of all parties involved to support the IOC in keeping the Olympic brand attractive. We are all part of the Olympic Movement and we strongly believe in the Olympic Values and the uniqueness of the Olympic Games. The recommendations presented herein intend to strengthen the idea of the Olympic Games always bearing in mind the vision of compact Games with short distances, close-by venues and a central Olympic Village. The overall aim is to rethink the bidding procedure in order to reduce complexity and increase transparency and flexibility for potential bid cities. It is necessary to ensure that the requirements and the procedures in place allow for more nations to successfully put forward bids in the future. Because ultimately each of the participating NOCs is driven by the motivation to host the Games in their countries and wants to open the door for future Olympic bids.

To achieve this goal, it is crucial to strengthen the confidence of the public in the Olympic Movement. We owe it not least to our countries to voice the different concerns which arose in the process of preparing the latest bids. This seems to be an elementary first step in order to gain more credibility and integrity within our countries.

2 Methodology

The paper at hand has been developed in two steps: in a first step, a thorough analysis and evaluation of the past three Winter Olympic Games bid processes was conducted. The results of this review were presented to the management of all four involved NOCs in a joint workshop in Frankfurt / Main in May 2014. The workshop provided the opportunity to openly discuss and interpret the results, the underlying grounds and possible future actions and forms the second integral part of this paper.



Figure 2: Methodological Approach³

Review of Olympic Winter Games Bids 2010 – 2018

In order to obtain reliable information on the scale and development of bidding procedures, it was decided to evaluate the bids of the past three fully completed bid processes for Olympic Winter Games, i.e. 2010, 2014 and 2018. The focus on Winter Games derived not only from the fact that all involved NOCs were engaged in bids for Winter Games lately, but was also based on the experience that the challenges in bidding for Winter Games are even more pressing than in bidding for Olympic “Summer” Games.

The past three bid processes were compared and evaluated with special emphasis on the development of legacy splits, costs for competition venues, accommodation figures, budgets and revenue potentials. All data used has been acquired only by official sources, i.e. the application and candidature files of

bid cities as well as the official reports of the IOC’s Working Group and Evaluation Commission.

The findings of this review formed the basis for the subsequent workshop.

Discussion and Interpretation of Review Findings

Organised under the auspices of the German Olympic Sports Confederation, the Austrian, German, Swedish and Swiss Olympic Committees met in Frankfurt in May 2014 to discuss the findings of the bid process review. The workshop team, comprising executives of all four participating National Olympic Committees, identified eight high priority challenges within the IOC requirements and the bid process, which may be addressed in the Olympic Agenda 2020, and discussed possible approaches how to tackle these challenges.

The paper at hand subsumes all eight theses under the following three major topics:

- (1) The Process of Bidding
- (2) The Costs of the Games
- (3) The Scale of the Games

The first of the following chapters focusses on the bidding procedure whereas the second and the third chapter rather concentrate on the requirements the IOC puts on bid and host cities. Each of the identified challenges will be shortly elaborated including practical recommendations which may already be implemented for the 2024 / 26 bidding processes.

³ Source: Own Illustration

3 The Process of Bidding

3.1 Selling vs. Buying the Games

Observations

The developments in the latest bid race for the 2022 Olympic Winter Games make it very clear that it has become increasingly difficult for established sports nations to communicate the Olympic values and the benefits that arise from bidding and hosting the Games. Citizens as well as politics mainly focus on the demands the IOC makes but barely know about the great support it provides. As a result, more and more nations, especially European nations, either not dare to submit an application any more or withdraw it later on as just happened in Stockholm and Krakow. This trend can also be observed when looking at the nations that re-apply for the Games: The number of nations that apply for the Olympic Games for a second time after an unsuccessful bid significantly decreased within the past five bid cycles. In the current race for 2022 is no single nation that bid for the 2018 Winter Games.

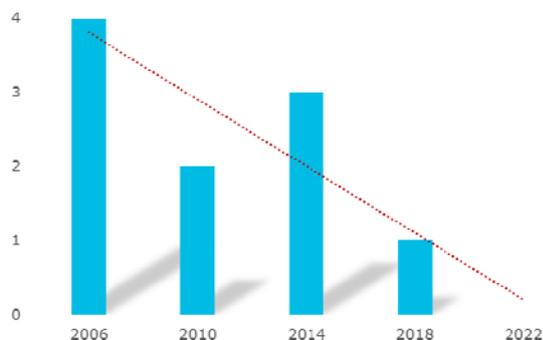


Figure 3: "Re-bidding" nations 2006-2022⁴

Recommendations

It is utmost important to proactively communicate the social and economic benefits of bidding and hosting the Games. But in order to do so, the IOC has to provide interested cities and NOCs with more information and has to support them in dealing with IOC-related criticism (e.g. with regards to the Host City Contract, the revenue distribution, etc.).

Furthermore, it may be necessary to adapt the IOC's bid terminology to serve the needs of explaining the project to a broader public; for example, the budget structure is quite confusing for uninvolved citizens. A crucial factor in this context is timing: It is highly recommended that the IOC enters a dialogue process with a city and its NOC as soon as a city explains interest in bidding. Apart from content-related support in form of concrete information, media kits and a more transparent and active communication, the IOC might also think about financial support to co-fund communication campaigns in interested countries. Such funds could be supplied by the Olympic Solidarity Programme and would help to see the IOC not as a counterpart but as a partner for interested cities.

Summary

- > Actively communicate benefits of bidding and hosting the Games
- > Start dialogue processes with interested cities at earliest possible stage
- > Support cities that deal with IOC-related criticism with information and financial resources
- > Adapt bid terminology to serve the needs of a broader public

⁴ Source: Own Illustration / Mini Bid Books 2006-2022

3 The Process of Bidding

3.2 Bid Budget and Deliverables

Observations

Monitoring the development of bid budgets of the last three bid processes reveals a remarkable trend: the official bid budgets have more than quadrupled in the last three processes. A city bidding for the Games 2010 spent an average budget of USD 9.5 million for the two-year-period preceding the IOC's host city election, whereas a city bidding for the Games 2018 invested an average of USD 34 million. It is also worth noting that the budgets of the first phase of bidding increased just as much as for the second phase. The bid budget finances all activities of a city during the bid process including the development of an operational concept for the Games as well as the production of the application and candidature file. The major share, however, is spent for marketing and PR campaigns during the bid. Similar to the development of bid budgets, the volume of a city's application file has also increased in the last years. The pages of the Mini Bid Book, the file that has to be submitted during the first phase of bidding, have almost doubled from the bid process 2014 to 2022. These developments form a sharp contrast to the IOC's demands to lower the threshold for bidding and ease especially the first bid phase.



Figure 4: Development of bid budgets⁵

Recommendations

As it was already clearly stated in the presentation during the 126th IOC Session, the two-phase bidding procedure has to be reviewed "to make sure that the IOC does not ask too much too soon" and thereby discourages potential bid cities. This may be achieved by a restriction of both the formal procedures and the IOC's requirements. Firstly, the efforts made by bidders may be eased by shortening the bid phases and further reducing the international activities of bid cities. Thus, the costs for bid cities would automatically be reduced. Secondly, the information and level of detail that is asked for in the first phase of bidding should also be reduced to a minimum. This might include to not ask for binding guarantees at this stage. Instead, the first bid phase and the Mini Bid Book should aim at assessing a city's general capability to host the Games with regards to its vision, its concept and venues, environmental plans as well as transportation and accommodation possibilities. Furthermore, this concept should be developed in close cooperation with the IOC to prevent the risk of one-way planning.

Summary

- > Shorten the bid phases and reduce international activities
- > Restrict the information and level of detail asked for in the first bid phase to a minimum
- > Eliminate guarantees in the first bid phase
- > Establish a dialogue process with bidders to prevent one-way planning

⁵ Source: Own Illustration / Mini Bid Books 2010-2018

3 The Process of Bidding

3.3 Technical Evaluation vs. Host City Election

Observations

Each of the two phases of the bid process includes a report of an IOC commission: at the end of the first bid phase, the IOC Working Group evaluates the technical feasibility of the submitted concepts and summarises its findings in a report where each city receives grades for its concept. At the end of the second bid phase, all remaining cities are analysed in detail by the IOC Evaluation Commission which then composes a second report which shall assist IOC members in electing the Host City. The final decision, however, is solely left to the IOC members which vote in a secret ballot. When looking at the Host City Elections of the past three bid processes it was recognized that the technical assessment of bids was not always sufficiently reflected in the voting behaviour of IOC members. Even worse, there were elections where the city with the lowest technical grades was elected Host City: as happened in 2007, when Sochi was elected Host City for the 2014 Winter Games and as also happened in 2009, when Rio de Janeiro was elected Host City for the 2016 Games. This may, however, be related to the strict prohibition for IOC members to visit bid cities during the bid process.

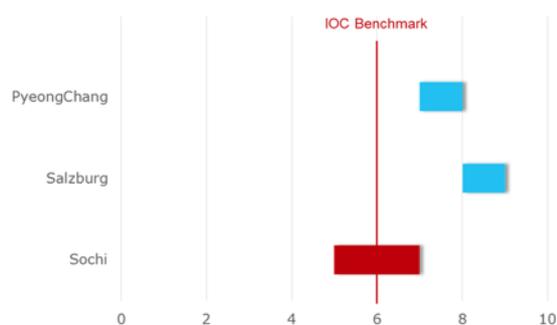


Figure 5: Assessment of "Overall project and legacy" of bid cities for 2014⁶

Recommendations

On the one side, it seems important to revise the IOC requirements with regards to the bid phases and files. As mentioned under 3.2, especially the first phase of bidding should be restricted to the development of a more general concept, focusing on the technical feasibility and leaving room for country specific concepts. Furthermore, the IOC should become more involved during the bid phases: it should give more technical support in developing the concept in the first phase and get more insight in "local realities" in the second phase. In this context, it might be worth to think about different formats like planning workshops with IOC experts in the first phase and meetings with stakeholders and open days of bid cities for IOC members in the second phase of bidding.

On the other side, it may be necessary to reconsider the election mode and make the technical evaluation an integral part of the final Host City Election. For example, the IOC could split the election in two equally weighted parts, one representing the technical evaluations with a ranking of all bid cities, and one representing the vote of the IOC members.

Summary

- > Leave more room for country specific concepts in the first phase
- > Give more technical support in the first phase
- > Get more insight in "local realities" in the second phase, consider open days of bid cities for IOC members
- > Make technical evaluation an integral part of Host City Election

⁶ Source: Own Illustration / IOC Working Group Report 2006

4 The Costs of the Games

4.1 Budget Structure

Observations

It seems to be utterly impossible to explain the budget structure of the Olympic Games either to the press of a bidding city or its public. The fact that the budget structure consists of two budgets, of which one is normally balanced due to revenues and IOC contributions and one that does not only contain Games-related costs but all Games independent investments which will be carried out in the period up to hosting the Games, remain unnoticed. Both press and public mix and add different budgets irrespective of the source of funding or revenues. Apparently, the budget structure of the Olympic Games is too complicated to explain to the national public. On top of that, the figure that causes most concern among the public, Games-independent investments, is very hard to determine due to the different demands of developed and emerging countries.

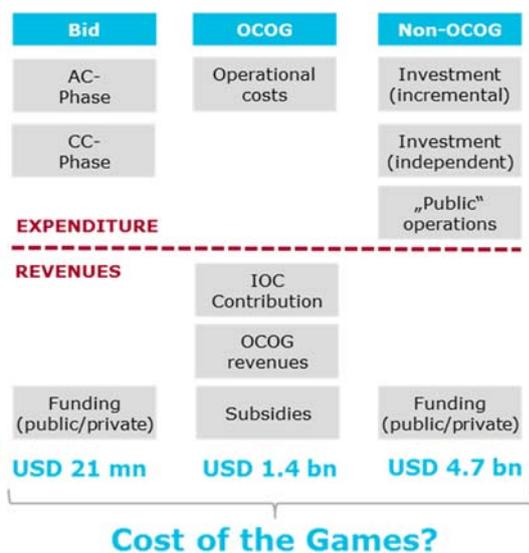


Figure 6: Budget structure of the Olympic Games⁷

Recommendations

Considering the tremendous problems the NOCs face in established nations as soon as a figure for the cost of the Games is out, it might be worth to re-think the current budget structure. It is necessary that the underlying structure is more transparent and easy to understand. Dividing the costs in public and private costs would create more transparency in the national communication. Also, the Non-OCO budget could be limited to the actual Games-dependent incremental costs. The Games-independent measures may still be part of the overall concept and may also have to be guaranteed, but should not be specified in the budgets as that just leads to unrealistic and imprecise figures.

Additionally, and referring to the recommendations mentioned under 3.1, the IOC should better explain and clearly show the financial contributions it makes to the Organising Committees of the Olympic Games. This would ease the national public discussion about the cost of the Games and at the same time help to promote a better image of the IOC.

Summary

- > Create a more transparent budget structure
- > Clearly divide the cost of the Games in public and private costs
- > Do not specify Games-independent measures in the Non-OCO budget
- > Better explain and promote the IOC's financial contributions

⁷ Source: Own Illustration / Average bid figures 2010-2018

4 The Costs of the Games

4.2 Operational Risk

Observations

When looking into the actual budgets that have been communicated in the last three bid processes, two developments are striking: contrary to the Non-OCOG budgets which vary enormously, the OCOG budgets, covering all operational cost, tend to grow continuously. At the same time, the OCOG budget still seems to be underestimated during the bid phase, a trend that is revealed when comparing the Bid Book figures with actual ones. This comparison, however, is quite difficult to draw as the actual budget figures are not centrally published by the IOC but publication is left to the respective Organising Committee of the Olympic Games. The reason for the observed increase in the operational budget lies at least partly in the many uncertain aspects organisers face when planning the Games and the budgets. The numbers of sports, athletes and events, for example, are not fixed at the time the bidding process starts and can thus lead to an increase in the operational budget at a later stage. Apart from that, democracies face legal difficulties in guaranteeing to cover any unlimited shortfall in the OCOG budget.

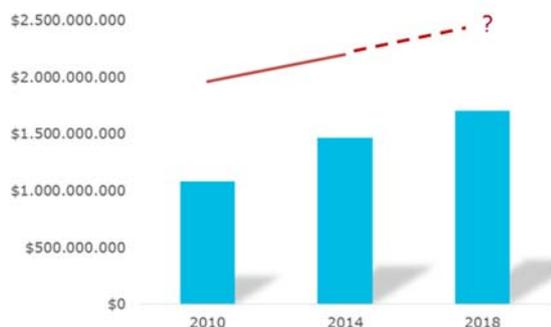


Figure 7: Average projected OCOG budgets⁸

Recommendations

It seems to be of crucial importance that the IOC not only publishes but also actively communicates the figures on past OCOG budgets in order to encounter public distrust in balanced budgets. As long as the figures are not published in a more transparent and comparable way, the field is left to speculations and uncertainty. The IOC may even consider to let an independent financial auditor publish the figures of past Games to create utmost possible objectivity in this regard.

Secondly, the IOC should try to enable bid cities to most precisely plan the Games and its budgets in advance. This is especially important when considering how badly the public takes an increase in budget figures at a later stage. It would therefore help if the Olympic programme would already be fixed when cities enter the bidding process.

With regards to the most critical aspect of covering potential deficits, the IOC should consider a joint mechanism run by both the Organising Committee of the Host City and the IOC. It may for example be worth to think about a kind of joint insurance. In any case, the IOC has to be part of a risk management solution and has to communicate its engagement properly.

Summary

- > Publish and communicate figures on past OCOG budgets by independent financial auditor
- > Fix the Olympic sports programme at time of bidding for the Games
- > Develop joint mechanism of IOC and OCOG to cover potential shortfalls

⁸ Source: Own Illustration / Bid Books 2010-2018

5 The Scale of the Games

5.1 Venue Demand and Legacy

Observations

Analysing the sports concepts presented in the bid files of the past three bid processes, it becomes apparent that, on average, just 54% of all necessary venues are existing when a city decides to bid for the Games. Therefore, bid cities planned to spend an average of about USD 400 million only for additional competition venues. The venues mostly missing are ice halls; even established winter sport cities such as Munich or Salzburg had not enough ice halls at their disposal to cover the IOC venue requirements. These figures clearly demonstrate that Olympic requirements often do not refer to the post-event needs of most cities. In order to meet both IOC requirements and the cities' needs, many bid cities propose to build temporary venues instead of new ones or to enlarge existing venues with additional temporary constructions. This is however just the lesser of two evils as temporary seating is also not cost efficient: the average revenue potential per temporary seat is USD 1,000, the prices for construction and dismantling are often much higher.

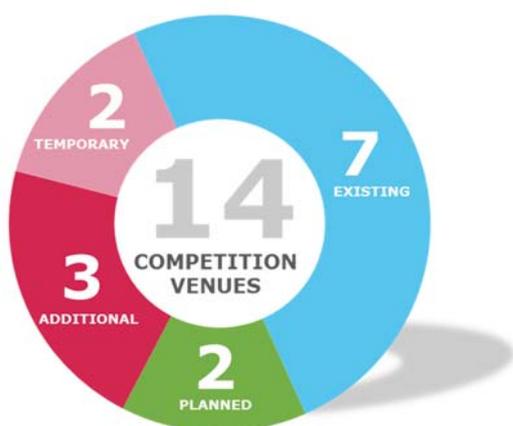


Figure 8: Venue demand and legacy⁹

Recommendations

It was clearly formulated in the presentation during the 126th IOC Session that the IOC cannot apply a "one size fits all" approach to potential bidders. Instead, it is necessary to allow for more flexibility in the development of a sports and venue concept to ensure that the local characteristics and "topography" of a city is taken into account and the Games concept fits into the city's long-term development plans. It is therefore highly recommended that the IOC applies a more flexible approach to the sports concepts of bid cities. An elementary first step would be to lower the IOC's standard venue capacities in order to make maximum use of already existing venues. At the same time it should be possible for bid cities to allocate a specific venue in another city or country. For example, if the Ice hockey preliminaries could be hosted in neighbouring cities (just as the football preliminaries in summer), it would be sufficient to have one Ice hockey venue in the Host City. Generally put, the decision whether to invest in new facilities or to involve other cities / countries should be left to the bid cities. The IOC, in contrast, should play a stronger role in ensuring that legacy becomes a more important element of the bid. Cities should have to develop a "legacy concept" similar to their venue concept and the IOC should supervise its execution.

Summary

- > Allow for more flexibility regarding the IOC's standard venue capacities and the choice of other cities / countries to be involved in a bid
- > Ensure legacy concepts to be considered and monitored more important

⁹ Source: Own Illustration / Mini Bid Books 2010-2018

5 The Scale of the Games

5.2 Accommodation of the Olympic Family

Observations

In order to understand the pressure which is put on bid cities in terms of accommodation, it is necessary to have a look at the accommodation needs of the Olympic Family. However, in this context it must be made clear that the Olympic Family is not “no paying guests” but people and partners working for the staging of the Games, i.e. the IOC, the International Federations, the hosting NOC as well as future organisers and bid cities, marketing partners and all accredited media. In total, the Olympic Family requires 24,200 rooms for the Winter Olympics (and 42,000 rooms for Olympic Games). However, the average existing hotel inventory of bid cities for Winter Games is with 25,400 rooms just slightly above the IOC requirements – spectator demands are not even taken into account. And yet, most client groups of the Olympic Family for which rooms are reserved do not stay the entire period of the Games, but mostly during peak time at the beginning and the end of the Games.

Recommendations

In order to ease the accommodation situation, the IOC might consider to limit the overall size of the Olympic Family and the requirements for the Olympic Family’s accommodation. Both measures would help to reduce the pressure on hotel developments and might even help to spare Media Villages. It may also be worth to think about a broader radius in which the Olympic Family may be accommodated, at least for peak days. Currently, hotels have to be within a 50km radius to be considered for the accommodation of the Olympic Family. It would further facilitate the accommodation if more distant hotels could also be taken into account especially for the needs during peak days (e.g. 50% in a 50km radius, 100% in a 100km radius from the Games Centre).

However, the greatest leverage could be achieved if the IOC would organise a working system of using all no-shows, i.e. all rooms which are reserved but not used. Therefore, the IOC is asked to get an overview over the actual number of no-shows in the first place and to study the optimisation potential of room reservations for the Olympic Family.



Figure 9: Average hotel room capacities of bid cities¹⁰

Summary

- > Limit the total number of the Olympic Family
- > Reduce the IOC accommodation requirements
- > Study the numbers of no-shows, the possibility of expanding the 50km radius and the possibility of developing a rotation system

¹⁰ Source: Own Illustration / Mini Bid Books 2010-2018

5 The Scale of the Games

5.3 Sustainability and Environmental Impact

Observations

Sustainability has increasingly gained importance during the past three bid cycles. The IOC strives to make sustainability an integral part of the vision and the culture of its movement. It has for example established the IOC World Conference on Sport and the Environment and gives awards for sustainable sports initiatives within the Olympic Movement. However, it is still mainly focused on environmental impact. The growing need and public awareness for a more holistic approach to sustainability is not reflected in the IOC's current criteria and procedures for awarding and staging the Games. The IOC requires to incorporate a sustainable and environmentally friendly attitude in all aspects of bidding, planning and staging the Games but has no monitoring mechanisms or independent assessment procedures in place to control that.

On the contrary, most business organisations nowadays employ a Corporate Social Responsibility (CSR) department to embrace responsibility towards the environment and community they operate in and to gain credibility and integrity.

... the Sochi 2014 Olympic and Paralympic Winter Games are far from being an environmental model for Olympic Games. Our impression of Sochi 2014 is that the Games are part of a general economic development in which environmental aspects play only a minor role.

UNEP 2008

Figure 10: Quote of UNEP, 2008¹¹

Recommendations

It is very important that sustainability is understood in the broadest sense possible, including not only environmental but also social, ethical and economical sustainability and thereby also human rights. The IOC has to clearly define not only its understanding of sustainability, but also its values and goals in this context. In addition, the IOC should implement a comprehensive and transparent process to monitor compliance with its sustainability and environmental requirements during all phases of bidding, planning and staging the Games. Monitoring may be executed either by an IOC internal sustainability department or by an independent auditor like UNEP. It is however crucial that the monitoring body is provided with sanction possibilities in case of non-compliance. The criterion sustainability, already a critical fact in the public perception, needs to become a "hard fact" within the bidding procedure. The sustainability and environment programme should not only become a mandatory part of the bid documents but also of the Host City Contract.

It is important to bear in mind that all NOCs agreed to the Olympic Charter; the IOC is not and cannot be able to force countries to obtain the Charter and to value ethical standards and human rights, but it is responsible that the Olympic Games do so.

Summary

- > Define sustainability in broadest sense including clear values and goals
- > Establish monitoring process to make sustainability a binding criterion in the bid process
- > Develop a sustainability and environment programme and include it in Host City Contract

¹¹ Source: UNEP, *Sochi 2014 - UNEP Mission Report*. p. 3

6 Conclusion

Breaking the challenges of the current IOC bidding procedure down to eight theses can of course not provide an all-embracing analysis of what needs to be done. It can, however, give an insight in the personal experiences that we made in the latest bid races. There is no claim to completeness. Still, the observations and reflections outlined here may contribute to the debate and the future design of the bidding procedure and the Olympic Agenda 2020.

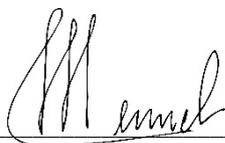
All proposed recommendations are based on the underlying aim to regain credibility of the Olympic Values and ease the efforts for cities interested in bidding for the Games. It is important to reduce complexity and increase transparency and flexibility with regards to the bidding procedure and both the costs and the scale of the Games. The presented review identified four main fields of action which should be revised within the Olympic Agenda 2020.

In brief, the four NOCs ask the IOC for:

- > More support in bidding
- > More certainty in process
- > More partnership in risk
- > More flexibility in scale

We are fully aware that the Olympic Games is a unique and very complex project and we want to support the IOC and the efforts to strengthen the Olympic Movement and the Olympic Games. The presented recommendations therefore always bear in mind the Olympic Charter and the underlying Olympic Values.

In case the IOC wishes to further discuss the findings of the paper at hand, the NOCs of Austria, Germany, Sweden and Switzerland will be at its disposal at all times. We would feel very honoured if our thoughts and work could contribute to the development of the Olympic Agenda 2020.



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