

## A lasting legacy

# How major sporting events can drive positive change for host communities and economies

Featuring interviews from Deloitte member firm leading professionals with experience in global events





# A lasting legacy

**By Greg Pellegrino**

Global Public Sector Industry Leader, Deloitte Touche Tohmatsu

and

**Heather Hancock**

Managing Partner, Innovation and Brand, and Lead Client Service Partner for Olympic Services, Deloitte United Kingdom

16 February, 2010

## Foreword

Major sporting and entertainment events such as the Olympic and Paralympic Games, FIFA World Cup, the Universal Exposition (World's Fair or Expo), Formula One, and the Tour de France have become a top agenda item for governments around the world. These kinds of events can be a significant catalyst for change, elevating the host's global stature and turbocharging its economic, political, and social development.

Hosting a major event gives a city or country permission to move quickly and decisively on a wide range of issues and activities that would normally be mired in endless debates and bureaucracy. It provides a common focal point for people to rally around. It provides a rigid deadline that accelerates infrastructure development and other large-scale improvement activities that might otherwise take decades to complete. And with the whole world watching, it provides a strong incentive to do things right.

The process of pursuing and delivering a major event also produces important fringe benefits. It fosters collaboration among the public sector, private sector, and community. It breaks down barriers between political parties and between various levels of government (national, regional, and local). It improves government efficiency and sets an example for new ideas and behaviors such as environmental sustainability, diversity, and community involvement. These are ambitious and highly worthwhile endeavors; they are also highly challenging to deliver, capture, and prove.

Moreover, all of these benefits hinge on the host's ability to plan and execute effectively at every stage of the event lifecycle—from prebid to postevent legacy.

This report looks at the challenges of pursuing and hosting a major event, and offers practical and proven insights to help cities and countries capture and host a successful event that delivers a legacy of positive and lasting change.

---

Imagine a month of Super Bowls—the U.S. National Football League (NFL) Championship and the most widely viewed annual sporting event in the United States each year. That is what the Tour de France means to France as an exposition of national pride now televised globally throughout the world for 20 days each July. For over 100 years, the Tour de France has been a focal point for French communities and towns who compete for the attention to host a departure or arrival stage while millions of fans line the streets to catch a fleeting glimpse of the competitors as they speed by at over 50kph.



**Greg Pellegrino**

Global Public Sector Industry Leader  
Deloitte Touche Tohmatsu



**Heather Hancock**

Managing Partner, Innovation and Brand  
Lead Client Service Partner for Olympic Services  
Deloitte United Kingdom

# Executive summary

A major event has the potential to create a lasting legacy that provides the host city or country with new levels of global recognition and economic, political, and social development. On the other hand, if not handled correctly, a major event also has the potential to leave a disappointing legacy of abandoned stadiums, missed development opportunities, and lost investments.

Here are some key challenges and issues to consider when pursuing and executing a major event:

- **Partner with the private sector on major infrastructure investments.** Many host cities and countries are now seeking business partners from the private sector to help fund and manage infrastructure before and after the event.
- **Focus on the postevent legacy, not just the event.** Postevent legacy issues can seem boring and distant compared to the excitement and immediacy of preparing for an event. However, they are every bit as important, and require deliberate attention and investment.
- **Build a broad base of support.** Winning and hosting a major sporting event requires strong support and collaboration from a broad range of stakeholders, including the public, government, businesses, and local sports organizations. Lack of support in any of these areas can severely undermine an aspiring host's chances for success.
- **Get an early start on infrastructure planning.** To avoid producing infrastructure that is only useful for the event, hosts should start infrastructure planning early so projects and investments fit with their long term plans.
- **Create a broad economic footprint.** Sporting and entertainment events are becoming increasingly commercialized, with major global sponsors playing a greater role than ever. But to help ensure a broad and lasting impact for the local economy, event organizers and government leaders must make a deliberate effort to get small and mid-size companies involved.
- **Reach across political boundaries.** Given the long timescales associated with a major sporting event, organizations such as the International Olympic Committee (IOC) and International Federation of Association Football (FIFA) cannot take the risk that a shift in leadership will cause a government to reduce or withdraw support for the event. A successful bid needs strong political support from all major political parties.
- **Promote the legacy vision, but be realistic.** Citizens should understand and take pride in the vision's lofty goals. But they also must understand and appreciate the enormous scale and complexity of the task.
- **Don't assume the desired legacy will happen automatically.** Host cities and countries should not assume a successful event will automatically deliver the desired changes and long-term benefits. Creating a positive and lasting legacy requires strong leadership and sustained commitment.

It is easy for event sponsors and organizers to get so caught up in the short-term challenges of winning the bid and delivering a successful event that they lose sight of the long-term objectives that were their main reasons for pursuing the event in the first place.

Given the massive investments required to host a



major event, it is not surprising that a lot of attention gets focused on the bottom line. But in many cases, a detailed economic impact analysis is really just one component of the decision based more on visionary benefits such as improved public image, increased stature in the global marketplace, community pride, and long-term economic development. There is nothing wrong with basing the decision on these kinds of broad and intangible objectives. In fact, while a detailed impact analysis is necessary for due diligence, from a host's perspective achieving the long-term objectives and vision for change are ultimately far more important than short-term profits and losses.

For example, in the 1990s it was fashionable to deride the Grands Projets of Francois Mitterand, then President of the Republic of France, or the Millennium Projects being advanced in the UK. Although some question whether these efforts delivered on their early promises, they did galvanize public attention, drive innovation and creativity, and convey a confident and forward-looking image to national and international audiences.

We believe the case for hosting a major sporting event is compelling, and that most hosts receive benefits that significantly outweigh the time, money, and effort they invest. However, not every event is a good fit for every city and country. An aspiring host that is not a good candidate for a particular event needs to recognize that fact before wasting time and money on a futile pursuit.

Most of the selection criteria that make a host a good candidate are obvious or explicit. But there are other important criteria that are less tangible or publicized. These include:

- **Passion.** In most cases, there needs to be a highly motivated and influential core group that drives the pursuit—especially in the early stages.
- **Leadership.** Strong and effective leadership makes an aspiring host much more attractive, and greatly increases the chances for a successful event. For example, the IOC and FIFA, which entrust their global brand to a city and country for four years, need to have confidence and trust in the relationship with the organization/host.
- **Unity.** Successful bids tend to have strong support from the public, government and business—and are able to show that the host is willing to pull out all the stops to make the event successful.
- **Proven track record.** Hosting a similar event—even on a smaller scale—increases a candidate's credibility and chances for success. For example, Brazil's success at hosting the Pan American Games in 2007 helped to win the 2014 World Cup bid, which in turn helped to attract the 2016 Olympics.

In order to achieve the full benefits and deliver a lasting legacy of positive change, an aspiring host must understand the challenges and commit itself to doing what is necessary to address them. This understanding and commitment should be attained before pursuing a bid.

---

Successful bids tend to have strong support from the public, government, and business.

# High stakes



It has become increasingly important for established cities and countries to host a major event from time to time to strengthen their global image and positioning. However, these days there is more competition than ever from emerging cities and countries that see major sporting and entertainment events as a fast track to global recognition and influence.

Competition for the Summer Olympic Games and FIFA World Cup is particularly fierce, with cities and countries from every continent vying for the rights to host the event. There are fewer sources of competition for the Winter Olympics, largely because winter sports are less universal than their summer counterparts, and because fewer locations have the mountainous terrain and cold climate necessary to host such an event. Yet, among the relatively small number of bidders who are qualified, the level of competition remains intense.

This heightened competition is creating a spiral of increasingly ambitious plans and claims from aspiring hosts—particularly from emerging cities and countries, which feel a stronger need to impress the selection committee, and which require greater investment to build up the necessary infrastructure.

The qualifying bar is rising so high that many prospective candidates simply cannot compete. The 2016 Olympics, which were recently awarded to Rio de Janeiro, are an example of how high the stakes have become. Brazil is one of the world's fastest growing economies, and Rio is already a well-established city, yet the investment commitments in Rio's successful bid were roughly double those for Chicago. This disparity was not surprising—Chicago has hosted previous major events and has a well developed infrastructure for transportation, sports, and visitor accommodations, and therefore would not have needed to build as much from scratch. However, the overall trend is a significant concern for organizations such as the International Olympic Committee (IOC) and FIFA, which have a strong interest

in expanding their global presence by holding events in emerging markets, as well as a need to validate what they say about their global brands and values.

Even the process of bidding for a major sporting event has become an imposing and costly undertaking. According to folklore, Munich's successful pursuit of the 1972 Summer Olympics was not highly formalized. Contrast that with Brazil's recent winning bid for the 2016 games, which took years to prepare and required a deep commitment from a wide range of stakeholders in both the public and private sectors. Also, aspiring hosts may need to participate in a number of 'failed' bids in order to edge closer to ultimately capturing a major event; this compounds the costs and can strain public and political support.

The four candidate cities bidding to host the 2016 Summer Olympics presented budgets around US\$40-50 Million (both the applicant and candidate phases). The three non qualifying applicant cities Prague, Doha, and Baku submitted US\$6-11 Million for the applicant phase. The total of all these submitted budgets exceeded US\$200 Million. Based on early direction from the bid cities reporting, the total actual expenditures from all bid cities will probably exceed US\$250 Million. This is a growing concern for the IOC as the bid process itself can place financial burdens that leave questionable legacies. The IOC is putting continued focus on trying to contain these costs and is considering shortening the bidding cycle and the number of finalist cities.

To reduce expenses, London's "reusable" stadium and the IOC's Observer Program, which provides the opportunity for the next Olympic organizers to better understand the games' environment, can be used as a model to minimize costs and maintain the "quality of the event". Backbone IT systems and medical facilities etc., may become commoditized through the global sponsors allowing the host organizers to focus on the "event experience" for all constituencies.

---

This heightened competition is creating a spiral of increasingly ambitious plans and claims from aspiring hosts.

# A catalyst for change

What makes a major sporting event such a powerful catalyst for change?

- **Clear focal point.** A major sporting event provides something important and tangible for disparate groups to rally around.
- **Global spotlight.** People know the world is watching and want to do things right.
- **Local pride.** Everyone wants his or her city or country to make a good impression.
- **Large-scale investment.** A major event requires a large investment in infrastructure, thereby laying the groundwork for widespread change.
- **Rigid requirements and deadline.** Since the event requirements and date are set in stone, the host and everyone involved has no choice but to rise to the challenge. Failure is not an option.

The positive socioeconomic impacts that stem from hosting a major sporting event are not just fringe benefits or happy side effects; they are the main reason for hosting the event in the first place. Decision-makers might spend a lot of time quoting numbers from a detailed impact analysis. But often that is simply a way to appease people who might be critical of spending taxpayer dollars on something perceived as frivolous entertainment. Applicants need to be able to effectively communicate—to their country citizens and to the organization of the major event—the reasons that make the city the best suited to host the event.

The actual decision to host an event is more likely to be driven by a desire to create a positive and lasting change for the region and its inhabitants. In fact, it is worth the effort to assign tangible monetary values to an event's intangible benefits. This makes it possible to factor intangibles into the formal decision-making process and helps ensure they do not get lost in the shuffle.

## The role of government

Government involvement and support are essential when pursuing and hosting a major sporting event. The government generally is expected to play five distinct roles:

- *Financial guarantees.* Government's first role is to be the guarantor for financial obligations and liabilities related to the event. Given the huge amount of money involved, only the government has the resources to effectively take this on.
- *Security.* Another critical role for the government is keeping people safe. As major sporting events have grown in visibility and importance, they have increasingly become targets for terrorists and other disruptive forces. It is up to the government to keep both the public and the participants out of harm's way and to get the athletes, support staff and supporters into and out of the country in an expeditious way that ensures security.
- *Stakeholder support.* A successful bid requires strong and consistent support from all key stakeholders. As a major stakeholder itself, the government must demonstrate strong and unwavering support for the event. But that's not the end of the story. Government can also play a unifying role in building and maintaining support among all other stakeholders—including the public, sports associations, businesses, developers, sponsors, various branches of government, and competing political parties.
- *Funding infrastructure investments.* Major sporting events typically require significant investments in public infrastructure, including upgrades or new development of stadiums, event facilities, and transportation systems. In most cases, taxpayers must foot the bill for these investments. However, there has recently been a notable increase in public and private partnerships, with private sector enterprises helping to fund infrastructure in exchange for the rights to use the facilities for commercial purposes once the event is over. That said, it must be noted that in London, the government has had to step in because of the global financial crisis to take over some funding responsibilities temporarily until the commercial value proposition strengthens enough for the private sector to take over facilities and ownership.
- *Support and welcoming services.* A major event also increases the need for ancillary services such as medical support, police and security, visitor information, and sanitation—just to name a few. The hidden costs of these services are often unanticipated and can really add up. In most cases the government ends up paying the bill.



# Types of change

Although every situation is unique, there are a number of large-scale changes that host cities and countries are typically striving for. Sometimes, the desired changes are explicit. Other times, they are unspoken, or even subconscious. But in the vast majority of cases, these far-reaching and intangible changes are the real motivators for hosting an event.

## Global image

**Improved stature in the global business market.** Hosting a major event gives the host instant or accelerated credibility in the global marketplace. This was a key factor for the Beijing 2008 Olympics, helping China cement its status as an economic superpower. An appearance on the world stage can help the host attract new companies to the area and ratchet up the overall level of trade and commerce.

**Increased appeal as a tourist destination.** A major sporting event provides a showcase for all of the fun and exciting things a host has to offer. It can put an unknown tourist destination on the map or it can help an established destination improve or overhaul its image. For example, Germany has a global reputation for no-nonsense efficiency and mechanical precision. But its motto for hosting the 2006 FIFA World Cup was “time to make friends,” and that is exactly what it did. It even provided training for taxi drivers to help ensure visitors would receive a good first impression. By the end of the tournament, many visitors and TV viewers were looking at Germany in a whole new light.

## Economic development

**Improved infrastructure.** Major events require significant infrastructure investments that—if managed correctly—can have a positive and lasting impact on the community. For example, the 1972 Olympics in Munich provided the impetus to build a subway system that continues to serve the public to this day. Similarly, one of London’s main reasons for hosting the

2012 Olympics is the desire to create a new city center on the east side of town, anchoring the medium-term expansion of the capital eastwards.

In many cases, the infrastructure for a major sporting event would have been built anyway but would have taken much longer to develop. For example, a massive project like the Munich subway would normally require 10 to 15 years to complete, but because of the Olympic deadline, it was successfully delivered in only five. In China, Terminal 3 at the Beijing International Airport took four years to be built, taking Beijing from below the 30 top busiest airports to the top eight.

**Long-term economic improvement.** A major event can provide an immediate jolt to the economy. But, when all is said and done, what really matters is the long-term impact. This impact can be hard to isolate and measure, but that doesn’t detract from its importance. The activities and investments required before, during, and after an event can boost employment and create new business opportunities for companies of every shape and size throughout the region. Meanwhile, the improved infrastructure can attract new companies and enable people and businesses to operate more efficiently. And, of course, an improved global image can give tourism and economic growth a significant and sustained boost as shown by Barcelona with the 1992 Olympics. Various large infrastructure projects (e.g., transportation, telecom) and the redevelopment of entire city districts boosted the city’s long-term appeal for business and tourism.

It is this long-term economic legacy that we consider the most challenging to fully realize. After the event—when athletes and entertainers go home, the political spotlight dims, and places that felt secondary to the event location demand their fair share of investment and action—that is when the legacy is most at risk. There is little glory to be had in the ten year slog to deliver all the benefits that were envisioned. Talent can drift away to the next high profile project. Political leadership wearies or changes. And it is all too

---

Hosting a major event gives the host instant or accelerated credibility in the global marketplace.



---

## Major events create a platform for unification and cooperation across political and government boundaries.

easy for tumbleweeds to take over the stadiums and parks. The fact that the UK has established a legacy delivery organization three years before the London 2012 Games signals how real this risk is. To succeed, a host needs to anchor the realization of benefits before the event takes place, rather than scrambling to pick up the pieces afterwards. Legacy begins from the moment the bid is created, not when the closing ceremony ends.

The Spanish government aspired to play an important role in the European Community. It set out to demonstrate how Spanish society had modernized and transformed, and did so through a series of events called the “1992 project.” The events included the Barcelona Olympics, the Seville Universal Exposition, and the European Capital of Culture designation of Madrid. The 1992 Olympic Games had an enormous impact on the Barcelona economy. They attracted massive investments in infrastructure projects that were considered quality-of-life improvements, and made the city more appealing to investments in tourism.

### Government & politics

**Improved stature of current government and leadership.** A major sporting event not only boosts the image of the host city or country but also the image of the government and leaders who help make it happen. This has certainly been the case in Brazil, where President Luiz Inácio Lula da Silva has enjoyed a significant surge in popularity and prestige for successfully attracting the 2007 Rio Pan American Games, the 2014 FIFA World Cup, and the 2016 Summer Olympics.

In 1995, the Rugby World Cup in South Africa represented an opportunity for the country to announce its reemergence as a full member of the world’s sports community, as well as the international political community. By hosting this major event, the country showed that it had emerged from its years of racial oppression and

segregation. Similarly, the U.S. National Football League’s (NFL) decision to return to New Orleans, in September 2006, was seen as a key move to show that the city was recovering from the Hurricane Katrina effects of a year earlier.

### Greater consensus and collaboration.

Major events create a platform for unification and cooperation across political and government boundaries, and provide an opportunity for collaboration between the public and private sectors. The IOC cites the Sydney 2000 Olympics as a prime example of collaboration between the organizing committee, public, businesses, and government agencies at the national, regional, and local level. What drove this collaboration in Sydney was the recognition that a shadow organization structure was needed to ensure every major focus area had equal representation from both the organizing committee and government.

**More efficient government.** The rigid requirements and deadlines associated with major events force government to take decisive action and operate more efficiently. Lessons and behaviors learned along the way can help the government improve how it operates in the future. For example, in preparing for the London 2012 Olympics, five boroughs are working with the Mayor of London and Greater London Authority on an integrated planning application for the development of the Olympic Park. They are harmonizing their individual timescales and making multilateral trade-offs in order to achieve a single unified approach.

The 1992 Barcelona Olympics are also a positive example of cooperation between different public institutions and the local and national government during the planning and development phases of the event. In just six years, Barcelona finalized several infrastructure projects that would otherwise have taken several years to implement.

## Society and behavior

**Increased local pride and self-image.** A major sporting event can dramatically improve how people in the host city or country view themselves and their community. For example, Barcelona had languished in Madrid's shadow for centuries. But in hosting the 1992 Olympics, the city and its inhabitants received a huge boost that helped them achieve parity with their more established neighbor.

**Better quality of life.** To make a good impression, host cities and countries have a strong incentive to address problems such as crime, poverty, and urban decay. Some choose to simply hide such problems from view. But others use the event as a catalyst to actually make things better. For example, the Barcelona Olympics turned a rundown part of the city into the event's crown jewel and made the city center more appealing by connecting it to the sea and making the sea more accessible to citizens. London is doing something similar, using the 2012 Olympics to turn languishing and deprived communities in the East End into a new economic center for the 21<sup>st</sup> century.

**Model for new behaviors.** Major events provide a perfect opportunity to change how people think and behave, for example, in the environmental and green area. However, because these events are so high-profile, many external organizations use them as a lightning rod to voice their political platform requiring the bid organizations to get in front of them or otherwise react to them.

These models for new behaviours or "ideals" migrate over time: from true differentiators to table stakes to finally be considered for winning the right to host. Therefore, identifying the next "new behavior" is critical.

Green is certainly an example of that and it was highlighted in all of the 2016 bids. The first "Green Games" were the 1994 Winter Olympic Games in Lillehammer, Norway. In the same year, Sydney, Australia, which had focused its bid on an environmental concept, was chosen as the host city of the 2000 Summer Olympic Games. Since then, the majority of major sport events have focused on sustainable development and environmental education. A recent example is the 2008 Olympic Games in Beijing: At the time, China wanted to reposition itself as more environmentally friendly and reconcile its rapid economic growth with an environmental protection policy that included pollution control and water conservation. This initiative received widespread coverage for China in the rest of the world. To help realize the goal of staging the greenest Olympics ever, the organizers of the 2010 Winter Olympics in Vancouver are asking people who plan to travel to the games to purchase carbon offsets for the estimated 268,000 tons of emissions the games will produce.

In 2012, the London Olympic Games are being used as a showcase for sustainability. To demonstrate their commitment to the environment, organizers are keeping track of the event's carbon footprint to help ensure the environmental impact of all related activities is held within specific limits. The event's sustainability plan also addresses issues of biodiversity, waste, climate change, and healthy living. The Olympic Committee hopes the London games will set a positive example for other organizations looking to become more sustainable.



---

Major events provide a perfect opportunity to change how people think and behave, for example, in the environmental and green area.

# A view from the front lines: the security challenge



*General Charles "Chuck" F. Wald, the former Deputy Commander of U.S. European Command (USEUCOM), is now Director and Senior Advisor, Aerospace and Defense Industry, Deloitte United States (Deloitte Services LP). As deputy commander, U.S. European Command, a position Wald held from 2002 until his retirement from the U.S. Air Force in July 2006, he was responsible for all U.S. forces operating across 91 countries in Europe, Africa, Russia, parts of Asia, the Middle East, and most of the Atlantic Ocean. As such, he played a key role in ensuring security for the 2004 Summer Olympics in Greece. Before 2002, he served as Deputy Chief of Staff for Air and Space Operations at the Pentagon, and led the coalition air campaign in Operation Enduring Freedom in Afghanistan.*

Host cities and countries often underestimate the challenges and importance of security for a major sporting event. After all, "it's just sports." Unfortunately, this oversight can lead to a tragic loss of human life and cause significant damage to a host's global image and reputation.

Terrorists want their actions to be noticed, and a major sporting event provides a perfect vehicle for capturing the world's attention. In fact, for many people the hostage crisis at the 1972 Olympics in Munich is the first terrorist act they can remember. Since then, the range of security threats has expanded to include everything from a lone fanatic armed with a weapon to large-scale bombings, global pandemics, biological weapons, and cyber attacks. Addressing this broad range of threats is a difficult and complex undertaking. Key challenges include:

- **Fostering cooperation across agencies.** Effective security on a massive scale requires information sharing and coordination across different government departments and agencies. In many cases, these isolated organizations are not accustomed to working together and may actually be hostile toward one another. For example, the civilian police and the military often have little respect for each other and view themselves as competitors, not colleagues.
- **Providing low-hassle safety.** Security for a major event is a delicate balancing act. People are attending the event to have a good time and are likely to resent security efforts that are overly restrictive or intrusive. Yet in order to create a safe environment for the event, security efforts must be sufficiently rigorous and robust. Ignoring security threats is clearly not an option; yet even just talking about them can cause a lot of public anxiety.
- **Capitalizing on technology.** State-of-the-art technology can make the host's security efforts more effective and less intrusive. For

example, mobile particle sniffers can detect airborne biological threats before they have a chance to spread. Advanced thermal scanners at airports can limit the spread of deadly diseases by detecting passengers with fevers as they disembark the airplane. Image detection software can help security staff avoid tedium and distractions while monitoring security cameras. Technologies such as these can improve security while reducing costs.

- **Preparing for the worst.** Even the best security efforts cannot guarantee a trouble free event. That is why it is very important to prepare an adequate crisis response. Prior to the event, processes, equipment, and people must be established to deal with any crisis that is likely to arise.
- **Asking for help.** Most host cities and countries do not have sufficient resources or capabilities on their own to tackle the significant security challenges associated with a major sporting event. To succeed, they must be willing to ask other nations for help—and to accept help that is offered.

Aspiring hosts that are unable or unwilling to do what is necessary to address these challenges should not even bid for a major event. The good news is that the time, money, and effort invested in security can have a positive and lasting impact for the host, improving overall safety for the community and providing a safe and secure environment for business and tourism over the long term. In fact, the investment that is made to strengthen security for the event can often have downstream benefits after the event in strengthening the overall police/security infrastructure of the host city.

# How to create a lasting legacy

Major events are typically structured so the organizer cannot lose money. Generally speaking, it is the government that absorbs the lion's share of costs and risks. In theory, taxpayers receive positive and lasting benefits from their sizable investments in an event. But, in reality, the long-term benefits hinge on having a sound and actionable plan for converting the specialized event infrastructure into something more broadly useful once the event is over.

Here are some practical and proven insights to help host cities and countries use a major sporting event as the catalyst for positive and lasting change.

## **Focus on the postevent legacy, not just the event**

Compared to the excitement and immediacy of preparing for an event, postevent legacy issues can seem distant and uninteresting. But they are just as important to achieving the desired long-term benefits—if not more so. And if they don't receive sufficient attention and investment throughout the lifecycle of the event, it can be difficult or impossible for the host to achieve its ambitious long-term goals.

To this end, it is critical to raise aspirations beyond the event itself. For example, with the London 2012 Olympics, one of the primary goals is to use the games to support and accelerate the development of a new city center. Of course, it can be hard to get taxpayers excited about solving a problem with a 20- to 30-year time horizon, which is why the public relations pitch for London 2012 focuses more attention on immediate benefits such as creating a sense of community and reclaiming acres of derelict land that were blocking the city's expansion. In addition, a formal goal has been established to increase long-term employment in the London boroughs hosting the event. Another key objective is to use the 2012 games as a technology showcase. To that end, event organizers are setting up a London broadcast center hub, along with a 24/7 press room for the media.

Another example is the 2014 Sochi Olympic Winter Games in Russia. As the largest winter sports nation, Russia will host the winter Olympics for the first time and will develop its first elite alpine training and competition infrastructure that will benefit athletes from across Eastern Europe and Eastern and Central Asia.

A compelling legacy vision can be a significant advantage during the bidding process. Organizations such as FIFA and the IOC recognize that a legacy of abandoned infrastructure and economic ruin tarnishes their images. It also undermines their goal of having a positive impact on sports and on the world in general. Aspiring hosts that can demonstrate a clear and compelling vision for how facilities and infrastructure will be used productively after the event are likely to have a competitive edge in the selection process.

## **Don't assume the desired legacy will happen automatically**

A major event is an important catalyst for change; however, it is not a magic cure-all. Host cities and countries must not assume that a successful event will automatically deliver the desired changes and long-term benefits.

Creating a positive and lasting legacy requires deliberate effort, strong leadership, and sustained commitment and attention. For example, a facility such as an Olympic Park is not designed to meet the day-to-day needs of the local community; it is designed to meet the specialized needs of 40,000 media people, 20,000 athletes, a million visitors, and 300,000 volunteers and staff. Converting such a facility into something more broadly useful takes time, money, and effort—both before and after the event.

Many host cities and countries have a high-level vision—supported by a lot of rhetoric—about how the event infrastructure and investments will benefit the community in the future. But all too often, the vision and rhetoric are not supported by a clear and actionable plan. As a result, the conversion process drags on for decades. Or never happens at all.

---

**Creating a positive and lasting legacy requires deliberate effort, strong leadership, and sustained commitment and attention.**



---

Hosts should start infrastructure planning early, so it fits with their broader plans and doesn't produce infrastructure that is only useful for the event.

#### **Promote the legacy vision, but be realistic**

It is important to actively and continuously promote the legacy vision so the public and other key stakeholders do not lose interest. People should understand and take pride in the vision's lofty goals. Yet, they must also understand and appreciate the enormous scale and complexity of the task—and take pride in that too.

Be open and honest about what the true benefits will be and how long it will take to achieve the legacy. And provide ongoing communication to keep the public informed about the progress that is being made.

Do not make the mistake of overstating or overcomplicating the benefits of the event. In their zeal to build support, many organizers overpromise and then underdeliver. A major sporting event can produce a wide range of benefits, but it is not a magic cure-all.

Also, keep the infrastructure and event plans in check and actively avoid scope creep. It is tempting to keep adding new features and initiatives, but at some point it is necessary to draw the line. Scope creep drives up costs, delays the schedule, and makes people suspicious that something might be going wrong with the core activities.

#### **Build a broad base of support**

Winning and hosting a major sporting event requires strong support and collaboration from a broad range of stakeholders, including the public, government, businesses, and local sports organizations. Lack of support in any of these areas can severely undermine an aspiring host's chances for success.

Brazil won the right to host the 2016 Olympics by presenting a united front that spanned the entire nation—including the highest levels of government. Conversely, Chicago may have been put at a distinct disadvantage due to highly publicized protests from various parts of the community,

which surfaced late in the race giving little time for the bid to effectively react and mitigate this messaging. Timing here was crucial.

In some cases, a strong base of support can even offset material weaknesses in other key areas. For example, New Zealand's remote location, small population, and lack of infrastructure would normally disqualify it from attracting a top-tier event. Yet its bid to host the 2011 Rugby World Cup was successful in large measure because of the country's long rugby tradition and the public's unsurpassed passion for the sport.

As part of the Olympic selection process, the IOC commissions a public opinion survey for each city on the short list. Cities with weak or inconsistent levels of public support can expect to face a long uphill battle.

#### **Reach across political boundaries**

The long timescales associated with a major event often span changes in government and leadership. That is why it is essential for a bid to have strong political support from all major political parties. Organizations such as the IOC and FIFA cannot take the risk that a shift in leadership will cause a government to reduce or withdraw support for the event. The need for broad political support is even more important for the post-event legacy vision, which will require an extended effort that carries on long after the event is over and the crowds go home.

One of government's most important roles is to provide financial guarantees and funding for major infrastructure investments. To fulfill that role, government must design programs that ensure sufficient funding and a sustained financial commitment over many years, regardless of how leadership might change or which political party is currently in power.





### **Get an early start on infrastructure planning**

Hosts should start infrastructure planning early, so it fits with their broader plans and doesn't produce infrastructure that is only useful for the event. Stadiums and other major sports facilities are an obvious requirement and usually get off to a fast start. However, supporting infrastructure such as transportation, which is actually far more complex to plan, often gets put off until the last minute. In fact, as the inauguration date of the event never changes, delays result in cost overruns and can compromise the quality of the event itself.

An early start on infrastructure planning helps ensure a successful event. But even more important, it provides the basis for lasting legacy benefits. Hosts that get an early jump on planning have time to thoughtfully integrate their event-related infrastructure investments with existing plans for transportation and other infrastructure. By contrast, hosts that wait until the last minute often end up creating infrastructure that only meets the minimum requirements of the event. For example, they end up building a road that only serves to get people to and from the stadium, instead of investing the same amount of money on projects that meet the event requirements while improving their overall transportation network.

Lodging is another type of infrastructure that can benefit from an early focus, especially for smaller cities with a shortfall of hotel rooms. By getting an early start—and collaborating with nearby cities—it may be possible to house people in nearby areas and transport them to the event, rather than building new hotels from scratch. Also, lodging for athletes should be designed with legacy uses in mind.

For example, it might seem clever and efficient to build athlete apartments without kitchens—since participants are unlikely to cook for themselves during the event; however, that small decision can severely limit the usefulness of the facilities once the event is over. The athlete's village for the Athens 2004 Olympic Games was on the outskirts of the city, off major public transport networks and with very limited economic space included. As a result, when the village was converted to low-cost housing after the event, there were challenges with local services, shops and facilities that were essential to successfully creating a new neighborhood.

### **Create a broad economic footprint**

These events are becoming increasingly commercialized, with major global sponsors playing a greater role than ever. However, in order to help ensure a broad and lasting impact for the local economy, organizing committees and host governments must work hard to get small and midsize companies involved.

With the London 2012 Olympics, a conscious effort is being made to get businesses all across the United Kingdom involved in downstream opportunities to help build infrastructure and deliver services for the event. For example, Olympic training facilities were deliberately scattered around the country in order to spread the economic benefits as far as possible. This "share the wealth" approach needs to be applied from the very beginning, before major investment decisions are finalized.

### **Partner with the private sector on major infrastructure investments**

As the required level of investment skyrockets, new and innovative financing models are starting to emerge. In particular, many host cities and countries are now seeking business partners from the private sector to invest in infrastructure.

For the 2010 Winter Olympics in Vancouver, much of the infrastructure was created as a joint effort between the organizing committee, government, and private developers—with developers having the right to use the facilities for commercial purposes after the event is over. This partnership is expected to accelerate the process of converting event facilities and infrastructure for commercial and public use.

Brazil is following a similar approach for the 2014 World Cup and 2016 Olympics. Event organizers and the government are partnering with private businesses to help build or modernize facilities. After the event, the businesses will then operate the facilities as concessions.

Governments should also be quick to recognize the efforts and valuable contributions of external sponsors. For organizations in the private sector, this public recognition is often a key benefit of sponsoring the event. And providing such recognition costs the government virtually nothing.

### **Expect the unexpected**

When planning for a major event, hosts should build significant contingency funds into the budget. Although it is impossible to know in advance exactly what unexpected problems will arise, there is no question they will arise. These negative surprises can be originated from inside the organization committee or can be caused by external influences at a local, national, and international level.

# What makes a good host?

Deloitte member firms believe the case for hosting a major event is compelling, and that most hosts receive benefits that significantly outweigh the time, money, and effort they invest. Countless post-event impact studies support this claim. Yet, the idea of hosting a major event does not necessarily make sense for every city and country.

In some cases, due to climate or remote location, hosting a major event simply isn't realistic or feasible. Clearly, a city in the middle of the desert is in no position to host the Winter Olympics. And in extremely hot climates, even the Summer Olympics might present some formidable challenges.

In other cases, there might be other limiting factors. For example, the City of Prague recently decided not to pursue an Olympic bid because it did not believe the potential benefits were sufficient to justify the cost of bidding, and that the money would be better spent on other activities that produced more immediate returns.

An aspiring host that is not a good candidate for a particular event needs to recognize that fact before wasting time and money on a futile pursuit. Also, there is always a chance that an unqualified host might sneak through the selection process and win. There have been cases in the past where the winning bidder was unable to deliver on its commitments and the event had to be moved elsewhere. Although this isn't common, it does happen, much to everyone's embarrassment and detriment.

Most of the selection criteria that make a host a good candidate are obvious or explicit. But there are other important criteria that are less tangible or publicized.

- **Leadership.** Winning bids tend to be led by governments that can create and communicate a compelling vision and are able to work across political boundaries. For example, the 2010 Winter Olympics in Vancouver have been widely recognized for unprecedented collaboration across all three levels of government—national, provincial, and municipal. Strong and effective leadership makes an aspiring host much more attractive and greatly increases the chances for a successful event.
- **Passion.** A high level of excitement and support from the public and other key stakeholders is also essential. In most cases, there needs to be a highly motivated and influential core group that drives the pursuit, especially in the early stages. In South Africa's successful 2010 World Cup bid, the local football association was the driving force. In Vancouver, prominent businessman Jack Poole was the key to getting things started and keeping the process moving forward.
- **Unity.** Successful bids tend to have strong support from the public, government, and business—and are able to show that the host is willing to pull out all the stops to make the event successful. In Vancouver, for example, a high level of public support and strong tradition of volunteerism were key factors in helping the city win the bid. In Germany, the 2006 FIFA World Cup bid was backed not only by the government but also by all political parties, the German business community, all professional football teams, and the general public (driven by the leadership of football legend Franz Beckenbauer).
- **Proven track record.** Hosting a similar event—even on a smaller scale—increases a candidate's credibility and chances for success. For example, Brazil's success at hosting the Pan Am Games in 2007 helped it win the 2014 World Cup bid, which in turn helped it attract the 2016 Olympics.

At a minimum, aspiring hosts need to understand the true costs and benefits associated with the event to determine if there might be a better way to achieve the same objectives for less money.

For some hosts, the right answer might be to set their sights lower. New Zealand beat the odds when it won the right to host the 2011 Rugby World Cup, thanks to the country's overwhelming interest and passion for the sport. But, for other sports, New Zealand recognizes its inherent disadvantages and chooses second- or third-tier events where its chances for success are higher.

It is also important to recognize that event requirements can change over time. Recently, both FIFA and the IOC have made it a priority to shift their events to new continents—particularly Africa and South America, which historically have been underrepresented as hosts. This is an important decision factor for potential bidders to recognize, even in situations where it is not made explicit. That said, most candidates fail in their first attempt to attract a particular type of event, which means it is often worthwhile to bid for an event even when it will likely be awarded to a different part of the world. The knowledge and experience gained serves as a dress rehearsal for a successful follow-up bid when the geographic pendulum swings back in the right direction.



For the Winter Olympics, the IOC generally favors major cities located close to an established ski resort. For example, Vancouver, with its close proximity to the Blackcomb/Whistler ski areas, is hosting the 2010 winter games. Of course, for every rule there is an exception. Since one of the IOC's overarching objectives is to promote sports and foster the development of new sports facilities, the 2014 Winter Olympics were awarded to Sochi, Russia, a small city on the Black Sea with almost no existing facilities. As such, the event will require tremendous investments in new sports facilities and infrastructure for Sochi and the surrounding areas. But if the 2014 Winter Games succeed at giving birth to a new and thriving winter sports resort, it may influence how the IOC chooses locations in the future.

Finally, it is important to understand that the selection process for a major event is not just a numbers game. The message of "Why my city/country is the best positioned to host the event and why now" has to resonate with the

decision makers. Applicants need to effectively communicate the reasons that make their city the best suited to their country citizens and to the organization of the major event. They need to promote "what it takes to win" versus "what it takes to effectively execute".

Candidates that seem superior in objective areas such as infrastructure, estimated attendance, and financial investment do not always win. The selection committee's primary concern is to have the best, most festive event possible—one that celebrates sports and promotes them in the best possible light to a global audience. Appealing to the selection committee's hearts—not just their minds—is an effective and proven strategy. That is how New Zealand secured the 2011 Rugby World Cup. For the 2016 Rio Olympics, the appeal came from this and from the fact that strategically it seemed that it could host the best festival.

---

Hosting a similar event—even on a smaller scale—increases a candidate's credibility and chances for success.

# Finishing strong

Major events are a high stakes game and a successful long-term outcome will still require careful consideration and an informed approach. Pursuing and hosting a major event is like a long-distance relay race. The first three legs—bidding, preparing for, and then conducting the event—are critically important. But a strong anchor leg is what ultimately brings home the gold.

In order to derive the maximum benefits, host cities and countries need a clear vision for the postevent legacy and a sustained commitment to pursuing the vision. That's the only way to achieve the expected benefits and deliver a positive and lasting legacy.

---

Pursuing and hosting a major event is like a long-distance relay race.



# Deloitte member firm leading professionals who were interviewed for this report

## Global

**Greg Pellegrino**, Deloitte Touche Tohmatsu, Global Public Sector Industry Leader

## United States

**Douglas J. Bade**, Lead Client Service Principal, United States Olympic Committee, Deloitte Consulting LLP, Deloitte United States

**General Charles "Chuck" F. Wald**, Director and Senior Advisor, Aerospace and Defense Industry, Deloitte United States (Deloitte Services LP), and former Deputy Commander of U.S. European Command. Wald played a key role in ensuring security for the 2004 Summer Olympics in Greece.

**Gordon Kane**, Principal, Victory Sports Marketing, Deloitte United States

**Douglas Neff**, Manager, Strategy & Operations, Deloitte Consulting LLP, Deloitte United States

**Kenneth J. Porrello**, Lead Consulting Principal, United States Olympic Committee, Deloitte Consulting LLP, Deloitte United States

## United Kingdom (London 2012 Olympic and Paralympic Games)

**Catherine Bayley**, London 2012 Sponsorship Manager, Deloitte United Kingdom

**Heather Hancock**, Managing Partner, Innovation and Brand, and Lead Client Service Partner for Olympic Services, Deloitte United Kingdom

**Dame Sue Street**, Strategic Advisor at Deloitte United Kingdom, and former United Kingdom Permanent Secretary of Culture, Media, and Sports during London's Olympic bid

## Canada (Vancouver 2010 Winter Olympic and Paralympic Games)

**Alan Peretz**, Partner, and Lead Client service Partner for the Vancouver Organizing Committee, Deloitte Canada

**Flora Do**, Senior Manager, Deloitte Canada

## South Africa (2010 FIFA World Cup)

**Innocent Dutiro**, Deloitte Southern Africa

**Vanessa Katz**, Deloitte Southern Africa

## Brazil (2014 FIFA World Cup and Rio de Janeiro 2016 Olympics and Paralympic Games)

**Edgar Jabbour**, Office Managing Partner of Campinas. Former Public Sector Leader in Brazil and responsible for the Brazil FIFA World cup 2014, Deloitte Brazil

**Altair Rossato**, Partner, Clients, Deloitte Brazil

**Marina Dall'Aglio Pastore Sampaio**, Senior Consultant, Deloitte Touche Tohmatsu

**Elias de Souza**, Senior Manager, Public Sector, Deloitte Brazil

## Germany (2006 FIFA World Cup)

**Stefan Ludwig**, Senior Manager, Industry Group Leisure, and head of the Sports Business Group in Germany, Deloitte Germany

**Thomas Northoff**, Partner, Deloitte Germany

## New Zealand (2011 Rugby World Cup)

**Jack Murray**, Chief Executive, Deloitte New Zealand

**Paul Callow**, Partner, Corporate Finance, Deloitte New Zealand

# Contacts

## Global

### Greg Pellegrino

Global Industry Leader  
Public Sector  
Deloitte Touche Tohmatsu  
Washington, DC  
+1 202 378 5405  
gpellegrino@deloitte.com

### Bill Eggers

Director, Public Sector  
Deloitte Research  
Washington, DC  
+1 202 378 5292  
weggers@deloitte.com

### Karen Lang

Marketing Director  
Global Public Sector  
Deloitte Touche Tohmatsu  
Boston, MA  
+1 617 437 2126  
kalang@deloitte.com

## Americas

### Brazil

Edgar Jabbour  
+55 11 5186 6652  
ejabbour@deloitte.com

### Canada

Paul MacMillan  
+1 416 874 4203  
pmacmillan@deloitte.com

### Caribbean Cluster

Taron Jackman  
+1 345 814 2212  
jackman@deloitte.com

### Mexico

Enrique Clemente  
+52 55 9123535  
eclemente@dtm.mx

### LATCO

Armando Guibert  
+54 11 43204022  
aguibert@deloitte.com

### United States

John Bigalke  
LHSC & Government  
+1 407 246 8235  
jbigalke@deloitte.com

### Bob Campbell

State Sector  
+1 512 226 4210  
bcampbell@deloitte.com

### Gene Procknow

Federal Sector  
+1 202 378 5190  
gprocknow@deloitte.com

### Robin Lineberger

Federal Sector  
+1 703 747 3104  
rlineberger@deloitte.com

## Asia/Pacific

### Australia

Simon Cook  
+61 (0) 2 93227739  
SimCook@deloitte.com.au

### Guam

Dan Fitzgerald  
+(671) 646 3884 x229  
dafitzgerald@deloitte.com

### India

Kamlesh K. Mittal  
+91 11 6662 2000  
kamleshmittal@deloitte.com

### Japan

Yuji Morita  
+03 6213 1532  
yuji.morita@tohmatsu.co.jp

### Korea

Min Keun Chung  
+82 2 6676 3101  
mchung@deloitte.com

### Malaysia

Azman M. Zain  
+60 3 7723 6525  
azmanmzain@deloitte.com

### New Zealand

Aloysius Teh  
+64 4 495 3934  
ateh@deloitte.com

### Singapore

Patricia Lee  
+65 6216 3283  
patricialee@deloitte.com

### Thailand

Marasri Kanjanataweewat  
+66 (0) 2676 5700  
mkanjanataweewat@deloitte.com

### Vietnam

Paul Meiklejohn  
+84 2119541  
pmeiklejohn@deloitte.com

## EMEA

### Austria

Gundi Wentner  
+43 1 537 00 2500  
gwentner@deloitte.com

### Guido Eperjesi

+43 1 537 00 2522  
geperjesi@deloitte.com

### Belgium

Hans Debruyne  
+32 2 800 29 31  
hdebruyne@deloitte.com

### Bulgaria

Desislava Dinkova  
+359 (2) 8023 182  
ddinkova@deloitte.com

### Central Europe

Martin Buransky  
+420 246 042 349  
mburansky@deloittece.com

### CIS

Maxim Lubomudrov  
+74957870600 x3093  
mlubomudrov@deloitte.ru

### Cyprus

Panicos Papamichael  
+357 22 360 805  
ppapamichael@deloitte.com

### Denmark

Lynge Skovgaard  
+45 36102666  
lskovgaard@deloitte.dk

### Finland

Markus Kaihoniemi  
+358 20755 5370  
mkaihoniemi@deloitte.fi

### France

Gilles Pedini  
+33 1 40 88 22 21  
gpardini@deloitte.fr

### Germany

Thomas Northoff  
+49 (89) 29036 8566  
tnorthoff@deloitte.de

### Greece

Vasilis Pallios  
+30 210 678 1100  
vpallios@deloitte.gr

### Hungary

Csaba Markus  
+36 (1) 428 6793  
csmarkus@deloittece.com

### Iceland

Gudmundur Kjartansson  
+354 580 3054  
gkjartansson@deloitte.is

### Ireland

Harry Goddard  
+353 1 417 2200  
hgoddard@deloitte.ie

### Israel

Chaim Ben-David  
+972 2 5018860  
cbendavid@deloitte.co.il

### Italy

Roberto Lolato  
+39 0636749216  
rlolato@deloitte.it

### Luxembourg

Dan Arendt  
+352 45145 2621  
darendt@deloitte.lu

### Mid Africa

Joe Eshun  
+255 (22) 2116006  
jeshun@deloitte.com

### Middle East

Anis Jabsheh  
+9626 4634605  
ajabsheh@deloitte.com

### Morocco

Fawzi Britel  
+(22) 94 07 50/51  
fbritel@deloitte.fr

### Netherlands

Hans van Vliet  
+31621272828  
hvanvliet@deloitte.com

### Norway

Arve Hogseth  
+47 95268730  
ahogseth@deloitte.no

### Poland

Maria Rzepnikowska  
+48 (22) 5110930  
mrzepnikowska@deloittece.com

### Portugal

Raul Mascarenhas  
+(351) 210423832  
ramascarenhas@deloitte.com

### South Africa

Lwazi Bam  
+27 (0) 11 209 8807  
lbam@deloitte.com

### Spain

Gustavo Garcia Capó  
+34 915145000 x2036  
ggarciacapo@deloitte.es

### Sweden

Kim Hallenheim  
+46 (0)8 506 722 11  
kim.hallenheim@deloitte.se

### Tunisia

Ahmed Mansour  
+216 (71) 755 755  
ahmansour@deloitte.com

### Turkey

Gokhan Alpman  
+90 212 366 60 86  
galpman@deloitte.com

### United Kingdom

Mike Turley  
+44 207 303 3162  
mturley@deloitte.co.uk

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/](http://www.deloitte.com/) about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

**Global Profile**

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 140 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 169,000 professionals are committed to becoming the standard of excellence.

**Disclaimer**

This publication contains general information only, and none of Deloitte Touche Tohmatsu, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

None of Deloitte Touche Tohmatsu, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.