

Changing the Business Model: (6) Rethinking the Governance of Pro Cycling

Professional road cycling has evolved slowly over the past hundred years. The current structure of major racing events and top team competition fell into place rather haphazardly over many decades, and as a result of changing economic and nationalistic factors in Western Europe. Accordingly, evolution of the sport's governance has also been somewhat bumpy and arbitrary. Historically, the sport was essentially a loose affiliation of race events, and it was governed largely through the interests of the organizers of those races. Over time, the rules and policies of emerging national cycling federations began to have a greater impact on the sport as well. But during the last 40 years, changes in how advertisers derive money from sports sponsorships, the boom in broadcast technologies to bring bicycle races to televisions across the planet, and the role of the modern Olympics to promote globalization has transformed the landscape of the sport. Whereas the governance bodies of other sports have evolved to cooperate and capitalize upon these emerging commercial opportunities, pro cycling has struggled to efficiently govern itself, and to reach an effective balance of power among all its key stakeholders. That struggle continues today.

Reforms and decisions that took place in the 1980s and 1990s largely shaped today's playing field. The calendar has expanded. The traditional cycling nations of Western Europe have seen their dominance diminished with the gradual internationalization of the peloton. Global sponsors have re-written the rules by which the sport is financed. Advances in science and technology have changed the way in which the game is played and the way it is watched by spectators. These advances have also transformed the way in which the athletes race, train – and sometimes bend the rules – and the manner in which the UCI oversees and controls the sport. But despite these changes – and sometimes because of them – race organizers, team owners, the riders, and anti-doping agencies are still often at odds with each other as to the strategic and financial objectives of the sport, the optimal competitive structure, and who should really be in control of what. A frequent criticism of pro cycling is that there is insufficient strategic thinking by the leadership of the sport, and a lack of a vision of what the sport should look like in five, ten, or twenty years' time.

In the previous articles in our “*Changing the Business Model*” [series](#), we have evaluated several ways in which the sport can reinvent its financial underpinnings, racing structure, ethical and anti-doping standards to develop new paths to sustainable profitability and greater growth. But it will be difficult to accomplish these forward steps without also changing and modernizing the governance model of the sport – the way in which pro cycling sets its rules, enforces policy, and brings all of the participants together to achieve its overall sporting and business objectives. Key reforms to grow the sport can never take place without certain key changes in leadership philosophy and tactical policy.

In this concluding article in the series, we will examine five key improvements that could contribute to a new and more successful organizational model for pro cycling: (1) changes to and modernization of the UCI; (2) stronger inter-agency agreements between the key stakeholders in the sport, particularly with regards to anti-doping and the national federations;

(3) strengthening and alignment of team and race organizations; (4) a more powerful and cohesive voice for the riders; and (5) the spin-off and creation of a new cycling league focused solely on the management and growth of professional road racing for men and women.

First, a thorough review and **modernization of the UCI** should be completed with recommendations for streamlining and modernizing its business operations, charter, and constitutional by-laws. This internally-focused effort should be led by UCI President Brian Cookson and his current Management Committee, with input and counsel from a carefully selected set of rider, team, federation, and race organization representatives, as well as external representatives. This process should also take into account and learn from a review and appraisal of other successful league-based sports. This modernization effort should also take into account the findings of the on-going CIRC process and other outside agencies as to where the sport's governance has perhaps failed in the past. The result of this exercise should be greater transparency, financial accountability, and global trust in the values and practices of a new UCI, or a "UCI-like" body.

Despite some of the positive reforms proposed or already executed by Cookson's leadership team, there are still concerns that the UCI may no longer be the appropriate body to govern professional road racing. The range of its responsibilities is too broad, its management remains too opaque, and its organizational function – as representative, licensor and regulator of the riders – is fraught with multiple conflicts of interest. The UCI has to stretch its resources to govern every discipline in cycling from grassroots development to professional oversight, which leaves it little capacity to grow the individual disciplines with effective focus or energy. Professional road racing will eventually deserve a more dedicated and focused oversight organization (see below), with the resources and capabilities to truly manage and grow cycling in a rapidly changing sports and media world.

Second, the UCI must **build stronger inter-agency agreements** to resolve the historical disputes and territorial posturing between all of the agencies intertwined in the sport. Professional cycling has never really effectively policed itself. And much like any business – which should be focused on its core competency to capitalize on market opportunities – cycling should divest itself of what it is demonstrably not so good at, in order to focus on improving and optimizing what it *is* good at: bike racing. Too much time and effort has been spent by the UCI trying to manage aspects of the sport which other parties could handle more effectively – namely, the fields of drug testing and race promotion.

Most importantly, it needs to continue building stronger relationships so as to coexist amicably with WADA and the national cycling federations. The UCI should focus on developing the riders and creating a logical competitive structure and racing calendar that encourages viewership. It should divest itself of "police work," giving that over to the experts at WADA, or to an independent [certification program](#). Just as importantly, it must also leave the national federations' internal issues up to those local agencies to decide, so long as the federations abide by the spirit of the UCI's interagency agreements.

Third, the sport needs to **strengthen and align objectives between the team and race organizations**. As [explored earlier](#), the UCI must work with team and race executives to

balance the racing demands and adopt mutually beneficial strategies that ensure participation, build racing viewership, and improve the competitive suspense of the annual cycling calendar.

The AIOCC – the organization representing the race organizers – already exercises a great deal of control over the sport, although it is itself dominated by the largest race representative – the Amaury Sports Organization. Pro cycling could learn a lesson from the way that NASCAR and Formula One motor sports have consolidated television and merchandising rights into empires that build importance and suspense into every race in their calendars. Repositioning the schedule, so that one event leads into another, would help to support and reinforce the team franchise business model. Such changes would allow the sport to grow more quickly and elevate the status of smaller but still competitive races, and ultimately build a self-sustaining and highly entertaining media product that sponsors would rally around.

The Association International des Groupes Cyclistes Professionnels (AIGCP) and the newly formed Velon organization are the groups representing the interests of the teams and team owners. While Velon's strategy has yet to be communicated, the AIGCP has stated that cycling can only grow "if all stakeholders – including teams – have a fair and equal say in the decision-making process." Both groups will need to work closely together to strengthen the positions of their constituent teams – and by extension, their sponsors – at the table when negotiating with the race organizers and the UCI.

Fourth, a critical gap in pro cycling involves the need for a place at the table for the athletes, and the need to build a **stronger riders association** or union. The existing riders group, the Cycliste Professionnels Associés (CPA), has historically been a small and relatively powerless entity – so obscure that many pro racers have never even heard of it. Although the CPA has recently tried to establish a more active role, strong athlete representation is unfortunately something which the sport has never really tolerated, or even been mildly concerned with. Team managers and organizers have always operated as if there is an endless supply of aspiring riders out there. Riders have worried that the minute they started to make a few demands they would simply be cast aside to make way for new riders in search of fame and fortune, and more willing to play by the existing rules. The legacy model of the sport treats riders as mere commodities, which by extension encourages cheating to achieve results; without those results the rider has no value to barter.

There are of course other institutional reasons why a strong riders union has never been formed. Professional cyclists speak many different languages, and come from a wide variety of cultural and economic backgrounds, and hence they have widely varying financial expectations. This disparate and diverse nature of the rider population has historically been an obstacle to organization or the establishment of a single base of power. Furthermore, generally low rider salaries have meant that there was no significant funding source for an association.

Ultimately, a stronger union could eventually provide for the kind of collective bargaining needed to improve the safety and financial well-being of the athletes, and perhaps most overlooked – the resources, tools, and training to help riders transition to a life outside of cycling after retirement. Adjusting cycling's power base would mean that the UCI and team owners would no longer be able to conspire to, for example, force riders to ride when they are sick or when

conditions are unsafe, or collude to force down the market value of professional racers. More generally, a stronger riders union would be able to protect the rights of athletes so that they had adequate representation for airing grievances and reaching compromises.

A new and stronger riders association might initially have to be financially subsidized by the UCI and the teams, but it could quickly transition to self-funding by the racers themselves. Similar to other team leagues, the athletes would be levied a small fee each year to support the association's effort and a small permanent staff. While the creation of a stronger riders union may initially appear to be antithetical to the interests of both the teams and the organizers, it is essential that the riders be better represented in terms of the safety, health and economic aspects of the sport. The riders must also begin to embrace the concept they represent a valuable commodity – one which they are in effect “selling” to the team owners. The example from almost all other professional sports shows that cycling will never really be able to blossom and grow until the players understand the value of their own human capital and own their spot at the negotiating table.

Finally, although it would be a radical change in the sport, it may just be time to consider spinning off a **separate cycling league** for top level professional racing, completely unencumbered by the current governance model. This league could be a related, but non-subsidiary group to the UCI, focused exclusively on professional road racing. This would allow cycling to possibly take that final step towards parity with other professional leagues and team sports. And it may not be a question of “if” this should take place, but “when” it will happen, and whether or not the UCI should be involved in the decision at all. The former so-called “Project Avignon,” which has now morphed into Velon, and the “breakaway” league envisioned a few years ago are proof that interest in this model is out there, even if it has not yet found its proper voice or vehicle.

There is also one other potential path which could bypass the UCI altogether. Over the past fifteen years, ASO has gradually consolidated many of the major racing events, and has solidified its position and power as the chief policy driver in the sport. As many have pointed out – as the ASO goes, so goes the overall sport. Few major changes in this sport are going to happen without the approval and participation of ASO. If it were to acquire the RCS Sport events (about which it has apparently already had discussions), it would control the majority of key events and broadcast rights in the sport. The UCI's only bargaining chip then would be that it purports to set the governance model and policies for competition. ASO, by virtually controlling the financial base, could simply re-create the governance in a form necessary to realize its business objectives and long term vision. A new racing league structured around the Grand Tours, unencumbered by “Olympic” obligations, with affiliated one-day and Classics races and a competitive structure to drive viewership and investment could quickly be planned and delivered.

Far-fetched perhaps, but should ASO decide to go this direction – which is not inconceivable considering its economic size and political influence – a true professional league could emerge and grow. And there is a very relevant precedent – Bernie Ecclestone's wresting control of Formula 1 auto racing away from individual race organizers many years ago to transform it into the global brand that it is today. This kind of “hostile takeover” scenario would not necessarily

be a bad outcome for the pro cycling business. Despite the many changes that people within such a company may experience (layoffs, restructuring, site closures, and so on), at the end the day it is conceivable that the business might be healthier and pointed in a more positive direction than it is today.

Beginning to address these five critical governance issues could yield a wide range of positive outcomes in the long run and reshape the sport for the better. When the playing field is appropriately leveled to allow better team and race realignment, more effective rider representation, and stronger governance and inter-agency agreements, professional road racing would be better positioned to truly take flight. This sport cannot be governed forever as one branch of a tree that is unable to support its entire weight. In the future, and as the sport grows, pro cycling will truly deserve its own dedicated governing body, committed to implementing a new business model for long-term financial stability.

Pro cycling has come a long way since Henri Desgrange organized the first Tour de France. The fact is that the sport is now one of the world's most widely viewed spectator and broadcast properties. Yet the prevailing governance and economic structure has not really been sufficient to strategically position the sport, and to fully capitalize on this powerful potential. If some of these new governance models could be successfully implemented, they could be the catalyst for building larger viewership, and for generating future growth, profitability and long-term success. These proposed changes may represent a significant departure from cycling's traditions and they may upset some people in the current structure, but as we have argued repeatedly in this series, *the ability to successfully negotiate change is a prerequisite for survival in any business*. "Life is like riding a bicycle," said the notable cyclist Albert Einstein. "In order to keep your balance, you must keep moving forward." To maintain its balance, pro cycling needs to look boldly at the future and keep moving forward – and be prepared to consider and implement significant changes in the way the sport is governed.

Editors' Note: This article concludes our six-part series on "Changing the Business Model of Pro Cycling." Look for the earlier installments in the series at www.theouterline.com.

DISCLAIMER: *As with all postings on theouterline.com, our goal is simply to provide ideas and spur debate about what constitutes real change in professional cycling. If you have an opinion about how to repair and strengthen professional cycling, please contact us, and make your ideas or opinions heard.*

Joe Harris and Steve Maxwell, December 18, 2014