

Pro Cycling's Family Feud – and How to Solve It

The world's cycling fans will be focused on France starting this Saturday, but not just to see who wins the Tour de France. The long-standing feud over who runs pro cycling may be about to boil over and play out in front of a global audience. On one side is Amaury Sport Organisation (ASO), the private French company which owns the Tour and many other prominent races – and the undisputed commercial force in the sport. On the other is the Union Cycliste International (UCI), the international federation which regulates cycling and has historically controlled the pro calendar. Nominally, their current dispute involves overdue but relatively minor calendar and team structure reforms. Behind the scenes however, this feud and on-going impasse is about power and identity, and who will control the future of pro cycling.

The UCI has been trying to recast itself as a professional league for the last 25 years, creating various iterations of a season-long competition for teams and riders, now called the WorldTour (WT). All teams have to play by the UCI's rules and own a team license, earn or buy sporting points, and enter all the WT races from January to October. The UCI has continued to invent, build up and promote other events in its efforts to grow the WT and control cycling. Supposedly, this was to grow and internationalize the sport, but the real purpose has been an attempt to dilute the overwhelming importance of the Tour de France in the annual calendar.

The UCI will never win this battle. The Tour is the singular iconic event in pro cycling, and it is where the vast majority of revenues *in the entire sport* are made. Pro cycling exists because of commercial sponsorship, and those sponsors *must* have their teams in the Tour de France to earn a financial return on their investment. And ASO has the final say on who is invited. It's as simple as that - no party can ever control pro cycling without owning the Tour.

ASO knows that it owns the golden goose. The Tour is not just ASO's foremost source of profit; the event is also a cornerstone of national pride and cultural identity. Indeed, at a time when French cuisine, wines, and fashion seem to be declining, it could be argued the Tour de France is one of the last remaining and unadulterated symbols of French culture. The Tour is still the most famous and hardest bike race in the world, still the crown jewel of the sport, and still 100% French from the top down. Given this market strength and overwhelming national support, it's puzzling why the company hasn't used this platform and power more decisively to control and grow international cycling. ASO seems curiously satisfied with the status quo.

There have been attempts in the last two decades to buy out or co-opt the ASO's events into a new and separate league but none has come close to success. The dominance of the Tour is always the sticking point, and ASO has cleverly played this card to preserve its own position. However, the combination of ASO's inflexible stance, and the UCI's continuous efforts to become something it isn't, means that the overall sport of pro cycling is left suffering. A new [plan](#) from *The Outer Line* has proposed that an outside third party should try to gain control over the key events on the calendar, including the Tour, restructure the sport and consolidate the all-important media rights – in a manner very similar to how Formula 1 racing was successfully restructured in the 1980s by Bernie Ecclestone.

A unified league steered by a single owner and outside the control of the UCI could finally resolve the calendar and team issues, implement a logical championship structure, and put in place stronger anti-doping processes. More importantly, consolidated and more valuable media rights – the cornerstone of the most successful sports enterprises – could be used to enhance the long-term economic stability of pro cycling. This plan could revitalize an exciting sport, develop a larger fan base, *and* make a new owner very wealthy in the process.

Up until now, most people believed that it would take more than just money for the Tour to change hands, but a possible buy-out of ASO should no longer be unthinkable. There is a strong investment opportunity

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here for the right party, and it may only be a matter of time before a takeover attempt occurs. In sports, money knows no limits, and no longer recognizes international boundaries: Arab sheikhs, Russian oligarchs and Sam Walton's kids now own many of the iconic European football teams. When you consider that a middle-of-the-road NBA franchise like the New Jersey Nets is valued at \$2 billion, the purchase of ASO may not be so far-fetched – national treasure or not.

Despite the Tour's iconic status, *The Outer Line's* analysis suggests that the actual valuation of ASO could well be under a half a billion dollars – practically pocket change in today's sports and entertainment world. The higher valuation figures which are occasionally cited seem based more on hyperbole or the undefined intrinsic value of owning a national treasure, rather than any hard economics. Given an initial investment of about \$400 million, the plan projects that a new league could generate rapidly increasing *profits* reaching in excess of \$100 million within five years – profits which could be shared with the teams to help stabilize the economics of the sport.

Pro cycling needs to move beyond its current impasse. While ASO commands the enviable position of owning a national treasure, this beautiful sport cannot allow its broader objectives to be constrained by one private company's short-term or selfish interests. For the good of the sport, the Amaury family should either take a more aggressive and innovative leadership role in building cycling, or it should step aside and let someone else seize the opportunity.

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Steve Maxwell and Joe Harris, July 2, 2015