

# Elite Track and Field Big and Small--Harvesting the Big

Thomas VanZandt: [etf.forward@gmail.com](mailto:etf.forward@gmail.com)

According to the ideas originally presented in a pair of white papers ( [link](#) ), the professional business that encompasses Elite Track and Field (ET&F) will be improved by the development of a highly integrated Tour that organizes its athletes and event offerings into a more focused, and more widely-deployed product. This will necessarily lead to more events of longer duration, and it may involve a transparent compensation model that shifts primary earnings from appearance fees to results-based payments (i.e., prize money). A more successful Tour will need to include the vast majority of elite athletes who are compelled to appear much more frequently, both by rule and by increased financial incentive. Modeled on the structure of far more successful individual sports (such as professional tennis, PT), ET&F would integrate events of different sizes into its Tour. These would include smaller/shorter-duration events, as well as at least two annual “major” events that meet or exceed the scale of the sport's largest offerings now (e.g., biennial IAAF World [Outdoor] Championships or quadrennial Olympic Games). The larger events would be highly-recognizable, occurring annually at set times, in fixed locations that are chosen to maximize customer uptake. Both would be outdoor stadium affairs, being held during the local summer. In a scenario with two majors per year, it has been mooted to hold one in the Southern Hemisphere, early in the calendar year. It would be followed by a second event in the North, during its summer period. Even without extension to four major events, the intentional similarities to the very large and successful “Major” tournaments that define professional golf and tennis should be obvious.

Ideally, a unified Tour would utilize a large number of smaller events to strictly define qualification for the majors. According to the ETF-Forward model (essentially the PT model) the greatest long-term value will be gleaned from creating a tiered event structure in which the most elite athletes view smaller events as paying exercises, that lead to the major meets. Similar to our model sports, the major meets would be the competitive focus for the top athletes, providing the most exposure and prestige, as well as the largest levels of compensation. This confers reasonable legitimacy on the smaller events, as they play a formative role in the season's major meetings. It also provides a relevant context that connotes the importance of the majors, independent of the various sanctions, or the scarcity, that enhance their value today. At the same time, these smaller events provide opportunities for younger (or lower-tier) athletes to compete for prize money that would be more significant than that which is available today. Event volume is key: paying customers are provided with much more access to the professional sport, while athletes are provided with, and required to support, greater numbers of events that pay significant levels of prize money. Clearly, greater value, and larger scale, in the professional sport will exist when the proposed Tour structure (36 International [small] meetings, 24 Premier [intermediate], and 2 fixed Major events) is realized. That is to say that ET&F will have “arrived” when today's structure of relatively independent event businesses, and biennial, sanctioned large events are replaced by a single, integrated Tour.

Of course, ideas like these are relatively cheap commodities. ***After only a short time, it is clear to me that implementation of a proposed integration will be very challenging.*** Many factors drive this. First, the entrepreneurial drive and leadership that exists in today's version of ET&F is fragmented, and even disparate. Today's so-called small events (e.g., one-day Diamond League meetings) are largely independent businesses that are owned by local organizers with their own agendas and constraints. Large events occur in a number of locales, under different rubrics and sanctions, and are often operated by other entities. Connections between all of today's offerings, while they do exist, seem very diffuse. And, where new and innovative ideas do appear (e.g., Tracktown Summer Series<sup>1</sup>, Nitro Athletics<sup>2</sup>, and recent IAAF ideas<sup>3</sup>), it is hard to discern how their implementation and growth will be achieved, or how they might fit into the existing world of ET&F. Are they meant to be standalone, disruptive enterprises? If so, which existing business competitor may see its market share taken? Can new ideas be integrated with existing portions of the ET&F business? At a global level, does a coherent marketing plan for a unified product actually exist? Questions abound!

A common attribute of fragmented business sectors is a lack of substantial collaboration between market

participants. Competitive pressure and concerns limit meaningful interaction. When a market is highly-distributed, individual entities can begin to operate in isolation. They serve local, or captive, customer groups, and they see little apparent value in collaboration with suppliers in other locales. From my current perspective, ET&F more or less matches this situation. It is hard to identify any real nexus in the current form of the sport. In short, “there is no there there.” I fear that a complete integration of the professional sport may be so difficult that it is beyond the capabilities (or energy) of most of ET&F's leaders. Perhaps one day, the right entrepreneurial minds and the right financial resources could create the complete enterprise. In the short-term, however, the challenges seem daunting. These considerations suggest an alternative tactical approach:

### ***Divide-and-Conquer***

The idea is to focus on only part of the overall goal. In the current case, I suggest that the ET&F business can be divided cleanly into two categories: big (“major”) meets and small (“supporting”) events. The latter include a much larger number of the short-format/small-field (“one day”) events that dominate the current sport's calendar. It also involves a larger group of business operators and entrepreneurs, the same ones that I fear may be working in relative isolation. I also acknowledge that a number of the new ideas surrounding the sport are generated within this category, adopting a general view (which I do not share) that the sport's future will be driven by small meetings, regardless of their innovative content.

I fear that there is too much work involved in trying to integrate the complete business. Put another way, the marginal benefit of developing and maintaining all of the event types together may very well be less than the extra effort and cost that this expansive approach requires. Much of this additional effort would be directed at a larger number of smaller meets, currently being hosted in numerous locales, by a wide range of business entities. Alternatively, major meets, despite the obvious challenges related to their large scale, may be easier to create and to manage. While they are complex events, they would be few in number. As we will discuss, they could have the benefit of being self-contained or standalone. Their implementation may not require as much coordination among a large number of stakeholders, as large events do today (e.g. IAAF World Championships [WC]). As such, the local “owners”, be they public, non-profit, or for-profit entities, may be able to create a more manageable structure and format for this specific business offering. Ultimately, I argue that the large events will succeed if they are offered annually, in a favorable locale, with a compelling level of athlete compensation. They should be able to succeed via these simple attributes, under relatively independent local control. More on this as we continue.

An initial focus on annual large events seems advantageous for a number of reasons:

#### **1. Scale**

The biggest (infrequent, ~biennial) event's on today's ET&F calendar are viewed as being larger and more successful. To any causal observer, they appear to form the nexus of the professional sport. There are more customers, athletes, and media attention.

Interestingly, a single major event (e.g., IAAF WC London 2017) exceeds the entire (aggregated) IAAF Diamond League (DL) Tour on a number of scale-related metrics:

***Spectators/Customers:*** ~700K for London 2017 vs. a potential maximum of 437K for the entire DL calendar.

This analysis is generous to the small meeting Tour: it assumes capacity crowds at each of the 14 stops.

***A single major meeting exceeds in-person gate numbers of a 14-stop Tour of small events.***

***Exposure Window/Session Hours:*** approximately 53 for London 2017 vs. 41 for the DL

***A single major meeting exceeds the competitive hours of a multi-stop, small event Tour.***

**Races/Groups:** 208 for London 2017 vs. 190 for the DL

This analysis only includes actual DL events, even if there are regional or local competitions within the same fixture. “Races/Groups” aggregates track and field event competitive sessions. For the London 2017 WC, this number includes qualifying rounds, while in the DL there is typically only one round per meeting for a given discipline. For the WC, the number does not include multi-event competitions (W Heptathlon a M Decathlon), relays, or Marathon events.

***A single large meeting holds includes slightly more races/rounds than even a complete Tour of small events.***

**Number of Athletes:** 2185 for London WC 2017 vs. 734 money winners in Diamond League

The DL athlete count is for 2016, and it includes any athlete that made more than \$333 during the whole season. Noone would argue that *all* of the London 2017 athletes are at the highest level of elite athletics, given the various country-of-origin qualification rules of the event.

***However, a single large meeting includes more than 3X the number of athletes (with their specific supporters and interested parties!) as an season-long Tour of smaller meetings.***

A number of other quantities could be evaluated and compared. For example, (US) TV coverage hours are greater for the IAAF WC (London 2017) than for the aggregate of the DL. Alternatively, prize money is slightly larger in the DL than for London 2017. I argue that most of these parameters are misleading. TV coverage, by the standards of any large professional sport, is minute. As such, does it really matter that one type of event is slightly better than another, when the absolute measures are so small? Prize money itself, while small in either product category, is more complex: significant appearance fees in the DL, which are generally not disclosed, tip the balance in the favor of the small meeting series. Having said that, I would argue that the London 2017 WC (like any international championship meet) are attempting to offer more “value” to athletes than simple cash payouts. As will be discussed below, the “championship” rubric that the major meets utilize now, seems to have a value, and a replacement cost, that may have to be borne by organizers of future major events of independent origin. Put simply, ET&F athletes work now for compensation in major meets that is split between cash and publicity value. In a more rational form of annual major events, it is most likely that cash winnings will have to increase significantly.

***Taken together, these numbers suggest that a single, annual, large-format meeting would meet or exceed the scale of a 14-event Tour of smaller meetings.*** When one contemplates a proposed annual schedule of two major events, the differences become more stark.

## **2.Business Complexity**

A number of ideas support an argument that a single large event is a simpler business entity to own and to operate. Much of this is rooted in the independence of a (single) major event business, compared to the structure of an effective “multi-national” (multi-unit and geographically-separated) conglomerate that exists to manage a Tour of small events (such as the IAAF DL<sup>4</sup>). Also, the small-event Tour effectively operates under a sanction that often restricts the latitude of the individual event businesses, in the key areas of sponsorship, media rights, and schedule. *Quite simply, there is an additional challenge in requiring independent business entities to work within rules of a separate body.* This is not meant as a condemnation of the Tour overseer (such as IAAF). The ET&F white papers argue forcefully about the value of such oversight and structure. One obvious one is that this integrated control may lead to a more tightly focused, and valuable, global product. However, there is also a finite cost. ***Here, we simply claim that a single event, regardless of its size, can be operated independently, in a business that is simpler to manage.*** The situation is little different in PT: the ATP/WTA Tours represent conglomerations of numerous organizations that manage smaller events. This is effective, but it is also complex. The US Open major event, whatever its scale and challenges, is a single event operated by one organization (USTA). Conceptually, this is simpler.

Nothing in the previous statements argues against governing body ownership of one, or a few, large events. Major event “simplicity” lies not in the exact structure of the organization that owns and operates it. Rather, it

resides in the idea that a single organization can exercise independent control of the business. It might be that some of the major governing bodies in ET&F (IAAF, USATF, etc.) could be just as successful as those entities currently operating sanctioned events on their behalf (e.g., UK Athletics, Tracktown USA). Even better may be a hybrid relationship: for example Tracktown USA and USATF co-owning an annual, major US meeting, with clearly-defined operational and financial roles. Governing bodies and operational organizations each have important talents and skill sets, which may be as complementary as they are different.

### **3.Brand Value of an Independent Product**

At some level, allowing an entrepreneurial organization to develop their own brand, and a strategy for deploying it to their benefit, is a positive step. Without going into too much depth, and avoiding pointing fingers over some of the related business details, the current process for implementing large, sanctioned meetings seems to be cumbersome in the area of brand creation and promotion. In principle, a new set of independent events could improve on this. All of this is far from trivial, however.

Anyone setting out to develop and international-scale, multi-day, major ET&F event will be immediately confronted with the challenge of attracting the required resources. Why would athletes, or customers, want to participate in a new business that does not come with the familiar rubrics (e.g., “IAAF World Championships” or “Summer Olympic Games”) attached? I am confident that they will, ultimately, provided that the proper conditions are in place. But these conditions are important.

One critical asset, and an interesting business component to quantify, is the future value of the sanctions that are used today to confer legitimacy on major meetings. The explicit right to call a meet the “IAAF World Championships” does not come for free. Event organizers must apply (6 years in advance!) and follow a set of rules and processes that lead up to the event. There is a cost associated with this. The cost is fairly diffuse now. It involves certain rules and encumbrances that affect the business processes. Looking ahead, there would be a cost to replacing this sanction for any proposed, independent major event. The origin of this cost would likely be different. In a talent-driven business, attraction of a high fraction of elite athletes is an obvious and primary driver for event success. Prize money may need to be increased significantly to ensure that the same athletes (or even more, depending upon event structure) that participated in London 2017 show up again for a notional “London Masters 2018”. Undoubtedly, this is a business cost that may impact the viability of an independent major event.

Of course, annual replication of a (good) fixed event will begin to develop a subjective sense of value. Professional athletes of all types are highly competitive animals. While they want and expect to get paid, they also value honest, head-to-head competition with their peers. So do the various companies that sponsor their endorsements. A regular set of major meetings, planned and implemented by a permanent owner or owners, should begin to set the stage for athletic events from which ET&F professionals gain intangible benefits. With increasing prize money, and customer and media exposure, tangible value to athletes should also increase. One existence proof for this is the quadrennial Olympic Games. For the most part, athletes feel honored to be able to participate, aside from any actual earnings. Much of this relies on the ET&F portion of the Games representing the best competitive environment of the season. There is no obvious reason why annual large events could not create a similar level of perceived value. Outside of ET&F, major events in professional golf and tennis appear to achieve this, within each of their four annual major events. For example, athletes in these sports will participate even when they have injuries that limit their chance of success.

Simply replacing a sanction deals with an explicit business cost. There are implicit business factors as well. Title and perception are among these. Both are attributes that an independent major event can generate and grow over time. To some extent, the evolution of the value of an independent event's brand may offset the direct costs of attracting athlete talent. One wonders, for example, how much less the All England Club (Wimbledon owners) could pay in prize money, without reducing the quality of the competitive fields. As a very large, major event, Wimbledon makes such considerations academic: there is plenty of money to go around, and time and repetition have made the brand so valuable that scrimping would probably have negative connotations. But for a

new ET&F venture, this might have short-term importance.

In any event, independence does not seem to create an obvious impediment to business success. Beyond this, there may be even greater business benefits related to this freedom. The putative “London Masters”, for example, would be free to negotiate sponsorship and media rights that are appropriate for its location and market. The same, but different, approach would apply to a second large event somewhere South of the equator. Even casual observers of PT majors recognize different types of branding for each of the major events. And, it is obvious that each of the four events generate individual media rights deals which exist independent of the overall Tour, or the other major events. While there are no guarantees that independent branding will generate the most money for the major events, it is not obvious that independent ownership of these brands would greatly harm revenue levels. In the end, it would be up to the individual major event owners to optimize this element of their business, in a manner that is appropriate for the local market. Most of the time, entrepreneurial business managers favor greater control (independence) over less.

#### **4.Location, Location, Location**

A single large event can be happily married to a great location. ***London 2017 convinced many that the right event, in the right location, can generate very high levels of interest.*** The apparent point is that London is an ideal market for sports entertainment events of large scale. A multi-event/multi-location Tour, almost by definition, will be unable to achieve this. Such a Tour requires many locations, not all of which are ideal. With a major meet, its location can be cherry-picked, particularly if it is operated as an independent business that is free to define its product offerings. A Tour of numerous smaller events will have to balance market attributes with other factors, including availability of suitable facilities and travel logistics (i.e., where are the athletes coming from this week and where do they go next?). A multi-parameter system, with numerous variable inputs, can be difficult to optimize. A close look at the ATP/WTA Tours support this point. Each side of the small-event world of PT has successful and unsuccessful tournaments. Location (and ownership) of marginal events can change fairly frequently. The smaller events come and go, and change locales, with some regularity. Major PT events, including larger tournaments outside of the well-known Grand Slam circle, are more solid. They have identified advantageous locations and they have built recurring businesses that is tailored to each one.

There are no assurances that the ideal locations for sports entertainment events have existing infrastructures that can support them. For ET&F, one locale's attribute of being a top-tier entertainment destination is largely uncoupled from its having a state-of-the art track and field facility, or supporting a particularly passionate fan base. One should not select locales based upon specific hardware, or narrow fanaticism. This is limiting. *I suggest that it is much better to choose large markets with significant disposable income, a general tradition of support for large events, and a favorable travel infrastructure. Once chosen, the specific tools that ET&F needs can be created.* A demonstration of this is seen in PT major tournaments. Melbourne, Paris, London, and New York are all sites of very successful annual events. It comes as no surprise to us that London has demonstrated the ability to support very large ET&F events, on multiple occasions! The tennis example can go further. New York is a location in which the physical tennis infrastructure has evolved. A few decades ago, the US Open was held in a different facility to where it is now (USTA National Tennis Center). The event was always based in the NYC area, and it grew larger and larger because of its annual presence in a great entertainment region. There was nothing particularly iconic about its past competition venue (Forest Hills), just as the current facility is not exactly luxurious. ***The most important point is that the event was held in and around New York City.*** Once established in a fixed location, there is nothing wrong with developing a more flashy infrastructure. To be fair, the recent improvements in New York (e.g., a roof on a renovated Arthur Ashe Stadium) have improved the customer experience greatly. However, it is interesting to note that the high water mark for US Open attendance was in 2009, well before a roof was built.

ETF-Forward has begun to consult with Mondo USA<sup>5</sup> to develop a concept for a 400 meter, international-standard track and field facility that is fully transportable. The very clear goal is to be in a position to stage a major meeting in a large sports venue in other notable sports entertainment markets that do not have large athletics stadia. Obvious examples, following the successful demonstration from PT, are Melbourne and New

York. The idea of decoupling the track system from the stadium is not at all new. It has been done for decades in the indoor form of the sport (a market segment in which ETF-Forward sees relatively little value), via 176 yard and 200m portable tracks. More recently, Lord Coe (IAAF President) has discussed the development of 300m tracks to fit into existing football stadia.<sup>6</sup> While the latter idea is fine, it is probably a bit finely-tuned for this topic. Most reasonable stadia that are based in an optimum location could be modified to allow a 400m track to fit. For example, an 80,000 seat stadium could support a large enough platform for a traditional stadium track system, through the elimination of a small number of the closest rows. Even more important is that there are suitable large stadia, in proven markets, that could readily accept a portable 400m track facility of a standard design. An obvious example is the Melbourne Cricket Grounds (100,000 capacity). Melbourne, as we mentioned previously, is the site of the Australian (Tennis) Open.

The scale of large events seem to justify the expense of “bringing the sports facility to the correct location”. Even casual viewers of professional hockey (NHL) delight in the outdoor events (18 in the US alone, since 2008) that create an entire hockey rink system in a large stadium. The rink system is re-usable, and its deployment is not particularly expensive. Circa 60K fans, albeit paying elevated prices for a niche event, can easily support this complex infrastructure at the NHL level. In fact, the same deployments are now being carried out in smaller professional leagues. In 2017, the American Hockey League held an outdoor game in a junior college football stadium at Bakersfield College<sup>7</sup>. While we need to better understand capital costs and recurring expenses related to a transportable 400m track complex, it is hard to imagine that it could not be supported by a multi-day meeting that draws north of 500,000 customers.

In summary, the challenges of creating a completely integrated ET&F Tour seem to lie inordinately in the organization of a large number of smaller events. Conversely, one or two annual major events would actually generate more scale, with less business complexity, than the aggregate of a small-event Tour. Despite its obvious challenges, a large, major ET&F event could be created by an independent, standalone entity that is free to generate and grow brand value in its own way. A key feature of the event is its perennial nature. It must be developed and managed in a way that allows annual rollout. As one big event is held in one location, the independent owners would be free to select (and to re-use) a fixed site, chosen for its sports market potential, rather than for any lower-level set of attributes. The existence of a track facility is perhaps irrelevant: a portable facility can be deployed where needed. ETF-Forward suggests that harvesting annual crop of large events is a tactic worthy of further consideration.

## **An Initial Proposal**

### ***Two Annual, Major ET&F Meetings***

**“London Masters”**: Held at Olympic Stadium London in early August  
(circa 54,000 seats for athletics, on a permanent track and field facility)

**“Australian Open of Athletics”**: Held at Melbourne Cricket Grounds in February  
(circa 100,000 seats, with a transportable track and field facility)

***Occasional wrinkle: an all-grass meeting held on the permanent surface of the MCG***

An alternative (or third) option is:

**“US Open of Athletics”**: Held at MetLife Stadium outside of New York City in the Summer  
(84,000 seats, less the first 25 rows in the stadium; deploy a transportable track on an elevated stage)

Both events will be multi-day (10 to 14) affairs, with one or two sessions per day. They would include large fields, drawn from various international rankings (for example, the top 64 athletes per event, determined by blended marks from the last calendar year). All traditional stadium track events (20 each for men and women, including relays) would be competed.

The events would be independent of the standard ownership format, and sanctioning processes, of today's infrequent major meetings. They would need to steer clear of intellectual property (e.g., names and trademarks) held by current event owners. Each event would likely be owned and operated by a separate group that combines investors with experienced event operators.

***It is proposed that current governing bodies, (IAAF, USATF, UK Athletics, Athletics Australia, etc.) would take an equity state to support their ongoing interest in the development of the elite side of the sport. Proven ET&F meet organizers and operators (among them Tracktown USA, the event arm of UK Athletics or Athletics Australia, etc.) would be long-term partners in the venture. Track and field-specific expertise and management talent is clearly important to the smooth operation of the business. It would likely be valued by external investors as well.***

The attraction for top athletes would be through explicit and implicit means. *Explicit:* enhanced levels of prize money (\$20M per meeting, offering \$500K per event per meeting, or \$1M per event per two-event season). *Implicit:* the gradual perception of the events as being the top competitive opportunities in the sport. Nothing about the independent events would restrict athletes from other endeavors. Qualified athletes can participate in either, or both events, as part of a larger competitive season.

## **Stay Tuned**

ETF-Forward will be generating greater detail in the coming months, through study efforts that involve a number of business-minded professionals and students, as well as the analytical resources of select Universities that specialize in sports business education.

Among the topics and tasks will be the detailed development of a strawman large event, including financial models, organizational and operational structures and processes, marketing and sales approaches, and mock athlete recruitment. It is expected that the products of this work will be benchmarked against the largest events in ET&F now, as well as those in other sports. Other study topics will include estimation of the replacement cost of a governing body sanction, as needed to promote athlete recruitment. For the technical/logistical minds among us, investigation of the details of developing, building, shipping, and deploying a portable track and field infrastructure will be an important task. Meet management gurus will be given an opportunity to devise a number of small tweaks to the competitive format and schedule of today's major meets. These might include simpler advancement criteria during heats and rounds, alternative scoring metrics for early round advancement in field events, and a schedule that provides customers with the widest sampling of event disciplines, on every day of the meeting.

Interested parties should contact ETF-Forward ( [etf.forward@gmail.com](mailto:etf.forward@gmail.com) ) to discuss a possible involvement in this work.

- 1 <https://www.gotracktownusa.com/events/tracktown-summer-series/>
- 2 <http://nitroathletics.com.au/>
- 3 <http://www.thesportsexaminer.com/download/sebastian-coe-says-track-field-radical/?wpdmdl=2687> and  
<http://www.telegraph.co.uk/athletics/2017/10/04/lord-coe-suggests-ipl-style-auctions-franchises-pop-up-tracks/>
- 4 <https://www.diamondleague.com/>
- 5 [http://www.mondoworldwide.com/index\\_am\\_en.cfm](http://www.mondoworldwide.com/index_am_en.cfm)
- 6 <http://www.telegraph.co.uk/athletics/2017/10/04/lord-coe-suggests-ipl-style-auctions-franchises-pop-up-tracks/>
- 7 <http://www.bakersfieldcondors.com/news/condorstown-outdoor-classic-jan-7/>