

Challenge the status quo

Portas CEO Survey 2022 - UK

The CEO agenda for 2022: challenge the status quo

The sports industry has a wonderful tradition and heritage. However, our review this year covers themes that require CEOs to 'challenge the status quo'. The review captures unique perspectives of c. 60 leaders across sport, including those from Clubs, Leagues, Investors, National and International Governing Bodies and Corporates.

Many parts of the sports industry are rapidly evolving, disrupted by accelerating innovation and technology. This creates exciting and novel opportunities for sports organisations in the way they engage new and existing fans, deliver participation, distribute sport through different channels and devices, and create new formats and products.

These new opportunities are arriving with new challenges. There is increased competition for attention from other forms of sports and entertainment. New industry power-brokers are emerging.

CEOs are tasked with navigating and evaluating the opportunities in the landscape, requiring a focused and targeted strategy: to take advantage of the disruption; to stay relevant; to challenge the status quo within their organisations and sports.

Four themes have emerged from the 2022 CEO survey:

01

An optimistic outlook, a more diverse future

02

Capitalising on the opportunity of women's sport

03

The future role of a Federation

04

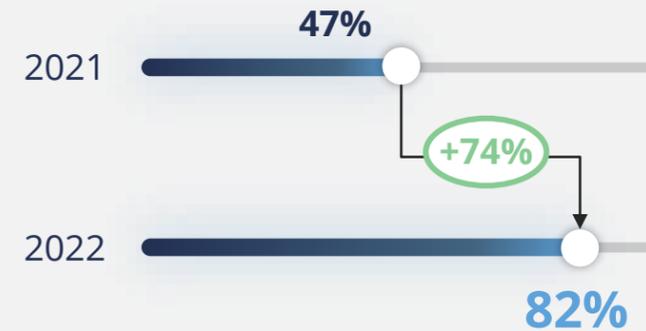
The innovation imperative

An optimistic outlook, a more diverse future

CEOs are more confident on the potential for growth, with a renewed sense of optimism and enjoyment for working in the sports industry

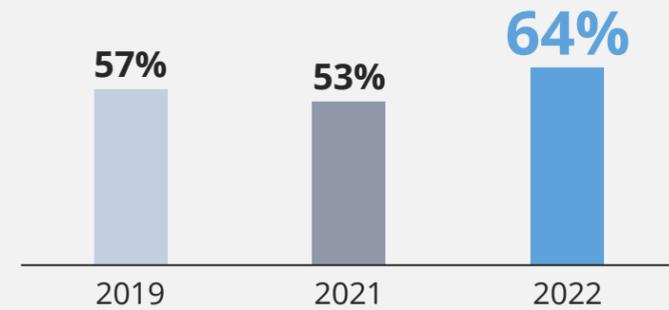
82% of CEOs are confident in their organisation's growth prospects over the next 12 months

% of CEOs who are 'somewhat' or 'very confident'



64% of CEOs indicate that "there's never been a better time to work in the industry"

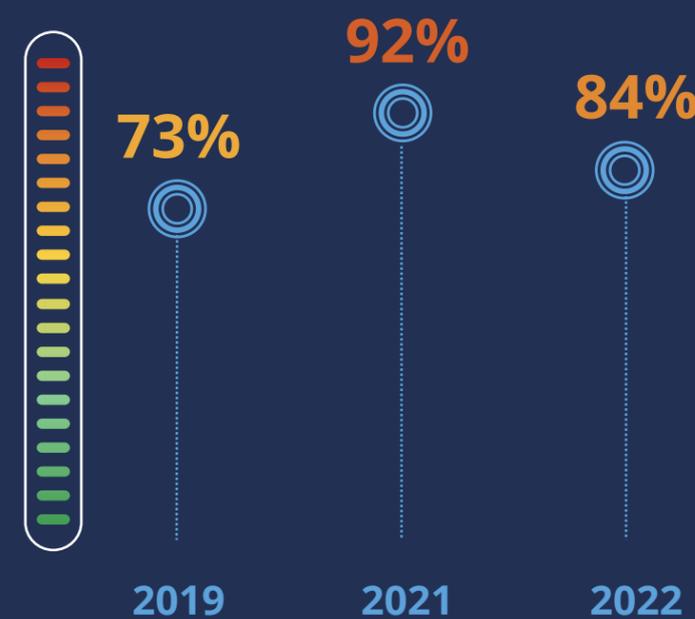
% of CEOs



Whilst the pressure on CEOs is still high compared with 2019 levels, results suggest that they have navigated the worst of the acute financial challenges posed by the pandemic

84% of CEOs feel under increased pressure to deliver in their role

% of CEOs



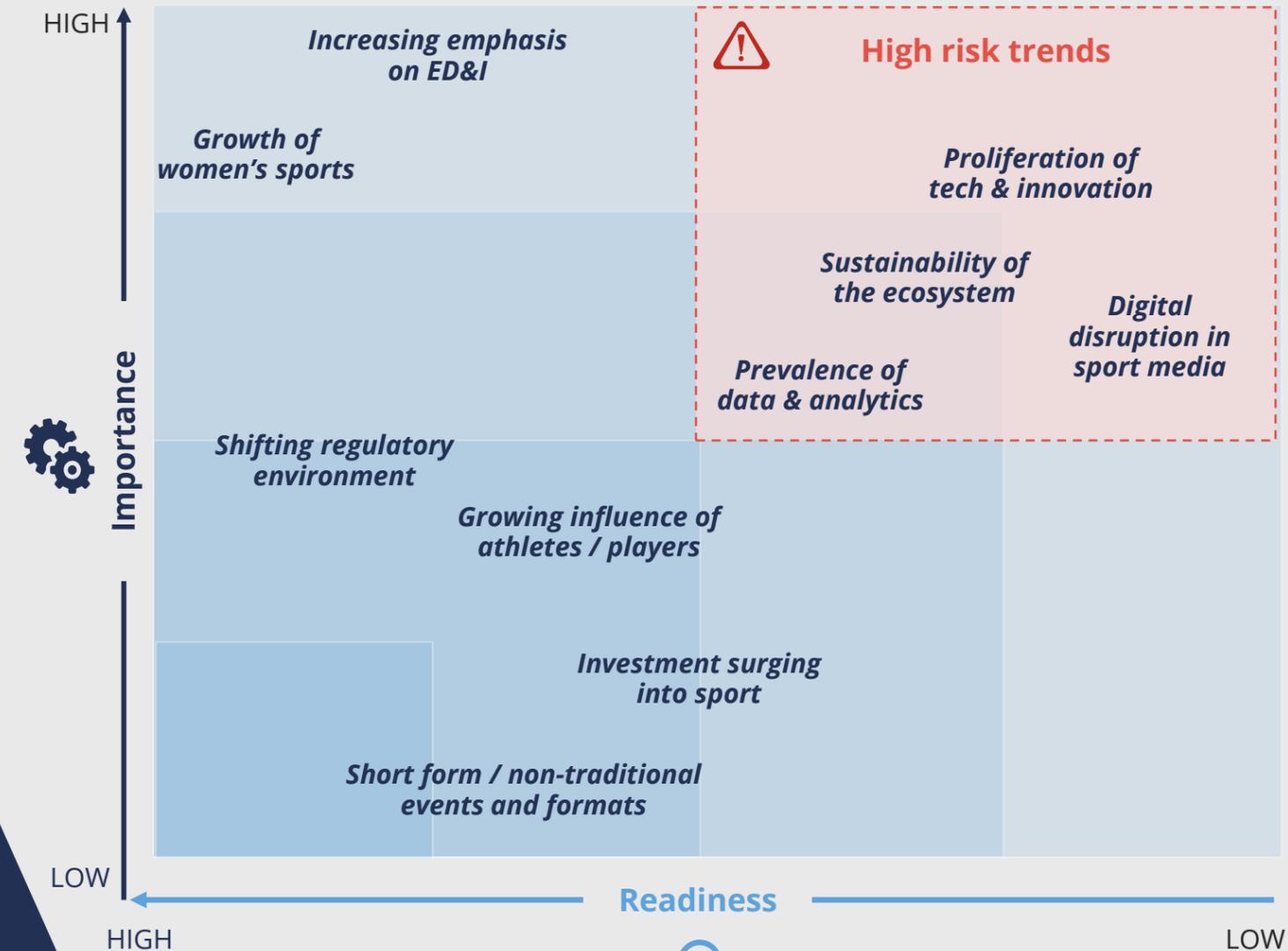
33% y-o-y decrease in financial pressure, whilst strategic, organisational and operational pressures remain constant

% of CEOs



There is a steadfast commitment to creating a more diverse and inclusive industry for all involved.

CEOs also believe they are ready to capture exciting growth in women's sport. However, CEOs are still not 'ready' for the technology evolution, innovation opportunities and challenges, and digital disruption of sport



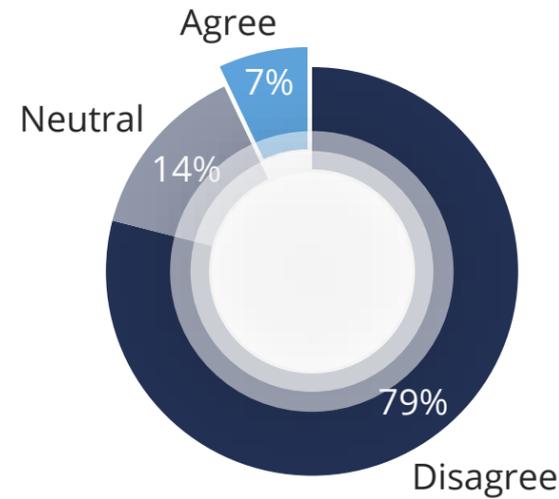
Capitalising on the opportunity of women's sport

The growth of women's sport is one of *the* trends redefining sport's future. It is an avenue to unlock a new segment of fans / participants and attract new commercial partners.

However, our survey indicates that there is a gap between the reality of how prepared CEOs are for women's sport and their perceptions.

THE REALITY...

Only 7% of CEOs agree that 'women's sport has sufficient resources allocated to it to deliver on its potential over the next 5 years'.



Our review also highlights that CEOs are not clear where the resources practically will come from



Women's sport is an opportunity to explore alternative funding models, such as part-ownership models in conjunction with commercial partners or 3rd party investment

Bill Sweeney
RFU



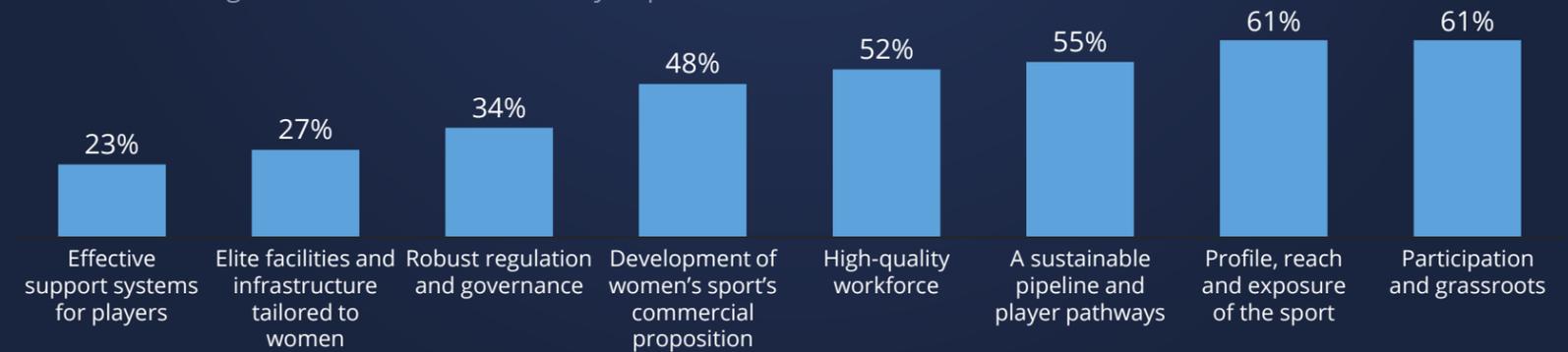
of CEOs rated 'equity funding' as the 'right' option to accelerate the growth of women's sport



of CEOs rated 'redistributing from the men's game' as an effective way to finance women's sport

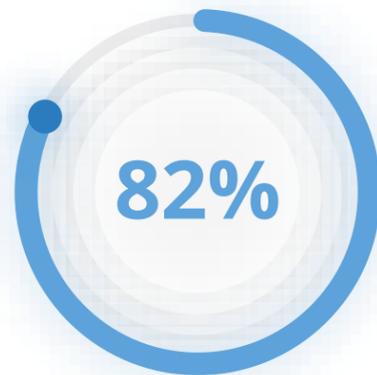
Even with sufficient resources, there is no consensus on where to spend resources, with all areas of the women's sport ecosystem requiring investment – from grassroots to professional

% of CEOs ranking the investment area as 'very important'

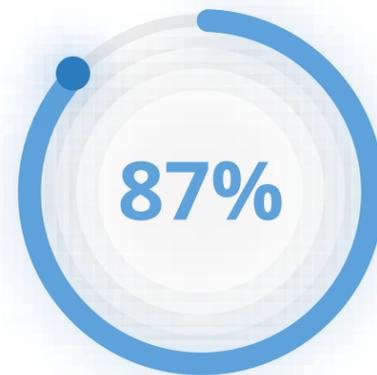


...VERSUS THE PERCEPTION

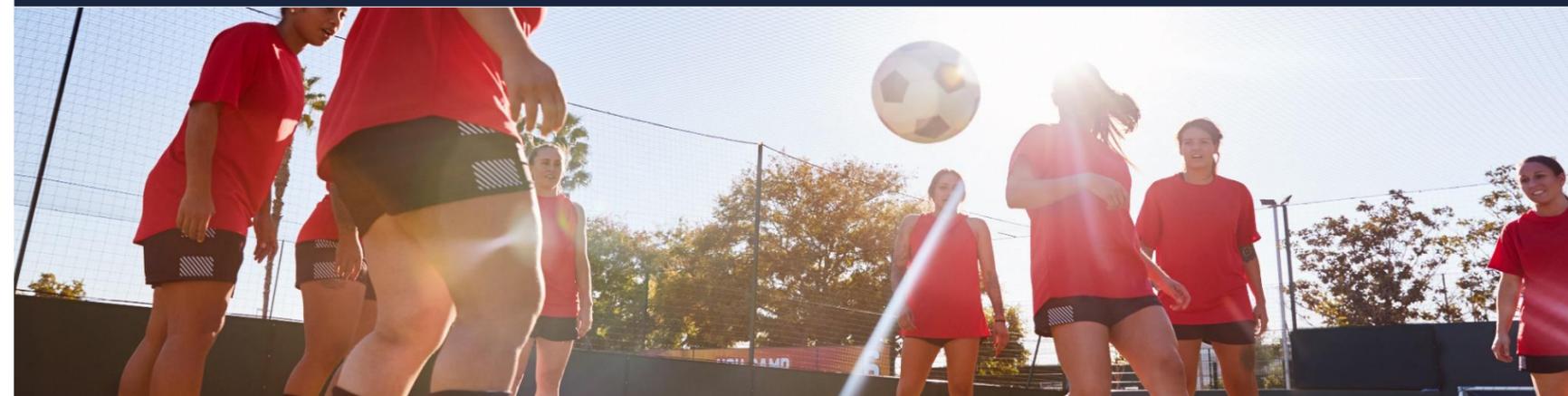
CEOs still perceive that they are 'ready' for women's sport and that it is one of the most important trends in the sports landscape today



of CEOs indicate they are 'ready' to capitalise on the 'growth of women's sport



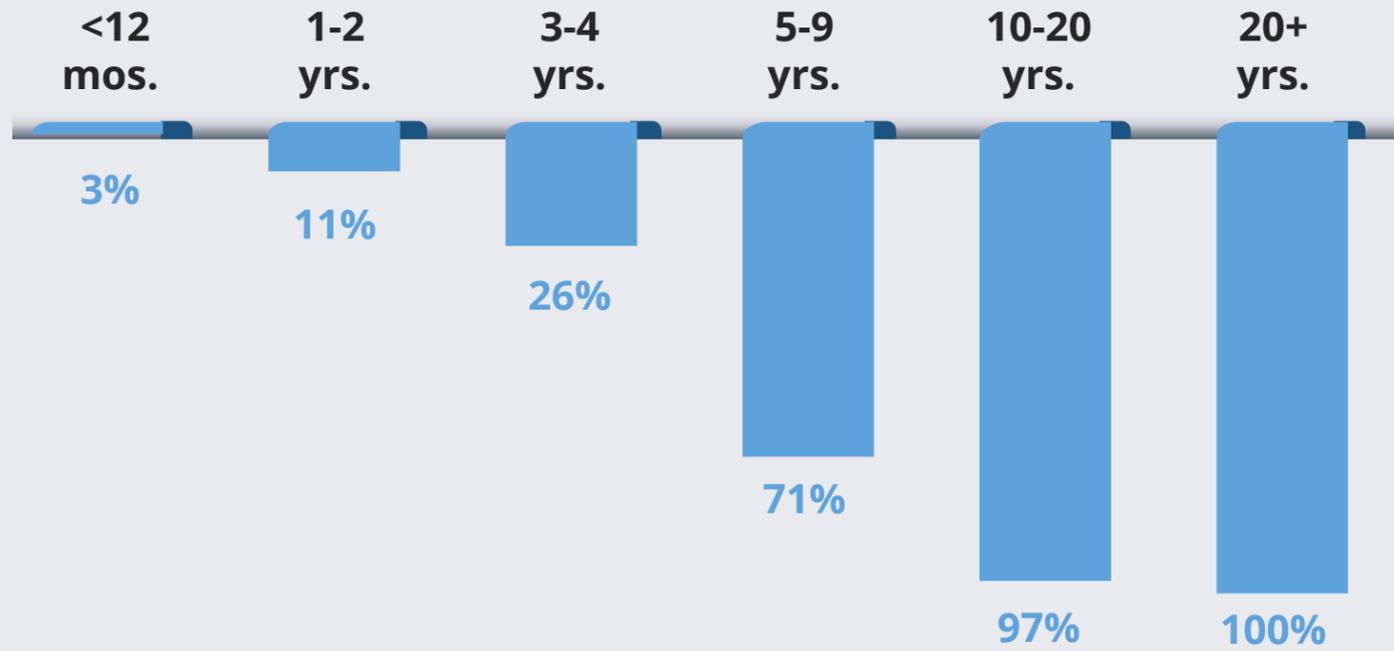
of CEOs indicate the 'growth of women's sport as an important trend impacting the sports landscape



This all points to an imperative that CEOs need to develop long-term business plans for women's sport and deliver on those plans. Otherwise, women's sports will remain an under-commercialised product with an obstructed pathway to long-term growth

71% of CEOs believe it will take at least 5 years for the women's sport that they are involved with to reach financial sustainability*

% of CEOs



With women's sport, we are taking a leap of faith. Putting a long-term plan in place to grow women's sport and capitalise on its potential is critical, as it can be a challenge to justify the funding without a clear short-term commercial return. We must seek creative solutions to keep growing women's sport long-term whilst balancing short-term commercial imperatives

Bill Sweeney
RFU

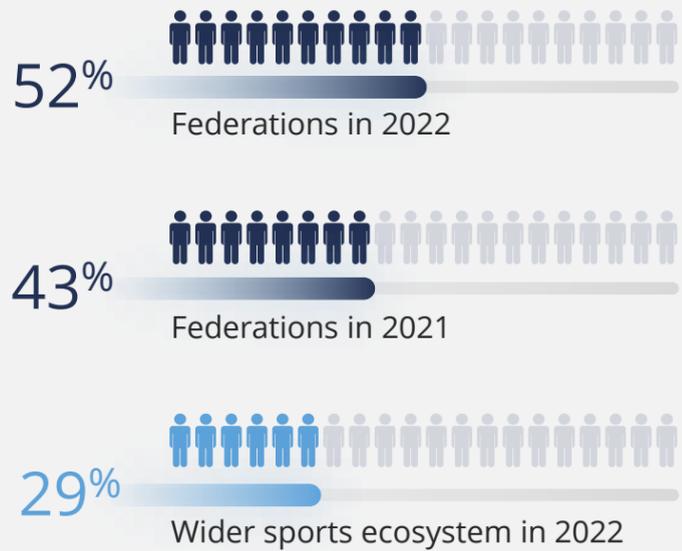


The wider sports ecosystem has lost confidence in the role of Federations as lead decision-makers. Federations are feeling under increased strategic pressure

Federations are under increased strategic pressure

Federations have lost the confidence of the wider sports ecosystem

% CEOs under 'strategic pressure'



Only 22%

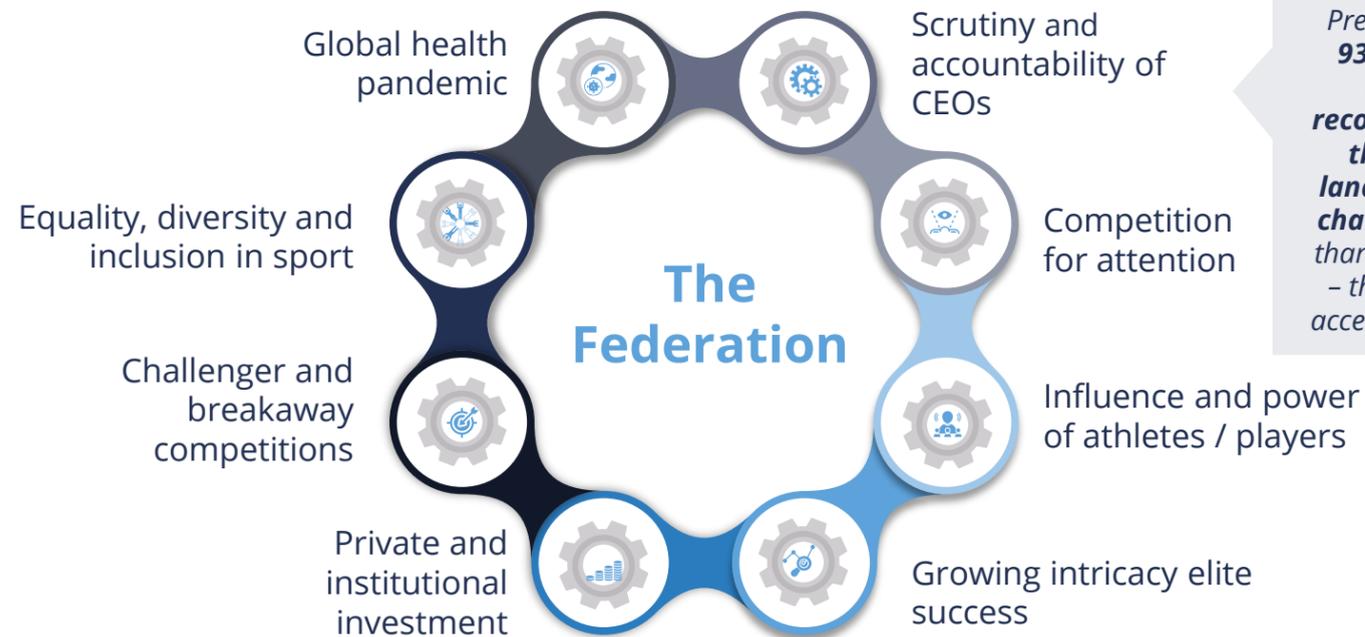
of CEOs agree or strongly agree that Federations have the **support and backing of the sports ecosystem**

Less than half (46%)

of the wider sports ecosystem believe Federations are **best placed to be lead decision-makers and to set standards**

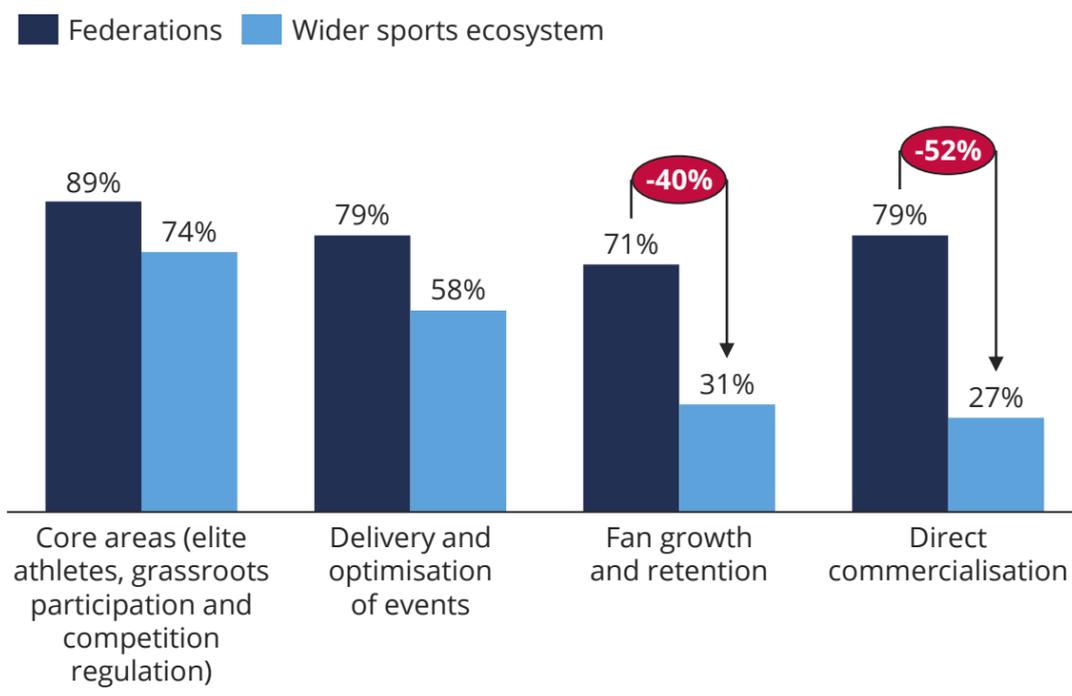
The future role of a Federation

The sports landscape is evolving rapidly and growing in complexity. The power corridors of sport are shifting as new stakeholders position to be at the forefront of this change. These changing dynamics are placing traditional structures of sport under increased pressure, with Federations in particular needing to identify what their role is and how to deliver value



Pre-pandemic, 93% of CEOs already recognised that the sports landscape was changing faster than ever before – this has only accelerated since

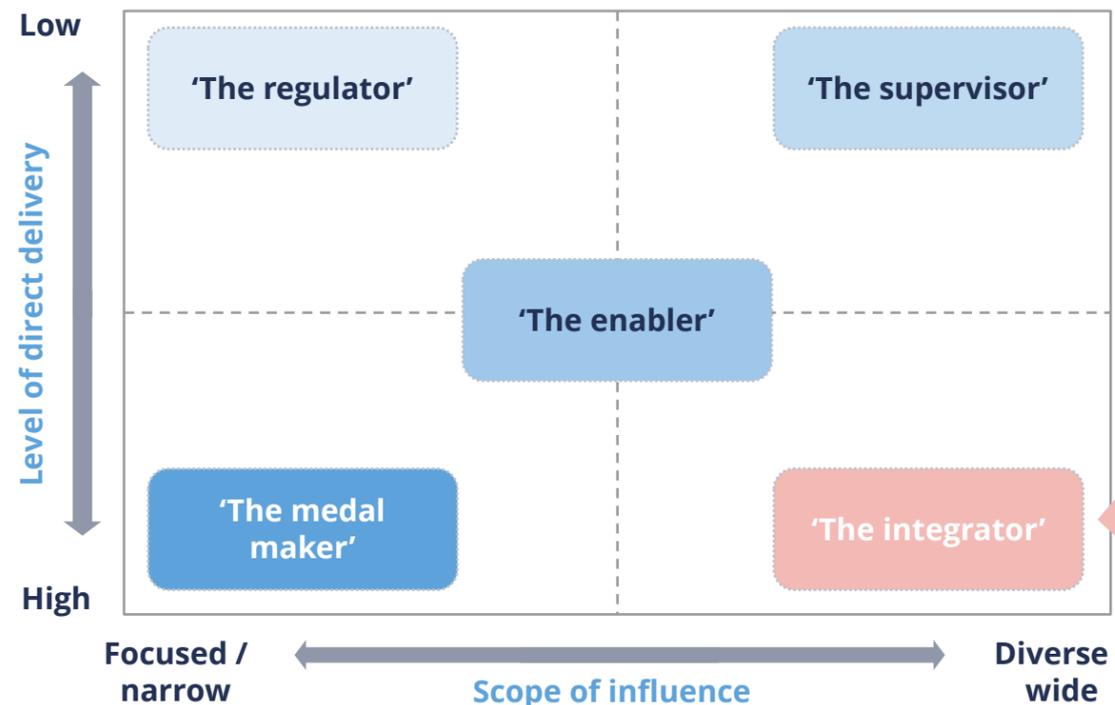
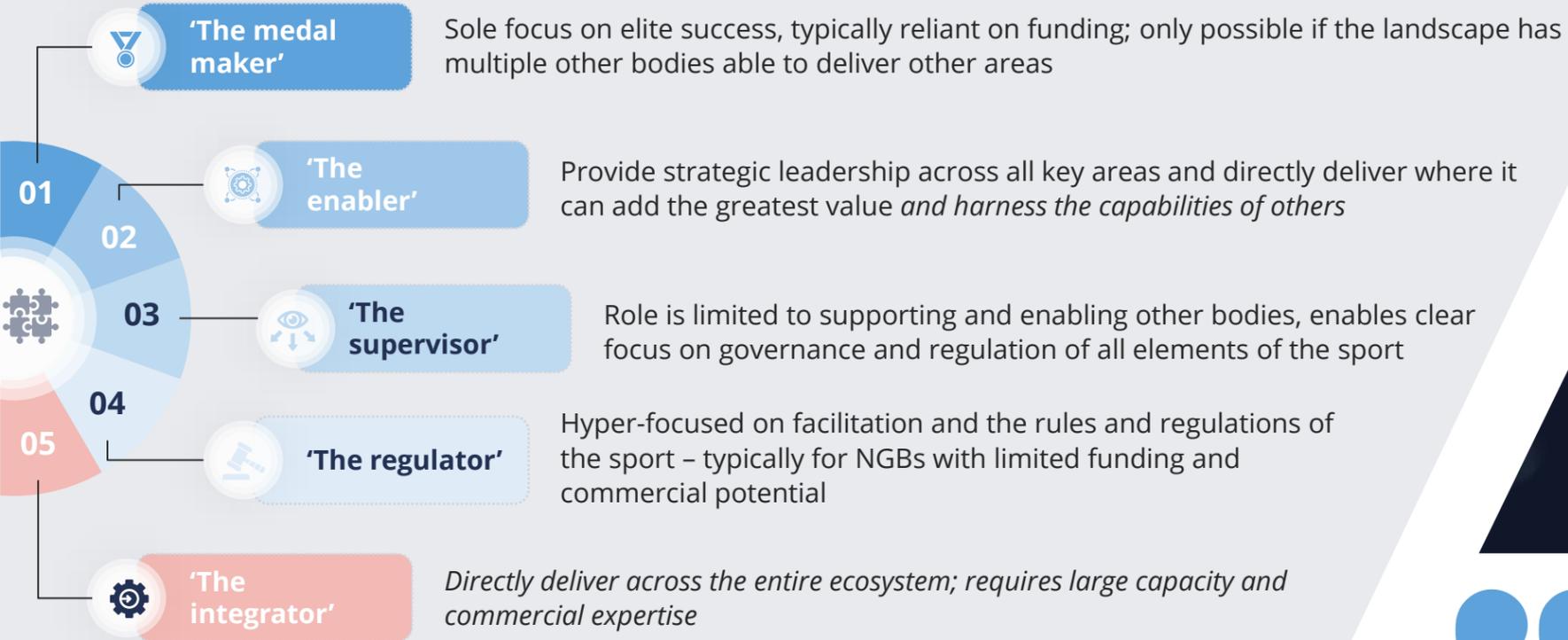
One of the key drivers of this 'loss of confidence' is that there is a difference of opinion between what Federations think they should deliver, versus what the wider ecosystem thinks. Federations need to make fundamental fact-based assessments of the role they play in the landscape



76% of CEOs do not agree that Federations are **'effective at commercialising their sport'**

To rebuild the confidence of the wider sports ecosystem, Federations need to strategically define their role and mandate, and ensure the organisation (capacity, capability, systems & processes) is set up to deliver on it

FEDERATION MANDATE ARCHETYPES



Against the backdrop of growing complexity, Federations that pursue the mandate of 'the integrator' could increase the risk of poor delivery execution and a lack of strategic focus



Federations are in the privileged and, at times, challenging position of having a pan-sport view. The sheer breadth of what Federations are involved with today requires us to constantly assess and review our mandate and role. Confidence in a Federation's leadership is built through the application of good governance to decide who the 'right' entities are to lead and deliver, even if that means a Federation relinquishes direct control of certain responsibilities. For any CEO, they must be comfortable transparently surfacing contentious areas and doing what is right for the future of their sport

Julie Harrington
British Horseracing Authority

The **innovation** imperative

Innovation is needed in the sport sector as organisations adapt to changing consumption habits and increased competition for attention

CEOs recognise that there is currently an 'innovation deficit' within their organisations and that sport has an inherent challenge with innovation as it is a product steeped in heritage and tradition



of CEOs believe **'heritage and tradition in sport are a barrier to innovation'**



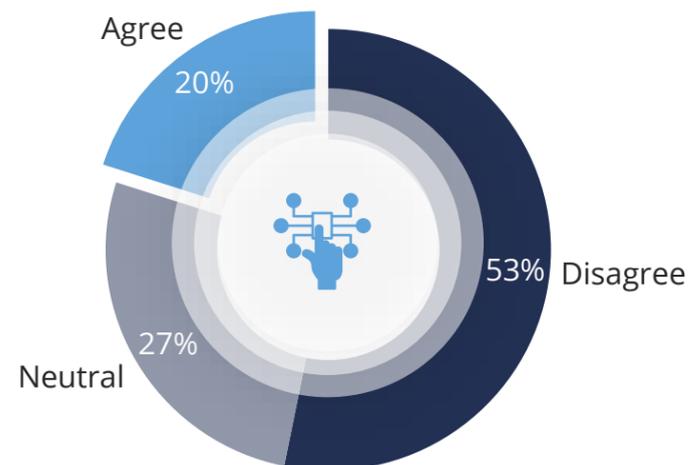
4%
of CEOs strongly believe their organisations are **'tech-savvy and up-to-date with the latest trends & innovations'**

13%
of CEOs strongly believe their organisations are **'experimental, not averse to risk and embracing technology is at the heart of their culture'**

This deficit is resulting in underwhelming experiences for audiences and fans as well as missed opportunities to diversify revenue streams

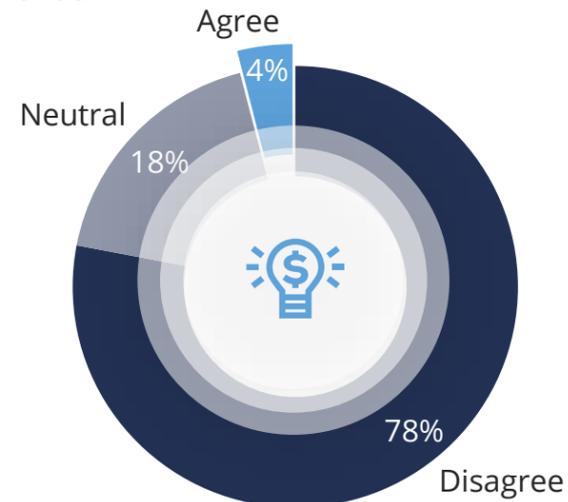
Only 20% of CEOs agree that 'their audience receives a best-in-class digital experience'

% of CEOs



Only 4% of CEOs agree that 'they effectively monetize fans / audiences across digital channels'

% of CEOs



The oxygen of innovation is 'trust' and 'people'. CEOs need to create the space for innovation, encourage curiosity and allow the freedom to fail. It is also a journey. Sports organisations are unlikely to have the resources and the capabilities to be at the 'cutting-edge' from day one. CEOs that build truly innovative organisations set a clear vision and incrementally build the culture and team, supported by good governance and resources

David Hornby, SecuTix

Innovation is a complex topic, that requires a cross-cutting strategy and organisational transformation

INNOVATION SUCCESS FACTORS

Our research highlights that four success factors need to be delivered in tandem to maximise chances of success

<p>1 A North Star Align innovation efforts to a clear and quantified objective, creating a common goal and maximising collective effort</p>	<p>2 Committed leadership Prioritise innovation top-down, embodying behaviours that enable innovation e.g. a long-term view, high-risk tolerance and decisiveness</p>
<p>3 Internal expertise, external partners Create internal, cross-disciplinary capability and accountability and / or couple this with a network of external specialised partners to amplify and diversify the talent pool</p>	<p>4 Funding Resource innovation with a long-term plan, ring-fenced budgets and sufficient capacity, aligning KPIs and incentives to encourage innovators</p>

CASE IN POINT – top sports organisations have already begun implementing the success factors of innovation



NBA has recently hired their first Chief Innovation Officer (CIO), building **committed leadership and internal expertise**

~ 35% of FTSE 100 organisations have CIOs¹



48% of the most innovative teams² in the world offer incubator programmes, showcasing a **committed leadership and long-term funding**

¹Calastone Research

²Sports Innovation Labs: Top 25 Most Innovative Teams Portas CEO Survey 2022 - UK

Reflections and considerations for the CEO

This year's review has demonstrated that CEOs have navigated the hurdles of the past 12 months, with confidence and optimism returning.

CEOs are now facing new challenges to change, transform and innovate. Ultimately, they need to challenge the status quo.



An optimistic outlook, a more diverse future

Maintain the positive momentum and success of the past 12 months to help create a more diverse and inclusive industry



Capitalising on the opportunity of women's sport

Develop long-term and creative business plans to secure resources and deliver on the potential of women's sport



The future role of a Federation

Strategically define your role and mandate to rebuild the confidence of the wider sports ecosystem



The innovation imperative

Build a culture of trust and a skilled team to deliver an innovation step-change to overcome the deficit that exists today

Thank you

Thank you to all the CEOs who have generously contributed to this review by filling in the survey and providing their ideas. We are especially grateful to Bill, Julie and David for providing the additional qualitative insights to this year's review. To continue the conversation, we will be discussing the four key themes on upcoming podcasts.

Contact us

We always welcome further comments and dialogue on these findings and themes. If you would like to discuss anything further please reach out for more information: ceo-survey@portasconsulting.com

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Portas Consulting

Portas Consulting is the global strategy consultancy dedicated to sport and physical activity, with offices in Europe, Asia Pacific and the Middle East



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