

## Cycling in the Balance: A Talk with Michele Acquarone

*(Note: Michele Acquarone directed the Giro d'Italia for Italian sports company RCS Sport until he was unceremoniously dismissed December 3, as a result of the on-going financial investigations at RCS. Acquarone has vigorously and consistently maintained that he had no knowledge of the financial irregularities; he hopes to stay in pro cycling, in some capacity, and have an important impact on its future. Steve Maxwell caught up with Acquarone in mid-December and talked about new business models for cycling, and the detailed economic and structural recommendations in the **Roadmap to Repair Pro Cycling** report. Regardless of Acquarone's future role in pro cycling, there is no doubt that he brings a business-like, energetic and innovative voice to the sport.)*

Former Giro d'Italia boss Michele Acquarone looks at cycling from a businessman's perspective. Unburdened by a long history in cycling, or a "this is the way we've always done it" bias, he can think outside the box, and is helping to inspire a new look at future directions for the sport. He starts from an eager and optimistic perspective, but he's not worried about calling things the way he sees them. "Compared to other sports, the revenues for cycling are tiny. But we have one of the biggest sporting events in the world – we must grow our revenues! Every day of my life, I am thinking of how we can do that," he says.

On the one hand, Acquarone says it's pretty simple – if we want more revenue, then we have to figure out how to get more fans. Fans and revenues are inextricably linked. When Acquarone was heading the Giro, he developed an approach called Fan Engagement Management (FEM) which he credits for the rapid recent growth in the Giro. "Look at Manchester United or Real Madrid – they have millions of Facebook fans, whereas the most popular cycling team – Team Sky – has what, maybe 300,000? How many followers does Chris Froome have – maybe 100,000? Rafael Nadal and Roger Federer have more than 12 million!" With these kinds of numbers, it's no wonder that big global sponsors like Nike and Adidas – which invest millions in other sports – aren't very interested in cycling.

On the other hand, he says, "pro cycling is complicated, very complicated." There are many attributes of cycling which are different from other sports, and which can be very challenging. "Ninety-nine percent of people who follow cycling follow individual racers, not teams. But without teams, there is no professional cycling – we have to make it more of a team sport." Second, because cycling events are held on the road, not in a stadium like most other sports, Acquarone points out that cycling has many costs (operations, logistics, complex TV production, etc.) but less revenue (because there are no tickets). Hence, for cycling it is critical to attract new fans in order to increase revenues from sponsorship and media right. But in contrast to many people working in and around the sport, Acquarone doesn't just lament the challenges; he also suggests many possible answers.

Acquarone strongly supports developing ideas for a new business model for cycling – including many of those outlined in the **Roadmap to Repair Pro Cycling** – particularly the development of a modified franchise system. This would entail the establishment of permanent franchises at different levels in the sport – one at the top level similar to the present WorldTour, with a couple

of lower divisions as well, similar to the model of American professional team sports. Garmin's Jonathan Vaughters suggested essentially the same thing to *Velo* magazine earlier this year, saying "determine permanent franchises, take the heat for that selection – once – and then that's that." Each year, one or two weaker top division teams might drop down to the lower division, or out altogether, while successful second division teams would have an opportunity to move up to the top division. (Think Euskaltel and Europcar this year.) Eventually the franchises would be made more permanent.

Focusing again on the importance of connecting with fans, Acquarone envisions a day where there would be about 15 World Tour franchises – perhaps three or four each from Europe, North America, Asia and South America, and perhaps one or two from Australia and Africa. These would be teams with more of a national identity, but with various (and perhaps changing) commercial sponsors – similar to the current model of the Australian Greenedge team. The riders on these nationally-oriented teams would not necessarily all be from that country, but many of them could be. In turn, that would help reinforce the national image, and an increasing base of fan awareness and pride. He cites Sky and MTN-Qhubeka as good examples of teams connecting with their natural fan base. He sees Garmin as the prototype American team, saying "If I was Team Garmin, I would paste the stars and stripes all over my jersey!" Again, the general idea here is: a better business model and structure for the sport ... more fans... more money... the sky is the limit.

If a new team chose to enter the sport in the future, they could buy a lower division franchise, acquire some good young riders, and gradually work their way up. The other way to obtain a top level franchise would be to simply buy one from another owner – similar to how things work in American football and baseball. Given greater long-term certainty, franchises would gradually acquire a greater economic value. Teams would become more stable, and owners would have more incentive to invest in the longer-term sustainability of the franchise, whereas today's system breeds short-term thinking and instability. Asked about the current system – where richer teams can simply buy UCI rider points to obtain a WorldTour license – Acquarone has an opinion; "it's anti-sport, it's anti-business, it's totally crazy."

Acquarone also calls for a different and more balanced race calendar – a season from February through October, with fewer races, but one in which all teams and most of their top riders would be incentivized to participate. He sees four "Grand Tour" races of two-week (three weekend) duration – a redesigned Tour and Giro, one major event in Asia/Australia, and one in the U.S. – maybe a reconfigured Tour of California or Colorado Pro Challenge. "The IOC can run the entire Olympic games in two weeks – why do we need three weeks for a bike race?" asks Acquarone. "It would be better for the fans and better for the racers." More specifically, Acquarone suggests that all top level pro riders would race about 90 days a year. There would be 25 to 30 top races focused on the weekends (including the four shortened Grand Tours), some four-day stage races and a number of one-day classics that would spread across the season and around the world, and that none of the events would overlap.

Acquarone is also strongly supportive of building women's road racing. He believes that every top level race event should eventually be a combined event, where there would be a concurrent women's race – making use of the same operational logistics and the same TV production

organization, but resulting in a much bigger audience. “Everybody knows the value that the Williams sisters or Sharapova brought to tennis,” says Acquarone. “The same thing would happen in pro cycling. Cycling is very late on this, and we can no longer wait.”

Another one of Acquarone’s hot button issues is doing everything we can to make cycling more of a team sport, and decreasing the emphasis on individuals. He would like to see more of a team atmosphere in the sport – where everyone on the team lives and trains together, instead of being constantly split up chasing simultaneous races in different corners of the globe, even where they live together in a “club house.” Individuals would obviously still win races, but there would be more emphasis on the teams; teams would also get victories and points for every race. At the end of the season there would be a championship team; total prize money would be increased, and shifted from individuals to the teams.

Today, everyone focuses too much on the Tour de France, or “July” as Acquarone calls it. The new “world championship team format” would teams (as well as riders, the media, and fans) to invest in the whole season. Points in the top level races would mean points in the championship rankings – which would mean more money for the team at the end of the season. And if the teams wanted to win the championship and that pot of money at the end of the season, they would have strong incentive to play their best riders in every race. “Yes, it will always be special and very prestigious to win the Tour de France – just like it is to win Wimbledon,” says Acquarone. “But it will no longer be the only goal of the season.” And finally, with more nationally-oriented franchises emerging, a greater focus on the teams would also create growing appeal to the fan base.

Many have argued that creating a franchise model and modernizing the schedule would somehow wreck the historical legacy of the sport. For example, earlier this fall in one of his flurry of recent press releases, former UCI President Pat McQuaid pointed to the sacred nature and legacy of traditional European road racing. But for those who are concerned only about history, Acquarone is blunt, saying, “If you think only about tradition, you don’t go outside of Europe! For sure, we need to keep some of the big events in Europe, but we need to create big events in other countries too.”

The other key word in Acquarone’s vision is “centralization.” The sport needs to centralize its organization, and particularly its means of operating, promoting and actually selling itself to the public. With a new pro league and dedicated race calendar, fans could follow the same team, at events around the world, on the same TV channel with the same announcers. When packaged together as one season-long, multi-continent international event, this would allow cycling a stronger negotiating position in terms of TV coverage, and could bring an important additional source of revenue into the sport. A more coordinated and more global sport would also help to bring in more global sponsors, which the sport has never really been able to attract.

Finally, and perhaps most critically, Acquarone is one of the few leaders of the sport willing to go on record and say he believes that the (limited) revenues of cycling must be somehow shared in order to grow the sport as a whole. “Today, the organizers make most of the money; but we need the teams to also make more money.” And he put *his* money where his mouth is. The Giro tried to lead by example here; sources suggest that the race already shares up to 40%

of its estimated €10 million in net TV revenues with the teams – in the form of participation fees, accommodation arrangements, and prize money. It may not be a lot of money today, but it's a start.

The economic balance between different stakeholders is important, but more critical for Acquarone is making sure that the overall pie grows. And if cycling is not able to build a credible new mode to attract millions of new fans, there won't be any new money to share. He says that last year he took a "very simple deal" to the AIGCP (team owner's organization) to share increased TV revenue in exchange for team help in building that revenue – e.g., commitment of top riders, improvement of TV coverage through footage inside the buses, audio communication with team cars, etc. Acquarone said that it seemed like a win-win, and the then head of the AIGCP Jonathan Vaughters agreed, but the deal fell through.

While many around the sport may tacitly agree with Acquarone, there are many observers who point out that the sport is dominated – if not controlled – by ASO (the Amaury Sports Organization, owner of the Tour de France). TV revenues for the Tour are estimated to be at least five or six times what the Giro earns. Until ASO changes, they say, nothing else will change. Acquarone acknowledges that ASO has been instrumental in building the sport to where it is today, and the overwhelming dominance of the Tour in cycling as a whole. "Without the Tour, there is nothing – there are no sponsors, there is no cycling." But if pro cycling can move towards a world championship team format, he says, "the overall fan base and the size of the revenue 'pie' would expand, and ASO as the industry leader would also benefit greatly."

When asked about the proper role of the UCI in all of this, Acquarone gives the governing agency credit for trying to globalize the sport and address doping, but says they have not done enough. "For sure, we need to give money to the UCI, for its regulatory services and so that it can promote cycling – especially to kids and to women," he says. But he suggests that the UCI should be more of a neutral party – a regulatory body, not a race organizer.

Summing up his position, Acquarone comes back to one key maxim – "the future of cycling is a larger fan base" – by means of a more balanced calendar, more balanced revenue sources and sharing, and a more balanced competitive structure. Making these types of changes will ensure that we can attract those critical additional fans – and that cycling can therefore enjoy healthier growth and greater revenue in the future.

Acquarone concedes that he has often felt like a voice in the wilderness – or as he puts it, "like I am the only one." But with more and more people opening up their minds a bit and taking this kind of balanced attitude – respectful of history but with a pragmatic perspective and a business-like approach – cycling's future begins to look more optimistic. Acquarone may be on the sidelines at the moment, but he remains an important voice in charting the future of pro cycling.

***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.

By Steve Maxwell and Joe Harris, December 14, 2013