

Fiddling While Rome Burns?

Big news keeps hitting pro cycling during what is normally the sport's winter down-time. On December 7th, the UCI announced its next wave of "reforms" for the WorldTour, to far more fanfare than the facts generally seemed to justify. Just a day later, rumors began to swirl that Dalian Wanda – the emerging Chinese sports/entertainment giant, and new owner of Ironman Triathlon – was looking to purchase pro cycling's Grand Tours. Joining Dalian Wanda in the sweeps for a Grand Tour stake, it was then reported a few days later that media and entertainment giants Discovery Communications and International Management Group (IMG) may be bidding for RCS's race portfolio, including ownership of the Giro d'Italia. Finally, as if on cue, and to throw another wrench in the works, ASO rejected the UCI reforms and pulled its races from the WorldTour on December 18th, ostensibly in the name of competitive freedom, but more likely to remind everyone of its economic control over the sport.

The reform package *should* be the dominant story for followers of pro cycling. The UCI, under the stewardship of Brian Cookson, should be taking every opportunity to correct decades of business stagnation with new and innovative proposals. For a sports business which perpetually struggles to be profitable, any sparks that its governing body can use to ignite investment into new races and new teams, or to better monetize the sport's vast potential, would be a welcome and newsworthy game changer.

Instead, the UCI's reform package [barely moved the needle](#), focusing on some less than critical factors like the duration of team licenses, some new working groups and committees, and the introduction of a new logo. Viewed from any perspective except apparently the halls of the UCI's offices in Aigle, these are relatively minor and incremental adjustments which hardly merited the accompanying media fanfare. The challenges of imposing change on a tradition-bound and territorial sport like cycling are well-known, but it is nevertheless time for stronger leadership and what, in business, would be called disruptive change. Even for die-hard supporters, it is uncomfortable to watch cycling's two primary stakeholders – the UCI and ASO – resume their unending power squabbles, while the bigger and more immediate challenges of the sport go unattended. It is truly a case of fiddling while Rome burns.

But a closer look at these headlines suggests where the real reform might actually come from. In the business world, a vacuum in leadership, an ineffective management team, or a faulty strategy often leads to a situation where an outside party – in the form of a corporate raider or a hostile takeover bid – attempts to seize the unrealized or latent opportunity. News that Dalian Wanda, Discovery, and IMG might purchase one (or more) of the Grand Tours could turn out to be just such a situation.

A few months ago, Dalian Wanda placed a big bet on the sports/lifestyle domain by [purchasing the Ironman](#), a sport with market demographics similar to pro cycling's emerging global middle-class fan base. Owner Wang Jianlin may be looking at the long-term opportunity to acquire this sport, and then consolidate and focus that consumer audience into a single brand. Such a move could immediately create a new cycling league that is more accessible by television and broadband, supported by a unified marketing strategy, with new economic opportunities to attract global sponsors and connect with new fans. As [we suggested](#) several months ago, Dalian Wanda is precisely the kind of firm that might be daring enough to take these big ideas forward, and financially strong enough to make a major bet on the future of the sport.

Discovery and IMG bring equally intriguing prospects to the sport. Discovery Communications has a foothold in the global broadcast market and the immediate capability to produce rich, immersive programming around RCS's holdings to engage the sport's fans, and build an entirely new fan base. Cycling has many great stories to tell, and Discovery is among the best at storytelling. Its many highly-rated reality programs have generated tremendous market share and loyal viewership, turning unconventional subject matter such as crab fishing and arctic trucking into huge profit engines. IMG on the other hand is one of the biggest sports/entertainment, and marketing/management companies in the

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world. It has the resources and organizational capability to immediately steer RCS into a new direction with sponsorships, content monetization, broadcast contracts, and innovative event experiences.

No one doubts the integrity and well-meaning intent of Mr. Cookson, but “evolution, not revolution” is starting to sound like a bit of a tired cliché. By taking this conservative and tepid approach, the UCI is not doing as much as it can to modernize and invigorate cycling’s economy. In the other corner, the ASO is fixated on maintaining its vise-grip control, rather than exploring and expanding what the sport could be in the future. Much has been written about the short-term implications for the Tour de France and the WorldTour, but by rejecting the reform package on December 18th, ASO has once again shown that whoever drives the economics of pro cycling also essentially controls the competitive structure and policy-making within the sport.

Whether Dalian Wanda – or any other party – has the resolve to pull the trigger, and attempt a consolidation of the sport is anybody’s guess. But the answer to the question is simple: how high does the price have to go before ASO decides to sell? At the end of any analysis – and even if only RCS changes hands – any of these three suitors would bring new economic power and influence to bear in the sport. A trend to new ownership could also start to weaken ASO’s virtual monopoly, expand the sport’s economic potential, and further diminish the UCI’s influence over what cycling may become in the future.

It’s been a busy month. Several major and different storylines – each important, and with a common thread winding through all. One narrative here is a great story of potential opportunity to be gained – and perhaps a transformative starting point for the consolidation and modernization of pro cycling. The other narrative may turn out to be the final chapter in a long story of opportunity lost.

Joe Harris and Steve Maxwell, December 21, 2015