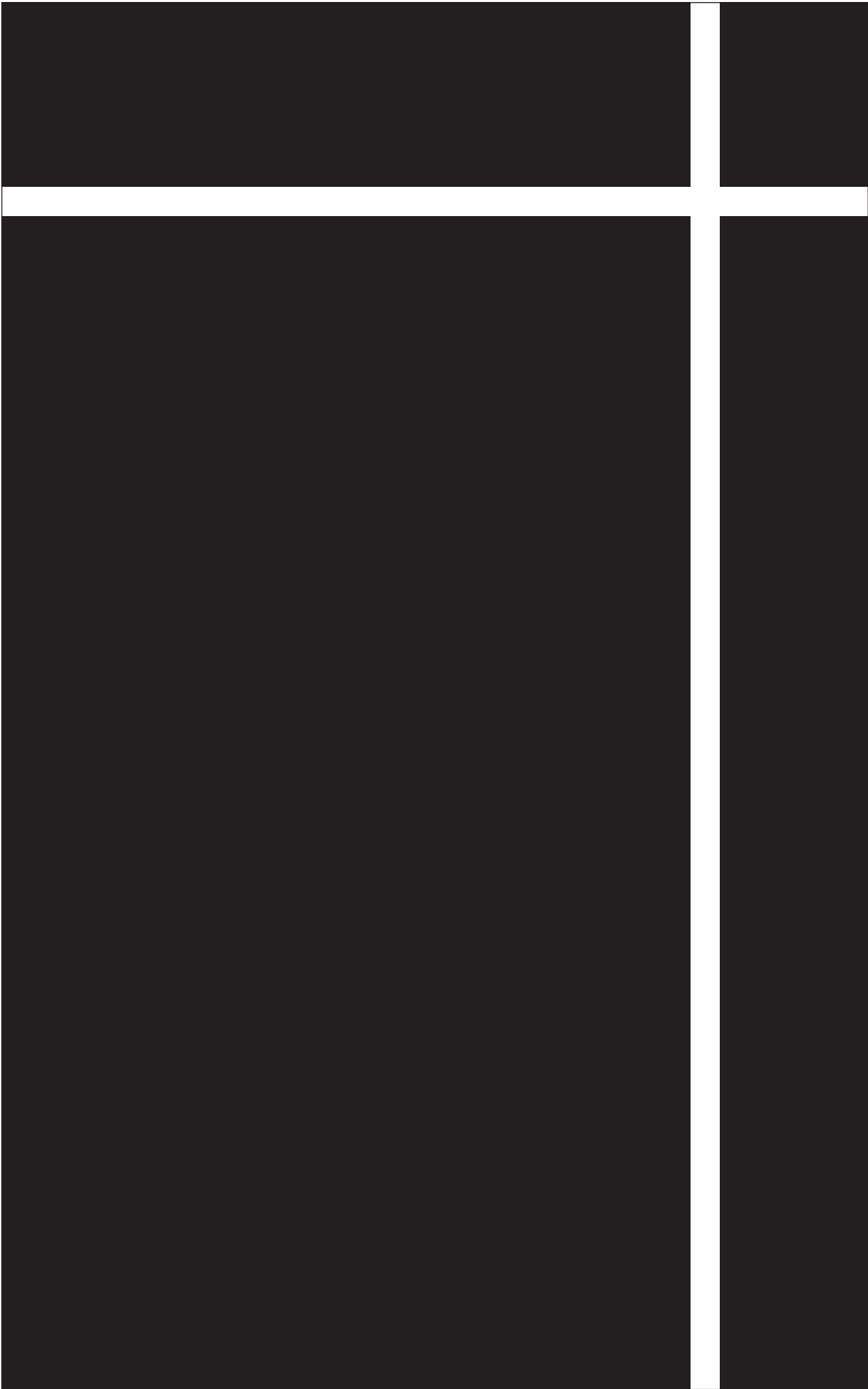


AN INDEPENDENT REPORT INTO RUGBY'S GLOBAL FUTURE

PUTTING RUGBY FIRST

JULY 2008

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1

EXECUTIVE SUMMARY

RUGBY IS A SPECIAL SPORT, WITH ALL THE INGREDIENTS TO BE ONE OF THE MOST SUCCESSFUL IN THE WORLD

1.1 BACKGROUND

Rugby is a special sport, with all the ingredients to be one of the most successful in the world. Professional players' pace, power and athleticism create a spectacle that enthral spectators and television viewers, while rugby's culture is perhaps unique in creating a shared set of values amongst players and supporters that extends beyond the pitch. All this goes to create great commercial potential for sponsors and broadcasters.

Currently, rugby is failing to maximise its opportunities. It appears to be unclear about its standing in world sport, and to underestimate the need to compete with other sports for the hearts and minds of new players and supporters. This report shows that rugby faces an uncertain future unless the game embraces a series of reforms designed to make it truly global – and therefore able to compete with other major sports.

1.2 RUGBY TODAY

Rugby's main issue is its narrow global footprint: its popularity is largely limited to the Foundation Unions¹ – eight relatively small countries. Rugby is not played or followed, to any significant degree, in the large and fast-growing nations that will be the engines of the world's future economic growth.

According to the International Rugby Board (IRB), there are more than four million registered players worldwide, but more than half are from England and over three-quarters (3.3 million) come from the eight Foundation Unions overall. Meanwhile, there are less than a quarter of a million players in the ten most populous nations of the world (China, India, USA, Indonesia, Brazil, Pakistan, Bangladesh, Russia, Nigeria, and Japan).

Television audience data for the 2007 World Cup final, between South Africa and England, shows that 97% of the 33 million total

➊ MORE INFO

See Chapter 3 of the report for more on 'Rugby today'

97%

97% OF THE 33 MILLION TOTAL VIEWERS CAME FROM THE FOUNDATION UNIONS

¹ The Foundation Unions are the first eight members of the IRB – Australia, England, France, Ireland, New Zealand, Scotland, South Africa and Wales

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viewers came from the Foundation Unions – with just half a million viewers of the final spread amongst all the remaining nations where it was shown live. There are 115 members of the IRB – but rugby is evidently not particularly popular in most of them.

1.3 RUGBY AND THE COMPETITION

Meanwhile, the competition is not standing still. The most global sport, football, has held two of its last four FIFA World Cups in North America and Asia (USA 1994 and Japan & South Korea 2002) and will take its flagship event to Africa for the first time in 2010 before going onto Brazil in 2014.

The big North American sports are even more proactive. The NFL (American Football) has played – and sold out – regular season matches in Canada and the UK – home territory for rugby. It is also relentlessly targeting China. Each week, an NFL match is shown on free-to-air television in China, reaching 330 million households. The NFL has given the media rights to these games to the broadcaster, CCTV, for no charge, to grow the sport's popularity in China. This top-down investment in exposure is co-ordinated with bottom-up activity – the NFL has persuaded the Chinese Education bureau to introduce Flag Football, the non-contact 'introduction' to American football. It is now played by over five thousand students in eight major cities across China.

Cricket, starting from a similar geographical base to rugby but with the good fortune to be popular in the Indian sub-continent, is doing everything it can to maximise its opportunities. Its new Twenty20 format is an ideal export proposition

– easier to play, easier to follow and above all easier to broadcast – and it is used, in a co-ordinated way, to take the sport to new audiences. Twenty20 competitions are broadcast outside their domestic markets, in countries such as China and the USA, and the new Indian Premier League and Champions League competitions have encouraged cricket investors to set their sights on displacing football as the world's number one sport. In contrast, the IRB has failed to use Sevens strategically to maximise interest in the game as a whole and has no responsibility for Touch Rugby, which should provide the first experience many children around the world have with the game. Rugby is being left behind by the innovation and expansion of other sports.

1.4 RUGBY'S MISSED OPPORTUNITIES

In the face of this competition – and the precarious nature of its geographic reach – rugby seems complacent about the need to grow internationally. It has repeatedly missed opportunities to do so.

The invaluable prize of the Olympic Games was lost

The IRB failed in its stated objective to attain Olympic status for Rugby Sevens by 2012. Olympic inclusion would unlock investment from governments which, in many countries, will only invest in Olympic sports. It would also elevate rugby to a truly global audience.

Despite this critical strategic importance, rugby finished behind karate and squash in the International Olympic Committee (IOC) voting process, and roller skating gained more votes than rugby in the first round of voting.

RUGBY IS BEING LEFT BEHIND BY THE INNOVATION AND EXPANSION OF OTHER SPORTS

i MORE INFO

See Chapter 3 of the report for more on 'Rugby and the competition'

i MORE INFO

See Chapter 4 of the report for more on 'Rugby's missed opportunities'

Rugby appears to have been surprised by this result, with the IRB observing that the values of rugby sit well with the Olympic motto of 'faster, higher, stronger' and that it is a commercially attractive sport.

Some Olympic observers, however, were far from surprised. The IRB's application failed because of rugby's relatively narrow geographic spread and its complete imbalance between male and female versions of the sport. The IRB has recently appointed an advisor to improve the presentation of its case to the IOC – but has it grasped the development achievements and strategies that it will need to convince the IOC?

Argentina's World Cup success has generated little reward

The performance of Argentina at the 2007 Rugby World Cup (RWC) – finishing third in spite of not playing regularly-scheduled competitive international rugby – offered a rare chance to add a new country to the top group and build a bridgehead to an entire continent. Argentina became the first non-Foundation Union to reach the semi-finals of the RWC.

The decisions taken at the IRB's Woking Forum² mean that it will be at least four years before Argentina is offered a place in one of rugby's regular international competitions – and then only if a series of pre-conditions are met. The momentum generated by Argentina's magnificent performance has been squandered.

Earlier entry for Argentina to either the Tri-Nations or the Six Nations would have had implications for the existing participants. While

these cannot be simply ignored, did rugby really reach the right decision or did it lack the structures, desire and leadership to reach the best outcome for the good of the game as a whole?

World Cup hosting decisions have been short-sighted

The IRB's commitment to internationalisation is not consistent with its decisions on the location of its flagship event, the RWC – which has never been held outside a Foundation Union.

Each World Cup is a rare opportunity to showcase the direction of rugby, open up new markets and create a lasting legacy in the host nation. The IRB has a responsibility to ensure that the hosting decision for the RWC makes the most of these opportunities. How, then, can the decision to award the 2011 RWC to New Zealand be explained? Looked at unsentimentally, it is a small country of limited commercial potential – the rugby market in New Zealand is saturated.

The decision is even more surprising when one of the alternative bidders, Japan, offered a much larger economy, of far greater appeal to sponsors as well as (arguably) superior stadia and infrastructure (following its successful hosting of the 2002 FIFA World Cup for football). A RWC in Japan would have provided a springboard to the fast-growing Asian economies.

Next year, the IRB will decide which countries will host the 2015 and 2019 RWCs. Press speculation suggests that the 2015 RWC will be awarded to a Foundation Union, meaning the first RWC

² An IRB Integrated Season Forum held in Woking, England, in November 2007

held in a developing market would not take place until 2019 at the earliest. In a world where competition is increasingly at the global level, this cannot be the right decision for rugby's future.

1.5 WHAT CAUSES RUGBY'S PROBLEMS?

Rugby's consistent failure to embrace internationalisation can be traced to fundamental, structural problems. The current structure of world rugby encourages parochialism. Rugby lacks strategic leadership – no organisation rises above narrow interests and makes decisions for the greater good of the game **as a whole**. Driving reform in rugby requires the support of both the Six Nations³ and the Tri-Nations⁴, whose interests are not always aligned. As the global governing body of the sport, the IRB should be able to take responsibility for leading the game to necessary change – but it is hamstrung by its own structure. A review of the IRB's Bye Laws shows that:

- › **The IRB is unrepresentative and undemocratic.** The IRB Council gives two votes to the eight Foundation Unions and one each to four 'Tier 2' countries. The remaining 103 IRB members share six votes through continental representative bodies. With a 75% majority required for key decisions, **it takes just four Foundation Unions to 'veto' proposals that might have been agreed by the other 111 members.**

This structure tolerates the domination of the IRB by small numbers of Unions, who, acting as a bloc, can make certain

decisions with no recourse to other stakeholders, and have an overwhelming influence on all other decisions.

This does not mean that the Foundation Unions are always working in tandem – in fact, part of rugby's governance problem is that, too often, disagreements between Foundation Unions block progress.

- › **The IRB's executive body is not sufficiently powerful or accountable.** The responsibility for setting strategy and ensuring it is carried out – which would normally belong to a Board of Directors – is shared uneasily between the IRB Council and IRB Executive Committee (ExCo). It is not clear who is responsible for achieving the globalisation of rugby. As a result, neither the Council nor ExCo is sufficiently answerable for rugby's performance.
- › **The IRB's corporate governance is outdated and ineffective.** The IRB lacks a non-executive influence: neither the Council nor ExCo contains any independent, non-executive members. In an organisation whose primary function is to ensure that the needs of **all** members are addressed, this absence is striking: decisions do not attract the level of scrutiny appropriate to a multi-national organisation generating and investing large amounts of money on behalf of its members.

➤ MORE INFO

See Chapter 4 of the report for more on 'What causes rugby's problems?'

4

IT TAKES JUST FOUR FOUNDATION UNIONS TO 'VETO' PROPOSALS THAT MIGHT HAVE BEEN AGREED BY THE OTHER 111 MEMBERS

³ England, France, Italy, Ireland, Scotland and Wales

⁴ Australia, New Zealand and South Africa

1 MORE INFO

See Chapter 5 of the report for more on 'Making rugby truly global'

The blurring of executive responsibilities and the lack of scrutinised accountability are serious problems for a sport's governing body that needs to out-perform its peers.

These problems may also lead to the remarkable lack of transparency in IRB affairs. In contrast to most major sporting bodies, the IRB has only recently started publishing an Annual Report. Some member Unions complain that they do not have access to IRB finance information and so cannot judge for themselves whether funds are being distributed effectively or invested wisely. This complaint is indicative of the way in which Unions do not all see the IRB as their governing body.

1 MORE INFO

See Chapter 6 of the report for more on 'What happens next'

1.6 MAKING RUGBY TRULY GLOBAL

This report sets out six goals, summarised below, designed to help rugby move towards a more genuinely global future. The goals address both structural and strategic reform as well as two important matters of substance with respect to major events. All six are described in detail in the report.

1.7 WHAT HAPPENS NOW?

Achievement of the six goals outlined here would represent positive change for all rugby stakeholders. However, this is only the starting point for a debate on rugby's future – to which everybody can and should contribute.

This executive summary is not a substitute for reading the full report. Please share it and encourage others to read it. Further copies can be downloaded from www.puttingrugbyfirst.com.

SIX GOALS FOR RUGBY

STRUCTURE	1	A more democratic and representative structure for the IRB, as the global governing body of the game
	2	Corporate governance and management best practice applied to IRB
STRATEGY	3	A five-year plan for rugby's global development, encompassing elite rugby, grass-roots and commercial initiatives
	4	Specific programmes, with measurable objectives , to deliver growth in prioritised territories
SUBSTANCE	5	The 2015 Rugby World Cup hosted in a prioritised territory, as a springboard for the game's global growth
	6	The inclusion of Rugby Sevens in the 2016 Olympic Games

THESE PROBLEMS MAY ALSO LEAD TO THE REMARKABLE LACK OF TRANSPARENCY IN IRB AFFAIRS. IN CONTRAST TO MOST MAJOR SPORTING BODIES, THE IRB HAS ONLY RECENTLY STARTED PUBLISHING AN ANNUAL REPORT.

2

PREFACE

**THIS REPORT IS
PRESENTED TO
THE RUGBY WORLD
BY A GROUP
OF CONCERNED
SUPPORTERS WHO
WISH TO ENSURE
THAT THE GREAT
GAME OF RUGBY
REACHES ITS FULL,
GLOBAL POTENTIAL**

This report is presented to the rugby world by a group of concerned supporters who wish to ensure that the great game of rugby reaches its full, global potential. The group – a diverse collection of professional rugby administrators, sponsors, supporters, and former players, from both small and large rugby nations – met informally at some of the Rugby World Cup 2007 matches in Paris to discuss personal views about the future of international rugby. They have no agenda other than to share a new approach to delivering the game of rugby globally. No individuals within the group seek any personal gain whatsoever in terms of finance, status or position. For this reason – and because they want the debate to focus on issues, rather than personalities – the individuals involved have chosen to remain anonymous.

The group commissioned Spectrum Value Partners, a management consultancy, and Addleshaw Goddard, a law firm, to look at the health of rugby from their perspective as independent experts in sports commercial and governance matters. Spectrum Value Partners and Addleshaw Goddard have reviewed publicly available material and consulted widely with stakeholders throughout the world of rugby, including players, supporters, administrators and commercial partners.

This report has been distributed to all rugby administrators at the IRB, regional rugby bodies and national Unions, as well as a range of international rugby journalists and influential people who are known to love the sport. The distribution list is

intended to be as inclusive as possible using publicly-available information. Further copies of the report can be downloaded from **www.puttingrugbyfirst.com**, and readers are invited to share the report widely.

Spectrum Value Partners

Spectrum is the technology, media and telecoms (TMT) practice of global consultancy Value Partners. Founded in 1994, Spectrum Value Partners is one of the largest TMT strategy consultancy practices worldwide, with expertise covering corporate and commercial strategy, organisational change, cost transformation, public policy, regulation, and M&A support. Specifically, Spectrum Value Partners has substantial experience within the sports industry including commercial strategy, policy and regulation, governance, organisation and rights management.

Addleshaw Goddard

Addleshaw Goddard LLP is a full service UK law firm. It advises clients (including public sector bodies, major commercial companies, institutions, sports governing bodies and private individuals) on a wide range of legal needs including banking and finance, commercial litigation, competition, construction, corporate finance, corporate restructuring and insolvency, defamation, employment, IP, IT, pensions, PFI and projects, private client, private equity, real estate, sport and tax. Its sports business group is acknowledged by independent legal rankings as amongst the leading practices in the UK, working on a wide range of matters for rights holders, sponsors and other sports stakeholders.

Sources of information

A wide range of sources has been used in the preparation of this report, including many interviews with those involved in rugby around the world, all of which have been undertaken on a non-attributable basis. Information has also been derived from newspapers, magazine articles, official rugby publications, websites and reports, and those from other organisations.

These sources include: the IRB; the national rugby unions; Federation of International Touch; European Commission; FIFA; UEFA; the (English) Football Association; ICC; NFL; IOC; ASOIF; ITF; BBC; Scrum.com; Planet-rugby.com; Sydney Morning Herald; Companies House (UK); Companies Reporting Office (Ireland); TV Sports Markets; Sportcal.com; Initiative Sports Futures; EIU; CIA (World Fact Book); Financial Reporting Council; House of Commons, Culture Media and Sport Committee; Demos & IPPR; London 2012; playthegame.org; Deloitte; PricewaterhouseCoopers.

In preparing this report, Spectrum Value Partners and Addleshaw Goddard have tried to ensure that information obtained from any third party source is attributed to that third party. If the report fails

to credit a third party source, this is unintentional and Spectrum Value Partners and Addleshaw Goddard would be grateful for notification of this so that they may correct the online version of the report at **www.puttingrugbyfirst.com**.

Spectrum Value Partners and Addleshaw Goddard have tried to ensure that information obtained from third party sources is accurate, complete and up to date. However, Spectrum Value Partners and Addleshaw Goddard cannot warrant or guarantee the quality, accuracy or completeness of information obtained from third party sources and therefore, such information should not be relied upon.

This report represents the opinions of a group of concerned rugby supporters who have commissioned Spectrum Value Partners and Addleshaw Goddard to outline an independent perspective on a matter of public interest. To the maximum extent permitted by law Spectrum Value Partners, Addleshaw Goddard and the commissioners of this report disclaim any and all liability arising from and/or out of the report and any reliance on or use of the information contained in it.

3

**RUGBY'S
GLOBAL
CHALLENGE**

RUGBY IS A SPECIAL SPORT, WITH QUALITIES THAT MAKE IT WIDELY ATTRACTIVE. THESE INCLUDE SOME VIRTUES THAT ARE RARE IN MODERN SOCIETY AND SPORT, SUCH AS TEAMSHIP, RESPECT, CAMARADERIE AND FAIR PLAY.

Rugby is a special sport, with qualities that make it widely attractive. These include some virtues that are rare in modern society and sport, such as teamship, respect, camaraderie and fair play. This is not the sentimental judgement of 'the rugby family' but the reflection of a wide range of commercial partners – sponsors and broadcasters – who pay to associate themselves with rugby's sporting values.

Rugby appears to be thriving. In the twelve years of the professional era, the IRB has grown from 70 to 115 member nations – with notable new members including China in 1997 and India in 1999 – and there are now four million registered players worldwide. IRB figures state that cumulative TV audiences for the Rugby World Cup (RWC) have grown from 300 million in 1987 to 4.2 billion last year for the World Cup in France which, alongside higher revenues from the tournament, has led the IRB to hail the event as an unqualified success.

The Foundation Unions – Australia, England, France, Ireland, New Zealand, Scotland, South Africa and Wales – enjoy commercially successful annual tournaments. Perhaps the most successful tournament is the Six Nations in the Northern Hemisphere, which continues to capture the

imagination of growing, passionate national audiences whilst keeping its roots in rich tradition. In addition, the Foundation Unions have arranged bi-lateral test matches and tours in two 'windows' in the annual rugby calendar to capitalise on the long-distance rugby rivalry (and loyal following) that the largest rugby nations have developed.

Rugby's revenues – including international and domestic rugby – have grown at 16% on average each year since the professional era began in 1996. £150m of overall revenues in 1996 had grown to £595m by 2005, according to Deloitte⁵.

But, from a different perspective, there are many reasons to be concerned. This chapter looks at the global health of rugby, and its future, in an increasingly competitive global sports market.

3.1 THE HEALTH OF THE GAME

Rugby supporters have several reasons to be concerned about the state of their sport. Beneath the headline figures, rugby remains important to relatively few, small, markets and is not taken seriously in nations where exponential growth could be achieved. To understand the extent to which rugby is reliant on these markets, one can ask two questions – who plays rugby and who watches it?

16%

**RUGBY'S REVENUES
– INCLUDING
INTERNATIONAL
AND DOMESTIC
RUGBY – HAVE
GROWN AT 16%
ON AVERAGE EACH
YEAR SINCE THE
PROFESSIONAL
ERA BEGAN IN 1996**

⁵ Figures quoted in various press reports

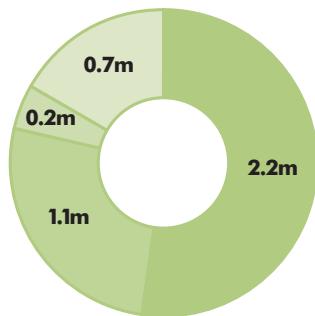
RUGBY'S FOOTPRINT DOES NOT YET MEANINGFULLY TOUCH THE WORLD'S LARGEST COUNTRIES; WITHOUT A CONCERTED EFFORT, IT WILL STRUGGLE TO ACHIEVE TRULY GLOBAL STATUS

3.2 FEW RUGBY PLAYERS OUTSIDE CORE MARKETS

Despite its apparent growth, rugby still struggles to attract many players in countries outside the Foundation Unions. According to the IRB, there are more than four million registered players worldwide, but more than half are from England, and over three quarters – 3.3m – come from the eight Foundation Unions overall. Meanwhile, there are less than a quarter of a million players in the ten most populous nations of the world (China, India, USA, Indonesia, Brazil, Pakistan, Bangladesh, Russia, Nigeria, and Japan).

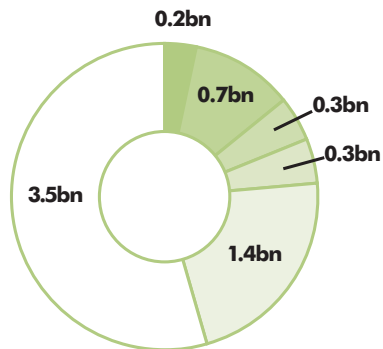
Rugby's footprint does not yet meaningfully touch the world's largest countries; without a concerted effort, it will struggle to achieve truly global status. The total population of rugby's top ten territories (according to the IRB rankings) is 240m. This accounts for fewer than 5% of the world's people, and is less than the population of the USA – let alone India or China. Exhibit 2 combines the population of rugby nations by their IRB ranking to illustrate the population distribution of rugby.

EXHIBIT 1: RUGBY PARTICIPANTS BY COUNTRY GROUP (2007)



- England
- Other Foundation Unions
- 10 most populous nations
- Other

EXHIBIT 2: POPULATION GROUPED BY IRB RANKING (2008)



- Top 10 ranked IRB Unions
- 11-20: includes Japan (127m) and USA (301m)
- 21-30: includes Germany (83m)
- 31-40: includes Brazil (188m)
- 41-50: includes China (1,331m)
- Below 50: includes India (1,095m) and Indonesia (245m)

The limited breadth of rugby's popularity is also indicated in the number of countries that are involved in major events. Whilst total IRB membership has grown from 70 to 115 Unions in the professional era, many of the smaller Unions only represent a tiny number of active players in their respective countries. Only 29 Unions attempted to qualify for the most recent Rugby Sevens World Cup, which is supposedly the most inclusive world rugby event. As Exhibit 3 shows, this is less than half of the number that try to qualify for major tennis, volleyball, hockey, and equestrian events – which again illustrates that rugby has not yet made a serious impression on most of the world.

Only 22 nations have ever been involved in a Rugby World Cup tournament since the first in 1987 – compared to the 56 who have competed in FIFA's Football World Cup finals over the same period, or the 200+ who attempt to qualify for football's finals.

The figures above are quoted from the International Olympic Committee's assessment of rugby (and other aspiring Olympic sports) relative to existing Olympic sports. Its relatively narrow geographic spread of popularity is one of the reasons that rugby failed to secure Olympic status for the 2012 Games and may continue to be a barrier to Olympic adoption, without a clear strategy for addressing it.

EXHIBIT 3: MEMBER COUNTRIES AND COUNTRIES ATTEMPTING TO QUALIFY FOR EVENT

NUMBER OF MEMBER COUNTRIES* (2007)	
FIBA BASKETBALL	213
FIFA FOOTBALL	208
IOC OLYMPICS	203
FINA SWIMMING	190
FIH HOCKEY	116
IRB RUGBY	115
ICC CRICKET	101

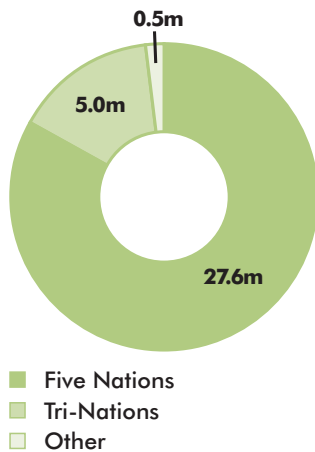
COUNTRIES IN QUALIFYING, MAJOR EVENT*	
IAAF ATHLETICS	100
FINA SWIMMING	89
FIFA FOOTBALL	84
FEI EQUESTRIAN	78
FIBA BASKETBALL	76
ITF TENNIS	71
FIVB VOLLEYBALL	71
FIH HOCKEY	59
IRB RUGBY	29
ICC CRICKET	28

*Selected sports. Rugby's major event is Sevens World Championship

3.3 RUGBY'S TELEVISION VIEWING ALSO LIMITED TO CORE RUGBY NATIONS

Television audience data for the 2007 World Cup final shows that 97% of the 33.1 million total viewers came from the eight core rugby countries – with just half a million viewers of the final outside of the Foundation Unions spread amongst the remaining nations in which the final was shown live. Exhibit 4 shows how concentrated the live TV audience was.

EXHIBIT 4: GEOGRAPHICAL BREAKDOWN OF VIEWERS FOR RWC FINAL 2007



In some ways, this is unsurprising, given the media strategy pursued by the IRB, which appears to focus on generating broadcast rights fees, rather than using television to take the game to new audiences: the strategy focuses on short-term revenue, rather than the reach necessary for long-term revenue. For example, in the USA – which must be considered a high priority market for rugby, given its commercial significance – Rugby World Cup coverage was only available on the Setanta cable channel – a pay service available in less than one per cent of TV households.

It is also sobering to note rugby's relative global media popularity. A good proxy for international interest is the number of media accreditation requests for television, newspapers and websites to cover major events. Rugby's flagship Sevens event (the format that the IRB has tried to have adopted by the Olympic Games, and, because of its simplicity, the event that ought to have the greatest global reach) attracts around 450 such requests. This is far lower than one might expect: the Sevens attracts the same number of journalists as volleyball, half the number of cycling and one third the number of swimming at the Olympics. On this measure, the highest-ranked sports, athletics and football, attract almost three thousand and six thousand requests respectively.

97%

TELEVISION AUDIENCE DATA FOR THE 2007 WORLD CUP FINAL SHOWS THAT 97% OF THE 33.1 MILLION TOTAL VIEWERS CAME FROM THE EIGHT CORE RUGBY COUNTRIES

Looking towards the future, the media markets – like the populations – in the core rugby nations are relatively small and growing only slowly. TV markets in the UK and France, by far the largest rugby markets, are growing at just 3% each year. South Africa's and New Zealand's media markets are growing at average annual rate of 9% and 7% respectively, but these are both very small markets with fewer than ten million television households. As illustrated in Exhibit 5, the size and growth rate of television households (used as an indicator of potential audiences) outside the core nations is significantly greater. If rugby were proactive in these areas, this would represent an important opportunity. If rugby remains relatively inactive in these territories, it risks being surpassed in relative global popularity by those sports that are proactive.

The Foundations Unions are, generally, mature economies, which can expect to grow only modestly. Their average economic growth rate is forecast to be 2.3% a year between now and 2015, the date of the next but one Rugby World Cup. In China and India, growth over the same period is forecast at 16% and 13% per annum respectively, and the weighted average of the high-growth economies shown in Exhibit 6 is 13% each year. If rugby does not begin to generate revenue in these economies, its own growth will only ever be comparatively slow, risking vital funds for investment in the sport.

EXHIBIT 5: TV HOUSEHOLDS (2008) AND TV MARKET GROWTH (2005-10)

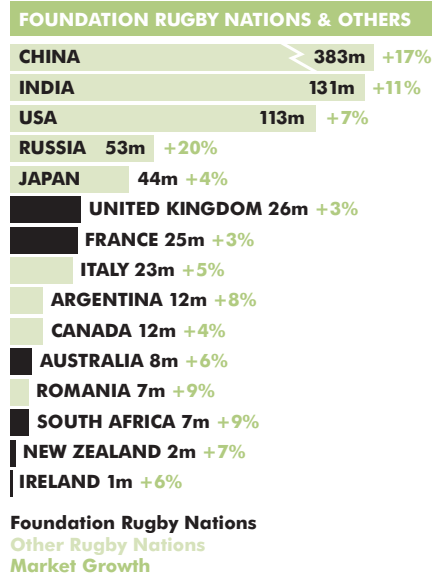
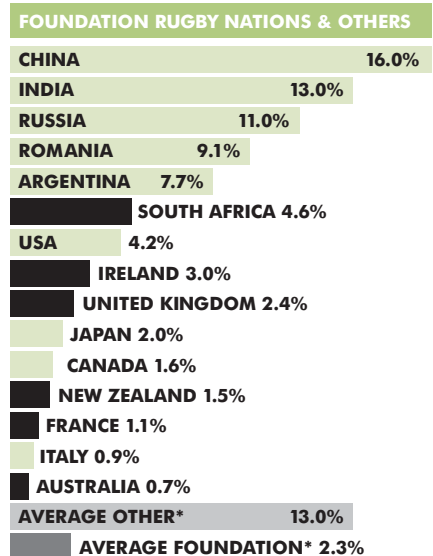


EXHIBIT 6: GDP PER CAPITA GROWTH PER ANNUM (2008-15)



*Average is weighted average within each group.

Foundation Rugby Nations
Other Rugby Nations

**RUGBY TALKS
A GLOBAL GAME...**

**BUT ACTIONS
SPEAK LOUDER
THAN WORDS**

3.4 RUGBY TALKS A GLOBAL GAME – BUT ACTIONS SPEAK LOUDER THAN WORDS

Amongst the most worrying aspects of rugby's current performance is its failure to grasp the opportunities to change its historic reliance on a few, small countries. One notable, recent, example of this was the decision (taken at last year's forum⁶ on rugby's integrated season) to postpone the acceptance of Argentina into any of the game's established structures until 2012 – at the earliest.

Argentina finished third at the 2007 Rugby World Cup – a performance that suggested that they should be a major part of the international rugby world. Given Argentina's lack of regular international rugby, their performance could also be described as in spite of, rather than because of, rugby's current global structures. (Some commentators have noted that Argentina's success owes much to the success of the English and French club competitions in developing international players, from all countries). One of the main agenda items for the Working Forum was to try and find a solution to Argentina's 'outsider' status.

Their preference was to play in the Six Nations, given that the majority of their players are based in Europe – and they made a formal application to do so. This application was turned down by the commercially-thriving Six Nations.

Instead, Argentina was offered a Tri-Nations place – but with a series of conditions that make the 'promise' heavily caveated: potential entry to Tri-Nations in 2012, if:

- › Argentina can establish professional rugby at home and repatriate leading players
- › SANZAR can re-negotiate TV contracts, on expiry, to include Argentina

Argentina is, therefore, left with no regular or predictable competitive rugby until 2012 at the earliest.

The IRB's Working Forum missed an opportunity to include a 'new' country at rugby's top table. As a result, most of the momentum generated by Argentina's magnificent performance has been squandered. It will be at least four years before Argentina is offered a place in one of rugby's regular international competitions – and then only if a series of pre-conditions are met.

⁶ An IRB convention on the international calendar held in Woking in the UK in November 2007, following the World Cup in France

3.5 AN INCREASINGLY COMPETITIVE SPORTING PLANET

The evidence demonstrates that rugby is a very long way from being a global sport. It feels parochial and complacent. Sustained and substantial long-term growth for rugby will have to come from the major and/or faster-growing economic markets: not where rugby has to date, been directing sufficient attention or achieving meaningful progress. The battle for these markets is already raging.

Major sports tackling growth markets

The largest and richest sports are leading the way in expanding globally. The most global sport, football, has held two of its last four FIFA World Cups in North America and Asia (USA 1994 and Japan & South Korea 2002) and will take its flagship event to Africa for the first time in 2010 before going onto Brazil in 2014. Most European football leagues, federations, and the biggest clubs are also seeking to expand into these growth markets – especially in Asia. This year, the English Premier League proposed staging a 39th league match in five international cities across the globe. While this initiative has aroused significant opposition from some stakeholders in football, the degree of innovation proposed by the Premier League illustrates just how competitive the battle for the global sporting attention is and will become.

Other commercially rich sports have also sought to develop a presence in new markets.

Formula 1, for example, now has 40% of its 18 race calendar in Asia. The four North American sports have all launched noteworthy and, in the short-term, very expensive initiatives in new markets. The NFL (American Football) has played – and sold out – regular season matches in the UK, and will do so for the next three years; it is also targeting China with matches planned from 2009. Both the NBA (Basketball) and NHL (Ice Hockey) have already exported regular season matches to the O2 Arena in the UK, and MLB (Baseball) has hosted matches in Canada, Mexico and Japan. The theme here is clear – the markets being targeted are either major economies (the UK, Japan) or high-growth markets.

Perhaps of even more concern to rugby, other sports of a similar size are pushing into such new territories. Cricket, for example, has embraced internationalisation through the move of the ICC from London to Dubai. This symbolises a profound change within the economics, powerbase and international focus of cricket. The ICC (International Cricket Council, but originally the Imperial Cricket Conference) had England, Australia and South Africa as members at its first meeting in 1907. Today, it is the Indian sub-continent that is considered the cricket powerhouse. Building on its move to Dubai, test matches are scheduled to be played there from 2009 and an ICC Academy is being built for cricket players including juniors, coaches, umpires, curators and administrators to develop their abilities.

SUSTAINED AND SUBSTANTIAL LONG-TERM GROWTH FOR RUGBY WILL HAVE TO COME FROM THE MAJOR AND/OR FASTER-GROWING ECONOMIC MARKETS. THE BATTLE FOR THESE MARKETS IS ALREADY RAGING.

The ICC has just announced that it will invest £150m over seven years in its 94 Associate and Affiliate Members, which represent cricket's developing nations.

"THIS IS THE BIGGEST INVESTMENT IN GLOBAL DEVELOPMENT BY ANY SPORT OUTSIDE FOOTBALL. WE WANT TO SEE RESULTS THAT CHALLENGE WORLD CRICKET'S EXISTING ORDER"

HAROON LORGAT, CEO,
INTERNATIONAL CRICKET COUNCIL

In golf, the organisers of the 2008 US Masters tournament invited golfers from three of Asia's fastest growing markets, Thailand, India and China, on a wild card basis, at the expense of (amongst others) Scotland's Colin Montgomerie, a more established name placed higher in the world rankings. This 'snub' was thought to be a small price to pay for the chance to grow television audiences and, therefore, public interest in golf, in newer, strategically important markets.

Outlook for rugby

In an increasingly competitive global sports market, rugby cannot afford to stand still – it is in danger of facing a future as a marginal sport, watched and played by relatively few people in relatively few countries. To avoid falling behind, rugby must find its own solutions that grow the sport internationally without compromising the characteristics and values that make it special.

This report is an attempt to highlight the challenges facing rugby – and to offer some constructive solutions. The vision should be to make rugby a truly global sport, which means more players and more supporters, in more countries.

**TO AVOID FALLING
BEHIND, RUGBY
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4

**UNDERSTANDING
RUGBY'S PROBLEMS**

With rugby's success currently limited to a few smaller, slower-growing nations while the largest and richest sports aggressively target the major growth economies, rugby needs a strategy for international expansion that it commits to wholeheartedly.

IRB Chief Executive, Mike Miller, has recently emphasised the importance of current IRB activities for international development and his personal commitment to making rugby a global game. There are a number of existing and new initiatives that represent steps towards improving the global potential of the game. However, these initiatives are only part of what is needed for an effective development programme and the current approach is often too rigid to work well for different nations facing a range of circumstances and challenges.

4.1 IRB HAS STEPPED UP INTERNATIONAL INVESTMENT SINCE 2005

The promise of internationalisation is implicit in the IRB's own constitution: "to promote, foster, develop, extend and govern the Game". 'Global expansion' is increasingly cited by the IRB as its top priority. In an article for Rugby World, Mike Miller said:

"SUCCESS IS... ABOUT SEEING THE GAME TAKE OFF IN OTHER MAJOR MARKETS WHILE MAKING SURE OUR BASE IS SECURE. YOU HAVE TO BE IN THE WORLD'S TOP TEN MARKETS TO BE A TRULY GLOBAL SPORT"
MIKE MILLER – RUGBY WORLD, MAY 2008

In 2005, the IRB launched a strategic investment initiative. This was aimed at improving the international performance of the IRB's 'Tier 2'⁷ and some 'Tier 3' countries (including those which qualified for RWC 2007). This investment has been directed towards elite performance programmes, including new competitions to improve the elite men's game. Most visibly, the programme has seen the creation of five new annual tournaments, shown in Exhibit 7.

⁷ Canada, Fiji, Georgia, Japan, Romania, Samoa, Tonga and USA

**EXHIBIT 7:
NEW IRB
TOURNAMENTS**

<p>IRB PACIFIC NATIONS CUP</p>	<ul style="list-style-type: none"> ➤ Originally the IRB Pacific 5 Nations but now includes Australia A as well as founder members: Fiji, Japan, Samoa, Tonga and the Junior All Blacks (New Zealand A) ➤ Both tournaments to date have been won by the Junior All Blacks and next year they will be replaced by New Zealand Maori, arguably a lesser strength team
<p>IRB PACIFIC CUP</p>	<ul style="list-style-type: none"> ➤ First held in 2006, with six regional teams from Fiji, Samoa and Tonga ➤ Teams participate in a home and away series culminating in a Grand Final between the first and second-placed teams in the final standings
<p>IRB NORTH AMERICA 4</p>	<ul style="list-style-type: none"> ➤ Also launched in 2006 with four newly-formed representative teams; two each from Canada and the United States ➤ Tournament consists of twelve games played over two legs. Each team plays the other twice, the top two teams then play in the competition final, the other two in the consolation final
<p>IRB NATIONS CUP</p>	<ul style="list-style-type: none"> ➤ First held in 2006 with Argentina A, Italy A, Portugal and Russia taking part ➤ In 2007, expanded to six teams: Argentina A, Italy A, Namibia, Georgia, Emerging Springboks (South Africa A), and Romania ➤ The Nations Cup is aimed at providing more competition for Tier 1 'A' sides
<p>ASIAN 5 NATIONS</p>	<ul style="list-style-type: none"> ➤ Launched in 2008, the Asian Five Nations features five 15-a-side Asian teams: Japan, the Arabian Gulf, Hong Kong, South Korea and Kazakhstan ➤ 20 other Asian nations, including China and India as well as Iran, Uzbekistan, Cambodia and Guam can be promoted into the top five ➤ Sponsored by HSBC, with the IRB to commit £250k p.a. of funding

There is good potential in some of the new IRB tournaments such as the new Asian 5 Nations, which allows the possibility of promotion and relegation and will be a great boost to rugby in the region. However, some rugby supporters have reservations about other tournaments: the attractiveness to supporters and the commercial sustainability of mixing 'A' teams into Pacific Six Nations and Nations Cup tournaments is questionable. Furthermore, the North America Four competition has been described as little more than an extended series of trial matches, pitching 'probable' against 'possible' test players, and the long, drawn-out format of the competition offers little attraction for supporters or commercial partners.

In addition to these tournaments, there have been some notable specific initiatives such as building strength and conditioning gyms in the Pacific Islands where facilities had previously been sparse, and sharing elite coaching expertise with some emerging nations in the build-up to the Rugby World Cup in 2007.

The IRB has identified these schemes as one of the main reasons for the improved performance of the developing nations in the recent World Cup:

"WE WERE PERHAPS A LITTLE CONSERVATIVE IN THINKING THAT WE WOULD NOT SEE ANY DEFINED INCREASE IN COMPETITIVENESS UNTIL RWC 2011. HOW WRONG WE WERE. RWC 2007 IN FRANCE REVEALED THAT OUR INVESTMENT... IS ALREADY REAPING REWARDS. RWC 2007 MAY HAVE SEEN RECORD TICKET SALES, CROWDS AND TV AUDIENCES BUT THE KEY FEATURE OF THE TOURNAMENT WAS UNDOUBTEDLY THE IMPROVED PERFORMANCE OF THE DEVELOPING NATIONS"
IRB ANNUAL REVIEW 2007

The performance of the developing nations in 2007 was a positive sign for rugby. The IRB's investment in the elite game appears to be delivering results and further money has been promised for the same purpose this year.

However, the IRB's measures of success in international development place too much focus on competitiveness at the top of the elite game. Although the success of a developing nation in a competition may create a short-term stimulus, it is necessary to ensure there is long-term planning at grass-roots level to increase the numbers of people playing and watching rugby.

The most recent Strategic Plan from the IRB outlined objectives for Tier 1 and, to an extent, Tier 2 Unions – as listed in Exhibit 8. But how are the specific needs of the nations outside Tier 1 (including, importantly, the ‘world’s top ten markets’) being addressed?

EXHIBIT 8: IRB STRATEGIC PLAN OBJECTIVES

- › Increase RWC profit
- › Increase in competitiveness in Tier 1
 - by 2007, 6 Unions capable of reaching RWC final
 - by 2011, 8 Unions capable of reaching RWC final
 - by 2015, 10 Unions capable of reaching RWC final
- › Development of Tier 2 Unions
- › Growth in participation
- › Higher profile for Rugby

The last two bullet points appear more positive, but are not easily measurable. The IRB has not made public a specific plan to drive these objectives through.

4.2 IRB'S EXPANSION ACTIVITIES FOCUS TOO HEAVILY ON ELITE RUGBY

The IRB's approach of trying to replicate the conditions that are successful in Tier 1 rugby nations in Tier 2 nations may be too simplistic and lack flexibility.

Starting from the standpoint of building copies of the rugby infrastructures in Tier 1 nations, means that some valuable existing sports structures are neglected. There is an undue focus on the elite programme that may not be sustainable without a healthy pipeline of players.

Different nations need different approaches to grow rugby most effectively and while the IRB will never be in a position to offer a bespoke solution to every developing rugby country, a broader range of development support is required. It would also make sense to offer greater empowerment of local administrators, to adapt programmes and target IRB investment as they see fit – as conditions on the ground demand.

The situation in the USA provides evidence of the wisdom of a more flexible approach. This is a country of 300 million people and the biggest economy in the world. Local rugby supporters argue that, within 10 years, there could be half a million people playing rugby in the USA, given the right support. That is a talent pool that would inevitably lead to the USA becoming a top tier rugby nation and possibly even capable of winning the Rugby World Cup.

Many of the reforms in US Rugby, which is now showing so much promise, were originally proposed in a report funded by the IRB. This exercise should provide a precedent for similar work elsewhere, with the IRB investing in holistic and ambitious strategies for the most important developing nations.

Unfortunately, the current IRB investment programme is tightly ring-fenced for elite rugby – to the extent that funds cannot even be spent on team physiotherapists or masseurs. In the USA, however, there are high-quality, elite athlete development structures already in place, mainly through the colleges, many of which have facilities that would be the envy of any rugby club in the world.

Arguably, IRB funds would be much better spent elsewhere, on attracting new people to the game. Although that might seem a hard task in a country with such a rich sporting culture, there are major opportunities – for example, in most High Schools in the USA, there are only two American Football teams, giving less than 10% of students the opportunity to play competitively. Where there have been limited, local rugby outreach programmes, these have proved very effective at taking up the slack.

By increasing funding of these programmes, the IRB could ensure its investment is more effective – and could, ultimately, become self-sustaining. Focused investment now would act like 'seed capital', potentially delivering a substantial return on investment not just for the USA but, ultimately, for world rugby.

In 2007, the IRB noted its disappointment about the media coverage of its strategic investment initiative:

“DESPITE OUR PROACTIVE EFFORTS TO PROMOTE THIS STRATEGIC INVESTMENT INITIATIVE THAT IS CHANGING THE FORTUNES OF THE DEVELOPING NATIONS, IT HAS BEEN SOMEWHAT DISAPPOINTING HOW LITTLE INFORMATION ABOUT THE INVESTMENT PROGRAMME HAS BEEN CARRIED BY THE MEDIA”
IRB ANNUAL REVIEW 2007

Is this a case of blaming the messenger? A number of Unions suggest that the disappointing coverage of the strategic investment initiative might be due to it not being well targeted or flexible enough to make a difference to their development. Individual Unions do not have sufficient control to achieve the greatest impact with the funds which are provided; the IRB stipulates how the money can be spent and the people who are closest to the problem are powerless to use these funds to make a sufficient difference. For example, existing elite athlete structures in some countries need little supplement and the money would be better spent on other areas such as “for free” or even subsidised broadcast deals that put rugby on free-to-air television, bringing new people to the game.

There are three main areas that might require investment at different stages of rugby's development in emerging nations: helping more people to play the game, making the game more available for people to watch and improving the elite product.

**DIFFERENT NATIONS
NEED DIFFERENT
APPROACHES
TO GROW RUGBY
MOST EFFECTIVELY**

**THERE ARE THREE
MAIN AREAS THAT
MIGHT REQUIRE
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DIFFERENT STAGES
OF RUGBY'S
DEVELOPMENT IN
EMERGING NATIONS:**

**HELPING MORE PEOPLE
TO PLAY THE GAME**

**MAKING THE GAME
MORE AVAILABLE FOR
PEOPLE TO WATCH**

**AND IMPROVING
THE ELITE PRODUCT**

4.3 THE IRB NEEDS TO DO MORE TO HELP PEOPLE UNDERSTAND THE GAME

In countries where rugby is a new, or 'non-indigenous' sport, there is a fundamental challenge to make sure potential players and supporters understand the basic principles of rugby, so that they can follow the game enough to appreciate the skills, excitement and wider values that make the sport so special.

The nature of rugby can make it inaccessible to new players – rules can appear complex, the risk of injury is perceived to be relatively high and, in some target nations, there is a shortage of outdoor pitches. In addition, rugby is competing more widely with other sports and leisure activities for participants and supporters. Therefore, rugby must minimise the barriers to participation and proactively attract people to experience rugby first-hand.

Different formats of rugby exist that can help overcome several of these barriers:

- > **“TOUCH”**: non-contact; enables mixed play and wider demographic involvement including children and veterans; strong social and community emphasis; substantially reduced risk of injury
- > **“SEVENS”**: contact; shortened teams lead to uncrowded pitches and emphasis on flair; very short matches enable one-day round-robin style tournaments, often including sub-competitions to keep all teams involved (as was the case in the Commonwealth Games at 2002)

- > **“TENS”**: contact; stepping stone to full rugby, often used at junior levels to introduce forward and back play; some Unions, including England's Rugby Football Union (RFU), are trialling tournaments

Perhaps most importantly, all of these forms of the game limit the number of scrums, line-outs, mauls, rucks and other break-down situations which newcomers to rugby can find difficult to understand. They are, therefore, much more easily 'exportable' formats of the game – just like Twenty20 in cricket.

There is potential for much greater use of Touch, Sevens and Tens as a means of making the game of rugby accessible to new players and providing a ready-made development path for the full 15-a-side game. Surprisingly, the IRB is not responsible for Touch Rugby. Touch has established its own infrastructure, governing body and tournaments, with little formal contact with – or active support from – the IRB. The Federation of International Touch was established in 1985 and organises the Touch World Cup, Nations Cup and European Championships on a regular basis – tournaments that attract more than 36 countries including IRB targeted nations Japan, USA, India, Pakistan, Thailand, Germany and China.

Other sports' international governing bodies have taken a very different approach including sanctioning, organising and marketing abridged formats of their sports in order to encourage participation. The ICC (cricket) and FIFA (football) provide examples, described in Exhibit 9.

KWIK CRICKET AND TWENTY20 – ICC FORMATS

- Kwik Cricket and Twenty20 formats are used to introduce people to cricket
- Kwik Cricket is a high-speed version of cricket using plastic equipment for safety, aimed mainly at encouraging children to take part in the main sport
- Twenty20 cricket is a recent adaptation of the long-form game that increases excitement and reduces the duration of the match, bringing the game closer to the timespan of other popular team sports such as football
- “Our short-forms of cricket get people playing the game” ICC
- “Twenty20 is televised in the USA and China, so it’s the perfect vehicle to develop in new countries” ICC
- Twenty20 Indian Premier League has taken the sport by storm, becoming a billion-dollar event in its own right
- One cricket investor, claimed that “Twenty20 could be bigger than football!”

FUTSAL – FIFA’S 5-A-SIDE FOOTBALL

- Futsal is an indoor soccer format and the only version of 5-a-side football that FIFA supports
- Also supported by UEFA, the interest of Governing Bodies in Futsal has emerged for three reasons:
 - Participation:** 5-a-side football played throughout the world
 - more 5- than 11-a-side participants in UK
 - 104 nations participated in the qualifying phases of the 2004 FIFA Futsal World Cup

Commercial rationale: FIFA aiming to develop an exciting and lucrative version of indoor football with appeal for spectators and attractive to sponsors and broadcasters

Technical Development: said to help players’ skills development
– ‘Futsal is a paradise for the technical player’ UEFA

EXHIBIT 9: ICC AND FIFA APPROACHES TO DEVELOPMENT FORMATS

The IRB should do more to make the game more accessible. Individual Unions have created their own approaches. For example, Australian Rugby has created a series of initiatives that break down the skills involved in rugby to make it more accessible, teach the values of rugby in an educational setting and minimise the medical risks of the game. When considered together, these grass-roots programmes provide a best practice example of designing and implementing initiatives that encourage participation and involvement in rugby – and also attract sponsorship interest from commercial partners because of the links to the community that it provides.

The IRB has successfully borrowed Smart Rugby by launching its IRB Rugby Ready scheme which focuses on injury prevention. They should also utilise the experience of

knowledgeable Unions to provide development and educational skills and resources that are currently lacking in many emerging nations and would be valued.

A number of rugby stakeholders have shown international leadership in developing bi-lateral mentoring relationships between established and emerging nations, including New Zealand and USA, England and Canada, France and Georgia. Rugby would benefit greatly from formalising these (and further) partnerships to ensure that all targeted nations benefit from mentoring relationships and other rugby nations feel that they have adequate support. For example, Pacific Islands Rugby criticised the New Zealand Rugby Union for 'selling out' by partnering with the commercially attractive USA in spite of the cultural and historic links with the Pacific Islands.

**EXHIBIT 10:
AUSTRALIAN
RUGBY
INITIATIVES**

TRYRUGBY	<ul style="list-style-type: none"> ➤ TryRugby programme, sponsored by Telstra, created to teach basic introductory rugby skills ➤ Following success of basic programme, two additional initiatives introduced: <i>TryRugby Plus</i>, which teaches skills in contact rugby, and <i>TryRugby Play</i> that mixes learning individual skills with actually playing the game
EDRUGBY	<ul style="list-style-type: none"> ➤ EdRugby is ARU's education program for schools ➤ Aims to teach life values through sport, using the Rugby values of pride, teamwork and tradition ➤ 2,500 primary and secondary schools registered, giving teachers access to online and other resources and activities to promote interest and participation
SMARTRUGBY	<ul style="list-style-type: none"> ➤ SmartRugby designed by the ARU to ensure participation is a safe and enjoyable experience ➤ Aims to inform coaches and match officials of best practice techniques to minimise the risk of injury to players, and increase the level of confidence that participants and families can gain from their association with the game

4.4 THE IRB DOES NOT DO ENOUGH TO ENCOURAGE PARTICIPATION THROUGH MEDIA EXPOSURE

The IRB is responsible for strategic direction of commercial activities and outsources commercial management to the sports agency IMG. It is reasonable to assume that IMG has been instructed to maximise profits for the IRB's media and sponsorship properties and is, quite rightly, incentivised to do so. However, if this is IMG's sole remit, this approach potentially forgoes an opportunity to balance or trade-off commercial and development objectives. For example, in Germany, free-to-air channel DSF showed 14 RWC 2007 matches live and, immediately after the event, asked what it could do to increase the chances of a German team competing in 2015. Unfortunately, the IRB has not been able to capitalise on this interest in Germany quickly enough and the momentum of the World Cup has been lost.

In some well-developed Tier 2 nations, the local administrators are clear that having the flexibility to divert a portion of elite funding prescribed by the IRB towards other areas, such as subsidising media contracts with broadcasters, would have a profound effect on participation rates. This is an example of different nations

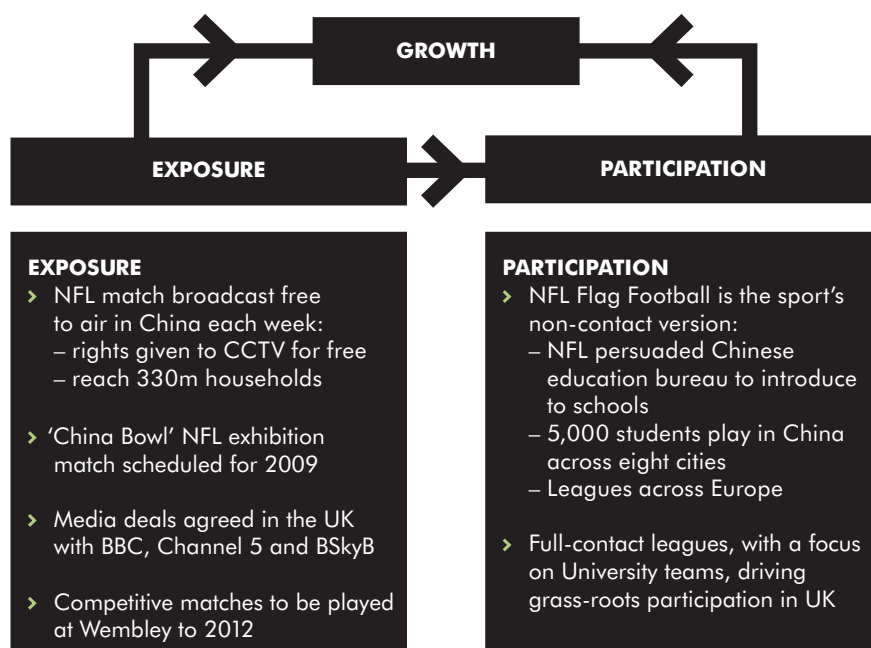
having different needs. By way of illustration, in North America, RWC coverage was limited to the Setanta pay TV service, available in bars and about 1% of homes, even though a small subsidy for a free-to-air broadcaster would enable rugby tournaments to be shown to a far broader audience and should generate higher sponsorship revenues.

Similarly, the IRB reduced international coverage of the early stages of the 2007 Rugby World Cup by engaging in a dispute with news agencies over the terms under which they could use photography. Commercial principles are important but surely gaining the maximum positive coverage for rugby's flagship event should underpin all future commercial activities?

A complementary media and development strategy would increase audiences and drive participation – which, in the long-term, would increase revenues. This is the approach that American football (NFL) has taken in both China and the UK, its current target markets. 'Flag Football' and other participation initiatives in conjunction with an exposure-based media rights strategy underpin NFL's integrated approach to development.

A COMPLEMENTARY MEDIA AND DEVELOPMENT STRATEGY WOULD INCREASE AUDIENCES AND DRIVE PARTICIPATION – WHICH, IN THE LONG-TERM, WOULD INCREASE REVENUES

**GRASS-ROOTS
PROGRAMMES
PROVIDE A
BEST PRACTICE
EXAMPLE OF
DESIGNING AND
IMPLEMENTING
INITIATIVES THAT
ENCOURAGE
PARTICIPATION
AND INVOLVEMENT
IN RUGBY**



**EXHIBIT 11:
NFL INTEGRATED
APPROACH TO
DEVELOPMENT**

Using shortened formats of rugby, providing resources and knowledge to new territories, and supplementing these activities with a co-ordinated media strategy would provide a stronger basis for developing rugby internationally when combined with the elite investment that the IRB has already put in place. At present, these additional areas of expertise are not available to promote the growth of rugby in emerging nations but in future they should be used by the IRB to support its new targeted territories.

Recently, the IRB has reviewed its tiering structure and identified some of the world's fastest growing and attractive economies as targets, which is encouraging for rugby. The new structure is shown in Exhibit 12.

The IRB has classified nations into new categories that represent the level of rugby development that has been achieved. The targeted group identifies some of the world's fastest growing and attractive economies – China, India, USA, Russia, Japan and Mexico – for specific attention in the future. However, the consequences of being part of this targeted group are unclear.

**EXHIBIT 12:
NEW IRB TIERING
STRUCTURE**

HIGH PERFORMANCE	<ul style="list-style-type: none"> Former Tier 1 & 2 Unions: England, Ireland, Scotland, Wales, France, Italy, Australia, New Zealand, South Africa, Argentina, Canada, Fiji, Japan, Romania, Samoa, Tonga, USA
PERFORMANCE	<ul style="list-style-type: none"> Georgia, Namibia, Portugal, Russia, Spain, Uruguay
TARGETED	<ul style="list-style-type: none"> China, India, Japan, Mexico, Russia, USA
DEVELOPMENT	<ul style="list-style-type: none"> All other Unions

4.5 RUGBY SHOULD MAKE BETTER USE OF GLOBAL EVENTS TO PROMOTE INTERNATIONALISATION

Rugby is not taking full advantage of the opportunities afforded by big global events – the Rugby World Cup, which it controls, and the Olympic Games, in which it is trying to be involved.

World Cup decisions have not supported globalisation

The IRB's commitment to internationalisation is not consistent with its decisions on the location of its flagship event, the Rugby World Cup – the most visible means of communicating the vision for, and character of, rugby to the world. The hosting decision for the Rugby World Cup should have fundamental impact on the international development of the sport, so shorter-term commercial objectives must be balanced with longer term development goals. Each World Cup is a rare opportunity to showcase the direction of the sport, open up new markets and create a lasting sports legacy in the host nation. The IRB has a responsibility to ensure that the hosting decision for the Rugby World Cup makes the most of these opportunities.

Awarding the 2011 Rugby World Cup to Japan would have accelerated the internationalisation of the game by providing:

- a boost to rugby in Japan, a leading Tier 2 rugby nation and major world power
 - a springboard to Asia, with 60% of world's population and fastest-growing economies
 - a strong, aspirational signal to other non-Foundation Unions

Instead, the 2011 event will be hosted by New Zealand, where rugby is close to saturation and commercial attractiveness is questionable due to the size of the market. How many more rugby shirts are adidas likely to be able to sell to New Zealanders? What sort of media audiences can realistically be expected in such a small, isolated market with a challenging time zone? Diehard rugby fans around the world (i.e. in the Foundation Unions) will watch at any hour but where will the new audience come from?

The IRB has announced that it will decide the hosts for the 2015 and 2019 World Cups simultaneously

next year. The Rugby World Cup Board will make a recommendation to Council based on the bids it receives. According to the press, for the first time, bidders will need to provide a financial guarantee of £100m for 2015 and £120m for 2019.

While the role of the Rugby World Cup in generating revenues with which to fund the IRB's development programme is very important, it is also vital to award the Rugby World Cup to the country where it would have the most impact on the global game.

As the world governing body for football, FIFA responded to its own challenges for internationalisation by introducing a rotation policy for the football World Cup. This involved stipulating that each continent must take turns to host the World Cup every four years, with the explicit medium-term developmental objective to globalise hosting of World Cup after some controversy surrounding Germany's victory over South Africa in vote for 2006.

It could be argued that FIFA explicitly changed its policy to ensure the World Cup would be hosted in Africa sooner rather than later; hosting the event is seen as both a development tool and catalyst for commercial success for sport in emerging nations, as has been illustrated by recent World Cups in USA and Japan/South Korea where football has been successfully delivered to new audiences:

- WC94 helped reinvent Major League Soccer and had a major developmental role beyond the 'elite' men's game: contributed

to the growth of women's football. USA are women's world champions and football is the fastest growing women's sport in US. In addition, more children now play soccer (5.9m) than Little League baseball (4.4m).

- WC02 drove development of the professional game in Japan; average attendance for top division matches increased by more than 50% after the World Cup. The 2006/07 average attendance of 19,081 was higher than Italian Serie A, making the J-League the fifth-best supported league in the world.

South Africa is scheduled to host the event in 2010, followed by Brazil. After 2014, having achieved the objective of spreading host nation status across the globe, FIFA has stated that the strict rotation policy will cease. However, continents that have hosted either of the two preceding events will not be eligible to bid.

The IRB does not make public the criteria for selecting the host of the RWC. Such an important decision-making process should be more transparent. There was controversy around the IRB's decision to award the 2011 RWC to New Zealand because the voting process was changed to a secret ballot shortly before votes were cast. This could have allowed members to change their votes without any repercussions from their Union or Association.

AWARD THE RUGBY WORLD CUP TO THE COUNTRY WHERE IT WOULD HAVE THE MOST IMPACT ON THE GLOBAL GAME

Alternative hosting strategies

The IOC is an organisation with a similar process to manage. The criteria stipulated by the IOC for potential host cities are extensive in order to retain a maximum level of control over the process, which enables the IOC to deliver an event that meets all of its objectives including exposure, promotion of Olympic ideals, development and of course commercial considerations. Tellingly, it is the commitment to creating a legacy that sits at the front of any Candidature Document, as shown in Exhibit 13.

EXHIBIT 13: IOC CANDIDATURE ACCEPTANCE PROCEDURE

IOC CANDIDATURE DOCUMENT SECTION STRUCTURE

- I** Motivation, concept and legacy
– Applicant cities must explain what legacy impact will be
- II** Political support
- III** Finance
- IV** Venues
- V** Accommodation
- VI** Transport
- VII** Security
- VIII** Public opinion and experience

Whilst a Rugby World Cup is a far smaller event than an Olympic Games, the intention of using it to raise rugby's local profile (for a country or even a whole region) and dramatically improve the facilities and skills infrastructure should be central to the way in which the host nation is selected. The developmental legacy considerations for the sport should be a fundamental part of the selection process for rugby's flagship event. Too little consideration appears to have been given to globalisation objectives in hosting decisions. A more progressive approach to hosting could drive international growth and, therefore, be the best way of underpinning future commercial success.

4.6 THE INVALUABLE PRIZE OF GAINING OLYMPIC STATUS WAS MISSED

Rugby's attitude to Rugby World Cup hosting is not the only example of a failure to use major events to globalise the sport. The IRB's failure to secure a place for rugby within the Olympic Games is a major cause for concern and has led to criticisms of the way it handled its application.

Rugby was included in the Olympic Games of 1900, 1908, 1920 and 1924. Following an extended period away from the Olympic programme, the IRB became an IOC recognised International Federation in 1995 and has subsequently lobbied, unsuccessfully, for Rugby Sevens to be included in the Summer Olympics.

As the rugby world has recognised, the inclusion of Rugby Sevens in the Olympic Games would bring significant benefits to the sport, including:

- › a new peak of rugby achievement for the world's top players
- › access to global audiences in a unique way
- › additional sources of funding from national governments, many of which will only fund a sport if it is an Olympic sport. This would be especially significant for developing rugby nations.

In its Strategic Plan for 2004-07, the IRB stated its objective to attain Olympic status for Rugby Sevens by 2012, which required a successful application to the IOC at the 2005 Olympic Programme Review. This Review had two stages: firstly, current sports were put to a secret ballot to assess their ongoing suitability, before a second vote on potential new sports for Olympic inclusion – no sport can be included without another dropping out, and the IOC has set its upper limits at 300 events, 28 sports, and 10,400 athletes.

In the 2005 ballot, baseball and softball were dropped while the other 26 (of the 28) sports were retained. This was the first time a sport had been removed from the programme since polo, prior to the 1936 games in Berlin. As a

result, the IRB (amongst others) was confident about its chances of inclusion. However, in the second vote, none of the five sports that applied received the two-thirds majority support required for inclusion. Rugby finished behind karate and squash in the overall voting process, and roller skating gained more votes than rugby in the first round of voting!

Rugby appears to have been surprised by this result, with the IRB observing that the values of rugby sit well with the Olympic motto of 'faster, higher, stronger'. It is a commercially-attractive sport with excellent credentials on high-profile issues such as anti-doping and respect for opponents and referees.

Some Olympic observers, however, were far from surprised. The IRB's application failed because of rugby's relatively narrow geographic spread, its lack of global participation and its complete imbalance between male and female versions of the sport.

The handling of the relationship with the IOC seemed to go badly both before and, certainly, after the decision was announced, as illustrated in Exhibit 14.

**RUGBY IS A
COMMERCIAL-
ATTRACTIVE SPORT
WITH EXCELLENT
CREDENTIALS
ON HIGH-PROFILE
ISSUES SUCH
AS ANTI-DOPING
AND RESPECT
FOR OPPONENTS
AND REFEREES**

**EXHIBIT 14:
REACTION TO
IOC OLYMPIC
PROGRAMME
REVIEW**

**WHAT THE
IRB SAID:**

- › “They have missed a golden opportunity to modernise the Olympic programme”

**WHAT THE
IOC SAID:**

- › “This is not the way to behave if you want to be an Olympic sport”

The IRB has recently appointed Vero, a specialist campaign advisory firm, to guide the IRB's communications strategy for the next Olympic application. This should help improve the case for future inclusion. However, there are a number of issues that need to be addressed, not least the apparent “image problem” for rugby Sevens amongst important IOC delegates:

“WHEN IT COMES TO RUGBY, I AM NOT A SPECIALIST BUT PEOPLE WITHIN THE SPORT TELL ME THAT RUGBY SEVENS IS SOMETHING OF A JOKE”

PRESIDENT, ASSOCIATION OF SUMMER OLYMPIC INTERNATIONAL FEDERATIONS

It is to be hoped that the IRB has learned from the painful experience of 2005. The Commonwealth Games in Manchester in 2002 showed what a major international Games can do for rugby – and the Olympics would be a substantially greater international stage for the game.

One of the objectives of this report is to stress the importance that rugby should attach to attaining Olympic status – this is discussed further in Chapter 5. It is for the IRB to take the lead in achieving this but the whole sport has a responsibility for supporting this goal. The IRB is already working to ensure that rugby's case is presented in a more successful way than last time but it must also consider the strategies that will demonstrate how rugby is becoming more international and reaching out to new audiences.

4.7 WEAKNESSES AT THE HEART OF THE IRB'S STRUCTURE

While the IRB has clearly made progress in developing many aspects of the elite game, there are significant weaknesses in other areas that are essential for pursuing a global vision. While the sincerity of IRB management's commitment to internationalisation and the competence of the individuals concerned is not to be doubted, why is it that rugby has found it so difficult to look beyond its core markets and pursue an effective international development strategy? The answer lies at the heart of the governance structure, which seems to institutionalise parochialism. Put simply, power needs to be shared more equally between the older and younger rugby nations. **Make this change and international development will truly become the main agenda item.** This will require commitment from the wider rugby family and pressure from all stakeholders in the game.

Governance needs reform

The IRB should update its governance and management structures as appropriate for a modern, multi-million pound global sport. Globally, good corporate governance systems are founded on principles of transparency, accountability, fairness and responsibility. These principles are generally put into practice by a combination of statutory rules and self-regulation in the form of codes of best practice such as "The Combined Code on Corporate Governance (2006)" which contains corporate governance best practice guidelines for all publicly listed companies in the UK. It is reasonable to expect an organisation such as the IRB, with its level of turnover and diverse range of member interests, to aspire to broadly similar standards as those set out in The Combined Code and, therefore, it can be used as a reference point in considering what constitutes best practice.

The IRB's current governance structures appear to have been designed in (and for) the amateur era. A review of the IRB's organisational structure as set out in its Bye Laws (IRB Handbook 2007) reveals two immediate areas of concern:

- **RESPONSIBILITY:** The responsibility for setting strategy and ensuring it is carried out – which would normally belong to a board of directors – is currently being shared uneasily between the IRB Council and IRB Executive Committee (ExCo). It is not clear who is responsible for achieving the globalisation of rugby. As a result neither the

Council nor ExCo is sufficiently answerable for achieving this goal. This is clearly undesirable.

- **INDEPENDENCE:** The IRB lacks a non-executive influence: neither the Council nor ExCo contains any independent, non-executive members. As well as complementing the skill sets of executive officers, the typical functions for non-execs are to provide impartial advice, constructive challenge and scrutiny of executive group's performance. In an organisation whose primary function is to ensure that the needs of all members are addressed, this absence is striking.

The blurring of responsibilities, and the lack of non-executive or similar scrutiny, are serious problems for a sports governing body that needs to out-perform its peers, if rugby is to be as successful as it could and should be. The IRB has only recently started publishing an Annual Report and some member Unions complain that they do not have access to IRB financial information and so cannot judge for themselves whether funds are being distributed and invested wisely. This complaint is indicative of the way in which Unions do not all see the IRB as *their* governing body.

TO TRACK PROGRESS TOWARDS GOALS AND ENSURE THAT SUCCESS IS RECOGNISED, THE IRB'S DEVELOPMENT PROGRAMME NEEDS TO BE MEASURED AGAINST A SERIES OF CLEAR AND MEASURABLE OBJECTIVES WITH DEFINITE TIMESCALES

Outdated governance structures are common in sport having usually been designed in 'amateur' eras, with narrow geographical scopes in mind. As a result there are a number of organisations that have been through similar changes: when sports recognise that their structures are obstacles to achieving their strategic vision, changes can be made. Lessons can be learned from within and outside of rugby about changes made in the face of outdated and insufficient governance structures. The cases of USA Rugby, New Zealand Rugby and the English Football Association (The FA) make useful case studies.

USA Rugby had the advantage of starting with a blank piece of paper following the break-down of the old regime. They underwent a structural overhaul to modernise and create an environment for growth:

- › 26-man representative board replaced by 9-man, action-oriented management board with specific responsibilities
- › Six independent members including the Chair (a high-profile business leader)
- › Male and female athletes represented (in line with IOC best practice)
- › Revenue has doubled since new, action-oriented structure put in place

To track progress towards goals and ensure that success is recognised, the IRB's development programme needs to be measured against a series of clear and measurable objectives with definite timescales. One potential method is the 'balanced scorecard' approach, which links strategic objectives to a range of key performance indicators, to provide a balanced view. New Zealand RU has developed a balanced scorecard that takes development, elite and governance objectives into account, providing an example of how this approach can be applied successfully to rugby. This is shown in Exhibit 15.

**WHEN SPORTS
RECOGNISE THAT
THEIR STRUCTURES
ARE OBSTACLES
TO ACHIEVING
THEIR STRATEGIC
VISION, CHANGES
CAN BE MADE**

**EXHIBIT 15:
NZRU BALANCED
SCORECARD
EXAMPLE**

NZRU SCORECARD 2006	Game Development 15/100 <ul style="list-style-type: none"> > implement key initiatives of Community Rugby Plan > increase players aged aa–bb years by XX% > increase coaches, active referees by YY% > serious injury rate < previous five years
	Representative Teams 40/100 <ul style="list-style-type: none"> > targets for All Blacks > prepare for Rugby World Cup 2007 > targets for other national teams
	Competitions 30/100 <ul style="list-style-type: none"> > successfully implement new competitions > salary cap implementation progressed to timelines > test matches
	Governance and Financial 15/100 <ul style="list-style-type: none"> > complete Provincial Union Funding Review > implement agreed revenue generation opportunities > achieve budgeted result > ensure appropriate resources for RWC 2011 > provide appropriate support to Provincial Unions

NZRU also arranges independent review of on- and off-field performance to encourage improvement. This approach would work well for tracking success in developing nations.

Other changes in approach to governance are necessarily more severe. In 2004, the British government ordered a review of the FA after conflicts of interest such as Premier League clubs deciding on financial issues that affected their own and other clubs were highlighted. Lord Burns was asked to conduct an independent review to tackle a number of problems:

- > Potential conflicts of interests among FA board members
- > An unrepresentative council

- > Lack of confidence in the disciplinary process
- > Concerns about the amount of influence held by the Premier League
- > Complaints about the lack of representation for the grass-roots game

As part of the review, Lord Burns recommended detailed changes at Council and Board level, in addition to other points, summarised in Exhibit 16.

AREA	COMPOSITION & ISSUES	CHANGES PROPOSED
COUNCIL	<ul style="list-style-type: none"> ➤ 91 members from across football ➤ Not representative of the "diverse interests of game"... out of touch... not separate enough from the Board 	<ul style="list-style-type: none"> ➤ Become "Parliament of football" representing whole of football, including supporters, players, managers, coaches and referees – increase members ➤ President elected for initial three years then allowed a maximum of two more three-year terms
BOARD	<ul style="list-style-type: none"> ➤ FA's commercial and financial decision makers ➤ Conflict of interests; Chairman of FA also Chairman of Council and Board 	<ul style="list-style-type: none"> ➤ Composition changes enforced; three representatives from football and two independent non-executive directors ➤ FA President also to be independent
RULES AND REGULATIONS	<ul style="list-style-type: none"> ➤ Five committees responsible for different areas of the game ➤ Low confidence in the system... lack of separation between areas... decisions influenced by Board 	<ul style="list-style-type: none"> ➤ New independent body created – the Regulation and Compliance Unit ➤ More open than current system, reporting to the Council every 12 months, making presentations and taking questions
OTHER	<ul style="list-style-type: none"> ➤ Two new bodies created <ul style="list-style-type: none"> – Community Football Alliance – Professional Football Alliance 	<ul style="list-style-type: none"> ➤ CFA: represent grass-roots football, promoting participation in the game – role for grass-roots formalised for the first time ➤ PFA: much smaller than CFA, but would represent professional game

EXHIBIT 16:
CASE STUDY ON
THE FA/BURNS
REPORT

Council is unrepresentative

Beyond the executive group is the IRB Council, the supreme legislative authority for rugby, which is intended to represent the interests of all of rugby – the equivalent of all shareholders in a business who should have some voting rights.

The 26 representatives who sit on the IRB Council make the most important decisions for rugby, including:

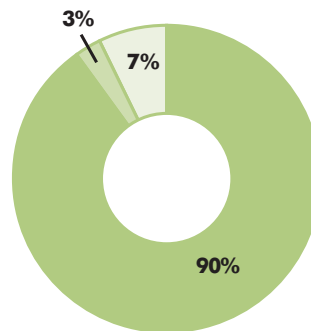
- › approving the vision, mission, goals and role of the IRB
- › electing the Officers and members of the Executive Committee/Standing Committees
- › considering the actions of the Executive Committee and ratifying decisions
- › determining the hosts of all World Rugby tournaments (15s, 7s and Women's Rugby)
- › approving all international matches and tours schedules

The current structure of the Council, through its composition and voting structure, is heavily weighted in favour of the Foundation Unions, giving them dominance over specific and general decisions of the Council and the membership (and therefore control) of the Executive Committee. This isn't necessarily of itself, an issue – the Foundation Unions have been instrumental in growing the sport to date – but, over time, emerging nations should be allowed greater opportunity to influence the direction of rugby.

The extent of the imbalance in composition and voting structure of the Council is substantial. Decisions at the Council are taken on a one vote per representative basis. However, the Foundation Unions have two representatives each – or 62% of total votes – even though they represent just 7% of the total 115 member Unions. Currently, 90% of the IRB's Unions are cumulatively represented on its Council by just 23% of the votes, as shown in Exhibit 17.

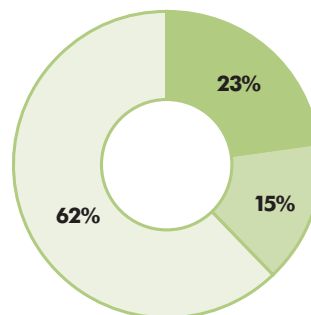
EXHIBIT 17: IRB COUNCIL VOTING STRUCTURE

REPRESENTATION OF UNIONS



- Continental Associations represent 103 Unions
- Additional representation for four selected Tier 2 countries
- Eight Foundation Unions in total

DISTRIBUTION OF VOTES



- 6 votes for Continental Associations
- 4 votes for selected Tier 2 countries
- 16 votes for Foundation Unions

This structure tolerates the domination of the IRB by a small number of Unions, who, acting as a bloc, can make certain decisions with no recourse to other stakeholders. The Foundation Unions have an overwhelming influence on all other decisions.

This does not, necessarily, mean that the Foundation Unions are always working in tandem – in fact, part of rugby's governance problem is that, very often, there is serious disagreement within the Foundation Unions which blocks progress. Major decisions require a 75% majority, which means that the Northern Hemisphere nations can act alone to 'block' proposals.

Potentially, this allows the Foundation Unions to act in self-interest. There are a number of hypothetical examples that illustrate the practicalities of this imbalance:

- › Some specific decisions require a 75% majority of Representatives present at the meeting (e.g. alteration of the Bye-Laws, Regulations relating to the Game or the Laws of the Game). In this situation, even if all non-Foundation Unions/Associations back a proposal, they will still need support of five of the eight Foundation Unions for the required majority.
- › Where a simple majority of Representatives present at the meeting is required (e.g. for decisions on alterations to General Regulations), Foundation Unions acting together can effectively veto any proposals supported by non-Foundation Unions or Associations

- › For a Council Meeting the minimum number of members required to be present is stated as "thirteen" (presumably thirteen Representatives). As the Foundation Unions alone have 16 Representatives they could technically hold a meeting and make decisions on their own. While this may be very unlikely, the significance of this point is that it is logically inconsistent with a view that the Council should represent the *whole* of rugby. It may be a largely symbolic point but it is an anomaly that should be rectified.

The dominance of the Council by the Foundation Unions might be less of a concern if the Council were more accountable to the member Unions. Unfortunately, this is not the case. The full membership (i.e. all 115 Unions) only meets once every two years – and has no legislative powers. Consequently, the wider membership – in one sense equivalent to the full shareholders register of world rugby – has extremely limited power and few opportunities to influence the direction of world rugby.

The interests of the entire rugby world would be better served by a more inclusive Council in which all members were more regularly able to voice their opinion and influence direction. Furthermore, emerging nations should be able to achieve decision-making parity over time – perhaps to recognise on-pitch performance or commercial success.

THE DOMINANCE OF THE COUNCIL BY THE FOUNDATION UNIONS MIGHT BE LESS OF A CONCERN IF THE COUNCIL WERE MORE ACCOUNTABLE

Other sports have found ways to reform their representation while ensuring that the 'founder members' – who, of course, have invested a great amount in securing the successes that the sport has achieved to date – continue to benefit from the sport's growth. For example, both cricket (through the ICC) and tennis (through the ITF) have a 'weighted' voting system, which not only rewards the amount of time that a country has been involved with

the game but also incentivises new countries. Both of these sports have developed clear criteria that allow countries to increase their representation as they develop, whether in sporting or economic terms. Football, meanwhile – the most global of sports – generally operates a one-member, one-vote system (this principle applies to both UEFA and FIFA). Exhibit 18 compares some of these alternative approaches.

**EXHIBIT 18:
COMPARING
APPROACHES
OF DIFFERENT
GOVERNING
BODIES**

- FIFA and UEFA have a one vote per member voting structure and therefore represent the most democratic of voting structures; it could be argued that this is only possible in a *truly* global game. At Congress Level (equivalent of IRB Council), FIFA has one vote per member but at Executive level there is some weighting in favour of certain countries/groups of countries.
- The ITF has a weighted voting structure but this structure does not enable any one member or group of members to exercise complete control. Also, the numbers of votes to which a member of the ITF is entitled can be increased/reduced over time.
- The ICC has a weighted membership structure with ten Full Member nations having one director each and 88 other nations being represented by just three directors in total. However, the Full Members comprise both established cricketing nations such as Australia and competitive "younger" cricketing nations such as Bangladesh (admitted to Full membership in 2000). It could be argued that this structure of equal representation for established and competitive younger nations (e.g. Argentina) should be mirrored at the IRB. The ICC also sets out clearly the criteria for transition to Full Member status.
- Unless stated otherwise, a simple majority is all that is needed to make general decisions at FIFA, UEFA and the ITF. It is not clear how such general decisions are taken at the IRB.
- It is easier for a minority of members of FIFA, UEFA and the ITF to call an Extraordinary meeting of the supreme legislative body than it is for Unions or Associations at the IRB

4.8 SUMMARY OF THE PROBLEMS

The promise of internationalisation is implicit in the IRB's own constitution: in its own words, the IRB is designed to *promote, foster, develop, extend and govern the Game*.

In 2005, the IRB launched a strategic investment initiative that aimed to replicate the structures of the well-established 'Tier 1' rugby in 'Tier 2' and some 'Tier 3' countries. The investment has been directed towards performance programmes, including elite facilities and new competitions to improve the elite men's game. Most visibly, the programme has seen the creation of five new annual tournaments and also some notable specific initiatives, such as building new facilities, and sharing elite coaching expertise in the build up to the Rugby World Cup in 2007.

The IRB has identified these schemes as the reason for the improved performance of the developing nations in the recent World Cup, but the IRB's measures of success in international development are, arguably, too narrow, focusing on competitiveness at the top of the elite game.

It would be premature to suggest that long-term sustainable progress has been made in nations outside of Tier 1 because the money and resources invested have been too focused on elite rugby. Different nations need different approaches to grow rugby most effectively. This means that the one-size-fits-all approach to development might not always be appropriate – there are three main areas that might require investment at different stages of rugby's development in emerging nations: helping more people to play the game, making sure more people watch the game and providing investment to the elite programme.

The IRB has invested in various elite programmes. However, to achieve sustainability in emerging nations – including a healthy pipeline of players and supporters that help to drive commercial revenues – more grass-roots initiatives that emphasise mass-participation must be incorporated.

The IRB should do more to help people to understand the game with systematic use of shortened formats of rugby such as Touch. Furthermore, the IRB should do more to encourage participation through media exposure, so development opportunities are not lost.

THE PROMISE OF INTERNATIONALISATION IS IMPLICIT IN THE IRB'S OWN CONSTITUTION: IN ITS OWN WORDS, THE IRB IS DESIGNED TO PROMOTE, FOSTER, DEVELOP, EXTEND AND GOVERN THE GAME

The IRB has recently reviewed its tiering structure and identified some of the world's fastest growing and attractive economies as targets. The IRB should look beyond its current elite rugby focus when considering these markets by using specific development tools similar to those identified here and also using the most prominent global rugby events for international development purposes.

Rugby is not taking full advantage of the opportunities afforded by big global events – the Rugby World Cup, which it controls, and the Olympic Games, which it is

trying to be involved in. World Cup hosting decisions appear inconsistent with a global vision, and the IRB failed to gain Olympic status in 2005.

Responsibility for the shortcomings of rugby's approach to internationalisation ultimately belongs to the IRB. Some of the structures that are in place at the IRB need to be challenged and the Council should be more representative of the rugby world.

In the next chapter, a number of proposals, intended to address these deficiencies, are set out.

**SOME OF THE
STRUCTURES THAT
ARE IN PLACE AT
THE IRB NEED TO
BE CHALLENGED
AND THE COUNCIL
SHOULD BE MORE
REPRESENTATIVE OF
THE RUGBY WORLD**

5

**MAKING RUGBY
TRULY GLOBAL**

**THE SIX GOALS
WOULD MOVE
INTERNATIONALISATION
TO THE HEART OF
THE IRB'S AGENDA –
IN TERMS OF BOTH
POLICY AND DELIVERY**

The vision of this report is to **make rugby a truly global sport, with more players and more supporters, in more countries.**

This chapter of the **Putting Rugby First** report sets out six goals to help rugby football safeguard its future in an ever-more-competitive sports environment. They are intended to stimulate debate amongst players, supporters, administrators, commercial partners and other stakeholders. They reflect best practice within rugby and in other sports, as well as the wider corporate world, and recognise the specific circumstances in which rugby finds itself.

If achieved, the six goals would help to ensure that rugby becomes a truly global sport. They would move internationalisation to the heart of the IRB's agenda – in terms of both policy and delivery.

The six goals are grouped into three areas, which reflect the problems identified earlier in this report:

- › **Structural** issues
- › **Strategic** issues
- › Issues of real **substance**: the major events

These are set out in Exhibit 19.

This chapter expands on each of these goals and explains why they are important before suggesting a series of potential activities, initiatives or reforms that would improve the state of rugby, largely drawing upon examples and best practice from rugby, other sports and the wider corporate world.

5.1 REFORMING RUGBY'S STRUCTURES

Two structural goals are prerequisites to achieve the type of change in rugby that will deliver international growth. The first centres on the IRB Council and its voting and representative structure. The second is about the executive (and non-executive) management of the IRB and the suitability of the current governance structure in the professional era. Achieving these structural goals would provide a foundation for sustainable expansion of rugby.

STRUCTURE	1	A more democratic and representative structure for the IRB, as the global governing body of the game
STRUCTURE	2	Corporate governance and management best practice applied to IRB
STRATEGY	3	A five-year plan for rugby's global development, encompassing elite rugby, grass-roots and commercial initiatives
STRATEGY	4	Specific programmes, with measurable objectives , to deliver growth in prioritised territories
SUBSTANCE	5	The 2015 Rugby World Cup hosted in a prioritised territory, as a springboard for the game's global growth
SUBSTANCE	6	The inclusion of Rugby Sevens in the 2016 Olympic Games

**EXHIBIT 19:
OVERVIEW OF
THE SIX GOALS**

**MAKING RUGBY MORE
DEMOCRATIC AND
REPRESENTATIVE**

STRUCTURE

GOAL 1
A more **democratic and representative structure** for the IRB, as the global governing body of the game

The goal

The goal is to rebalance the composition, voting structure and accountability of the IRB Council to reflect the interests of the wider rugby family. A one-nation-one-vote structure (as used by FIFA, IOC and elsewhere) may or may not be appropriate for rugby at present – after all, the Foundation Unions have been instrumental in growing the game to date. However, a structure and mechanism that allows emerging nations greater power and decision making responsibility over time is fundamental to creating a truly international game.

Why is this important?

The IRB Bye-Laws do not allow for the number of votes given to any Union or Regional Association to be increased or decreased over time. This is unusual in modern sport and to the detriment of the developing rugby nations who have no formalised mechanism to help shape the future of the game. At the extreme, this inability to influence the running of the sport, even in the medium- to long-term, may be a factor in funding decisions made by third-parties in developing rugby nations such as national sports councils or governments.

A STRUCTURE AND MECHANISM THAT ALLOWS EMERGING NATIONS GREATER POWER AND DECISION MAKING RESPONSIBILITY OVER TIME IS FUNDAMENTAL TO CREATING A TRULY INTERNATIONAL GAME

What could change?

There are two ways in which rugby can create a more inclusive and representative decision-making structure:

1 Set criteria for countries to increase votes on IRB Council

Rugby needs to allow emerging nations to have greater influence as they develop their on-pitch performance, their infrastructure and the popularity of the game in their country. This could involve a similar approach to cricket or tennis, where longstanding members are recognised accordingly but the number of votes to which a member nation is entitled can vary over time and there are clear criteria for transition to 'Full Member' status.

In rugby this would mean that successful emerging nations (perhaps defined by on-the-pitch success, their domestic infrastructure, commercial approach, overall contribution to rugby, or a combination of these) could have an equal standing on the IRB Council. Even if nations that appear successful are not immediately given this status, they would have a clear understanding of what is required and a clear framework to work towards. For example,

if, Argentina requires a professional domestic league to demonstrate the stability and sustainability of their elite men's team, then this should form part of a wider pathway to 'Full Membership' as opposed to an ad hoc requirement that appears to have been developed specifically to secure their formal inclusion in an annual elite competition.

2 Ensure IRB Council is more representative of wider membership

The IRB Council must represent the interests of all IRB members and IRB activities should reflect their priorities. The full membership (i.e. all 115 Unions) currently meets just once every two years – and has no legislative powers or ratification function. The interests of the entire rugby world would be better served by a more inclusive Council in which all members are more regularly able to voice their opinion and influence direction. This might involve increasing the powers of the wider membership to endorse (or otherwise) the decisions of the Council and perhaps to meet more regularly to ensure involvement in major decisions, such as deciding the host venue for the Rugby World Cup.

MAKING RUGBY MORE ACCOUNTABLE

STRUCTURE

GOAL 2

Corporate governance and management best practice applied to IRB

The goal

The priority for IRB governance is to ensure rugby's structures are suitable for the modern era. This means ensuring that the IRB's executive management is sufficiently empowered and accountable.

Why is this important?

Reforming these structures would have three major benefits. Firstly, a clear and rational governance structure inspires confidence amongst all stakeholders. Secondly, a more modern organisational structure would equip rugby to deal with 21st Century challenges. Finally, and most importantly, a revised governance structure would ensure that the game of rugby can rely on strong strategic leadership, which has clear lines of responsibility and accountability.

What could change?

A number of potential changes are proposed here:

1 Review IRB structure on the basis of corporate governance best practice

IRB executive and committee structures should be reviewed to improve efficiency and effectiveness. The IRB should consider creating a corporate style Board of Directors, which would be responsible for overseeing the running of the IRB and delivering its strategic objectives.

This board of directors would amalgamate the functions of the ExCo and the Council, so that there would be a clear line of command – and responsibility – traceable to the Chief Executive.

This structure would have the additional benefit of allowing the IRB to transcend any narrow interests in the sport and act for the greater good of the game.

A REVISED GOVERNANCE STRUCTURE WOULD ENSURE THAT THE GAME OF RUGBY CAN RELY ON STRONG STRATEGIC LEADERSHIP, WHICH HAS CLEAR LINES OF RESPONSIBILITY AND ACCOUNTABILITY

2 Appoint an independent non-executive element to the IRB with relevant commercial experience

The IRB should have an experienced, independent non-executive element to monitor and if necessary challenge the decisions of the new board (and/or the IRB Council and ExCo). This might have a similar composition to the USA Rugby independent board members – six individuals including one Chairperson. These individuals can act as independent advisors and should be available to Unions/Associations if they have concerns relating to the IRB that have not been resolved through the normal channels (this would be an important outlet for minority views, which is currently lacking). This group should also add to the available skill set within the IRB – they should come from relevant commercial or administrative backgrounds, to allow them to act as ‘wise counsel’ to the executives.

3 Transparency in activities and tracked progress towards stated objectives

In addition to the specific examples of USA Rugby, New Zealand Rugby and the English Football Association (The FA) that were raised in Chapter 4, there are additional generic guidelines for sporting organisations set out in the European Commission’s Helsinki Report on Sport (1999). The report attempts to reconcile the economic dimension of sport with its popular, educational, social and cultural dimensions as shown in Exhibit 20.

The IRB should endeavour to meet transparency best practice, including full public disclosure of financial results, distribution of income, projects, processes and governance.

EXHIBIT 20: ISSUES OF TRANSPARENCY RAISED IN THE HELSINKI REPORT

THE REPORT RECOMMENDS THAT:

- › Sporting Federations should define their missions and statutes more precisely
- › A Federation’s statutes should explicitly state the mission of promoting amateur and professional sport and carrying out a role of integration into society (with young people, disabled, etc.)
- › Federations should have financial mechanisms of internal solidarity and structural solidarity based relationship between competitive sport and amateur sport
- › Operations with an economic dimension should be founded on the principles of transparency and balanced access to the market, effective and proven redistribution and clarification of contracts

5.2 DELIVERING A WELL THOUGHT OUT 'TOP-TO-BOTTOM' STRATEGY

With best practice structures in place, the IRB would be better able to deliver the Strategic goals: firstly a well-developed, measurable strategic plan to which the executives of the IRB are fully accountable; and, secondly, specific programmes of delivery for strategically important nations.

MORE EFFECTIVE PLANNING

STRATEGY

GOAL 3

A **five-year plan** for rugby's global development, encompassing elite rugby, grass-roots and commercial initiatives

The goal

The IRB had a strategic plan for 2004-07 and is expected to produce something similar for the period up to 2011. The **Putting Rugby First** goal is to ensure that this strategic plan is ambitious and rigorous, addressing all aspects of rugby – including grass-roots areas and integrating commercial aspects where possible. In addition to producing the plan, this goal stretches to ensuring delivery against the plan through a series of measurable, time-bound objectives that truly reflect the internationalisation agenda.

Why is this important?

Growing rugby on a global basis requires a holistic approach – focusing not just on improving competition at the elite level but also on growing participation at junior levels so that, in time, improvements at elite level become self-perpetuating. It is possible to create a virtuous circle for sustainable growth of sports in new markets, with on-pitch success, likely to lead to off-pitch success (more supporters and bigger audiences), leading to commercial success, which can be re-invested into the product, and so-on.

The critical challenge for making this virtuous circle work is to understand which elements need stimulation at any particular time. In reality, this changes on a market-by-market basis: in some countries, where the sport is mature, you may only need to after elite and the rest will take care of itself; in other countries, you need to get more people watching or playing the game, to build the base of the pyramid before elite rugby is sustainable. Understanding the need to be flexible, and to respond to the conditions on the ground, is at the heart of the goal for a top-to-bottom strategy.

GROWING RUGBY ON A GLOBAL BASIS REQUIRES A HOLISTIC APPROACH – FOCUSING NOT JUST ON IMPROVING COMPETITION AT THE ELITE LEVEL BUT ALSO ON GROWING PARTICIPATION AT JUNIOR LEVELS

**EXPOSURE ON
FREE-TO-AIR TV
SHOULD ACCELERATE
INTEREST IN RUGBY
IN NEW TERRITORIES
AND AUGMENT
DEVELOPMENT
INITIATIVES**

What could change?

Achieving this type of virtuous circle requires careful planning for a balanced allocation of resources between achieving success at international level and increasing participation at grass-roots level, all of which is fuelled by commercial initiatives (primarily media and sponsorship partnerships).

The IRB Strategic Plan should encompass all three areas – elite, grass-roots and commercial – and state specific, time-bound measurements to track performance over time in each area. The **Putting Rugby First** report's proposals are as follows.

1 **Elite: re-consider the degree of emphasis and the measures of success**

The IRB should provide strong strategic direction for the future of elite rugby but must recognise the partial role of elite in overall health of rugby and dedicate some resources elsewhere.

It is not suggested that current elite initiatives – such as new tournaments – are scrapped but that there is greater balance instead of the current elite-specific focus.

This means there could be a change in the way that elite rugby is measured by the IRB – for example, current targets involve increasing the number of nations that are capable of winning the Rugby World Cup. Instead, perhaps, a target could be defined that reflected the number of nations seeking to qualify for the World Cup or the number of elite players available for selection by each nation.

2 **Grass-roots: a much higher priority**

Chapter 4 highlighted examples from within rugby (e.g. Australian Rugby education initiatives, bi-lateral mentoring programmes) and outside (e.g. ICC and FIFA shortened formats of cricket and football) that the IRB could use to generate its own approach to grass-roots development.

Example initiatives for the IRB to improve grass-roots development might include becoming involved in Touch Rugby to promote mass participation in the sport and overcome many of the barriers to participation that are apparent in contact rugby. This would also help the IRB to create a full player pathway that leads players from their first experiences with rugby, through the shortened Sevens and Tens formats, to playing the full game – this is something that the IRB cannot easily manage without a presence in Touch Rugby.

The IRB could also formalise the bi-lateral mentoring programmes that have been set up by some nations, making it obligatory for all established Unions (perhaps the Foundation Unions, or even the Unions in the IRB High Performance category) to partner with a 'targeted' nation. This would accelerate the knowledge transfer process to local coaches and players and provide much needed support to emerging rugby nations.

There are many other specific initiatives that could be drawn from the examples highlighted in this report and elsewhere. The IRB should generate an assortment of development initiatives in conjunction with individual Unions that are facing specific challenges. These initiatives should then be made available to other Unions to promote rugby globally.

3 Commercial: creating integrated commercial properties

Observation of IRB commercial activities suggests that a revised, more joined-up, approach to media and sponsorship that incorporates wider development objectives of the IRB would enable rugby to enter new markets more effectively and potentially yield greater revenues.

From a media perspective, exposure on free-to-air TV should accelerate interest in rugby in new territories and augment development initiatives, especially if specific grass-roots programmes can be promoted and run at the same time as major events or competitions. In line with wider sporting best practice, as exhibited by FIFA and UEFA amongst others, sponsorship assets should be packaged across different tournaments so that the IRB can provide partners with an integrated opportunity to access communities across the spectrum of rugby – incorporating grass-roots as well as all forms of elite rugby (Sevens and Fifteens).

PRIORITISING GROWTH MARKETS

STRATEGY

GOAL 4

Specific programmes, with measurable objectives, to deliver growth in prioritised territories

The goal

It is impossible to put in place specific, bespoke programmes for rugby's development in all countries. The goal should therefore be, for rugby to develop a set of fully understood priority territories and to create tailored programmes of development for those nations to reflect their specific needs – whether they might be coaches, facilities, pitches, infrastructure, media exposure, elite rugby support or another area that efficiently enhances rugby development. Other nations could then benefit from these programmes through the official mentoring and resource exchanging arrangements described in Goal 3.

Why is this important?

The current approach to international development could provide more flexibility for local administrators to allocate resources effectively. Arguably, growth in some nations is stifled by the IRB's generic approach. In some countries, there may be a requirement for elite to be prioritised, whereas in others the need will be for grass-roots development. In order to grow rugby effectively, the IRB needs to listen more to the views of those who are closest to the issues and recognise that flexible solutions are required.

THE IRB NEEDS TO LISTEN MORE TO THE VIEWS OF THOSE WHO ARE CLOSEST TO THE ISSUES AND RECOGNISE THAT FLEXIBLE SOLUTIONS ARE REQUIRED

What could change?

The IRB has only partially announced its list of prioritised or 'targeted' nations, which has led to confusion even amongst the Unions that are affected by the changes – some had not heard of the revised tiering structure when surveyed recently. The IRB should improve its approach to specific growth programmes in three ways.

1 Develop clear criteria to identify key territories

While at a high-level, the markets on the IRB 'targeted' list appear sensible, the process used to arrive at that group of countries is not clear. The relatively poor communication of this not only makes it harder to manage the process but fuels a belief that transparency is seen as unnecessary. It is vital that the IRB has this "conversation" with the wider rugby family to encourage engagement and confidence in the process.

2 Create flexible plans to reflect particular needs in those markets

Again, the consequences of being on the IRB targeted list are not yet clear but the IRB should produce specific, tailored programmes for development which meet the needs of different types of Unions and ensure the appropriate skills and resources are made available to encourage the growth of rugby.

This is the approach that has been successful in other sports, for example the NFL expansion strategy discussed in Chapter 4 combines an inclusive free-to-air

media strategy with grass-roots initiatives in Europe and China to encourage engagement with the sport. This may be an idea for the IRB to consider in certain target markets.

Another sport facing this expansion challenge is cricket, which has specific requirements for equipment and facilities. An ICC initiative that might be applicable to rugby (because of the importance of the ex-pat community) is the idea of contingent funding – for some countries, securing additional ICC funding is contingent on introducing juniors to the game:

"MANY 'MISSIONARIES' FOR CRICKET ARE EX-PATS; WE ASK THEM TO GO TO SCHOOLS WITH EXPERTISE AND EQUIPMENT IN RETURN FOR FUNDING"
ICC

3 Ensure plans are measurable and organisations are accountable

Once these plans are in place, delivery should be tracked and reported, perhaps using the principles of the balanced scorecard exhibited by the New Zealand Rugby Union. Targets can be set for relatively low-level deliverables to ensure the plan is on track. For example, the ICC has targets for turf wickets, and permanent and portable artificial pitches for both indoors and outside – all of which are driving participation even though they represent a departure from the traditional game.

5.3 SUBSTANCE AS WELL AS STRATEGY

The largest events – the Rugby World Cup and, potentially, the Olympic Games – represent major opportunities for international development of rugby.

USING THE RUGBY WORLD CUP TO TAKE THE BEST OF RUGBY TO THE WORLD

SUBSTANCE

GOAL 5

The **2015 Rugby World Cup** hosted in a prioritised territory, as a springboard for the game's global growth

The goal

The goal for the Rugby World Cup is to realise its potential to bring rugby to new audiences and capture the imagination of players and supporters in new territories, for the benefit of the wider rugby family. This involves ensuring the World Cup decision-making panel has formal criteria for judging potential host nations that prioritise international development objectives, and runs a transparent process which incorporates a clear and fair voting procedure.

Why is this important?

As the flagship event in world rugby, the World Cup has an important role in international development of the sport. Hosting the Rugby World Cup in an emerging nation would provide a boost to rugby in that nation and potentially the region/continent. Furthermore, it would send a strong signal to other aspirational non-Foundation Unions. The rugby family should be working, in its own long-term interests, to ensure that more nations are capable of hosting – as well as winning, as envisaged

in the IRB's current strategy – major tournaments such as the Rugby World Cup.

What could change?

There are three initiatives that would serve to maximise the development potential of the Rugby World Cup:

1 Establish criteria for hosting a World Cup that prioritise international development of rugby and creation of a legacy following tournaments

The criteria that the IRB sets for choosing the host nation needs to be formalised and made public so that delegates can make an informed judgement as to which potential host best serves the interests of the game. If there is a decision to be made about a potential trade-off between short-term commercial revenues and longer-term development then it is important to have this debate in public. The wider rugby family needs to understand the nature of this debate and which considerations have greatest impact on the outcome if it is to have confidence in the process and the merit of the eventual winner.

Many believe that Japan will be awarded the 2019 event and England the 2015 one. There are clear commercial benefits to holding a RWC in England and there is some merit in the two-tournament approach. However, that would mean the first World Cup to be held outside a Foundation Union would not take place until eleven years from now. The recent award of the 2009 Junior Championship to Japan cannot seriously be seen as an alternative to the 2015 senior event.

**THE GOAL FOR
THE RUGBY WORLD
CUP IS TO REALISE
ITS POTENTIAL
TO BRING RUGBY
TO NEW AUDIENCES
AND CAPTURE
THE IMAGINATION
OF PLAYERS AND
SUPPORTERS IN
NEW TERRITORIES,
FOR THE BENEFIT
OF THE WIDER
RUGBY FAMILY**



2 Transparent and defensible voting procedures

The IRB needs a clear and public voting process well in advance of the next hosting decision. The last-minute changes to the process for the 2011 decision should not be allowed to happen again.

3 Hosting decision integrated into bespoke programme for development in host nation

For the full legacy benefits to be achieved, World Cup hosting needs to be aligned with wider development activities that are supported by both host nations and the IRB – analysis of previous global sports events suggests that a ‘participation legacy’ can only be truly achieved by also introducing sustainable development activities. ‘After the Gold Rush’, a paper by the Institute for Public Policy Research (a leading UK political think-tank), notes that increasing participation requires more than the stand-alone event. Examples suggested by the report that might be applicable for rugby include:

- › joint promotional campaigns by governing bodies and clubs to capitalise on high profile media coverage
- › a programme of pre- and post-event country-wide initiatives
- › using sporting role models as part of local programmes of promotion, mentoring and support
- › volunteering programmes to develop commitment beyond event and sustainable contribution to sport

DELIVERING RUGBY’S OLYMPIC POTENTIAL

SUBSTANCE

GOAL 6

The inclusion of Rugby Sevens in the **2016 Olympic Games**

The goal

Obviously the IRB is not in control of the Olympic Programme review process that determines the inclusion of new sports in the Games. The goal is to ensure rugby is positioned in the best possible light for the next review, likely to take place in 2009. This involves not only improving the public and IOC perception of rugby as a potential Olympic sport but also making real changes within the sport that are looked upon favourably against the IOC’s selection criteria. Examples of this would include meaningful strategies for increasing the female representation in the sport and encouraging more nations to attempt to qualify for the Sevens World Cup tournament.

Why is this important?

Adoption by the Olympics would signal rugby’s status as a truly global sport – as well as further extending rugby’s reach in a virtuous circle of development. Achievement of this final goal, therefore, would both contribute to the success of rugby’s development and be a highly-visible indicator of its progress.

From an international development perspective, increased exposure and funding benefits might be considered to be most significant benefits of Olympic inclusion for rugby.

The Sevens rugby format is inclusive and spectacular; providing magnificent entertainment and demonstrating the values of rugby in a vibrant way. As a result, its appeal at major multi-discipline 'Games' events has been considerable – at the 2002 Commonwealth Games in Manchester, the Sevens attracted 130,000 spectators overall, second only to the numbers watching the athletics. Achieving full Olympic status would showcase the values of rugby to new audiences; the television reach of the Olympics is approximately five times that of the Rugby World Cup.

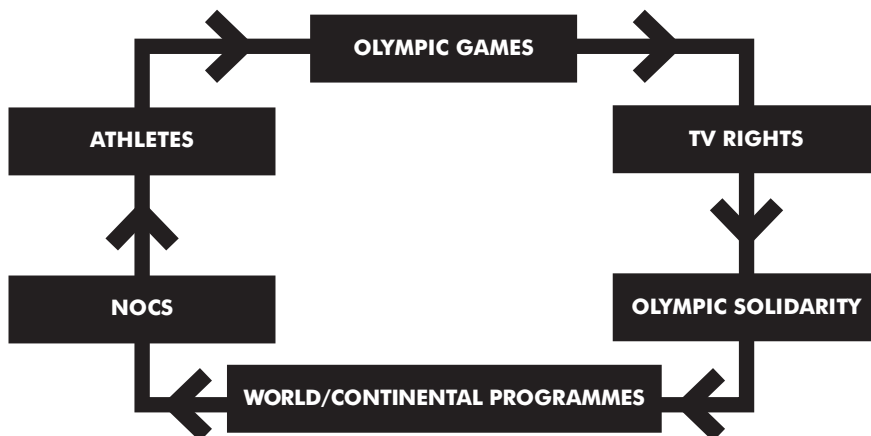
From a funding perspective, upon achieving Olympic status, three additional streams of potential funding may be available for rugby:

- > IOC funding direct to international governing body (IRB)
- > at a national level through National Olympic Committees (NOCs)

- > government funding, which is often prioritised for Olympic sports

Joint initiatives between the IOC and sports federations often form the backbone of development activities for Olympic sports, including tennis and swimming. Through its 'Olympic Solidarity' body, the IOC works with athletes, coaches, administrators, National Olympic Committees (NOCs) and International Federations to support the worldwide development of all Olympic sports using revenues from IOC broadcast rights deals. The solidarity objective of the IOC is stated in Rule 5 of the Olympic Charter and the approach is expressed in Exhibit 21 below:

"THE AIM OF OLYMPIC SOLIDARITY IS TO ORGANISE ASSISTANCE TO NOCS, IN PARTICULAR THOSE WHICH HAVE THE GREATEST NEED OF IT. THIS ASSISTANCE TAKES THE FORM OF PROGRAMMES ELABORATED JOINTLY BY THE IOC AND THE NOCS, WITH THE TECHNICAL ASSISTANCE OF THE INTERNATIONAL FEDERATIONS..."
 RULE 5, OLYMPIC CHARTER



**EXHIBIT 21:
OLYMPIC
SOLIDARITY
APPROACH**

AT A NATIONAL LEVEL, ALL OLYMPIC COMMITTEES AND ASSOCIATIONS ATTEMPTING TO QUALIFY FOR A RUGBY EVENT WOULD INCLUDE RUGBY IN THEIR BUDGETS TO DISTRIBUTE ELITE AND DEVELOPMENT FUNDING

Tennis is an example of a sport that has recently benefited extensively from re-entry into the Olympic Programme. Originally part of the Olympics from 1896 to 1924, tennis was reinstated as a full medal sport at Seoul 1988 and has subsequently received substantial support from the Olympic Solidarity Programme, with funding for a number of wide-ranging development initiatives, including:

- › Athlete Olympic Scholarships
- › 2012: Training Grants for Young Athletes
- › Funding for Technical Courses
- › Scholarships for Coaches
- › Development of a National Coaching Structure

At a national level, all Olympic Committees and Associations attempting to qualify for a rugby event would include rugby in their budgets to distribute elite and development funding. Further funding from governments is also potentially available to rugby if it achieves Olympic status. Overall, these funding streams may be minor in the most established rugby nations where the existing sports infrastructure may be considered to be wealthy enough to fund its own development, but in emerging nations access to funding that has been ring-fenced for Olympic sports could be sizeable and make a real difference to development.

What should change?

The IRB needs to continue to position rugby as an Olympic sport and work to meet underlying criteria that the IOC sets:

1 Position rugby as an Olympic sport

Rugby needs to work towards meeting IOC criteria for selection more fully, including increasing media interest and coverage, expanding the breadth of participation and increasing female participation and representation in the IRB governance structure. Improving rugby's transparency will also aid the Olympic cause.

These are, of course, objectives that reach beyond 'just' Olympic inclusion but are necessary for this goal nevertheless.

2 Address IOC concerns about rugby

The IRB's appointment of an experienced communications campaign advisor for the new application will help build a stronger basis for inclusion. Working with the advisor, the IRB will need to improve the perception of rugby amongst IOC delegates, some of whom were especially harsh, in the last Review.

5.4 SUMMARY

Exhibit 22 summarises the goals and potential reforms proposed in the **Putting Rugby First** report.

PUTTING RUGBY FIRST VISION: MAKE RUGBY A TRULY GLOBAL SPORT, WITH MORE PLAYERS AND MORE SUPPORTERS, IN MORE COUNTRIES

STRUCTURE	
<p>GOAL 1: MAKING RUGBY MORE REPRESENTATIVE</p>	<p><i>A more democratic and representative structure for the IRB, as the global governing body of the game</i></p> <ol style="list-style-type: none"> 1 Set criteria for countries to increase votes on IRB Council Rugby needs to offer emerging nations greater decision-making powers as they develop. The IRB should follow the example of other sports that are more actively inclusive. 2 Ensure IRB Council is more representative of wider membership The IRB Council must represent the interests of all IRB members and IRB activities should reflect their priorities <p>.....</p>
<p>GOAL 2: MAKING RUGBY MORE ACCOUNTABLE</p>	<p><i>Corporate governance and organisational best practice to be applied to the IRB</i></p> <ol style="list-style-type: none"> 1 Appoint an independent non-executive group to the IRB with relevant commercial experience An experienced, independent non-executive body to scrutinise the decisions of the IRB Council and ExCo and offer appropriate support 2 Review IRB organisation structure IRB executive and committee structures should be reviewed to improve efficiency and effectiveness – ensuring compliance with corporate governance best practice standards 3 Transparency in activities and tracked progress towards stated objectives Improve transparency, including full public disclosure of financial results, distribution of income, projects, processes and governance

**PUTTING RUGBY FIRST VISION: MAKE RUGBY A TRULY GLOBAL SPORT,
WITH MORE PLAYERS AND MORE SUPPORTERS, IN MORE COUNTRIES**

STRATEGY

**GOAL 3:
MORE
EFFECTIVE
PLANNING**

A five-year plan for rugby's global development, encompassing elite rugby, grass-roots and commercial initiatives

The IRB Strategic Plan should encompass elite, grass-roots and commercial activities and state specific, time-bound measurements to track success over time in each area of performance. Specific initiatives should include:

- 1 Elite** – provide strong strategic direction for elite rugby, but recognise the partial role of elite in overall health of rugby
- 2 Grass-roots** – focus on aspects of development such as Touch Rugby to promote mass participation, knowledge sharing through formal mentoring programmes
- 3 Commercial** – a revised, joined-up, approach to media and sponsorship incorporating wider development objectives

**GOAL 4:
PRIORITISING
GROWTH
MARKETS**

Specific programmes, with measurable objectives, to deliver growth in prioritised territories

- 1 Develop clear criteria to identify key territories**
Choose key territories based on underlying macro-economic indicators as well as core rugby values and communicate these groupings effectively
- 2 Bespoke plans to reflect particular needs in those markets**
Understand the needs of individual Unions and provide appropriate skills and resources to those nations. Specific initiatives can be borrowed from other sports' market entry strategies, including ICC (cricket) and American Football (NFL), but should be specific to the problems encountered.
- 3 Ensure plans are measurable and organisations are accountable**
When bespoke plans are in place, delivery should be tracked, perhaps using the principles of the balanced scorecard exhibited by the New Zealand Rugby Union

PUTTING RUGBY FIRST VISION: MAKE RUGBY A TRULY GLOBAL SPORT, WITH MORE PLAYERS AND MORE SUPPORTERS, IN MORE COUNTRIES

SUBSTANCE	
<p>GOAL 5: USING THE RUGBY WORLD CUP TO TAKE THE BEST OF RUGBY TO THE WORLD</p>	<p><i>The 2015 Rugby World Cup hosted in a prioritised territory, as a springboard for the game's global growth</i></p> <ol style="list-style-type: none"> 1 Establish criteria for hosting a World Cup that prioritise international development of rugby and creation of a legacy following tournaments Publicly-available criteria for choosing host nation that enable delegates to make a judgement as to which potential host best serves the interests of the game 2 Transparent and defensible voting procedures Finalise a voting mechanism and democratised voting process in advance of the vote. Avoid the last-minute changes to the process for the 2011 decision which created so much controversy. 3 Hosting decision integrated into bespoke programme for development in host nation Hosting needs to be aligned with wider development activities that are supported by both host nations and the IRB <p>.....</p>
<p>GOAL 6: DELIVERING RUGBY'S OLYMPIC POTENTIAL</p>	<p><i>The inclusion of Rugby Sevens in the 2016 Olympic Games</i></p> <ol style="list-style-type: none"> 1 Position rugby as an Olympic sport Meet IOC criteria for selection more resoundingly 2 Address IOC concerns about rugby Improve the perception of rugby amongst IOC delegates

6

**WHAT HAPPENS
NOW?**

THIS REPORT IS THE PRODUCT OF A PERIOD OF RESEARCH AND ANALYSIS. HOWEVER, IT IS ONLY THE STARTING POINT FOR A DEBATE ON RUGBY'S FUTURE.

What this report does

The six goals outlined here represent positive change for all rugby stakeholders. This report is the product of a period of research and analysis. However, it is only the starting point for a debate on rugby's future.

What you can do

If you are an administrator – make sure that these issues are on the agenda of your local, national or international representative body.

If you are a player or referee – discuss this with your colleagues and make sure your views are heard within your leagues and federations.

If you are a commercial partner – make sure that the rugby bodies you work with know that you believe in a global vision of rugby's future and how your mutual interests can be best aligned.

If you are in the media – open some of these issues up for debate on your pages or airwaves.

If you are a supporter – make your voice heard within your rugby club, your personal networks in the game and through the media.

Please share this report with others. It can be downloaded from **www.puttingrugbyfirst.com**.



**MAKE YOUR VOICE
HEARD WITHIN YOUR
RUGBY CLUB, YOUR
PERSONAL NETWORKS
IN THE GAME AND
THROUGH THE MEDIA**

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navyblue