The Olympic Games: coping with risks and vulnerabilities of a mega-event

Will Jennings, School of Social Sciences, University of Manchester (will.jennings@manchester.ac.uk)

Martin Lodge, Department of Government & ESRC Centre for Analysis of Risk and Regulation, London School of Economics and Political Science (m.lodge@lse.ac.uk)

Acknowledgements: Will Jennings thanks the UK Economic and Social Research Council for support through the ESRC Research Fellowship (ESRC Reference RES-063-27-0205), ‘Going for Gold: The Olympics, Risk and Risk Management’.
Introduction

The Olympic Games represent a special case for exploring vulnerabilities that can lead to the sort of mega-crises defined at the outset of this volume. As the world’s largest sporting event, with the five Olympic rings the most recognized symbol in the world – exceeding even mega-brands such as McDonalds’ or Coca-Cola,¹ this mega-event offers a range of lessons for risk and crisis management in circumstances when the stakes are high.

The modern Olympics and Paralympics involve a complex and diverse set of governing arrangements: consisting of state and non-state organizations with international, national or metropolitan jurisdictions. Aside from the danger that different sorts of crises might develop as a consequence of direct attacks, natural disasters or operational failures during staging of the events, the Olympics also impose a long-term strain on decision-making processes through the bidding, preparation, operation and legacy stages. While the Olympics fits the description of all mega-events, it exhibits specific characteristics that entail unique risks and vulnerabilities for decision-makers. This is a global event that is subject to potential threats, vulnerabilities or disruptions in a number of forms, concentrated at the main Olympic site over a short period of competition. Since revival of the modern Games in 1896 by Pierre de Coubertin, the Olympics and Olympic movement have experienced crises of a financial, security, sporting, reputational and diplomatic nature, amongst other things. Some of these crises threatened its very survival.²

In this chapter, we consider the characteristics of the Olympics as a case for evaluating mega-events and responses to risks and crises. We first outline some of the potential risks and crisis scenarios that organization and staging the Olympics entail. We then discuss the general political-administrative context in which Olympic governance occurs, in particular the type of biases that exist in organization of the Games and its susceptibility to mega-crises. Third, and last, we outline a selection of strategies –or recipes– through which such mega-risks and mega-

crises can be managed. Because the Olympics are the world’s pre-eminent sporting mega-event it is possible to extract a number of general inferences about risks and mega-crises on the basis of this evidence. These highlight the importance of mixed (hybrid) rather than pure approaches in the mitigation of risks and crises.

**High vulnerability and permanent high alert: the Olympics as potential mega-crisis**

Since the ‘Munich massacre’ at the 1972 Olympics, during which eleven Israeli athletes and coaches were murdered by a group of Palestinian terrorists – with the crisis unfolding on television screens worldwide – the Olympic Games have been a recognized target for security threats and crisis scenarios. Indeed, planning for the Sydney 2000 Olympics proved strangely prophetic of the Al-Qaeda attack on September 11th, 2001 as organizers prepared strategies for the scenario most feared by International Olympic Committee (IOC) President, Juan Antonio Samaranch: that of a commercial plane being flown into the opening ceremony.\(^3\) The bombing of a public concert at Centennial Park during the Atlanta 1996 Olympics, which killed two and injured 111, did not entail the same geo-political dimension as Munich but is an example of the potential threat of lone domestic attackers at such mega-events.

The high level of global attention to the Olympics, with around 4.7 billion viewers of television coverage of Beijing 2008,\(^4\) during the opening and closing ceremonies in particular, means that the Games are a prime target for symbolic attacks or protests. Security breaches are not, however, the only potential trigger of mega-crises. The Olympics has been described as “the world’s largest peacetime event,”\(^5\) with the logistical task equivalent to staging thirty-three synchronous world championships in the same city.\(^6\) The next Summer Olympics, in London in 2012, is to provide spectacle on a vast scale (at current estimates): with 26 sports hosted at


\(^4\) AGB Nielsen Media Research ([www.nielsen.com](http://www.nielsen.com)).


\(^6\) Ibid.
31 competition venues over 17 days of competition, bringing together 204 participating states, 10,500 athletes, 6,000 officials and coaches, 20,000 media and around 500,000 visitors to the main Olympic site each day. This extensive programme of sporting events runs in parallel and is dependent upon a combination of pre-existing and custom-built infrastructure, facilities and services. The high volume of Olympic competitors, staff and spectators can require installation of new transport hubs or connections, for example, and upgrades to the capacity and resilience of electricity and water supplies. These considerable requirements placed on infrastructure and operations are combined with an immovable schedule of ceremonial and sporting events. Given these vulnerabilities the Olympics are staged in a state of high tension and high alert: conscious of the complex and far-reaching nature of potential crisis scenarios.

Although there is longstanding debate over what constitutes a mega-event (also known as a hallmark event),\(^7\) this analysis adopts Roche’s definition that these are “short-term events with long-term consequences for the cities that stage them … associated with the creation of infrastructure and event facilities often carrying long-term debts and always requiring long-term use programming.”\(^8\) The exceptional scale and scope of such mega-events often requires construction of new infrastructure and facilities (i.e. mega-projects\(^9\)) and escalation of normal levels of public and private sector operations such as air and rail transport services, policing and emergency services. This commitment to both infrastructure and operations distinguishes them even from one-off sports events such as national horseracing events, formula one races or domestic football cup finals. As such, mega-events entail interruption to daily services, either as public transport becomes spectator-dominated (squeezing out commuters), roads are closed, or as police and emergency services are diverted to the event.

The scale and scope of the Olympics is, moreover, quite exceptional when compared with other mega-events, making it vulnerable to what Perrow (1984) calls ‘normal accidents’: that is unanticipated interaction of multiple failures, random errors or attacks – technological or organisational in origin. This is a consequence of the complex interdependence of Olympic infrastructure (e.g. transport networks, venues and stadiums, water and electricity supplies, accommodation, media facilities) and operations (e.g. ticket barriers, crowd control, policing, first aid, traffic management, catering, officiating of the events). The interaction of incidents that, at first, appear innocuous with other similar incidents or with design features that seem trivial can therefore have disproportionate effects. For example, layout of access routes to and from the Olympic site might have unanticipated consequences for emergency and evacuation procedures in crisis situations. Likewise, unpredictability of power demand during mega-events such as the Olympics increases the risk of outages. In the run-up to the Sydney 2000 Olympics, Kingsford Smith Airport suffered a power failure that created a backlog of flights. In July 2004, a power outage across Athens and southern Greece left the Transport Minister, Mihalis Liapis, stranded in the middle of showcasing a new Olympic rail link to the airport. Aside from the potential for reputational damage and embarrassment, a critical risk of such normal accidents during competition time is the interruption of events through the disruption of spectator or competitor travel and, in turn, the difficulties of re-scheduling within a crowded programme of events.

The Olympics are, therefore, vulnerable to mega-crises for several reasons. First, their high profile and global audience profile makes them an attractive target for terrorist attacks, eruption of geo-political tensions or other high impact incidents. Second, even without such exposure, this mega-event is at risk of some degree of organisational or operational failure – because of its scale and scope– that can result in second order failures or incidents. Further to this, concentration of the majority of events (as well as the athlete’s accommodation and press facilities) at the main site, for most Olympics in recent times, means an isolated disruption can
have far-reaching effects across both the site and programme of events. Such a design amplifies the effect of any incidents and, therefore, the rate of recovery. Furthermore, the construction of infrastructure or facilities specifically for the Olympics (often quite late) limits opportunities for stress-testing and event rehearsals.

As a result, preparation for the Games itself is a complex process. It entails composition of a speculative bid document, promotion of the proposals to members of the international Olympic movement, amendment of initial plans once the bidding phase is over, establishment of legal provisions and structures for the Games, and coordination of multiple construction projects under pressure to run ‘on time and on budget’. This transition can result in dissonance between initial blue skies thinking and eventual project delivery – further accentuating risks and anticipation of crisis scenarios. The potential for slippage in construction schedules is, moreover, problematic because the global profile of the Olympics and immovable programme of competition means that postponement or relocation of any events would constitute a critical failure. Overall then, crises can emerge in a number of forms prior to the Games itself, whether in disruption of planning and construction or to security issues arising from the construction of the Olympics site.

Apart from its vast scope and scale, a further characteristic that identifies the Olympics as a high risk and crisis-prone event is that each Olympics has specific features that make it unique when compared with other Games and other mega-events. The scope for drawing on earlier experiences is therefore limited, although not impossible. This uniqueness is a result of local geographical features, changing global political constellations, and limits of institutional memory. While the winter and summer Olympics are both staged at regular intervals in the name of the International Olympic Committee (IOC), the location of competition and staff of each is changed every four years and relocated to a new political context and set of governing institutions. This venue rotation and high rate of personnel turnover creates obstacles to inter-event learning, despite initiatives such as the IOC’s Olympic Games Knowledge Management
programme – developed from the Sydney Organising Committee for the Olympic Games’ ‘Transfer of Know How’ initiative. At the same time, the extended lead-in period (often ten years or more) of bidding, planning and preparation means that multiple summer and winter Olympics are in progress at a given point in time. This facilitates learning, but also makes preparations somewhat vulnerable to contamination from concerns high on the agenda at other Games that are time or location-specific.

Indeed, much of this uniqueness of Olympic organisation is attributable to locational characteristics (e.g. political, institutional, geographical specifics). For example, the Atlanta 1996 Olympics were characterised by the lack of capacity of its public transport infrastructure. While the reliance upon Atlanta’s existing transit system removed the pressure of additional construction projects, it overloaded the train network. There were also operational problems with bus services provided for athletes and the international press corps as buses broke down or inexperienced drivers got lost, leading some journalists to arrive late at events (or to miss them altogether) and causing disquiet amongst competitors. More fundamental than this, perhaps, is the political-legal framework under which the Olympics are organised. The task of staging the London 2012 Olympics under a parliamentary democracy, in combination with metropolitan government (and within the European Union), is far removed from organisation of the Beijing 2008 Olympics under the Republic of China’s single party communist state. The political-legal environment shapes the degree of freedom of organizers in decision-making – with regard, for example, to compulsory land purchases, planning regulations, tax regimes, the coordination of public transport networks, and civil liberties.

If organisation of each Olympics is distinct when compared with its counterparts, there is even greater contrast with other large-scale (mega) sporting events. For instance, the 1996 UEFA European Football Championships in England consisted of 31 matches at eight venues over 21 days, with participation of 16 teams, around 500 players and 100 dignitaries. While the total number of spectators and events is far fewer than experienced at the Olympics, the higher
risk of crowd trouble at football tournaments led to use of 18,500 security personnel for direct street-level policing of over one million spectators (the volume of spectators for just two days at the Olympics). While comparisons are often made between Olympic Games and World Cups, the former have – to date – not been subject to violence from supporters of a particular nation (even though there are numerous instances in which geo-politics has been observed in Olympic competition and organisation).

While sharing some organisational characteristics with other sporting mega-events, and despite the presence of some similarities between Games (across locations and over time), the Olympics therefore offer a limited evidential base for generalisation. This is characteristic of the problem of drawing inferences from samples of one or fewer. The above analysis confirms that staging and organisation of the Olympics entail multiple risks – whether ‘known’, ‘known unknowns’ or ‘unknown unknowns’. Each of these risks is a potential source of mega-crises.

So far, so mega. Mega-events, and in particular the Olympics, generate the kind of risks and vulnerabilities that can lead to mega-crises. The task for analysis is to establish the various strategies available to mitigate the sources of these risks and crises, given the unique features of each Games. For this, further insight is required into the particular decision-making biases that are associated with staging the Olympics and the broader governing context of modern policy-making and organisation, before discussion of strategies available for coping with the risks and vulnerabilities associated with the Games.

**Contemporary Governance of Olympic Risk and Crises**

The Olympics are associated with particular decision-making styles and biases that are risky or crisis-prone – although these are not unique to this mega-event. Rather, such biases are symptomatic of tensions inherent to modern configurations of governance: where the political

---

dimension of such “high modernist”\textsuperscript{11} projects conflict with the risk-averse and controlling aspirations of the regulatory state.\textsuperscript{12} This further adds to difficulties encountered in developing coping strategies for risk management and crisis situations. On the one hand there is something of an appetite for risk in the decision to bid for the Games as well as in selection of the host city by the IOC. On the other there is risk-aversion on the part of organisers and host governments, shaping efforts to mitigate risks and threats and pre-empt crisis scenarios through instruments of surveillance, formal reporting, policing and enforcement. While the various organisational and operational complexities of the Olympics might anyway render this an impossible job\textsuperscript{13} for policy-makers and organizers, the decision-making environment further accentuates risks and presents a special test for mitigation of crisis scenarios.

Further to this, the right to stage once-in-a-generation events such as the Olympics is often awarded through a competitive process, either in committee or in some kind of voting system. This accentuates optimism bias in the bidding process, as well as being prone to risky choices – due to institutional design of selection procedures and voting systems. Bids are often conceived with a view to winning first and asking questions later, with the plans formulated for a fraction of the overall financial commitment and subject to high levels of uncertainty. Formal Olympic bid documents have been described by Dick Pound, former vice-president of the IOC, as the “most beautiful fiction”.\textsuperscript{14}

This process tends to create dissonance between the initial proposals of bid teams and subsequent periods of infrastructure construction and event operations. Bids’ under-attention to inadequacies\textsuperscript{15} is therefore a potential source of future crises. In the run-up to the 1976


Olympics, Montréal Mayor Jean Drapeau declared that “...The Olympics can no more have a deficit than a man can have a baby.”\textsuperscript{16} The city government proceeded to incur a budget deficit of more than $1 billion that was only paid off in November 2006. Financial crises of some sort are not uncommon at Olympics. There are numerous examples in recent times: the final public sector contribution to Sydney 2000 turned out to be six times more than the original bid,\textsuperscript{17} the total cost of Athens 2004 escalated from £3.2bn to £6.3bn,\textsuperscript{18} capital expenditure for Vancouver 2010 increased from $470m to $580m while its security costs spiralled from $175m to $900m,\textsuperscript{19} and the predicted cost of London 2012 has, to date, increased from £2.4bn to £9.35bn.\textsuperscript{20} These financial difficulties emerged despite organizer's attempts at technical forecasting and control of expenditure.\textsuperscript{21} In the 1970s, the IOC itself reached a crisis point that threatened the future of the Games, leading to modernisation of Olympic financing – in particular its sponsorship and broadcasting contracts.\textsuperscript{22}

As noted, the global profile of the Olympics means that its organisation and staging is a perpetual media event,\textsuperscript{23} reported and broadcast to a worldwide audience. This accentuates the attention of organizers to reputational or political factors; such as geo-political risks which can generate diplomatic incidents or crises of some other sort. The Cold War boycotts of the 1980s prompted the IOC under Juan Antonio Samaranch to adopt a more proactive approach in its management of political risk.\textsuperscript{24} More benign incidents can also be amplified under the spotlight

\textsuperscript{19} See \url{http://www.ottawacitizen.com/sports/2010wintergames/commentary/Security+goes+wild/1322040/story.htm}
\textsuperscript{20} See Tessa Jowell, Minister for the Olympics, Hansard, Parliamentary Debates, 15 March 2007, Col. 450-452.
\textsuperscript{22} Michael Payne. (2006). \textit{Olympic Turnaround: how the Olympic Games stepped back from the brink of extinction to become the world's best known brand}. Westport: Praeger.
\textsuperscript{24} Payne. (2006). \textit{Olympic Turnaround}, p.XX.
of media attention and shape organisational strategies at future Games. A catalogue of minor operational problems at the Atlanta 1996 Olympics led journalists to nickname it the “glitch Games”. Soon after, a feasibility study for the London 2012 bid reflected that “… the Atlanta experience showed the media can play an important role in defining the perception of the success or otherwise of the Games” (italics in the original), recommending provision of high quality facilities for the Olympic broadcast and media centres. The broader reputation of the Olympic movement and the Games can therefore be damaged by isolated incidents. Even events outside the direct control of organizers – such as disqualification of Canadian sprinter Ben Johnson for testing positive for anabolic steroids at the Seoul 1988 Olympics – can have enduring consequences for the Olympic brand. As a result there is a high degree of sensitivity to the risk of reputational crises in planning for and staging the Games.

Organising the Games in the age of regulatory governance

Some of the decision-making characteristics and biases that are inherent to organisation of the modern Olympics are symptomatic of general features of contemporary governance: in particular the supposed rise of the “regulatory state” across Western Europe since the 1970s. This new regulatory state is said to be constituted in retraction from positive and redistributive activities towards tools of legal authority, delegation of service provision, hands-off regulation of the market and private financing of capital projects. In programmatic terms, it continues to aspire to centralised coordination of instruments of social and economic control – as well as a

26 Luckes 1997, p.66.
exhibiting a dominant emphasis on the administrative value of efficiency (in contrast to values of redundancy and fairness).  

With a strong international dimension to Olympic governance and international sport in general there is a similar absence of direct state interference in, with an increasing influence of non-state institutions such as the IOC. Paradoxical to this, the diagnosed “hollowing out of the state” encourages the interest of government in hosting iconic mega-events such as the Olympics, even subject to the terms and edicts of non-state organisations. There is growing formalisation of standards and rules governing both Olympic competition and administration. For instance, the IOC requires bids to host the Games adhere to a standardised template and conducts regular audits of progress of host cities through its Coordination Commission. Over the same time period as these trends in contemporary governance, the Olympic movement has drawn an increasing share of its funding from commercial revenue, in particular broadcasting rights and sponsorship deals.

As has been noted, the Olympics are associated with organisational and operational processes that encourage optimism bias about both risks and benefits. The global profile and political status of the Games also encourage a zero-tolerance attitude towards potential threats and risks. Such risk aversion is evident in increased oversight of Olympic bids and preparations and in growing use of accounting, audit and risk management practices in staging the Games. There are parallels here with the aspiration of the regulatory state to eliminate uncertainty and turbulence while asserting control over ‘hyper-modern’ centralized instruments of surveillance,

---

28 Moran made his argument with particular reference to Britain, given its tradition of ‘ungrounded statism’ (Dunleavy 1989) and its extensive reliance on dynamics associated with the regulatory state in comparison to other states. We argue that the inherent dynamics diagnosed by Moran operate across different political contexts.  
formal reporting, policing and enforcement.\textsuperscript{32} Organisation of the Olympics is, therefore, also susceptible to processes of securitization,\textsuperscript{33} where particular risks become framed as critical or existential threats to the status quo – often prompting escalated security responses and political suspension of civil liberties. The enactment of crisis management and contingency/emergency responses is likewise vulnerable to politicization in the aftermath of security breakdowns.\textsuperscript{34}

In sum, this contemporary world of governing tends to encourage further biases in organisation of the Olympics towards risk management, market solutions and standardisation of crisis responses – highlighting importance of analysis of different strategies through which organizers cope with mega-events such as the Olympics that are vulnerable to serious incidents and crisis situations.\textsuperscript{35}

**Recipes for coping with high risk events and mega-crises**

Building on earlier work categorizing Olympic risk and risk management,\textsuperscript{36} the analysis that follows outlines four different ‘recipes’\textsuperscript{37} through which coping strategies to deal with risks, vulnerabilities and crises arising at an event such as the Olympics are formulated. Each of the recipes provides a contrasting approach to Olympic organisation based on generic conceptual differences, although the categories should not be considered exhaustive or mutually exclusive. These strategies each entail particular benefits and costs – while trade-offs are further amplified through decision-making biases of Olympic organisation and regulatory governance discussed earlier. A particular bias in the contemporary regulatory state is said to be the mirror-image

development of an emphasis on both ‘more hierarchy’ (through synoptic and standardizing control) and ‘more market’ through the encouragement of individual risk- (and responsibility)-taking. The coordination of such strategies is itself a considerable task in the governing context of a fragmented system of public and private spheres of authority; extending from international organisations such as the IOC to national or metropolitan governments, as well as to Olympic-specific organisations such as the organizing committee (OCOG) or quasi-public infrastructure and delivery authorities. As the political context varies between Games, these recipes are formulated and coordinated in a diverse range of settings. In the remainder of this chapter, we introduce the four recipes for management of risks and crises and then consider their specific use in organisation of the Olympics from 1896 right up to the present day. The different recipes are illustrated in Figure 1 and outlined below.

**Figure 1.** Recipes for risk and crisis management

<table>
<thead>
<tr>
<th>Wisdom of crowds</th>
<th>Central steering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance on decentralised and uncoordinated decision-making among sub-systems</td>
<td>Reliance on hierarchy and central oversight</td>
</tr>
<tr>
<td><strong>Czars</strong></td>
<td><strong>All-in-one-room decision-making</strong></td>
</tr>
<tr>
<td>Reliance on individual ‘policy entrepreneurs’</td>
<td>Reliance on collective decision-making</td>
</tr>
</tbody>
</table>

**Central Steering**

Organisational reliance upon central steering is characterised by direct governmental oversight and presence in management of risks and crises. The formal power of the state is deployed to design and coordinate planning, to secure financially failing organisations and to
establish general oversight in an inherently complex domain. It is this view of synoptic control that is a key aspect of the contemporary regulatory state: the idea that problems can be solved through ‘muscle’ and ‘expertise’.

**Czars**

As a mirror image to central steering devices, so-called czars, bureaucratic fixers or policy entrepreneurs\(^3^8\) represent a possible recipe for management of organisational risks, contingency planning and leadership of responses to crisis situations. Czars provide either rhetorical or substantive leadership (or both) inside and outside the organisation. The logic of the czar recipe is that appointment of high profile executives and representatives enhances accountability in decision-making. This recipe is premised upon a belief in the ability of individuals to ‘make a difference’. Such an individualist worldview is popular in the modern world of contemporary governance, and is also associated with the delegation of decision-making in order to avoid blame for adverse outcomes.\(^3^9\) Czars often possess decision-making discretion in their pursuit of policy goals, while their longer-term ‘survival’ in office depends upon achievement of particular objectives (although often that survival is more closely related to the ongoing avoidance of criticism targeted at the respective government minister).

**Wisdom of Crowds**

A third approach is to rely on decentralised decision-making processes and individual choices on the basis of price signals. Rather than having an overarching strategy, reliance here is placed on pricing mechanisms and the willingness of private sector parties to provide for infrastructure, housing and other facilities. An example of this sort of recipe is the stock market

---


reaction to the 1986 Challenge disaster, where the market identified the source of the Space Shuttle’s technical failure faster than the official NASA panel through securities trading of component manufacturers.\textsuperscript{40} We label this approach \textit{wisdom of crowds},\textsuperscript{41} reflecting wider arguments that suggest that decentralized market processes have a higher degree of intelligence and foresight than centrally organized intelligence.

**Collective Decision-Making**

The final approach, relying on consensus and collective decision-making represents another well-known strategy to deal with risks and potential crises. Relying on deliberation by bringing all parties into the room is said to provide for informed discussion and an advanced understanding of competing risk perceptions. We label this approach \textit{all-in-one-room decision-making} as a premium is placed not just on deliberation, but on seeking to bring together different worldviews (and values) in order to reduce the likelihood of ‘blind spots’ due to group-think, for example.

As noted, the age of the regulatory state, with its emphasis on both the individual and the synoptic central steering mechanisms, with some emphasis on markets and ‘wisdom of the herds’, is said to generate particular biases. In particular, the bias against collective deliberative processes would imply a move away against professional discourse and attempts to bring in controversial viewpoints. As such, the setting of the regulatory state is also likely to place a discount on those mechanisms that are often associated with ‘high reliability’ organisations, namely a clear emphasis on shared norms that are not tolerant of any deviation from standards. In other words, the regulatory state emphasizes particular values and biases over others, and therefore accentuates some type of vulnerabilities more than others.


Recipes for risk and crisis management at the Olympic Games

Across time, the Olympics has utilized different recipes to deal with the condition of high vulnerability to perceived mega-crisis. As will be noted below, the recent Olympics do not follow the predictions of strong biases according to regulatory state dynamics, but they also do not provide for a strategy that combines different recipes. Rather, the different elements appear layered on top of each other, therefore accentuating instead of modifying inherent vulnerabilities. The styles of organisation have, furthermore, changed over time – so that the coping mechanisms used before the 1980s tended to be more hierarchical and committee-focused, whereas modern Olympic recipes have increasingly used decentralised market-based devices and Czars have taken a greater profile (although Czars have been an ever present in Olympic history).

Czars

First and foremost, the history of the Olympics and Olympic governance is awash with individual czars. The campaigning of Pierre de Coubertin was critical for revival of the modern Games: securing a coalition of support for founding of the Olympic movement as well as finance for the Athens 1896 Olympics.\(^{42}\) In more recent times, the IOC President Juan Antonio Samaranch, a former Spanish diplomat, led a modernisation of Olympic governance – ensuring the financial sustainability of the Olympic movement through commercial revenues and improved its strategic management of geopolitical risk,\(^{43}\) ending its dependence upon state-level politicians to resolve diplomatic incidents that in the past had threatened the Games (e.g. Cold War boycotts). The autonomous structure of the IOC and its system of committees tends to favour leadership and innovations by individuals, though is vulnerable to political ambitions of some. At the level of specific Games too, czars have often played a vital role in organisation.

---


Some czars are political in character, some corporate, and others are sporting. In 1978 the city of Los Angeles passed a voter-approved measure – Charter Amendment “N” – that prohibited expenditure of municipal funds on the Olympics without a guarantee of reimbursement. Under the leadership of entrepreneur Peter Ueberroth, Los Angeles' Olympic Organizing Committee for the 1984 Games nevertheless managed to generate a budget surplus of $215 million through commercial revenue and fund-raising. Ueberroth was later named Time magazine’s Man of the Year in recognition of the success of the Games.

Some czars pioneer or rescue bids. Former gold medallist Lord Coe has been credited with having revived the London 2012 bid and securing the IOC vote in its favour (together with the diplomatic efforts of then prime minister Tony Blair), after its bid had been in serious trouble under previous leadership. Other Czars salvage failing Olympic organisations. In 1999 businessman Mitt Romney (better known as Governor of Massachusetts and candidate for the Republican nomination for the US presidential election in 2008) was parachuted in to rescue preparations for the 2002 Winter Olympics at Salt Lake City after forecasts of a $379 million budgeting shortfall and a bribery scandal that had hit the Salt Lake Olympic Committee and forced the resignation of President/CEO, Frank Joklik. Romney revamped the Salt Lake City Organising Committee’s leadership, cut budgets and escalated its fund-raising activities, while coordinating an additional $300 million security budget in the aftermath of the terror attacks of 11 September 2001. The turnaround of Salt Lake City left its organizers with a budget surplus. Characteristic of the individualism of the czar approach, Romney chronicled this achievement in autobiographical format.

Czars can, however, also be a source of organisational failures in managing risks and crises. Some are polarizing figures. Avery Brundage, IOC President between 1952 and 1972

---

44 http://www.la84foundation.org/20thAnniversary.pdf
was resistant to modernisation of the Games in response to the dual forces of professionalism and commercialism, leaving the Olympic movement exposed to the crises it experienced in the 1970s. Brundage’s delay in suspension of the 1972 Games in response to the Munich massacre was also criticised in some quarters at the time, as was his alleged “desire to remove the crisis from the Olympic Village”. With the exception of the longevity of patriarchal figures at the head of the IOC, the individualism of czars is also vulnerable to a short shelf-life. This is a consequence either of changes in organisational priorities, perceived failures, loss of political support, or public relations disasters of some sort. The most endangered of Olympic czars tend to be those heading bids. In the recent past leaders of bid teams have been replaced either during the competition or soon after the award of the Games. This happened both at Sydney 2000, where Chief Executive of the bid committee Rod McGeoch was demoted but remained on the board of SOCOG, and London 2012 where Barbara Cassani stood down as bid chair to be replaced by Lord Coe, also leading to the departure of bid ambassador Pierre-Yves Gerbeau – one-time czar for the Millennium Dome.

Central Steering

Similarly, there is also a strong emphasis upon central steering devices in organisation of the Olympics. With the rare exception of the Los Angeles 1984 Olympics, the IOC requires national or regional governments to be the financial ‘backer of last resort’. Such centralisation left the City of Montreal with a debt of $1.5 billion after the 1976 Games. While operation of the Games is delegated to Organising Committees (OCOGs), ultimate political responsibility resides with government; though varies across cases between municipal, regional and national levels. The power of central steering is somewhat dependent upon national formation of legal jurisdictions (e.g. federal or unitary systems). Legal powers, similar to the ruling logic of the

regulatory state, facilitate the centralised direction of Olympic planning and operations. Since Sydney 2000 the IOC has required host governments to pass legislation protecting the Games from ambush marketing that threatened its relationship with sponsors and commercial partners (the Sydney legislation replicated that used for celebrations of the Australian Bicentennial in 1988\textsuperscript{51} and has since been replicated at subsequent Games). Wider economic downturns can influence the magnitude of central steering of the Olympics. The global financial crisis of 2008 onwards has led to increased reliance upon public financing of the London 2012 Olympics, due to shortfalls in public-private partnerships such as for the Olympic village.\textsuperscript{52} The London 1948 Olympics was, in contrast, tagged the ‘austerity games’ due to its thrift and innovation in response to the post-war economic climate, still making a profit of £29,420.\textsuperscript{53}

For a one-off event like the Olympics, there is great difficulty in creation of new and temporary capacity. National and supranational governments bring significant manpower to staffing and policing of the Games. At Athens 2004, heightened security concerns after the events of September 11th meant that the number of police on patrol in Athens and at the Olympic venues numbered around 70,000, necessitating external support in terms of presence from NATO as well as the European Union. Even host nations with considerable defence capacity can lack sufficient technology or expertise to manage risks and crises. The US provided the International Atomic Energy Agency with $500,000 for radiation detectors to be used at the Athens 2004 Olympics and sent its Nuclear Emergency Support Team to Beijing due to concern over radiological threats ahead of the 2008 Olympics. Likewise, the collection and assimilation of Olympic intelligence through intelligence capabilities and collaborations of host nations and theirs allies, but is directed towards central coordination of security responses.

In some circumstances, central steering is beyond the existing capacity of government. For example, the post-war West German state’s lack of a specialist anti-terrorism unit has been

\textsuperscript{51} Commonwealth of Australia (1980) Australian Bicentennial Authority Act, No. 49.
attributed as a one of the causes of the botched rescue of the Israeli hostages and escape of a number of the Palestinian terrorists at the Munich 1972 Olympics. The West German authorities were not prepared to respond to such a crisis due to a number of reasons. Due to provisions in the post-war constitution armed forces were prohibited from operating inside Germany during peacetime. The Munich police and Bavarian authorities were therefore responsible for responding to the crisis. However, the police that participated in the attempted rescue operation had no previous training in hostage crisis operations and had no specialised backup. This lack of security capacity was further illustrated by establishment of GSG 9 der Bundespolizei - the elite counter-terrorism unit of the German Federal Police. Furthermore, the German snipers did not possess the appropriate equipment for the operation, and did not have radio contact with one another.

Another potential side-effect of central-steering, through its hierarchical bias, is that organizers over-react or initiate disproportionate coping or crisis strategies. Just tend days before the Mexico City 1968 Olympics, the Mexican government launched a crackdown of urban protesters, leaving a considerable death toll (which to this day remains uncertain due to the ensuing cover-up of the crisis). Again illustrating the steering weakness of the host nation, the US Central Intelligence Agency which had been monitoring the unrest sent the Mexican government military radios, weapons, ammunition and riot control training before and during the Games. Such centralised pressure for organizers to clean up potential undesirables and dissidents ahead of the Games can be targeted at social engineering (e.g. slums and homeless

---

people\textsuperscript{59} or political suppression (e.g. rounding up of protestors and known activists as in the case of Mexico City).

\textbf{Wisdom of Crowds}

Less prominent in contrast to czars and central steering in Olympic organisation is a reliance upon the \textit{wisdom of crowds}, although the diversity and multitude of actors involved could be mistaken for this recipe. While delegation of responsibilities to autonomous quasi-private organising committees (OCOGs) exhibits some of the characteristics of the wisdom of crowds, as well as outsourcing of service provision under the regulatory state, operation of the Games remains dependent upon government-funded infrastructure and public agencies such as the police to provide routine services. That is even true in a case such as the Los Angeles 1984 Olympics where there was no public contribution to the Games’ operating budget. A notable exception to this is increasing use of private contractors as security personnel on Olympic sites. Since the 1970s, however, commercial revenues have become ever more essential for financing the Games, accrued in particular through sale of broadcast rights and the IOC’s programme of elite sponsors. The growing influence of this organising recipe in recent times is attributable to the increasing expense of staging the Olympics and the wider crisis that affected finances of the Olympic movement in the 1970s.

Organising strategies that depend upon the market bring risk, however. The increase of public sector contributions to costs of the London 2012 Olympics was, in part, a consequence of shortfalls in expected revenue from the private sector. With the search for private equity and debt funding occurring at the height of the global financial crisis the developer for the Olympic village, Lend Lease, was unable to raise their £650 million contribution. This required a £225 million loan from the European Investment Bank to resolve the financing deficit. The Sydney 2000 Olympics experienced a similar problem with a projected shortfall of over A$100 million

in ticket and sponsorship revenue,\textsuperscript{60} requiring contingency funding and leading the New South Wales state government to assume responsibility for operational programs and budgets (with a few exceptions) through the Olympic Coordination Authority.

Other notable attempts to transfer Olympic risks to the private sector are observed in the form of insurance policies. While the US-led boycott of the Moscow 1980 Olympics forced the US broadcaster NBC to cancel its coverage of the Games at a loss of $30 million, it was able to recoup some of the expenses from its insurance cover with Lloyds of London. This is standard practice for Olympic broadcasters, exposed to increasing risk due to the growth of advertising revenues, with NBC again purchasing insurance cover at the Beijing 2008 Olympics. Olympic organisers have made less use of insurance, though the organizers of Salt Lake City 2002 took out cancellation cover with Lloyd's of London even prior to the events of September 11th. The IOC purchased insurance for event cancellation, due to terrorism or natural disaster, for recent Games – with some $170 million cover for the Athens 2004 Olympics at a premium reported to be $6.8 million\textsuperscript{61} and $415 million cover for the Beijing 2008 Olympics at a premium of $9.38 million.\textsuperscript{62} Since the 1990s, insurance and risk management mechanisms imported from the market have been increasingly complex, such as the risk-transfer agreements negotiated with venue developers for the Vancouver 2010 Winter Olympics. The organizers of Vancouver 2010 were criticised by the Auditor-General of British Columbia for failure to implement plans for a hedging strategy, which resulted in a loss of around $150 million in broadcast and international sponsorship revenues as the strength of the Canadian dollar declined.\textsuperscript{63} At the Sydney 2000 Olympics, the Australian Treasury assumed the Games’ foreign currency risk by guaranteeing up to US$737 million revenues receivable from SOCOG from broadcast rights


\textsuperscript{62} http://businessinsure.about.com/b/2008/07/28/insuring-the-olympics.htm

and sponsorship, while SOCOG was responsible for hedging for the remaining $100 million.\textsuperscript{64} The London 2012 organising committee (LOCOG) likewise is engaged in hedging to protect its foreign currency revenues. This it led to write off £27 million on paper in its 2008 Annual Report due to difference between the hedged rate and the spot rate (though further fluctuation in exchange rates could improve or worsen this situation before 2012).\textsuperscript{65}

Overall, the wisdom of crowds recipe has become increasingly prevalent in Olympic organisation over the past few decades. It provides an effective means for mitigating risks of a financial nature, though can itself create financial crises through shortfalls in investment and revenue. Nevertheless, national, regional or municipal governments tend to remain the backer of last resort of the host Games rather than markets. The IOC – as a non-state organisation, has a greater reliance upon such mechanisms however – in terms of revenues and in terms of insurance and risk management. This organising recipe is most common in Olympic financing and in far less prominent in strategic coordination and security functions, for example. One notable, and important, exception is the free vote by secret ballot of the IOC membership for choice of host city. This mechanism is accompanied by all sorts of agent control problems (as highlighted earlier). Former IOC Vice-President Dick Pound observed that IOC delegates were unpredictable and, on occasion, disobedient of the indicated choices of the IOC President Juan Antonio Samaranch – in bid votes in particular.\textsuperscript{66} The surprise win of the Sydney bid in 1993 ahead of Beijing, favoured by the IOC President Juan Antonio Samaranch, is an example of this.

**Collective Decision-Making**

The role of committees, as a forum for collective decision-making, is well established in Olympic governance. This contrasts with the wisdom of crowds recipe explored above. Since


its establishment in 1894, the IOC has structured its organisation through a committee system that is in a constant state of evolution. The creation of within-organisation jurisdictions enables the delegation of strategic and operational responsibilities. Its Executive Board, responsible for administration of the IOC, was established in 1921. More recent additions, the Evaluation and Coordination Commissions, are responsible for reviewing the progress of bids and preparations respectively. The range of Commission jurisdictions is diverse, including (but not restricted to) athletes, ethics, finance, marketing, medical, and juridical topics. This committee-based system is, it should be noted, underpinned by formalization and rule-based organisation characteristic of regulatory governance. Another prominent all-in-one-room Olympic device are Organising Committees (OCOGs) charged with putting on the Games – with the IOC stipulating certain membership requirements through the host city contract (i.e. board representation from an IOC member from the host nation, the President and Secretary-General of the host National Olympic Committee and a representative of the host city). Whilst these committees are large administrative entities, collective oversight and executive decision-making is conducted at the board level. Again, scope for leadership by political (e.g. Hon. Michael Knight, SOCOG) or organisational (e.g. Lord Coe, LOCOH) czars has – hypothetically at least – the potential for offsetting the collective aspect of decision-making processes.

Aside from OCOGs, other collective decision-making vehicles are readily identifiable in Olympic organisation. These tend to be associated with government involvement and therefore elements of central steering. For the Sydney 2000 Olympics, the Olympic Coordination Authority (OCA), a statutory authority answerable to the New South Wales Minister for the Olympics, was charged with coordination of the ‘whole-of-government’ response within the state – with some functions later transferred from SOCOG to the OCA (as noted above) due to problems with planning for the Games. For London 2012, the Olympic Board encompassing the Olympics Minister, Mayor of London and the chairs of the BOA and LOCOG. The Board
provides “oversight, strategic co-ordination and monitoring of the total 2012 Games project” focusing upon delivery of commitments in the London bid, including design, construction and operation of venue and transport infrastructures that are critical to staging the Games. One danger of such committee structures is potential for delays and disruption of decision making. For London 2012, the UK’s National Audit Office warned that the complex map of Olympic governance meant that there was a “risk of cumbersome decision making”.

While _all in one room_ decision-making has the advantage of the deliberation of diverse opinions and views, and of facilitating a strategic overview of project management, it remains somewhat distant from operations at street-level. Such recipes do not, necessarily, ensure that Olympic organisation is transparent in nature.

**Conclusion**

This chapter has sought to examine organisational responses to risk and mega-crises for the world’s pre-eminent mega-event: the Olympic Games. In so doing, it first identified specific characteristics of the Olympics that render it vulnerable to the sort of mega-crises defined at the outset of this volume. The risk of organisational or operational failure is a linear function of the scale and scope of the Games, due to malicious actions or technological failure for example, as well a non-linear function of the complex interdependence of infrastructure and operations. As noted, the Olympics represent a vulnerable and high stress site for the practice of risk and crisis management, because of the reputational concerns of organizers and the IOC, the diagnosed decision-making biases of Olympic governance, and the constrained and prescribed timeline in the lead-up and running of the events. At the same time there is a paradoxical zero-tolerance of potential threats or risks, manifested in the rise of risk management in Olympic organisation.

This chapter also introduced a general typology of coping strategies – ‘recipes’ – available for management of risks and mega-crises. It illustrated, in brief, how these strategies have been

---


employed by Olympic organizers and the Olympic movement over time. The analysis noted the timeless attraction of organisational \textit{czars} and the rise in recent decades of \textit{wisdom of crowds} mechanisms in the form of private finance, insurance and complex financial instruments such as hedging contracts. This reflects the wider trend in contemporary governance associated with the regulatory state, namely increased reliance upon market-type mechanisms and formalised processes of risk management. Whether the recent global economic crisis will affect the future choice of Olympic organisational recipes remains to be seen. The analysis noted that reliance upon private finance, consistent with governing aspirations of the regulatory state, accentuates rather than reduces the exposure of Olympic organizers to financial risk – often accruing some collateral reputational damage in the reversion to public sector financing. When mega-crises strike the \textit{wisdom of crowds} logic tends to be undermined – leading to the re-assertion of central steering mechanisms. The prognosis of this analysis is that some sort of mixed strategy or ‘clumsy’ solution\textsuperscript{70} is most effective route to ensure resilience against potential threats, risks and crisis scenarios. So too is the need for stress-testing and dress-rehersals in order to simulate the high tension and high alert state of Olympic operations during competition, as well as recognising the adversarial socio-political environment of planning and staging the Games.

What contribution does this analysis offer for the understanding of mega-crises? There are a number of possible illuminations. First of all, the Olympic Games provide a salient and extreme case of large-scale event for understanding how latent organisational and operational conditions and mechanisms can trigger the emergence of crises, if not mega-crises. Second, the analysis demonstrates that these crisis-stimuli relate not just to functional requirements of the event, but also to the unique constellation of political and geographical aspects associated with staging of the Games. It also highlights a number of decision-making biases that are a potential source of vulnerabilities. Third, the typology of recipes provides a systematic framework for

evaluation of organisational responses to risks or crises over time, across events and in different governing contexts. These provide a means for analysis to diagnose organisational priorities and to highlight certain operational or environmental aspects as the potential source of future crises. Fourth and last, this empirical comparison of coping strategies illustrates both strengths and weaknesses of particular recipes. The choice of recipe, while offsetting particular risks and crises, can generate second order blind-spots or side-effects that might trigger a mega-crisis. For example attempts to transfer risk to the market can fail if private investors are not forthcoming. Likewise, an emphasis on czars can leave organisations exposed to political infighting at times of high stress – as happened in the run-up to the Sydney 2000 Olympics. For mega-events such as the Olympics this requires the careful balancing of alternate strategies in response to functional requirements and resilience to shocks, malicious or otherwise, from the external world. Such a strategic calibration of organising strategies cannot be discerned from the history of Olympic governance. This is unsurprising given the rapid growth and evolution of the modern Games over the past century – which has faced numerous different sorts of risk and crises with little time to regroup between Games and a constantly changing organisational environment. Rather, it appears that recipes for mitigating Olympic risks and crises operate in a loose state of coordination, without too much consideration of the overall project or for systemic risk. Organising strategies often reflect prevailing concerns of the Olympic movement along with specific features of the host nation or incorporating recent information about threats or hazards of staging the Games.

Such accommodation of contextual information is essential to the practice of Olympic organisation, while reliance upon coping strategies that are in vogue is understandable given the time, knowledge and resource constraints that exist in planning for the Games. However, systematic analysis of the respective benefits and weaknesses of different strategies provides a pluralisation of problem definitions and organisational solutions – and therefore the prospect

of enhancement of the potential resilience of such mega-events. This deliberate pluralisation and ‘clumsiness’ of risk and crisis management may well be unpopular with political masters, muckraking journalists and sceptical ‘zero tolerant’ publics. However, in order to inhibit the incidence of mega-crises during the staging of such mega-events, the systematic evaluation and comparison of coping strategies – and recognition of the inherent limitation of reliance upon a single solution – offers the best hope for resilience of Olympic organisation and operations, and reduction of the likelihood of mega-crises.