

AN INDEPENDENT REPORT INTO RUGBY'S GLOBAL FUTURE

PUTTING RUGBY FIRST

JULY 2008

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'

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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.

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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.

i MORE INFO

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

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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.

1 MORE INFO

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

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.

1.6 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

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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

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

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