

IMD Governance Review at a glance

Good Governance at the
International Olympic Committee

Summary of recommendations
07 July 2017

Introduction

IMD was officially contracted by the International Olympic Committee (IOC) on February 4, 2016 to conduct a comprehensive review of its governance structures and processes.

The IOC has remained committed to being a strong values-based organization and a leader in the field of sports, with the aim of being a model of governance quality. The purpose of the report is not only to encourage the IOC to keep improving on the basis of Olympic Agenda 2020 but also to prepare the organization for the evolution it will need to confront and adapt to in the years to come.

Governance structures and processes themselves depend on the strength of three essential dimensions: **integrity** (to what extent do the structures and processes enable ethical, equitable and fair practices to evolve on an ongoing basis), **efficiency** (to what extent are resources well managed and allocated in a controlled and disciplined way towards goal achievement) and **social responsibility** (how well does the organization fulfill its overall social mission).

Based on our interviews and review of processes and documentation, we assessed the areas of strength and vulnerabilities of the IOC's governance structures and processes, and made **22 recommendations** to improve structures and processes for governance in the more immediate term, as well as **11 recommendations** for longer-term transformation of governance practices, to help the IOC on its path to continuous governance improvement. In addition to our recommendations, we identified **7 dilemmas** which we believe the IOC will need to face in the next 10 years to ensure that its governance practices keep pace with its evolving role and increasing societal expectations. These have been summarized in this brief, along with our recommendations.



I. Ethical conduct and reputation

Primary recommendations

1. Create a register of interests
2. Greater limitations to the number of responsibilities that are allowed
3. Raise awareness and increase understanding of conflicts of interest
4. Training on the topic of conflicts of interest for EB members
5. A standard and codified procedure for reminding IOC members of their obligation to respect the Code of Ethics should be made an obligatory agenda item
6. Extend the scope and reach of ethics training
7. Give the IOC Ethics Commission more independence to investigate cases of ethical misconduct, thus improving its efficiency
8. The IOC Ethics Commission should be granted an independent secretary
9. Strengthen sanctions for non-compliance in cases of conflicts of interest

Dilemmas the IOC may confront in the next 5 to 10 years

- The IOC EB should consider delegating its sanctioning powers to an independent third party, organization or commission in the long term
- With the rise of geopolitical tensions and financial interests, how can the IOC maintain and reinforce the crucial independence of mind of IOC members?

Secondary recommendations

1. Improve the CECO's independence and role clarity
2. Introduce third party/external reporting channels
3. Grant an independent budget to the IOC Ethics Commission
4. Strengthen and formalize sanctions for ethical misconduct in general

II. Organizational supervision & decision-making

Primary recommendations

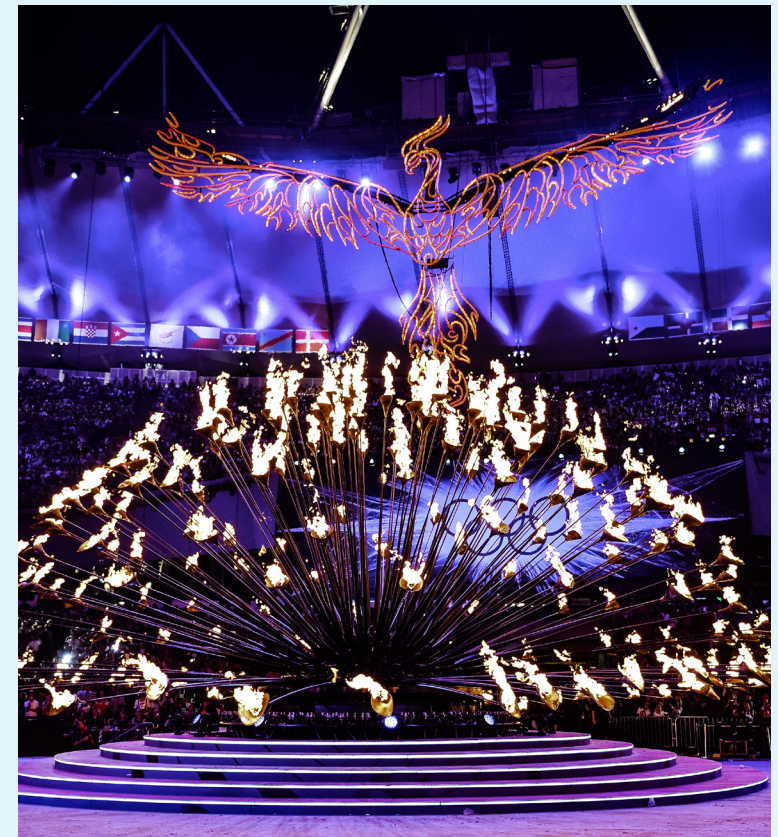
1. Thorough and systematic onboarding of new EB members
2. Offer regular EB training
3. Introduce an EB self-assessment
4. Review the information package for EB members
5. Codify the process of preparation for EB meetings
6. Improve and staff a governance function or preferably a governance office to institutionalize more sophisticated processes
7. Regular review of the overall work of Commissions

Dilemmas the IOC may confront in the next 5 to 10 years

- The EB will have to consider systematically increasing its regular workload in order to remain in its executive role or will need to redefine its role in the coming years
- Regularly review the member nomination process to continuously reinforce quality and independence of membership

Secondary recommendations

1. Codify rules for submitting decisions to the President
2. A more streamlined EB agenda





III. IOC as a leader in the Olympic Movement

Primary recommendations

Internal effectiveness

1. Support the evolution of the organizational design towards a professionally managed succession process
2. Improve the board effectiveness of IOC subsidiaries
3. Improve communication and transparency
4. Revise and extend “Basic Universal Principles of Good Governance”
5. Codify the due diligence process for agreements with a legal impact for the organization

External credibility

6. Link the distribution of money to minimum standards of good governance

Dilemmas the IOC may confront in the next 5 to 10 years

- Should give more complete and thorough information on the processes and financial flows from Olympic Solidarity, possibly by constituting it as a fully owned subsidiary
- If the IOC links the distribution of money to good governance standards it will also have to ensure that it is able to check compliance with the required standards
- To ensure that the Olympic Games delivery meets legacy objectives and matches other strategic priorities of Olympic Agenda 2020, the IOC should be more directly involved in the organization of the Games

Secondary recommendations

1. Internal efficiency
 - a. Avoid multiple functional responsibilities of directors
 - b. Conduct a regular review of staff profiles
 - c. Agree on a strategic approach to outsourcing and the use of consultants
 - d. Adapt the IOC Administration staff training policy
2. Risk management
 - a. The transparency of the Olympic Games ticketing process should be improved through 3rd party organization, internal restructuring or public register
 - b. Improve identification of non-financial risks and mitigation strategies
 - c. Build a back-up plan for critical positions
 - d. Improve cybersecurity
 - e. Improve the implementation of Request for Proposal rules
 - f. Take systematic reviews of relevant commercial partners, sponsors and branding
 - g. Undertake due diligence of all consultants
3. Communications
 - a. Improve transparency and communications with external stakeholders
4. Diversity
 - a. Establish a diversity policy
 - b. Place more visible emphasis on diversity
 - c. Empower more women to take senior leadership positions
 - d. At the EB level, articulating targets for gender and age diversity would help to set the tone at the top
5. Stakeholder engagement
 - a. Conduct detailed stakeholder mapping
 - b. Coordinate approach to human rights across the organization

Conclusion

The IOC occupies a visible space in the sports world and beyond, and with this comes great responsibility. While in most areas, the IOC is building on the solid governance structures and processes strengthened by Olympic Agenda 2020, introducing reinforced practices in certain areas will enable it to build its resilience and leadership position, fulfill its mission to society in its fullest and serve as a best-in-class example in a global arena in need of positive governance examples.

